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SHUN TAK HOLDINGS LIMITED

信德集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 242)

website: <http://www.shuntakgroup.com>

**CONNECTED TRANSACTIONS WITH MGM
AND
MASTER LEASING AGREEMENT WITH STDM**

Financial adviser to Shun Tak Holdings Limited



CONNECTED TRANSACTIONS WITH MGM

In connection with the Hotel opening and Christmas celebrations, the Group carried out a decoration project and arranged accommodation and transportation to the attendees for the grand opening ceremony of the Hotel in December 2007. The transactions were ad-hoc and on a one-off basis and constituted connected transactions of the Company under the Listing Rules.

MASTER LEASING AGREEMENT WITH STDM

On 21 February 2008, the Company and STDM executed the Master Leasing Agreement, pursuant to which the Group will continue to rent from STDM certain Premises. The Master Leasing Agreement constitutes continuing connected transaction of the Company under the Listing Rules.

GENERAL

The aforesaid transactions and leases are subject to reporting and announcement requirements but exempt from independent Shareholders' approval requirement according to Chapter 14A of the Listing Rules. Appropriate disclosure of the aforesaid transactions and leases will also be made in the annual reports and accounts of the Company in accordance with the Listing Rules.

I. CONNECTED TRANSACTIONS WITH MGM

In connection with the grand opening ceremony of the Hotel on 18 December 2007 and Christmas celebrations, the Group carried out a decoration project and assisted the MGM Group to arrange transportation and accommodation for the attendees to the grand opening ceremony of the Hotel. Details of the transactions are as follow:

(i) Decoration project

Living Matters, an indirect wholly owned subsidiary of the Company, is principally engaged in the business of providing lifestyle concept services in both Hong Kong and Macau, including interior decoration, concierge services and floral design services.

Pursuant to the quotation on 14 December 2007, Living Matters was engaged by MGM to undertake an interior design and decoration project for the Hotel opening and Christmas celebrations. The scope of the project included designing and implementing the decoration plan, procuring the Christmas tree, ornaments, lightings, electrical works and other decorative accessories. Total revenue generated from the project during the financial year ended 31 December 2007 amounted to approximately HK\$3.2 million and was determined following arms' length negotiation, taking into account the cost and extent of work of the project. The decoration project for the Hotel opening and Christmas celebration has undergone tendering process on a project basis and was ad-hoc in nature.

(ii) Travel agency services

ST Travel is a wholly owned subsidiary of the Company and is engaged in business of providing travel packages, travel agency and other related services.

ST Travel assisted MGM in arranging transportation and accommodation to the attendees for the grand opening ceremony of the Hotel. The transactions were confirmed by ticket confirmations and/or purchase orders. Total revenues generated during the financial year ended 31 December 2007 amounted to approximately HK\$4.0 million. The travel agency service fees were determined with reference to market price of the relevant travel products.

Reasons

MGM is a company incorporated in Macau principally engaged in developing and operating casinos, hotels and resort facilities. It owns and operates the Hotel which opened on 18 December 2007. The Hotel is located on a prime site in Macau with facilities including hotel rooms, restaurants, event and meeting facilities, spa and casino. The Hotel is expected to be a popular tourist venue in Macau.

The decoration project and travel agency services provided in connection with the Hotel opening and Christmas celebrations, broadened the customer base of the Group's hospitality-related business, enabled the Group to explore more business opportunity and contributed to the Group's revenue. The Directors consider that the transactions were in the ordinary and usual course of business of the Group, carried out on normal commercial terms and that the terms were fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Listing Rules implications

MGM is a company owned as to 50% by Ms. Pansy Ho, who is the Managing Director and a substantial shareholder of the Company. Accordingly, MGM is an associate of Ms. Pansy Ho and therefore a connected person of the Company according to the Listing Rules. The aforesaid services were ad-hoc and on a one-off basis and constituted connected transactions of the Company under the Listing Rules.

As the applicable percentage ratios (other than the profits ratio and equity ratio) of the aggregate revenue from the decoration project and travel agency services in connection with the Hotel opening and Christmas celebrations exceeded 0.1% but less than 2.5%, the transactions are subject to the reporting and announcement requirements pursuant to Rule 14A.32 of the Listing Rules but exempt from independent Shareholders' approval requirement. Appropriate disclosure of the aforesaid transactions will also be made in the annual reports and accounts of the Company in accordance with the Listing Rules.

II. MASTER LEASING AGREEMENT WITH STD M

On 21 February 2008, the Company and STD M executed the Master Leasing Agreement, pursuant to which the Group (as tenant) will continue to rent Premises from STD M (as landlord).

Term

The Master Leasing Agreement takes effect from 21 February 2008 to 31 December 2009 and is thereafter renewable for successive terms of three years in writing. The Company will comply with the relevant Listing Rules upon renewal of the Master Leasing Agreement.

Major terms

STD M agrees to lease to the Group, and the Group agrees to lease from STD M, various Premises in accordance with the following terms:

- (a) the terms of the existing leases with STD M in effect at the date of the Master Leasing Agreement shall remain in effect notwithstanding the Master Leasing Agreement;
- (b) if STD M renews or leases additional Premises to the Group, the terms and conditions for each particular Premises will be in accordance with the Master Leasing Agreement. The new leases must be recorded in writing for a fixed term of not more than 3 years (unless justified by special circumstances), on normal commercial terms or on terms no less favorable than terms made available by STD M to independent third parties; and
- (c) the leasing of Premises between STD M and the Group is on a mutually non-exclusive basis.

Rental

The rental for Premises leased from STD M under the Master Leasing Agreement will be determined with reference to market rate and on terms no less favorable than terms made available by STD M to independent third parties, taking into account location, area and other relevant considerations.

Historical transactions and annual caps for the rental expenses under the Master Leasing Agreement

The existing leases with STD M have terms not exceeding 3 years. The Company will continue to monitor and comply with the Listing Rules for any new leases with tenure beyond 2009.

Rentals have been determined based on market rate with reference to the location and area of the particular Premise. The applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules in respect of the aggregate rental expenses payable to STDM in 2007 are below 0.1%.

The annual caps of the total rental expenses payable to STDM under the Master Leasing Agreement are set at HK\$8.0 million and HK\$10.6 million for the two years ending 31 December 2008 and 2009 respectively. These annual caps have been determined by reference to (i) the existing leases between the Group and STDM; (ii) the expansion and development of the Group's business; and (iii) the anticipated increasing market trend of rentals.

Reasons for the Master Leasing Agreement

STDM is a company incorporated in Macau. Its diverse business interests include entertainment, leisure, sports, tourism and realty, predominantly in Macau. STDM is a substantial Shareholder and is therefore a connected person of the Company.

The Company is an investment holding company and its subsidiaries are engaged in a number of business activities including shipping, hospitality, property development and investment.

The Group has rented various Premises from STDM and anticipates it will continue to do so in the normal course of its business. Terms of the leases under the Master Leasing Agreement will be based on arm's length negotiations between the Group and STDM, and rentals will be determined by reference to the prevailing market rental level for comparable properties. The Directors consider the entering into the existing leases with STDM and the Master Leasing Agreement are in the ordinary and usual course of business of the Group, on normal commercial terms, and that the terms of the existing leases with STDM and the Master Leasing Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Listing Rules implication of the Master Leasing Agreement

It is anticipated that the annual caps for rental expenses payable by the Group to STDM under the Master Leasing Agreement for the year 2008 and 2009 will exceed 0.1% but less than 2.5% threshold of each of the applicable percentage ratios (other than the profits ratio) of the Company as set out in Rule 14A.34(1) of the Listing Rules. Accordingly, the transactions contemplated under the Master Leasing Agreement are subject to the reporting and announcement

requirements but exempt from independent Shareholders' approval requirement. Appropriate disclosure of the transactions contemplated under the leases will be made in the annual reports and accounts of the Company in accordance with the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Company”	Shun Tak Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (Stock code: 242)
“Director(s)”	the directors, including independent non-executive directors, of the Company
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hotel”	the MGM Grand Macau Hotel
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Living Matters”	Living Matters Company Limited, a company incorporated in Hong Kong and an indirect wholly owned subsidiary of the Company
“Macau”	the Macau Special Administrative Region of the PRC
“Master Leasing Agreement”	the agreement dated 21 February 2008 between the Company and STDM for the leasing of Premises
“MGM”	MGM Grand Paradise Limited, a company incorporated in Macau and owned as to 50% by Ms. Pansy Ho
“MGM Group”	MGM together with its subsidiaries
“Ms. Pansy Ho”	Ms. Pansy Ho Chiu-King, a substantial shareholder and the Managing Director of the Company
“Premises”	various premises beneficially owned or licensed to be operated by STDM

“PRC”	The People’s Republic of China
“Shareholder(s)”	the shareholder(s) of the Company
“ST Travel”	Shun Tak Travel Services Limited, a company incorporated in Hong Kong and a wholly owned subsidiary of the Company
“STDM”	Sociedade de Turismo e Diversões de Macau, S.A., a company incorporated in Macau and a substantial Shareholder
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

By Order of the Board
SHUN TAK HOLDINGS LIMITED
Ms. Angela Tsang
Company Secretary

Hong Kong, 21 February 2008

As at the date of this announcement, the executive Directors are Dr. Stanley Ho, Ms. Pansy Ho, Ms. Daisy Ho, Dr. Ambrose So, Mr. Patrick Huen, Mr. Anthony Chan, Ms. Maisy Ho and Mr. David Shum.

The non-executive Directors are Dato’ Dr. Cheng Yu Tung and Mrs. Louise Mok and the independent non-executive Directors are Sir Roger Lobo, Mr. Norman Ho, Mr. Charles Ho and Mr. Yeh V-Nee.