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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>

**CONTINUING CONNECTED TRANSACTIONS
WITH THE MGM GROUP**

Financial adviser to Shun Tak Holdings Limited



The Company and certain of its subsidiaries entered into the Ferry Ticket Agreement, the MGM Laundry Agreement, the Wholesale Agreements and the Master Service Agreement to set forth the terms of the MGM Transactions which include the following:

- Sale of Ferry Tickets to MGM
- Provision of laundry services to MGM
- Provision of decoration services to MGM
- Sale of travel products to MGM
- Rental of Hotel Rooms to ST Travel

The MGM Transactions will be carried out on an ongoing basis and constitute continuing connected transactions of the Company under the Listing Rules.

The MGM Transactions 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 transactions will also be made in the annual reports and accounts of the Company in accordance with the Listing Rules.

The Group entered into the Ferry Ticket Agreement, the MGM Laundry Agreement, the Wholesale Agreements and the Master Service Agreement to set forth the terms of the MGM Transactions.

THE FERRY TICKET AGREEMENT

STCTSM and MGM executed the Ferry Ticket Agreement with effect from 1 December 2007 in relation to the sale of Ferry Tickets to MGM by STCTSM. Details of the Ferry Ticket Agreement are set out below:

Date	1 December 2007
Parties	(i) STCTSM (as ship manager of ferry services); and (ii) MGM (as purchaser of Ferry Tickets)
Term	With effect from 1 December 2007 for a term of 3 years up to 30 November 2010

The sale of Ferry Tickets

For all Ferry Tickets sold to MGM, MGM shall be entitled to a 5% discount on the original selling price net of departure tax and levy (where applicable). Such discount accords with market practice in granting discounts to other bulk purchasers of Ferry Tickets.

THE MGM LAUNDRY AGREEMENT

On 18 December 2007, Clean Living and MGM executed the MGM Laundry Agreement, which appointed Clean Living as the primary laundry service provider in the Hotel.

Date 18 December 2007

Parties (i) Clean Living (as laundry service provider); and
(ii) MGM (as customer)

Term With effect from 18 December 2007 until 31 December 2008, subject to renewal by mutual agreement at least three months prior to the expiry of the term.

Scope of services

Clean Living was appointed by MGM as its primary laundry service provider to clean linen items and garments used in the Hotel, including employees' uniforms, guest room sheets and terry items, spa and pool terry items, and food and beverage linen items.

Consideration

MGM will pay Clean Living a monthly fee based on the predetermined unit prices for the number of items cleaned. The unit prices were determined on normal commercial basis, with reference to market price and the expected cleaning cost.

THE WHOLESALE AGREEMENTS

On 24 December 2007 and 31 December 2007, ST Travel and MGM executed the Wholesale Agreements for rental of Hotel Rooms.

Date 24 December 2007 (as supplemented on 31 December 2007)

Parties (i) ST Travel (as travel agency); and
(ii) MGM (as Hotel Rooms provider)

Term With effect from 24 December 2007 until 30 June 2008

Rental of Hotel Rooms

Room rates were agreed after arms' length negotiation based on the type of rooms, market demand and seasonality. The Wholesale Agreements enable ST Travel to secure daily hotel rooms for its business.

THE MASTER SERVICE AGREEMENT

The Company and MGM entered into the Master Service Agreement which provides a framework for services which may be provided / demanded by the Group to / from the MGM Group from time to time on a non-exclusive basis. Terms of each specific service will be further detailed separately in an agreement, or a service contract which may be constituted by the acceptance of a price quotation, sales orders or other written documents. The existing agreements or service contracts (including the Ferry Ticket Agreement, the MGM Laundry Agreement and the Wholesale Agreements) shall remain in full force and effect notwithstanding the entry into of the Master Service Agreement.

Date	4 March 2008
Parties	MGM and the Company
Term	With effect from 4 March 2008 to 31 December 2010 and thereafter renewable for successive terms of three years by mutual agreement in writing. The Company will comply with the relevant Listing Rules upon renewal of the Master Service Agreement.

The MGM Transactions

The services provided or to be provided by the Group to the MGM Group include:

- Sale of Ferry Tickets to MGM
- Provision of laundry services to MGM
- Provision of decoration services to MGM
- Sale of travel products to MGM

The services provided or to be provided by the MGM Group to the Group include:

- Rental of Hotel Rooms to ST Travel

Consideration

The Group and the MGM Group have entered into and will enter into agreements or service contracts with details of the scope and fees which will be determined at arm's length negotiations between the Group and the MGM Group by reference to prevailing market prices and on normal commercial terms.

HISTORICAL AMOUNTS AND ANNUAL CAPS OF THE MGM TRANSACTIONS

During the financial year ended 31 December 2007, the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules in respect of the aggregate revenue and expenses generated from the MGM Transactions were below 0.1%. The MGM Transactions for the year ended 31 December 2007 were therefore de minimis and exempt from the reporting, announcement and independent Shareholders' approval requirements.

Set out below are the annual caps on Revenue and Expenses in respect of the MGM Transactions proposed for the financial years ending 31 December 2008, 2009 and 2010:

Financial year ending	Annual caps on Revenue <i>HK\$' million</i>	Annual caps on Expenses <i>HK\$' million</i>
31 December 2008	55	8
31 December 2009	58	10
31 December 2010	61	12

The annual caps on Revenue proposed above are determined taking into account (i) anticipated services which may be required by the Hotel; and (ii) estimated quantity of Ferry Tickets and the volumes of services in respect of laundry services, design and decoration services, and travel agency services which may be required by the MGM Group. The annual caps on Expenses proposed above are determined with reference to (i) anticipated demand for the relevant travel products from the customers of the Group; and (ii) room rates for Hotel Rooms.

REASONS FOR THE MGM TRANSACTIONS

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. STCTSM is an indirect non wholly owned subsidiary of the Company and is engaged in the business of passenger ferry services between Hong Kong, Macau and the Pearl River Delta. Clean Living is an indirect wholly owned subsidiary of the Company and is principally engaged in the provision of laundry services. ST Travel is an indirect wholly owned subsidiary of the Company and is engaged in business of providing travel packages, travel agency and other related services.

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 was 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 Master Service Agreement provides a framework for services which may be provided / demanded by the Group to / from the MGM Group from time to time on a non-exclusive basis. The agreement enables the Group to capitalise upon the burgeoning hospitality industry in Macau, broaden the customer base of the Group's ferry business and hospitality-related businesses, and enhance its overall revenue. The Group can also expand its travel agency business by arranging travel products including the Hotel.

The Directors consider that the MGM Transactions are in the ordinary and usual course of business of the Group, on normal commercial terms and that the terms of the Ferry Ticket Agreement, the MGM Laundry Agreement, the Wholesale Agreements and the Master Service Agreement are fair and reasonable and in the interest of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATIONS OF THE MGM TRANSACTIONS

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 transactions contemplated under the Ferry Ticket Agreement, the MGM Laundry Agreement, the Wholesale Agreements and the Master Services Agreement will be on an ongoing basis and constitute continuing connected transactions of the Company under Rule 14A.14 of the Listing Rules.

As the respective applicable percentage ratios (other than the profits ratio) for the annual caps on Revenue and Expenses each exceeds 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, the MGM Transactions are subject to the reporting and announcement requirements but exempt from independent Shareholders' approval. Appropriate disclosure of the transactions contemplated under the Master Service Agreement 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)
“Clean Living”	Clean Living (Macau) Limited, a company incorporated in Macau and an indirect wholly owned subsidiary of the Company
“Director(s)”	the directors, including independent non-executive directors, of the Company
“Expenses”	the expenses payable by the Group to the MGM Group for the transactions contemplated under the Master Service Agreement
“Ferry Tickets”	tickets for the ferry services to and from certain specified terminals in Macau, Hong Kong and Shenzhen
“Ferry Ticket Agreement”	the agreement dated 1 December 2007 between STCTSM and MGM in connection with the purchase of Ferry Tickets by MGM
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hotel”	the MGM Grand Macau Hotel
“Hotel Rooms”	the guestrooms of the Hotel
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Master Service Agreement”	the agreement dated 4 March 2008 between the Company and MGM which serves to provide a framework for the MGM Transactions
“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

“MGM Laundry Agreement”	the agreement dated 18 December 2007 between Clean Living and MGM for the provision of laundry services
“MGM Transactions”	the transactions between the Group and the MGM Group which have been and will be carried out on an ongoing basis pursuant to the Master Service Agreement, including the various services provided by the Group and rental of Hotel Rooms to the Group
“Ms. Pansy Ho”	Ms. Pansy Ho Chiu-King, a substantial Shareholder and the Managing Director of the Company
“PRC”	The People’s Republic of China
“Revenue”	the service fees receivable by the Group from the MGM Group for the transactions contemplated under the Master Service Agreement
“Shareholder(s)”	the shareholder(s) of the Company
“ST Travel”	Shun Tak Travel Services Limited, a company incorporated in Hong Kong and an indirect wholly owned subsidiary of the Company
“STCTSM”	Shun Tak - China Travel Ship Management Limited, an indirect non wholly owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wholesale Agreements”	the agreements dated 24 December 2007 and 31 December 2007 respectively between ST Travel and MGM for the rental of Hotel Rooms
“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, 5 March 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.