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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>**

### **2011 Annual Results Announcement**

#### **GROUP RESULTS**

The board of directors (the “Board”) of Shun Tak Holdings Limited (the “Company”) announces the audited consolidated annual results for the year ended 31 December 2011 of the Company and its subsidiaries (the “Group”).

The audited profit attributable to owners of the Company for the year ended 31 December 2011 amounted to HK\$781 million, as compared with a restated profit of HK\$867 million last year. Basic earnings per share were HK 35.9 cents (restated 2010: HK 42.1 cents).

The profit attributable to owners of the Company for the year would be HK\$384 million (2010: HK\$394 million), after excluding the effect of attributable revaluation surplus (net of deferred tax) of HK\$397 million (restated 2010: HK\$473 million) arising on investment properties held by the Group and a jointly controlled entity (holding 51% interest in One Central).

#### **DIVIDENDS**

The Board has recommended a final dividend of HK 4.0 cents (2010: HK 6.0 cents) per share for the year ended 31 December 2011. No interim dividend was declared by the Directors during the year (2010: nil). The total dividends for the year amounted to HK 4.0 cents (2010: HK 6.0 cents) per share.

The proposed final dividend, subject to shareholders’ approval at the forthcoming annual general meeting of the Company, is expected to be paid on or around 28 June 2012 to shareholders of the Company whose names appear on the register of members of the Company on 14 June 2012.

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December

		(Restated)
		2011
		2010
	<i>Note</i>	(HK\$'000)
		(HK\$'000)
<b>Turnover</b>	3	<b>2,968,318</b>
Other revenues		<u>127,059</u>
		<b>3,095,377</b>
Other net income	4	<b>60,657</b>
Cost of inventories sold or consumed		<b>(918,993)</b>
Staff costs		<b>(753,077)</b>
Depreciation and amortisation		<b>(198,467)</b>
Other costs		<b>(1,005,858)</b>
Fair value changes on investment properties		<u>420,152</u>
<b>Operating profit</b>	3, 5	<b>699,791</b>
Finance costs	6	<b>(134,154)</b>
Share of results of associates		<b>11,676</b>
Share of results of jointly controlled entities		<u>423,165</u>
<b>Profit before taxation</b>		<b>1,000,478</b>
Taxation	7	<u>(74,588)</u>
<b>Profit for the year</b>		<u><b>925,890</b></u>
<b>Attributable to:</b>		
Owners of the Company		<b>780,591</b>
Non-controlling interests		<u>145,299</u>
<b>Profit for the year</b>		<u><b>925,890</b></u>
<b>Earnings per share (HK cents)</b>	9	
— basic		<u><b>35.9</b></u>
— diluted		<u><b>35.7</b></u>

Details of the dividends proposed for the year are disclosed in note 8.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

	2011 (HK\$'000)	(Restated) 2010 (HK\$'000)
<b>Profit for the year</b>	<u><b>925,890</b></u>	<u>921,246</u>
<b>Other comprehensive income / (loss)</b>		
Available-for-sale investments:		
Changes in fair value	(75,270)	21,976
Reclassification adjustment for losses included in profit or loss	<b>29,598</b>	48,661
Cash flow hedges:		
Changes in fair value	<b>22,811</b>	46,590
Deferred tax	(3,764)	(7,687)
Reclassification adjustment for gains included in profit or loss	(62,383)	(11,934)
Deferred tax	<b>10,293</b>	1,969
Properties:		
Write-back of inventories of properties	<b>5,801</b>	79,718
Deferred tax	(696)	(9,566)
Reclassification adjustment for gains included in profit or loss upon sales of properties	(847)	(136,770)
Deferred tax	<b>99</b>	16,008
Exchange differences on translation of financial statements of foreign operations	<u><b>19,066</b></u>	<u>18,162</u>
<b>Other comprehensive (loss) / income for the year, net of tax</b>	<u><b>(55,292)</b></u>	<u>67,127</u>
<b>Total comprehensive income for the year</b>	<u><u><b>870,598</b></u></u>	<u><u>988,373</u></u>
<b>Attributable to:</b>		
Owners of the Company	<b>736,386</b>	910,323
Non-controlling interests	<u><b>134,212</b></u>	<u>78,050</u>
<b>Total comprehensive income for the year</b>	<u><u><b>870,598</b></u></u>	<u><u>988,373</u></u>

## CONSOLIDATED BALANCE SHEET

	As at 31 December		As at
	(Restated)		1 January
	2011	2010	2010
Note	(HK\$'000)	(HK\$'000)	(HK\$'000)
<b>Non-current assets</b>			
Property, plant and equipment	2,476,640	2,209,544	2,491,527
Investment properties	3,993,927	3,808,023	3,385,392
Leasehold land	8,658	8,902	9,146
Associates	190,848	177,483	183,007
Jointly controlled entities	2,664,040	2,258,366	2,829,636
Intangible assets	365,497	365,857	365,796
Available-for-sale investments	994,699	1,086,150	1,065,804
Mortgage loans receivable	7,049	10,833	14,726
Deferred tax assets	33,332	31,072	30,561
Other non-current assets	874,567	1,355,423	1,332,519
	<b>11,609,257</b>	<b>11,311,653</b>	<b>11,708,114</b>
<b>Current assets</b>			
Properties for or under development	10,766,518	10,131,573	8,877,550
Inventories	384,408	209,173	1,002,094
Trade receivables, other receivables and deposits paid	10 1,176,997	1,190,761	1,171,658
Available-for-sale investments	11,903	11,894	15,514
Derivative financial instruments	—	38,574	3,918
Taxation recoverable	6,359	6,690	4,059
Bank deposits, cash and bank balances	5,348,927	4,264,015	3,587,409
	<b>17,695,112</b>	<b>15,852,680</b>	<b>14,662,202</b>
<b>Current liabilities</b>			
Trade and other payables and receipts in advance	10 670,655	570,927	1,303,221
Sales deposits received	74,224	913	59,266
Bank borrowings	1,950,400	3,497,600	1,416,800
Convertible bonds	1,487,465	—	—
Derivative financial instruments	998	—	—
Provision for employee benefits	18,873	15,575	16,424
Taxation payable	68,079	99,247	112,398
	<b>4,270,694</b>	<b>4,184,262</b>	<b>2,908,109</b>

	<b>As at 31 December</b>		As at
		(Restated)	1 January
	<b>2011</b>	2010	(Restated)
<i>Note</i>	<b>(HK\$'000)</b>	(HK\$'000)	(HK\$'000)
<b>Net current assets</b>	<b><u>13,424,418</u></b>	<u>11,668,418</u>	<u>11,754,093</u>
<b>Total assets less current liabilities</b>	<b><u>25,033,675</u></b>	<u>22,980,071</u>	<u>23,462,207</u>
<b>Non-current liabilities</b>			
Receipts in advance	<b>33,226</b>	—	—
Bank borrowings	<b>3,815,025</b>	2,055,600	3,752,200
Convertible bonds	<b>—</b>	1,464,102	1,441,888
Deferred tax liabilities	<b>949,173</b>	924,316	943,648
Loans from non-controlling shareholders	<b><u>1,798,342</u></b>	<u>846,828</u>	<u>849,146</u>
	<b><u>6,595,766</u></b>	<u>5,290,846</u>	<u>6,986,882</u>
<b>Net assets</b>	<b><u>18,437,909</u></b>	<u>17,689,225</u>	<u>16,475,325</u>
<b>Equity</b>			
Share capital	<b>543,069</b>	543,069	505,928
Reserves	<b>15,242,083</b>	14,615,432	13,258,868
Proposed dividends	<b><u>119,475</u></b>	<u>130,337</u>	<u>378,434</u>
<b>Equity attributable to owners of the Company</b>	<b><u>15,904,627</u></b>	<u>15,288,838</u>	<u>14,143,230</u>
Non-controlling interests	<b><u>2,533,282</u></b>	<u>2,400,387</u>	<u>2,332,095</u>
<b>Total equity</b>	<b><u>18,437,909</u></b>	<u>17,689,225</u>	<u>16,475,325</u>

## NOTES TO THE FINANCIAL STATEMENTS

### Note 1 Basis of Preparation

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

### Note 2 Impact of New or Revised Hong Kong Financial Reporting Standards

(a) The principal effects of adopting the amended or revised HKFRSs are as follows:

#### **HKAS 12 (Amendment) Income Taxes - Deferred Tax : Recovery of Underlying Assets**

In December 2010, the HKICPA amended HKAS 12, “Income Taxes”, to introduce an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. Currently HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that investment property measured at fair value is recovered entirely by sale. The presumption of recovery entirely by sale is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The effective date for the amendment is annual periods beginning on or after 1 January 2012. As permitted, the Group has early adopted this amendment. The new accounting policy has been applied retrospectively for annual periods beginning before 1 January 2011 and the effects are disclosed as follows.

As of 31 December 2011, the Group had investment properties amounting to HK\$3,994 million (2010: HK\$3,808 million and 2009: HK\$3,385 million), representing their fair values in accordance with the Group’s accounting policy. The investment properties held by the Group are situated in Hong Kong, Macau and Mainland China.

As a result of the early adoption of amendments to HKAS 12, the comparative figures for 2010 and 2009 have been restated to reflect the change in accounting policy, as summarised below.

#### **Effect on Consolidated Balance Sheet**

	31 December 2011 (HK\$’000)	31 December 2010 (HK\$’000)	1 January 2010 (HK\$’000)
Decrease in deferred tax liabilities	105,111	76,476	57,811
Increase in non-controlling interests	25,958	15,286	10,516
Increase in retained profits	<u>79,153</u>	<u>61,190</u>	<u>47,295</u>

## Effect on Consolidated Income Statement

	For the year ended 31 December	
	2011	2010
	(HK\$'000)	(HK\$'000)
Decrease in income tax expense	28,635	18,665
Increase in profit attributable to owners of the Company	17,963	13,895
Increase in profit attributable to non-controlling interests	10,672	4,770
Increase in basic earnings per share	HK 0.8 cents	HK 0.7 cents
Increase in diluted earnings per share	<u>HK 0.8 cents</u>	<u>HK 0.6 cents</u>

## HKAS 24 (Revised) Related Party Disclosures

The HKICPA has issued an amendment to HKAS 24 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships as well as clarifying in which circumstances persons and key management personnel affect related party relationships of an entity. Secondly, the amendment introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The application of the amendment of HKAS 24 has had no effect on the amounts recognised or recorded in the consolidated financial statements for the current and prior periods. However, the related party disclosures have been changed to reflect the application of HKAS 24 (Revised).

## Improvements to HKFRSs 2010

Improvements to HKFRSs 2010 issued in May 2010 sets out amendments to a number of HKFRSs, primarily with a view to remove inconsistencies and clarifying wordings. Of these, amendments to HKAS 1, "Presentation of Financial Statements", clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

- (b) The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective.

HKAS 1 (Revised) (Amendments)	Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income <sup>2</sup>
HKAS 19 (2011)	Employee Benefits <sup>3</sup>
HKAS 27 (2011)	Separate Financial Statements <sup>3</sup>
HKAS 28 (2011)	Investments in Associates and Joint Ventures <sup>3</sup>
HKAS 32 (Amendments)	Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities <sup>4</sup>
HKFRS 1 (Revised) (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters <sup>1</sup>
HKFRS 7 (Amendments)	Financial Instruments: Disclosures — Transfers of Financial Assets <sup>1</sup>
HKFRS 7 (Amendments)	Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities <sup>3</sup>
HKFRS 9	Financial Instruments <sup>5</sup>
HKFRS 10	Consolidated Financial Statements <sup>3</sup>
HKFRS 11	Joint Arrangements <sup>3</sup>
HKFRS 12	Disclosure of Interests in Other Entities <sup>3</sup>
HKFRS 13	Fair Value Measurements <sup>3</sup>
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2011

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2012

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2013

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2014

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2015

The Group has already commenced an assessment of the impact of these new or revised HKFRSs, certain of which are relevant to our Group's operation and will give rise to changes in presentation, disclosures and measurements of certain items in the financial statements.

For HKFRS 9, the standard uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in HKAS 39. The approach in this standard is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The application of HKFRS 9 may affect the classification and measurement of the Group's financial assets.



### Note 3 Segment Information

#### (a) Segment results, assets and liabilities

#### 2011

	Property (HK\$'000)	Transportation (HK\$'000)	Hospitality (HK\$'000)	Investment (HK\$'000)	Eliminations (HK\$'000)	Consolidated (HK\$'000)
<b>Turnover and revenue</b>						
External turnover	546,886	1,665,662	658,124	97,646	—	2,968,318
Inter-segment turnover	3,148	157,386	35,752	—	(196,286)	—
Other revenues (external and excluding interest income)	<u>4,977</u>	<u>39,575</u>	<u>2,785</u>	<u>1,590</u>	<u>—</u>	<u>48,927</u>
	<u>555,011</u>	<u>1,862,623</u>	<u>696,661</u>	<u>99,236</u>	<u>(196,286)</u>	<u>3,017,245</u>
<b>Segment results</b>	<b>185,587</b>	<b>(10,031)</b>	<b>56,090</b>	<b>53,699</b>	<b>—</b>	<b>285,345</b>
Fair value changes on investment properties	420,152	—	—	—	—	420,152
Interest income						78,132
Unallocated income						1,103
Unallocated expense						<u>(84,941)</u>
Operating profit						699,791
Finance costs						<u>(134,154)</u>
Share of results of associates	(9)	185	9,799	1,701	—	11,676
Share of results of jointly controlled entities	459,963	10,845	(42,946)	(4,697)	—	<u>423,165</u>
Profit before taxation						1,000,478
Taxation						<u>(74,588)</u>
Profit for the year						<u>925,890</u>
<b>Assets</b>						
Segment assets	18,220,984	2,924,597	1,504,900	1,053,395	(47,001)	23,656,875
Associates	2,636	3,374	183,645	1,193	—	190,848
Jointly controlled entities	2,690,618	43,278	(61,677)	(8,179)	—	2,664,040
Unallocated assets						<u>2,792,606</u>
Total assets						<u>29,304,369</u>
<b>Liabilities</b>						
Segment liabilities	373,278	305,178	117,929	6,189	(34,211)	768,363
Unallocated liabilities						<u>10,098,097</u>
Total liabilities						<u>10,866,460</u>

	<b>Property</b> <i>(HK\$'000)</i>	<b>Transportation</b> <i>(HK\$'000)</i>	<b>Hospitality</b> <i>(HK\$'000)</i>	<b>Investment</b> <i>(HK\$'000)</i>	<b>Eliminations</b> <i>(HK\$'000)</i>	<b>Consolidated</b> <i>(HK\$'000)</i>
<b>Other information</b>						
Additions to non-current assets (other than financial instruments and deferred tax assets)	72,978	385,804	13,195	344		
Depreciation	24,168	106,942	63,759	1,977		
Amortisation						
— leasehold land	—	—	244	—		
— intangible assets	133	—	137	90		
Impairment losses on						
— available-for-sale investments	—	—	—	43,200		
— trade receivables	301	—	77	—		
Net (write-back) / write-down of inventories	<u>—</u>	<u>(3,301)</u>	<u>—</u>	<u>389</u>		

2010 (Restated)

	Property (HK\$'000)	Transportation (HK\$'000)	Hospitality (HK\$'000)	Investment (HK\$'000)	Eliminations (HK\$'000)	Consolidated (HK\$'000)
<b>Turnover and revenue</b>						
External turnover	1,169,857	1,354,700	533,159	39,533	—	3,097,249
Inter-segment turnover	2,710	154,891	29,802	—	(187,403)	—
Other revenues (external and excluding interest income)	<u>6,001</u>	<u>34,748</u>	<u>2,202</u>	<u>2,289</u>	<u>—</u>	<u>45,240</u>
	<u><u>1,178,568</u></u>	<u><u>1,544,339</u></u>	<u><u>565,163</u></u>	<u><u>41,822</u></u>	<u><u>(187,403)</u></u>	<u><u>3,142,489</u></u>
<b>Segment results</b>	256,184	(25,928)	22,469	(46,260)	—	206,465
Fair value changes on investment properties	402,187	—	—	—	—	402,187
Interest income						53,721
Unallocated income						1,216
Unallocated expense						<u>(79,025)</u>
Operating profit						584,564
Finance costs						(121,877)
Share of results of associates	(8)	—	4,325	1,657	—	5,974
Share of results of jointly controlled entities	549,740	11,874	(35,735)	(1,741)	—	<u>524,138</u>
Profit before taxation						992,799
Taxation						<u>(71,553)</u>
Profit for the year						<u><u>921,246</u></u>
<b>Assets</b>						
Segment assets	17,642,639	2,561,215	1,494,593	1,143,491	(32,384)	22,809,554
Associates	2,645	—	173,845	993	—	177,483
Jointly controlled entities	2,231,855	44,700	(14,707)	(3,482)	—	2,258,366
Unallocated assets						<u>1,918,930</u>
Total assets						<u><u>27,164,333</u></u>
<b>Liabilities</b>						
Segment liabilities	251,819	225,801	96,917	7,365	(28,606)	553,296
Unallocated liabilities						<u>8,921,812</u>
Total liabilities						<u><u>9,475,108</u></u>

	Property (HK\$'000)	Transportation (HK\$'000)	Hospitality (HK\$'000)	Investment (HK\$'000)	Eliminations (HK\$'000)	Consolidated (HK\$'000)
<b>Other information</b>						
Additions to non-current assets (other than financial instruments and deferred tax assets)	5,961	10,521	951	5,631		
Depreciation	14,826	127,090	64,273	2,364		
Amortisation						
— leasehold land	—	—	244	—		
— intangible assets	67	—	183	89		
Impairment losses on						
— available-for-sale investments	—	—	—	51,661		
— trade receivables	—	—	83	—		
Net (write-back) / write-down of inventories	<u>(9,057)</u>	<u>47,273</u>	<u>—</u>	<u>524</u>		

(b) **Geographical information**

	Hong Kong (HK\$'000)	Macau (HK\$'000)	Others (HK\$'000)	Consolidated (HK\$'000)
<b>2011</b>				
Revenue from external customers	<u>1,579,108</u>	<u>1,314,813</u>	<u>123,324</u>	<u>3,017,245</u>
Non-current assets	<u>4,999,390</u>	<u>1,188,153</u>	<u>657,180</u>	<u>6,844,723</u>
<b>2010</b>				
Revenue from external customers	<u>1,270,657</u>	<u>1,742,540</u>	<u>129,292</u>	<u>3,142,489</u>
Non-current assets	<u>4,494,139</u>	<u>1,350,713</u>	<u>547,474</u>	<u>6,392,326</u>

**Note 4 Other Net Income**

	2011 (HK\$'000)	2010 (HK\$'000)
Net gain on disposal of investment properties	4,500	—
Net gain on disposal of property, plant and equipment	9,562	19,784
Net gain on disposal of available-for-sale investments	35,461	—
Gain on bargain purchase	2,359	—
Others	<u>8,775</u>	<u>1,216</u>
	<u><u>60,657</u></u>	<u><u>21,000</u></u>

**Note 5 Operating Profit**

	2011 (HK\$'000)	2010 (HK\$'000)
<b>After crediting:</b>		
Interest income	78,811	54,686
Rental income from investment properties	168,100	157,616
Less: Direct operating expenses arising from investment properties	<u>(12,512)</u>	<u>(13,986)</u>
	155,588	143,630
Dividend income from listed investments	8,369	6,887
Dividend income from unlisted investments	64,281	11,266
<b>After charging:</b>		
Cost of inventories		
— properties	90,392	686,677
— fuel	748,512	500,663
— others	<u>80,089</u>	<u>137,764</u>
	918,993	1,325,104
Impairment losses on available-for-sale investments	43,200	51,661
Share-based payments	<u>9,879</u>	<u>7,299</u>

## Note 6 Finance Costs

	2011 (HK\$'000)	2010 (HK\$'000)
Interest on bank loans and overdraft wholly repayable within 5 years	69,888	50,224
Interest on convertible bonds wholly repayable within 5 years	74,513	73,364
Interest on loans from non-controlling shareholders	2,206	—
Other finance costs	<u>60,421</u>	<u>6,440</u>
Total interest expenses on financial liabilities not at fair value through profit or loss	207,028	130,028
Less: Amount capitalised in properties under development	<u>(72,874)</u>	<u>(8,151)</u>
	<u>134,154</u>	<u>121,877</u>

## Note 7 Taxation

	2011 (HK\$'000)	(Restated) 2010 (HK\$'000)
Hong Kong profits tax	20,480	23,399
Overseas tax	52,606	69,696
Deferred tax	<u>1,502</u>	<u>(21,542)</u>
	<u>74,588</u>	<u>71,553</u>

Hong Kong profits tax is calculated at 16.5% (2010: 16.5%) on the estimated assessable profits for the year. Overseas tax is calculated at tax rates applicable in jurisdictions in which the Group is assessable for tax.

## Note 8 Dividends

	2011 (HK\$'000)	2010 (HK\$'000)
Proposed final dividend of HK 4.0 cents on 2,986,880,719 shares (2010: HK 6.0 cents on 2,172,276,887 shares)	<u>119,475</u>	<u>130,337</u>

The total amount of dividend is calculated based on the number of shares after the rights issue.

## Note 9 Earnings per Share

The calculation of basic earnings per share is based on profit attributable to owners of the Company of HK\$780,591,000 (2010, as restated: HK\$867,239,000) and the weighted average number of 2,172,276,887 shares (2010: 2,061,564,627 shares) in issue during the year. The calculation of diluted earnings per share is based on profit attributable to owners of the Company of HK\$780,591,000 (2010, as restated: HK\$940,603,000) and the weighted average number of 2,183,915,712 shares (2010: 2,269,905,247 shares) in issue after adjusting for the effects of all dilutive potential ordinary shares.

## Note 10 Trade Receivables and Payables - Ageing Analysis

Trade debtors are managed in accordance with defined credit policies, dependent on market requirements and businesses which they operate. Subject to negotiation, credit is only available for major customers with well-established trading records. The Group offers general credit terms ranging from 0 to 60 days to its customers, except for sales of properties the proceeds from which are receivable pursuant to the terms of the relevant agreements.

The ageing analysis of trade debtors is as follows:

	2011 (HK\$'000)	2010 (HK\$'000)
0 — 30 days	93,979	104,423
31 — 60 days	21,790	23,820
61 — 90 days	8,069	4,720
over 90 days	<u>3,750</u>	<u>7,530</u>
	<u><b>127,588</b></u>	<u><b>140,493</b></u>

The ageing analysis of trade creditors is as follows:

	2011 (HK\$'000)	2010 (HK\$'000)
0 — 30 days	316,671	226,021
31 — 60 days	7,156	25,498
61 — 90 days	4,701	3,233
over 90 days	<u>5,588</u>	<u>2,031</u>
	<u><b>334,116</b></u>	<u><b>256,783</b></u>

## Note 11 Comparatives

Certain comparative figures have been restated as a result of the adoption of the amendment or revision relating to HKAS 12, “Income Taxes” and HKAS 24, “Related Party Disclosures” to conform with the current year’s presentation.

## **BUSINESS REVIEW**

### **Property**

Despite economic uncertainties in the West and dampening measures implemented by local governments, real estate remained resilient in 2011 on the back of genuine market demand. Towards the end of year, the Group launched various property projects including Chatham Gate in Hong Kong, as well as Nova Park and Taipa Hills Memorial Garden in Macau, all generating solid responses. On the other hand, due to a cyclical lapse in accruing income from property sales, the division registered an operating profit of HK\$186 million as of 31 December 2011 (2010: HK\$256 million), plus share of profits from jointly controlled entities amounting to HK\$460 million. The latter is primarily relating to the One Central project amounting to HK\$453 million (2010: HK\$550 million).

### **In Macau**

#### *One Central*

A proud creation in collaboration with Hongkong Land Holdings Limited, the internationally acclaimed development comprises 7 prestigious residential towers, an approximately 400,000 square feet luxurious flagship shopping mall, a 213-room premium Mandarin Oriental Hotel as well as The Residences and Apartments at Mandarin Oriental, Macau. The latter is the only serviced apartment managed by an acclaimed international hotel group with transferable strata titles across Macau and Hong Kong, and 89% of units have been sold as of 31 December 2011. Remaining units will be released for sale in accordance with market conditions in 2012.

#### *Nova City*

Nova City is one of the largest residential and retail developments in Macau solely developed by the Group. In an effort to forge the most central and integrated neighborhood, new convenience and lifestyle offerings are introduced to its latest phases to enhance value for local homeowners.

Phase 4 of Nova City, independently conceived as Nova Park, comprises three residential towers featuring over 680,000 square feet of gross floor area. The condominiums enjoy wide open views of the Taipa Central Garden, as well as a twin clubhouse complete with extensive recreational facilities unparalleled by other residences. With its attractive attributes and urban parkside living concept, Nova Park garnered strong public interest prior to launch in November. All 2-bedroom units from Tower 1 launched for sale were sold within a week. Project completion is scheduled for the 4th quarter of 2014.



Phase 5 encompasses over 2.3 million square feet of well-appointed residences in eight towers. Below the apartment units will be a neighborhood shopping centre spanning approximately 600,000 square feet, housing a diversified range of tenants including supermarket, dining outlets, leisure retail and entertainment components to provide unparalleled convenience to residents. The project is under planning and site works are expected to commence in the 3rd quarter of 2012.

### ***Taipa Hills Memorial Garden***

The Group holds 79% interest in this contemporary columbarium located in Taipa comprising approximately 40,000 standard niches. It features a sleek minimalistic design, graceful landscapes and professional management, catering to clients of different religions. Under a legitimate land deed assigned for operating memorial facilities, it offers a reliable option to the undersupplied Macau, Hong Kong and Pearl River Delta private markets. A new showroom was opened in Hung Hom in April 2011 to facilitate sales in Hong Kong. Approximately 3,000 niches have been sold as of 31 December 2011.

### ***Harbour Mile***

A prestigious development with approximately 4.3 million square feet gross floor area adjacent to the iconic Macau Tower is earmarked for this flagship project. Stretching along the waterfront, this property will largely comprise residential apartments, complemented by commercial elements including retail facilities, serviced apartments and hotels, to be introduced according to market demands. The project is currently under review by the Macau SAR Government as part of its master city planning.

### ***Cotai Site Development***

The Group now controls 100% interest in the Cotai project, and is the sole developer of the site. Application for land grant was made, and the Group is in discussion with the Macau SAR Government on its plan to develop an ultra luxurious hotel on the site, to be managed by the Jumeirah Group, a renowned luxury hotel management company and a member of Dubai Holding.

### ***In Hong Kong***

#### ***Chatham Gate***

The Group holds 51% interest in this prime residential development located at the pulse of the Kowloon district. The prominent architecture comprises two luxurious apartment towers and a shopping arcade totaling approximately 370,000 square feet

in gross floor area. Units range from 392 to 2,080 square feet configured in various functional layouts. Launched in December 2011, the development generated strong market response. Superstructure works are in progress, and scheduled completion is slated for the 4th quarter of 2012.

### ***Proposed House Development in Chung Hom Kok***

The proposed development entails 5 distinguished residential mansions on an exclusive site with panoramic seaview at Chung Hom Kok. Foundation works are in progress and project completion is slated for the end of year 2013.

### ***Radcliffe***

Radcliffe, a luxury development featuring ten exclusive 3,620 square feet duplex residences in Pok Fu Lam. The last of 10 units was sold in the second half of 2011.

### ***The Westwood***

Home to a myriad of chain retailers, The Westwood, a 5-storey shopping centre at The Belcher's with approximately 158,000 square feet of leasable area, is the largest shopping destination in the Western Mid-Levels. As of 31 December 2011, the occupancy rate stood above 95%. Accessibility to The Westwood will be further improved when construction work of the MTR West Island Line is completed in 2014.

### ***Liberte Place***

Liberte Place, the shopping podium of Liberte, offers a wide variety of dining and household conveniences to residents of the West Kowloon community, including the neighboring Banyan Garden and The Pacifica. Occupancy consistently stands close to 100%. After the opening of a direct access connecting to Lai Chi Kok MTR Station, foot traffic has been further enhanced.

### ***In China***

In Guangzhou, the Shun Tak Business Centre, comprising a 32-storey office tower and a 6-storey shopping arcade, recorded satisfactory performance in leasing. The Group holds 60% interest in the investment.

## **Property Services**

Shun Tak Property Management Limited (“STPML”), the Group’s wholly owned subsidiary engaging in property management, has expanded its portfolio size by approximately 10% to 16.4 million square feet across Hong Kong and Macau. Beyond traditional property management, it also operates complementing businesses including property cleaning under Shun Tak Macau Services Limited, and laundry services under Clean Living (Macau) Limited.

STPML is a vital part of the fabric of the community, and has been steadfast in improving service quality and sustainability. It is the proud recipient of the Caring Company Award for 5 consecutive years, and has won a myriad of accolades including the Award for Environmental Excellence from the Environmental Campaign Committee, Certificate of Quality Water from the Water Department, and a host of other recognitions.

## **Transportation**

2011 has been an encouraging year for the shipping division. Regional tourism gradually emerged from the shadows of the financial turmoil with passenger numbers reviving satisfactorily. Successful market diversification and expansion following acquisition of First Ferry Macau, and government’s approval of a fare increase in the latter half of year both contributed to promising improvements in performance. Nonetheless, high fuel costs continued to hinder profit recovery for the year, but the deficit has been narrowed substantially from HK\$59 million during mid-year, to HK\$10 million at the close of year. This translates into a 61% year-on-year recovery (2010: loss of HK\$26 million).

On 30 September 2011, the shipping division acquired New World First Ferry (Macau) at a consideration of approximately HK\$341 million after adjustments. The undertaking includes securing 7 high-capacity vessels, operation concessions granted by the Macau SAR Government, and a valuable team of 300 maritime professionals. The acquisition represents a significant step to reinforce the Group’s commitment in weaving a seamless sea network for the Pearl River Delta. In addition, the younger and larger vessels also help the division to optimize resource deployment and improve per passenger yield. With the new Kowloon route, TurboJET will successfully expand its catchment as well as tour group business.

Riding on the popularity of Premier Jetfoil service since its introduction in 2008, TurboJET is further strengthening its luxury offerings via a reconfiguration of cabin interior, addition of a Premier Waiting Lounge, and enhanced sailing frequency. The upgrade exercise enabled the ferry brand to enrich its product spectrum and better serve international travelers as Macau further progresses to become a global destination.

With the Group's commitment to solidify its vision of forging a multimodal transportation network within the Pearl River Delta ("PRD"), the Group continued its strategic alliances with mainland ferry operators by offering passenger ferry services to Shenzhen, Shekou and Nansha. In 2011 a 23% growth was recorded and substantiated a continuous demand to travel within the PRD region for both national and international traffic.

The Group's joint venture, Hong Kong International Airport Ferry Terminal Services Limited, continues to manage ferry operations at SkyPier, an air-sea transit platform connecting travelers with 8 Pearl River Delta ports via high-speed ferries. In 2011, SkyPier continued to show encouraging growth, setting record numbers in terms of passenger throughput at 2.4 million, constituting a 6.9% year on year growth. Amongst those transiting to Macau, approximately 70% of these passengers were serviced by TurboJET.

Apart from capturing the China market with its multi-modal transit platform, TurboJET has also been striving to solidify its network advantage in Southern China through strategic alliances with mainland ferry operators. The division now operates a total of three routes under such partnerships, attesting to the solid strength and leadership of TurboJET within the industry.

TurboJET received a number of distinguished awards in recognition of its superior service quality and contribution to the society, including the 5 Consecutive Years Caring Company Award conferred by Hong Kong Council of Social Service, "Class of Excellence" Wastewi\$e Label organized by the Environmental Campaign Committee of HKSAR, as well as "Hong Kong Outstanding Corporate Citizenship Award, Services Enterprise, Bronze Award" extended by Hong Kong Productivity Council.

On land, Shun Tak & CITS Coach (Macao) Limited has a fleet of 129 coach buses, offering rental services within Macau locally as well as operate cross-border routes to mainland cities. In 2011, HK\$88 million in revenue was recorded, exhibiting a 11% remarkable growth.

## **Hospitality**

Hospitality division experienced a period of phenomenal growth in 2011 driven by continued robust demand from PRC visitors and the tour group sector. All businesses, including hotels and destinations, registered improved performance compared with last year, collectively contributing to an operating profit of HK\$56 million and a 150% year-on-year growth.

Mandarin Oriental, Macau at One Central is a 213-room luxurious hotel property adjoining MGM Macau and One Central flagship shopping mall. The hotel leveraged upon its convenient location, strong brand affiliation, and a myriad of cross-promotions with adjoining tourism properties to achieve an average occupancy rate of over 60% and a revenue of MOP167 million. It continued to maintain one of the most premium room rates in town. The Group holds a 51% interest in the joint venture.

The Group's 34.9%-owned Westin Hotel, a classic family resort, and its adjacent Macau Golf & Country Club (MGCC), continued to return satisfactory revenue for the Group. The new management team at Westin Hotel has reinforced collaboration with MGCC, and has implemented an extensive marketing plan that returned encouraging results.

In Hong Kong, the 658-room SkyCity Marriott Hotel adjacent to AsiaWorld-Expo, Hong Kong International Airport and SkyPier, made impressive headway in its performance. Management has exercised an effective revenue management control system in optimizing profits and occupancy from different market segments. In 2011, the operation registered a remarkable 32% increase in revenue, with the strong momentum continuing into 2012.

Macau Tower Convention & Entertainment Centre, managed by the Group, is a major MICE venue and iconic tourist landmark in Macau. Over the year, the destination registered increase in revenue from all business sectors including food and beverage, banquet and observation. A new anchor tenant, Mocha Slots, now spanning two levels of the Tower retail arcade, opened for operation in 2011. The Theatre introduced one of the largest 3D movie systems in Macau, further enhancing its popularity amongst local leisure seekers. AJ Hackett Macau Tower celebrated the 5th anniversary of the launch of its Guinness World Record Bungy Jump in December, and continues to be immensely popular amongst Japanese and Indian visitors with its urban adventures. A 12% growth in revenue was achieved in 2011, marking a 112% growth in net profits.

In China, the iconic Canton Tower rising 600m above the cityscape of Guangzhou has introduced a number of new attractions since its opening in 2010. These include a

bubble tram ride at the top of the Tower, which has been attracting several hundred daily visitors, as well as two revolving restaurants and an Asian Food plaza. A “Hair-raiser” free-drop adventure and a 4D cinema are scheduled for launch in early 2012.

Shun Tak Hospitality Services Division now operates with a full MICE license in China and has established solid footprint in the mainland corporate scene. In 2011, it served respectable clients including China Mobile Group, GE Medical Service, Toshiba Medical Service and a host of international luxury designer brands. It also made significant strides in harnessing business from national-level summits and top-notch sports events, having handled the Asia Pacific Economic Cooperation ABAC in February, and the 5th China Cup International Regatta 2011 “Blue Knight Festival” in October.

Capitalizing upon opportunities from a strong Indian market, a strengthened MICE sector, solid leisure package business, and a spike in ferry ticket sales following the acquisition of First Ferry, Shun Tak Travel recorded a 3% decrease in sales but saw a promising 315% improvement in net profit compared with the previous year.

The Group’s Sea Palace Floating Restaurant is the largest floating restaurant in Shanghai with a capacity of 1,100 seats. The highly reputed restaurant registered RMB74 million in revenue in 2011 (2010: RMB80 million) and continues to be a premium dining choice in town.

## **Investment**

The investment division recorded a profit of HK\$54 million (2010: loss of HK\$46 million) in 2011 with the recovery mainly attributable to dividend income generated through Sociedade de Turismo e Diversões de Macau, S.A. (“STDM”). The Group owns an effective interest in STDM of approximately 11.5%, which in turn owns approximately 55.23% of effective shareholding in SJM Holdings Limited (“SJM Holdings”), a listed company in Hong Kong. SJM Holdings owns the entire shareholding interests of Sociedade de Jogos de Macau S.A. (“SJM SA”), one of six gaming concessionaries licensed by the Macau SAR Government to operate casinos in Macau SAR. In addition to gaming activities, STDM holds interests in several hotels in Macau, the Macau International Airport and Air Macau Company Limited, the enclave’s flagship carrier. STDM is also active in major property development and infrastructure projects, including Macau Tower.

Macau Matters Company Limited, the Group’s retail arm, operates a 15,000 square foot Toys ‘R’ Us flagship store at Macau Tower as well as an upmarket convenience store named CentralDeli at One Central Shopping Mall. Driven by targeted marketing

to local consumers, Toys ‘R’ Us achieved a record of MOP22 million in revenue in 2011, representing a 21% year-on-year growth. It expects to experience a further surge in 2012, with the introduction of new concession counters and extended product offerings.

## **RECENT DEVELOPMENTS AND PROSPECT**

On the front of property developments, the Group launched two highly anticipated projects in late 2011, including Nova Park in Macau and Chatham Gate in Hong Kong. Despite a relative slowdown in real estate performances in response to policy measures, the two projects still captured strong interest from homebuyers. All 2-bedroom units launched at Nova Park were quickly sold out, while Chatham Gate has also registered promising results. In addition, Taipa Hills Memorial Garden, a newly launched contemporary columbarium, has garnered popular response particularly from local Macau market. Additional halls are expected to be ready by phases, and will be systematically introduced for sale. Entering 2012, the above projects will continue to take centre stage and are expected to generate a steady pipeline of income for the Group in subsequent quarters.

TurboJET has been diligent in weathering adversities over previous years against high-standing fuel costs and price war from competitors. Amidst the volatile landscape, TurboJET managed to grow its passenger base by expanding product offerings and building brand loyalty through quality and innovation. In the latter half of 2011, the division experienced a strong rebound in performance due to various positive developments. These include government’s approval to increase ticket fares and class reconfiguration, and a stabilization of the operating landscape resulting from the exit of Macao Dragon and acquisition of First Ferry (Macau). In 2012, the business will focus on efforts upon adding value for passengers, taking advantage of its new Kowloon route. A myriad of celebration and promotions are also being planned to commemorate its 50th anniversary milestone.

The hospitality division made remarkable progress in 2011 with growth evident in all sectors including hotels, destination products, banquet and MICE businesses. The positive results bear testimony to the Group’s profound understanding of the region’s hospitality landscape, as well as its strategic approach in diversifying its portfolio in asset investments and business development. Significant resources will continue to be channeled into expanding its travel and MICE operations in the PRC market, and it is expected that the division will become a strong growth engine in the future.

In January 2012, the Group proposed a rights issue exercise in the proportion of 3 rights shares for every 8 existing ordinary shares held by qualifying shareholders at a subscription price of HK\$2.02 per rights share to raise a net proceed of approximately HK\$1.6 billion for general working capital purpose and for financing new investment opportunities.

In March 2012, the Tourism Commission of Hong Kong announced that Worldwide Cruise Terminals Consortium has been awarded the tenancy for operating and managing the new cruise terminal at Kai Tak. The Group holds a 20% interest in the consortium led by Worldwide Flight Services, with Royal Caribbean Cruises as the other minority partner. The Group will primarily be responsible for the leasing of commercial space within the future terminal.

By building upon its core competitiveness, the Group has laid a strong foundation over the preceding years and is ready to capitalize upon an eventful 2012. It will continue to develop its distinctive advantage and generate sustainable value for shareholders in the future.

## **FINANCIAL REVIEW**

### **Liquidity, Financial Resources and Capital Structure**

The Group's bank balances and deposits stood at HK\$5,349 million as at 31 December 2011. It is the Group's policy to secure adequate funding to match with cash flows required for working capital and investing activities. At 31 December 2011, total bank loan facilities available to the Group was HK\$11,345 million, of which HK\$5,580 million remained undrawn. The Group's bank borrowings outstanding at the year end amounted to HK\$5,765 million. Apart from the bank borrowings, the Group's borrowings also comprised the liability component of guaranteed convertible bonds of HK\$1,488 million.

The maturity profile of the Group's borrowings is set out below:

#### **Maturity Profile**

Within 1 year	1-2 years	2-5 years	Total
47%	29%	24%	100%



Based on a net borrowings of HK\$1,904 million at the year end, the Group's gearing ratio (expressed as a ratio of net borrowings to equity attributable to owners of the Company) was 12.0% (2010, as restated: 18.0%). The Group will continue with its financial strategy of maintaining a healthy gearing ratio and consider steps to reduce its finance costs.

In May 2008, the Group agreed to acquire the land development right of Nam Van site in Macau at a consideration of HK\$3,145 million. The outstanding commitment of which at the year end amounted to about HK\$2,830 million.

### **Event after the the Balance Sheet date**

By its announcement dated 19 January 2012, the Company announced that it proposed to issue new ordinary shares of HK\$0.25 each by way of a rights issue in the proportion of three right shares for every eight existing ordinary shares held by qualifying shareholders on 9 February at a subscription price of HK\$2.02 per rights share.

Accordingly, the Company has subsequently increased its issued share capital by 814,603,832 shares to 2,986,880,719 shares. These newly issued shares rank *pari passu* in all respects with the existing ordinary shares. The net proceeds, after deduction of related expenses, of approximately HK\$1,603 million from the rights issue will be applied for general working capital purposes and for financing new investment opportunities.

### **Acquisition**

On 11 August 2011, Shun Tak-China Travel Shipping Investments Limited ("STCTSI"), a non-wholly owned subsidiary of the Company, entered into the conditional agreement with New World First Holdings Limited ("NWFH") to acquire the entire issued share capital of New World First Ferry Services (Macau) Limited ("NWFF") and New Ferry — Transporte Marítimo de Passageiros (Macau), Limitada ("NFTMP") and the loan advanced by NWS Transport Services Limited, the holding company of NWFH, to NWFF, for a consideration of HK\$350 million (subject to adjustment as stated in the Company's circular dated 1 September 2011). The acquisition was completed on 30 September 2011, the date of acquisition, and a downward adjustment to the consideration was agreed to be HK\$9 million.

NWFF and NFTMP currently operate passenger ferry business between Hong Kong and Macau (Outer Port Terminal). The acquisition not only enlarges the fleet size of STCTSI, but also increases its market share in the Hong Kong — Macau passenger ferry market significantly. The acquisition will further strengthen STCTSI's market leader position and allow STCTSI to better capture the growing demand for passenger ferry services.

## **Charges on Assets**

At the year end, bank loans to the extent of approximately HK\$1,775 million (2010: HK\$712 million) were secured with charges on certain assets of the Group amounting to an aggregate carrying value of HK\$9,004 million (2010: HK\$1,179 million). Out of the above secured bank loans, an aggregate amount of HK\$1,505 million (2010: HK\$556 million) was also secured by pledges of shares in certain subsidiaries.

## **Contingent Liabilities**

There was no material contingent liabilities of the Group at the year end.

## **Financial Risk**

The Group adopts a conservative policy in financial risk management with minimal exposure to currency and interest rate risks. Except for the guaranteed convertible bonds, all the funds raised by the Group are on a floating rate basis. None of the Group's outstanding borrowings was denominated in foreign currency at the year end. Approximately 96% of the bank deposits, cash and bank balances are denominated in Hong Kong dollar and United States dollar with the remaining balance mainly in Renminbi and Macau pataca. The Group's principal operations are primarily conducted in Hong Kong dollar so that the exposure to foreign exchange fluctuations is minimal. While the Group has financial assets and liabilities denominated in the United States dollar and Macau pataca, they are continuously pegged to Hong Kong dollar and the exposure to currency risk for such currencies is minimal to the Group. The Group engages in fuel hedging activities to minimise its exposure to fluctuations in fuel prices in accordance with the Group's approved treasury policies.

## **Human Resources**

The Group, including subsidiaries but excluding associates and jointly controlled entities, employed approximately 2,930 employees at the year end. The Group adopts competitive remuneration packages for its employees. Promotion and salary increments are based on performance. Social activities are organised to foster team spirit amongst employees and they are encouraged to attend training classes that are related to the Group's businesses and developments.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purposes of determining shareholders' eligibility to attend and vote at the 2012 annual general meeting of the Company, and entitlement to the final dividend, the register of members will be closed. Details of such closures are set out below:

- (i) For determining eligibility to attend and vote at the 2012 annual general meeting of the Company:

Latest time to lodge transfer documents  
for registration .....4:30 p.m. on Tuesday, 29 May 2012

Closure of register of members .....Wednesday, 30 May 2012  
to Wednesday, 6 June 2012  
(both days inclusive)

Record date .....Wednesday, 6 June 2012

- (ii) For determining entitlement to the final dividend:

Latest time to lodge transfer documents  
for registration .....4:30 p.m. on Monday, 11 June 2012

Closure of register of members .....Tuesday, 12 June 2012  
to Thursday, 14 June 2012  
(both days inclusive)

Record date .....Thursday, 14 June 2012

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the 2012 annual general meeting of the Company, and to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than the aforementioned latest time.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company will be held on Wednesday, 6 June 2012. The notice of annual general meeting will be published on the websites of the Company and The Stock Exchange of Hong Kong Limited and despatched to the shareholders of the Company in due course.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the year ended 31 December 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company is committed to maintaining high standards of corporate governance. As corporate governance requirements change from time to time, the Board periodically reviews the corporate governance practices of the Company to meet rising expectations of the shareholders of the Company and comply with the increasingly stringent regulatory requirements. In the opinion of the Board of the Company, the Company has applied the principles and complied with the code provisions in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2011, except for deviation from the first part of code provision E.1.2 of the Code, which states that the Chairman of the Board should attend annual general meeting. In the absence of the Group Executive Chairman during the Company's annual general meeting held on 15 June 2011, the Managing Director of the Company (who is also the chairman of the remuneration committee and nomination committee) took the chair and, together with the chairman of the audit committee and other directors, made themselves available to answer shareholders' questions regarding the activities of the Company and various Board committees.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as its own code of conduct regarding directors' securities transactions. All the directors have confirmed, following specific enquiry by the Company on each of them, that they had fully complied with the Model Code throughout the year ended 31 December 2011.

## **REVIEW BY AUDIT COMMITTEE**

The Group's consolidated financial statements for the year ended 31 December 2011 have been reviewed by the audit committee of the Company. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2011 have been agreed by the Company's auditor, H. C. Watt & Company Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by H. C. Watt & Company Limited in this respect did not constitute an assurance engagement in accordance with Hong

Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by H. C. Watt & Company Limited on this preliminary announcement.

By order of the Board  
**SHUN TAK HOLDINGS LIMITED**  
**Pansy Ho**  
*Managing Director*

Hong Kong, 26 March 2012

*As at the date of this announcement, the executive directors of the Company are Dr. Stanley Ho, Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho, Mr. David Shum and Mr. Rogier Verhoeven; the non-executive directors are Dato' Dr. Cheng Yu Tung, Mrs. Louise Mok and Mr. Michael Ng; and the independent non-executive directors are Sir Roger Lobo, Mr. Norman Ho and Mr. Charles Ho.*