SHUN TAK

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

2009 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 2009 of the Company and its subsidiaries (the "Group").

The audited profit attributable to owners of the Company for the year ended 31 December 2009 amounted to HK$2,874 million, as compared with a profit of HK$101 million last year. Basic earnings per share were HK 134.4 cents (2008: HK 4.4 cents).

The profit attributable to owners of the Company for the year would be HK$1,193 million, an increase of approximately 510% compared with last year of HK$196 million, after excluding the effect of attributable revaluation surplus (net of deferred tax) of HK$1,001 million (2008: HK$95 million revaluation deficit) arising on investment properties held by the Group and a jointly controlled entity, holding 51% interest in One Central, and recognition of net gain of HK$680 million on disposal of a subsidiary, holding 50% interest in the former Mandarin Oriental Hotel in Macau. The profit increase is mainly attributable to the share of profit from the sales of One Central Residences.

DIVIDENDS

The Board has recommended a final dividend of HK 18.7 cents (2008: HK 1.3 cents) per share for the year ended 31 December 2009. Together with the interim dividend of HK 3.8 cents per share (2008: nil) for the six months ended 30 June 2009 paid on 21 October 2009, total dividends for the year amounted to HK 22.5 cents (2008: HK 1.3 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 18 June 2010 to shareholders of the Company whose names appear on the register of members of the Company on 10 June 2010.

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December

	Note	**2009** **(HK$'000)**	2008 (HK$'000)
Turnover	3	**3,229,250**	4,350,848
Other revenues		**105,298**	123,589
		3,334,548	4,474,437
Other net income/(loss)	4	**681,180**	(28,888)
Cost of inventories sold or consumed		**(1,295,333)**	(2,284,761)
Staff costs		**(686,612)**	(718,200)
Depreciation and amortisation		**(213,343)**	(153,959)
Other costs		**(873,061)**	(981,854)
Fair value changes on investment properties		**220,514**	(191,585)
Operating profit	3, 5	**1,167,893**	115,190
Finance costs	6	**(77,040)**	(157,888)
Share of results of associates		**26,046**	38,481
Share of results of jointly controlled entities		**1,915,891**	13,997
Profit before taxation		**3,032,790**	9,780
Taxation	7	**(97,125)**	20,201
Profit for the year		**2,935,665**	29,981
Attributable to:			
Owners of the Company		**2,873,928**	101,360
Minority interests		**61,737**	(71,379)
Profit for the year		**2,935,665**	29,981
Earnings per share (HK cents)	9		
— basic		**134.4**	4.4
— diluted		**132.0**	4.3

CONSOLIDATED BALANCE SHEET
At 31 December

	Note	**2009** **(HK$'000)**	2008 (HK$'000)
Non-current assets			
Property, plant and equipment		**1,943,941**	2,031,911
Investment properties		**3,385,392**	3,164,103
Leasehold land		**1,250,672**	1,281,418
Associates		**183,007**	220,347
Jointly controlled entities		**2,829,636**	957,352
Intangible assets		**365,796**	363,393
Available-for-sale investments		**1,065,804**	999,394
Mortgage loans receivable		**14,726**	22,972
Deferred tax assets		**30,561**	57,252
Other non-current assets		**1,332,519**	822,079
		12,402,054	9,920,221
Current assets			
Properties for or under development		**8,183,610**	8,067,373
Inventories		**1,002,094**	1,969,719
Trade receivables, other receivables and deposits paid	10	**1,171,658**	1,857,991
Available-for-sale investments		**15,514**	14
Derivative financial instruments		**3,918**	242
Taxation recoverable		**4,059**	9,362
Bank deposits, cash and bank balances		**3,587,409**	2,736,636
		13,968,262	14,641,337
Current liabilities			
Trade and other payables	10	**1,303,221**	816,312
Deposits received on sales of properties		**59,266**	269,466
Bank borrowings		**1,416,800**	1,994,000
Derivative financial instruments		**—**	97,075
Provision for employee benefits		**16,424**	28,948
Taxation payable		**112,398**	185,903
		2,908,109	3,391,704
Net current assets		**11,060,153**	11,249,633
Total assets less current liabilities		**23,462,207**	21,169,854

	Note	2009 (HK$'000)	2008 (HK$'000)
Non-current liabilities			
Bank borrowings		**3,752,200**	5,244,000
Convertible bonds		**1,441,888**	—
Deferred tax liabilities		**1,001,459**	1,048,555
Loans from minority shareholders		**849,146**	847,743
		7,044,693	7,140,298
Net assets		**16,417,514**	14,029,556
Equity			
Share capital		**505,928**	564,235
Reserves		**13,211,573**	11,222,649
Proposed dividends		**378,434**	29,340
Equity attributable to owners of the Company		**14,095,935**	11,816,224
Minority interests		**2,321,579**	2,213,332
Total equity		**16,417,514**	14,029,556

NOTES TO THE FINANCIAL STATEMENTS

Note 1 Basis of Preparation

The 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 disclosure 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 new or revised HKFRSs are as follows:

HKAS 1 (Revised) Presentation of Financial Statements

The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income. It presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

HKFRS 7 (Amendments) Financial Instruments: Disclosures - improving disclosures about financial instruments

The amendments increase the disclosure requirements about fair value measurement and amend the disclosure about liquidity risk. The amendments introduce a three-level hierarchy for fair value measurement disclosures about financial instruments and enhance the existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. The Group has not provided comparative information for the expanded disclosures in relation to the fair value measurement in accordance with the transitional provision set out in the amendments.

HKFRS 8 Operating Segments

HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision-makers in order to allocate resources to the segment and to assess its performance. As the business segments previously identified and reported by the Group in accordance with the requirements of HKAS 14 are the same as the operating segments provided to chief operating decision-makers as required by HKFRS 8, there are no changes to the operating segments and the results of operating segments on the adoption of HKFRS 8. Additional disclosures about each of these segments are shown in note 3.

Improvements to HKFRSs

Improvements to HKFRSs comprise a number of minor and non-urgent amendments to a range of HKFRSs which the HKICPA issued in 2008 as an omnibus batch of amendments. Of there, the following two amendments have resulted in changes to the Group's accounting policies:

(i) As a result of amendments to HKAS 28, Investments in associates, impairment losses recognised in respect of the associates and jointly controlled entities carried under the equity method are no longer allocated to the goodwill inherent in that carrying value. As a result, when there has been a favourable change in the estimates used to determine the recoverable amount, the impairment loss will be reversed. Previously, the Group allocated impairment losses to goodwill and, in accordance with the accounting policy for goodwill, did not consider the losses to be reversible. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any impairment losses that arise in the current or future periods and previous periods have not been restated.

(ii) Prior to the application of amendments to HKAS 40, Investment property, investment property under development was carried at cost until the construction was completed, at which time it was fair valued. As a result of the amendments, such property will be carried at fair value at the earlier of when the fair value first becomes reliably measurable and the date of completion of the property. Any gain or loss will be recognised in profit or loss, consistent with the policy adopted for all other investment properties carried at fair value. Those amendments will be applied prospectively. Following the amendments, investment property under development of a jointly controlled entity is classified as investment property and stated at fair value. The Group shared the fair value gain of such investment property amounting to approximately HK$830 million (net of deferred tax) in the consolidated income statement for the year ended 31 December 2009.

The amendments to other HKFRSs have no material impact on the consolidated financial statements.

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

HKAS 24 (Revised)	Related Party Disclosures[5]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendments)	Financial Instruments: Presentation - Classification of Rights Issues[3]
HKAS 39 (Amendments)	Financial Instruments: Recognition and Measurement - Eligible Hedged Items[1]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[1]
HKFRS 1 (Revised) (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards - Additional Exemptions for First-time Adopters[2]
HKFRS 2 (Amendments)	Share-based Payment - Group Cash-settled Share-based Payment Transactions[2]

HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[6]
HK(IFRIC)-Int 14 (Amendments)	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[5]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[4]
Improvements to HKFRSs	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
Improvements to HKFRSs 2009[7]	

[1] Effective for annual periods beginning on or after 1 July 2009

[2] Effective for annual periods beginning on or after 1 January 2010

[3] Effective for annual periods beginning on or after 1 February 2010

[4] Effective for annual periods beginning on or after 1 July 2010

[5] Effective for annual periods beginning on or after 1 January 2011

[6] Effective for annual periods beginning on or after 1 January 2013

[7] Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate

HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The application of HKFRS 3 (Revised) may affect the Group's accounting for a business combination for which the acquisition date is on or after 1 January 2010.

HKFRS 9 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.

In addition, as part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. The amendments will be effective from 1 January 2010, with earlier application permitted. Before the amendments to HKAS 17, leasees were required to classify leasehold land as operating leases. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might not affect the classification and measurement of the Group's leasehold land.

The directors of the Company anticipate that the adoption of the other new and revised standards, amendments and interpretations to existing standards will have no material impact on the results and the financial position of the Group.

Note 3 Segment Information

(a) Segment results, assets and liabilities

2009

	Property (HK$'000)	Transportation (HK$'000)	Hospitality (HK$'000)	Investment (HK$'000)	Eliminations (HK$'000)	Consolidated (HK$'000)
Turnover and revenue						
External turnover	1,285,011	1,456,578	437,065	50,596	—	3,229,250
Inter-segment turnover	6,337	178,929	28,795	—	(214,061)	—
Other revenues (external and excluding interest income)	45,520	32,196	4,200	638	—	82,554
	1,336,868	1,667,703	470,060	51,234	(214,061)	3,311,804
Segment results	351,979	27,886	(36,765)	21,950	—	365,050
Fair value changes on investment properties	220,514	—	—	—	—	220,514
Net gain on disposal of a subsidiary	—	—	679,609	—	—	679,609
Impairment losses on amounts due by investee companies and other receivables	—	—	—	(36,064)	—	(36,064)
Interest income						22,744
Unallocated income						5,538
Unallocated expense						(89,498)
Operating profit						1,167,893
Finance costs						(77,040)
Share of results of associates	(36)	—	24,360	1,722	—	26,046
Share of results of jointly controlled entities	1,904,239	10,570	2,823	(1,741)	—	1,915,891
Profit before taxation						3,032,790
Taxation						(97,125)
Profit for the year						2,935,665
Assets						
Segment assets	16,469,042	2,656,335	1,527,315	1,102,670	(28,686)	21,726,676
Associates	2,653	—	179,520	834	—	183,007
Jointly controlled entities	2,800,353	9,641	21,383	(1,741)	—	2,829,636
Unallocated assets						1,630,997
Total assets						26,370,316
Liabilities						
Segment liabilities	1,029,342	255,346	77,533	7,347	(28,686)	1,340,882
Unallocated liabilities						8,611,920
Total liabilities						9,952,802

	Property (HK$'000)	Transportation (HK$'000)	Hospitality (HK$'000)	Investment (HK$'000)	Eliminations (HK$'000)	Consolidated (HK$'000)
Other information						
Additions to non-current assets (other than financial instruments and deferred tax assets)	**48,099**	**51,461**	**16,928**	**2,547**		
Depreciation	**14,246**	**127,640**	**54,311**	**1,487**		
Amortisation						
— leasehold land	**182**	**2,976**	**10,661**	**—**		
— intangible assets	**—**	**—**	**107**	**89**		
Impairment losses on receivables	**—**	**—**	**65**	**54**		
Net (write back)/write-down of inventories	**(14,820)**	**—**	**—**	**738**		

2008

	Property (HK$'000)	Transportation (HK$'000)	Hospitality (HK$'000)	Investment (HK$'000)	Eliminations (HK$'000)	Consolidated (HK$'000)
Turnover and revenue						
External turnover	2,045,640	1,842,031	345,528	117,649	—	4,350,848
Inter-segment turnover	3,304	188,348	34,145	—	(225,797)	—
Other revenues (external and excluding interest income)	11,017	40,208	8,100	4,403	—	63,728
	2,059,961	2,070,587	387,773	122,052	(225,797)	4,414,576
Segment results	369,808	(149,634)	4,359	113,699	—	338,232
Fair value changes on investment properties	(191,585)	—	—	—	—	(191,585)
Interest income						59,861
Unallocated income						3,449
Unallocated expense						(94,767)
Operating profit						115,190
Finance costs						(157,888)
Share of results of associates	15	—	36,655	1,811	—	38,481
Share of results of jointly controlled entities	1,239	6,599	6,159	—	—	13,997
Profit before taxation						9,780
Taxation						20,201
Profit for the year						29,981
Assets						
Segment assets	17,486,595	2,868,031	1,652,140	1,067,355	(38,904)	23,035,217
Associates	2,689	—	217,055	603	—	220,347
Jointly controlled entities	925,361	13,432	18,559	—	—	957,352
Unallocated assets						348,642
Total assets						24,561,558
Liabilities						
Segment liabilities	762,639	415,782	140,041	9,794	(38,904)	1,289,352
Unallocated liabilities						9,242,650
Total liabilities						10,532,002
Other information						
Additions to non-current assets (other than financial instruments and deferred tax assets)	57,149	341,280	524,461	34		
Depreciation	15,164	114,990	5,336	2,879		
Amortisation						
— leasehold land	182	2,976	10,428	—		
— intangible assets	—	—	—	277		
Impairment losses on						
— intangible assets	—	—	—	3,015		
— receivables	96	—	131	—		
Write-down of inventories	23,877	—	—	188		

(b) **Geographical information**

	Hong Kong *(HK$'000)*	**Macau** *(HK$'000)*	**Others** *(HK$'000)*	**Consolidated** *(HK$'000)*
2009				
Revenue from external customers	**1,302,083**	**1,912,486**	**97,235**	**3,311,804**
Non-current assets	**4,475,166**	**1,979,150**	**491,485**	**6,945,801**
2008 (restated)				
Revenue from external customers	1,342,924	2,880,974	190,678	4,414,576
Non-current assets	4,427,753	1,922,460	490,612	6,840,825

Note 4 Other Net Income/(Loss)

	2009 *(HK$'000)*	2008 *(HK$'000)*
Net gain/(loss) on disposal of interests in subsidiaries	**679,609**	(1,758)
Net gain on disposal of interests in jointly controlled entities	**—**	2,894
Net (loss)/gain on disposal of property, plant and equipment	**(3,806)**	8,814
Net loss on financial assets designated as at fair value through profit or loss	**(496)**	(13,001)
Net (loss)/gain on derivative financial instruments		
— fuel derivatives	**—**	(84,528)
— others	**134**	5,147
Net gain/(loss) on disposal of available-for-sale investments		
— listed investments	**—**	49,003
— unlisted investments	**—**	(78)
Excess of interest in fair value of net assets acquired over cost of acquisitions of subsidiaries	**201**	—
Others	**5,538**	4,619
	681,180	(28,888)

Note 5 Operating Profit

	2009	2008
	(HK$'000)	*(HK$'000)*
After crediting:		
Interest income	**24,140**	62,117
Rental income from investment properties	**144,178**	146,008
Less: Direct operating expenses arising from investment properties	**(10,838)**	(12,745)
	133,340	133,263
Dividend income from investments	**34,853**	91,571
After charging:		
Cost of inventories		
— properties	**780,545**	1,442,783
— fuel	**440,712**	757,515
— others	**74,076**	84,463
	1,295,333	2,284,761

Note 6 Finance Costs

	2009	2008
	(HK$'000)	*(HK$'000)*
Interest on bank loans and overdraft wholly repayable within 5 years	**64,878**	166,092
Interest on bank loans not wholly repayable within 5 years	**—**	16,246
Interest on convertible bonds wholly repayable within 5 years	**14,066**	—
Interest on loans from minority shareholders	**323**	8,266
Other finance costs	**7,823**	7,940
Total interest expenses on financial liabilities not at fair value through profit or loss	**87,090**	198,544
Less: Amount capitalised in properties under development	**(10,050)**	(40,656)
	77,040	157,888

Note 7 Taxation

	2009	2008
	(HK$'000)	*(HK$'000)*
Hong Kong profits tax	**26,130**	30,772
Overseas tax	**84,403**	138,849
Deferred tax	**(13,408)**	(189,822)
	97,125	(20,201)

Hong Kong profits tax is provided for at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits for the year. Overseas taxation is calculated at the rates applicable in their respective jurisdictions.

Note 8 Dividends

	2009	2008
	(HK$'000)	*(HK$'000)*
2008 final dividend of HK 1.3 cents on 20,078,870 shares issued upon exercise of share options	**261**	—
Interim dividend of HK 3.8 cents on 2,023,710,803 shares (2008: nil)	**76,901**	—
Proposed final dividend of HK 18.7 cents on 2,023,710,803 shares (2008: HK 1.3 cents on 2,256,941,300 shares)	**378,434**	29,340
	455,596	29,340

Note 9 Earnings per Share

The calculation of basic earnings per share is based on profit attributable to owners of the Company of HK$2,873,928,000 (2008: HK$101,360,000) and the weighted average number of 2,138,331,844 shares (2008: 2,320,189,585 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$2,887,994,000 (2008: HK$101,360,000) and the weighted average number of 2,188,248,658 shares (2008: 2,372,131,777 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:

	2009	2008
	(HK$'000)	*(HK$'000)*
0 — 30 days	**92,469**	690,405
31 — 60 days	**28,926**	23,374
61 — 90 days	**7,393**	7,851
over 90 days	**42,383**	21,475
	171,171	743,105

The ageing analysis of trade creditors is as follows:

	2009	2008
	(HK$'000)	*(HK$'000)*
0 — 30 days	**292,035**	359,555
31 — 60 days	**10,400**	6,113
61 — 90 days	**1,679**	1,513
over 90 days	**2,549**	3,522
	306,663	370,703

Note 11 Comparatives

As a result of the application of new or revised HKFRSs, presentation of the financial statements has been changed and certain comparative figures have been adjusted to conform with the current year's presentation.

BUSINESS REVIEW

Property

The Group's property division reported record-breaking results with operating profit of HK$352 million (2008: HK$370 million) and share of profits from a jointly controlled entity of HK$1,904 million (2008: HK$1 million) for the year ended 31 December 2009. Accrual of proceeds from the sale of One Central Residences and Nova City Phase 3 underpinned the solid balance sheet, whilst a quick recovery of the real estate market further contributed to the strong performance. Subsequent to months of consolidation, the market has accumulated considerable purchasing power that resulted in a swift and dynamic rebound in the real estate market, driving the economic recovery into year 2010. Leveraging upon such positive sentiment, the Group is gearing towards opportunistic launches of One Central serviced apartments and the Chatham Garden Redevelopment Project.

One Central is one of the newest additions to Macau's landscape on the NAPE waterfront, a creation under the strong partnership of Hongkong Land Holdings Limited and the Group. With direct access to MGM GRAND Macau, the internationally acclaimed development comprises 7 prestigious residential towers which commenced handover to homeowners in August 2009, an approximately 400,000 square feet luxurious flagship shopping mall that celebrated its opening in December 2009, as well as 92 serviced apartment units and a five-star 213-room Mandarin Oriental Hotel to be launched in mid-2010. The premier retail mall has now established itself as the preferred destination for luxury flagship shopping in Macau. As of December 2009, 98% of residential units available during public pre-sale has been sold, and all individual homeowners have completed handover as of January 2010. In June 2009, the developer concluded a cancellation agreement with the original en bloc purchaser of Tower 4 under mutually agreeable terms. In December 2009, majority of the units were re-launched at a higher average selling price relative to the original terms agreed with the previous purchaser. The overwhelming response was mainly attributable to a strongly recovered real estate market. Riding on this momentum, the only serviced apartments to be managed by an acclaimed international hotel group with transferable strata titles in Macau, are expected to be launched for sale in 2010.

Upon consolidating 100% development rights of Nova City in December 2007, the Group continues its dedication towards forging the most integrated residential community in Macau. Phase 4 of Nova City comprises three residential towers featuring over 680,000 square feet of gross floor area. The apartment units will have a range of layouts with most enjoying an open view of the Central Garden which is currently under construction by the Macau Government. Foundation works are scheduled for the 3rd quarter of 2010 with anticipated completion slated for the 4th quarter of 2013. Phase 5 encompasses over 2.3 million square feet of well-appointed residences in eight towers. Below the units will be a neighborhood shopping centre spanning approximately 650,000 square feet, housing a diversified range of tenants including supermarket, dining outlets, leisure retail and entertainment components to provide unparalleled convenience to residents. Foundation will commence in the 4th quarter of 2010 with handover expected by the end of 2014. The concerned draft land contract with lease modification was issued by the Macau Government in September 2009.

The Group holds a 79% interest in a columbarium project in Taipa, providing approximately 50,000 columbarium niches to the undersupplied Macau, Hong Kong and Zhuhai markets. Foundation works are completed and superstructure work is in progress with tentative completion before the 2nd quarter of 2011. Upscale and contemporary, the columbarium offers one-stop solutions to purchasers seeking an environment with a tranquil setting.

Two major sites solely held by the Group, including a 4.3 million square feet project at the Nam Van lakefront earmarked for the Harbour Mile development comprising primarily residential apartments, as well as the Jumeirah Hotel Macau project in Cotai, are under the review by the Macau Government.

In Hong Kong, the Group is conceiving a deluxe development, the Chatham Garden Redevelopment Project, located in Central Kowloon adjacent to the Tsim Sha Tsui district, consisting of approximately 370,000 square feet of residential and retail space. Foundation works were completed in 2009, and scheduled completion is slated for first quarter of 2012. Pre-sale of the development is expected to take place in the second half of 2010. The Group holds a 51% interest in the project.

With a significantly improved real estate market, the Group successfully sold one duplex unit at Radcliffe and all 16 units it held at Monmouth Place, achieving satisfactory prices.

Property Services

Shun Tak Property Management Limited, a wholly owned subsidiary of the Group engaging in property management, has expanded its portfolio size to 14 million square feet with the taking up of One Central Residences.

Transportation

Suffering from the aftermath of the global financial crisis, the region's tourism industry was confronted with a tumultuous 2009, seeing the multiple effects of the recession, tightening of Mainland travel policy, stiff competition and Swine Flu pandemic, decimating consumer confidence and contracting demand for travel. Passenger volume on TurboJET's flagship route servicing Hong Kong and Macau, which represents 90% of its shipping business, slipped 17% over the year. Under this climate, management effected responsible cost-saving measures; and with oil price receding from record high levels, performance of the division improved considerably in the second half of the year, to turnaround its balance sheet position and attain a marginal profit of HK$28 million as compared with a loss of HK$150 million in 2008.

Over the year, the division continued to engage in a combination of overhead control measures to tackle dampened demand. These measures included sailing reduction, lay-up of spare capacity and managing operating costs. Moreover, with the aim of redirecting resources to products with sustainable potentials, a route rationalization exercise was carried out. The result was the suspension of two routes connecting Shenzhen to Hong Kong, and Shenzhen to Hong Kong International Airport in April 2009. At the same time, the Group is strategically developing alliances with Mainland ferry operators to add new destinations and reinforce its Pearl River Delta network, which led to the launch of a new service between Nansha and Hong Kong International Airport in June 2009.

Ferry service is extended to the Taipa Provisional Ferry Terminal, Macau in December 2009, linking transit passengers to and from the newly completed SkyPier at the Hong Kong International Airport. The SkyPier, which officially commenced operation on 15 December 2009, offers upgraded facilities, enhancing travelers' experiences and capacity for multimodal transit passengers. Hong Kong International Airport Ferry Terminal Services Limited, a joint venture of the Group, continues to manage ferry operations at SkyPier.

While tourism performance of the region has yet to recover to pre-crisis level, TurboJET is actively gearing up to engage travelers with a new level of convenience and top notch services.

In March 2009, a premium class service branded under "Premier Jetfoil" was introduced which offers a luxury class of sea travel in its own league. Upgraded cabin fittings, more spacious seating, internet wi-fi access and fine dining choices are designed to stay ahead of ever-heightening demand from travelers. Following the popularity of the first reengineered ferry, the second Premier Jetfoil was introduced in February 2010, with service frequency increasing to 16 trips per day. On land, Shun Tak & CITS Coach (Macao) Limited offers coach rental service within Macau and cross-boundary routes serving several major cities in the region. Its operating fleet expanded to 120 vehicles and registered HK$78 million in revenue in 2009.

Hospitality

Regional tourism industry has been hit with a challenging year from the recessionary downcycle, exacerbated by the threats of an outbreak of H1N1. Visitor arrivals to Macau and Hong Kong experienced double-digit setback in the first half of 2009 which only stabilized in the later months to narrow the annual year-on-year decline. In spite of the adverse operating environment, the division implemented proactive promotional initiatives and cost-saving measures to stay ahead of the market. As a result, the hospitality division reported a final operating loss of HK$37 million at year end, improved from interim operating loss which registered at HK$34 million. Meanwhile, the Group recorded an exceptional profit of HK$680 million upon the disposal of the Mandarin Oriental Hotel in Macau (currently re-branded as the Grand Lapa Hotel) during the year.

In June 2009, the Group has concluded the disposal of its 50% equity interest in the Mandarin Oriental Hotel in Macau to Sociedade de Turismo e Diversões de Macau, S.A. ("STDM"), with the right to gain from future appreciation in asset value if it is to be redeveloped or resold to a third party. Sale of the hotel is part of the overall development blueprint of the Group's hospitality portfolio in order to streamline product offerings and create brand differentiation. The new Mandarin Oriental Hotel at One Central is expected to be opened in the second half of 2010. The consideration received for the disposal was partly set off by the consideration paid for the off-market repurchase of the Company's ordinary shares from STDM and its subsidiary.

The Group's other investments, the Westin Hotel and the adjacent Macau Golf and Country Club, have been operating in a challenging environment, aggravated in part by aggressive positioning of newly opened hotels in Cotai. Room rates and occupancy have contracted over the year.

The Group made its foray in the Hong Kong hotel scene through a 70% interest in the SkyCity Marriott Hotel, a 658-room facility which formally opened on 22 January 2009. Launched at the trough of the economic recession, it was running a significant deficit over the first six months into operation. Occupancy has been low, in part due to the constriction on Mainland tour group volume and an outbreak of Swine Flu in May 2009. With a series of cost-cutting measures and targeted sales programs, management made good improvements in bottom line results in the second half of year, registering gradual improvements in room and occupancy rates from a growth in airline crew business and a rebounding tour group segment. Given its direct access to AsiaWorld-Expo and proximity to the Hong Kong International Airport and SkyPier, the Group remains confident that the hotel will generate profitable returns in the future as the Chek Lap Kok area evolves into a transportation hub.

Macau Tower Convention and Entertainment Centre ("Macau Tower") managed by the Group is a major MICE venue and tourist destination in Macau. Capitalized upon events and banquet opportunities derived from the dual occasions of the 60^{th} Anniversary of the People's Republic of China and the 10^{th} Anniversary of the Macau SAR, it was the selected venue for high-profile government events such as the Annual Marketing Press Conference of Macau Government Tourism Office, the Liaison Office Spring Dinner Cocktail and Welcome Reception for the 10^{th} Anniversary of the Macau SAR. Under the professional management of the Group, total sales grew by 3.7% year-on-year to MOP 153 million (2008: MOP 148 million) as a result of commendable service standards and responsive product offerings. Unique urban adventures such as the world's highest Bungy Jump and SkyJump enlisted under Guinness World Records, operated by AJ Hackett Macau Tower Limited, a joint venture between AJ Hackett and the Group, continue to be widely popular amongst tourists and achieved sales of over HK$23.5 million. Paid visitors to the Observation Decks increased by 10% year-on-year to 517,000 (2008: 472,000).

In China, the Group took significant strides forward to consolidate its foothold in the hospitality market. In December 2009, the Group was awarded a management contract for the Guangzhou New TV Tower based on its demonstrated track record in the successful management of the Macau Tower. The prominent architecture is to become the tallest freestanding TV tower in the world rising approximately 600m above ground level. Soft opening in June 2010, the tower will provide an alternative MICE venue complemented by a variety of dining, entertainment and retail attractions. With the 16th Asian Games unveiling in Guangzhou in November 2010, the new TV tower is expected to generate major visitor numbers and considerable exposure throughout the region.

The newly structured hospitality services division obtained a full MICE license in China, paving its way to capture opportunities arising out of the variety of mega events in different Mainland regions, including the Shanghai Expo and the 16th Asian Games to be held in Guangzhou in 2010.

The Group's joint venture with Shanghai International Port (Group) Co. Limited, the Sea Palace Floating Restaurant, is the largest floating restaurant in Shanghai with a capacity of 1,100 seats. The restaurant has become one of the most popular restaurants for weddings and corporate gatherings, offering complementary sightseeing cruises for group bookings, and has generated stable profits for the Group since its opening.

Investment

Profit of the investment division amounted to HK$22 million (2008: HK$114 million) in 2009, representing a year-on-year decline of 81% primarily due to the reduction of dividend income received from STDM.

The Group owns directly and indirectly an effective interest in STDM of approximately 11.5%, with the latter holding an approximate 61% effective shareholding in Sociedade de Jogos de Macau S.A., one of six gaming concessionaires and sub-concessionaires 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. In June 2009, the repurchase of 263,667,107 shares held by STDM and its subsidiary at a price of HK$2.20 per share was completed and the repurchased shares were cancelled accordingly.

Macau Matters Company Limited, the Group's retail arm, operates the Toys "R"Us licensed brand in Macau, with a store expansion plan scheduled for the 2nd quarter of 2010. In December 2009, a new business extension was launched at Macau Tower titled Kidz n Joy, bringing in renowned brands which are entering the market for the first time lured by the total business solution offered by the Company.

RECENT DEVELOPMENTS AND PROSPECT

Capitalizing upon the buoyant property market and improved economy, the Group will be actively engaging in sales activities of real estate projects across both Hong Kong and Macau.

The newest serviced apartments within One Central are the only serviced apartments in Macau managed by an international hospitality group that allows for strata title transfer. Complemented by a myriad of hallmark hospitality services, the property encapsulates the best in terms of both convenience and offerings. The 92 serviced apartment units are expected to be launched in mid-2010.

Construction works for the Chatham Garden Redevelopment Project is progressing well with pre-sale expected to take place in the second half of 2010. The luxurious development, which offers approximately 370,000 square feet in residential and retail space, is expected to generate enthusiastic interest against limited supply of new developments at central locations as such.

One Central Shopping Mall, which made its debut in the Macau retail market on 6 December 2009, has successfully solidified its position as the flagship luxury shopping destination of Macau. Response has been promising, with additional international designer brands scheduled to launch by phases in the second half of 2010.

As demand for columbarium niches has been fervent in both Hong Kong and Macau, the Group expects to see significant interest as it launches its latest columbarium project in Taipa, comprising approximately 50,000 niches in an upscale and contemporary environment.

TurboJET has successfully navigated through many challenges instigated by the global recession, and has now realigned its resources and expansion blueprint to capture opportunities arising from fast-growing destinations within the Pearl River Delta. Through diversifying into the luxury segment, via initiatives such as the introduction of two refurbished "Premier Jetfoil" and new "Premier Lounge" in both Hong Kong and Macau, the Group is well positioned to tap into the corporate and charter group businesses.

In October 2009, the Company issued 5-year 3.3% guaranteed convertible bonds for general working capital purpose and to finance new investment opportunities. The issue size increased from HK$1,395 million to HK$1,550 million in light of the favorable market response. After completion of the issue, which took place on 22 October 2009, the Group's financial position has been strengthened, and is well positioned to capitalize upon new opportunities ahead.

In December 2009, the Group embarked upon a major development milestone with the gaining of management right from the Guangzhou New TV Tower. The landmark attraction embodies the best in MICE, dining, entertainment and adventures that Guangzhou has to offer. With its opening slated for June 2010, the monumental facility is poised to attract significant global attention as the backdrop to the 16th Asian Games.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group's bank balances and deposits amounted to HK$3,587 million at 31 December 2009. 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 2009, total bank loan facilities available to the Group amounted to HK$8,730 million, of which HK$3,561 million remained undrawn. The Group's bank borrowings outstanding at the year end amounted to HK$5,169 million. The Group's borrowings also comprised the liability component of guaranteed convertible bonds of HK$1,442 million.

On 22 October 2009, Joyous King Group Limited, a wholly-owned subsidiary of the Group, issued guaranteed convertible bonds with an aggregate principal amount of HK$1,550 million (the "Bonds") to certain professional investors, pursuant to a convertible bond subscription agreement dated 17 September 2009. The Bonds bear an annual interest of 3.3% and will mature at the fifth anniversary of the issue date. The conversion price was set at HK$8.18 per share (subject to adjustment) of the Company and the outstanding principal amount of the convertible bonds, if not converted, will be repaid on the maturity date at 100% of the outstanding amount.

The Bonds are convertible on or after 22 October 2010 up to and including 15 October 2014 into fully paid ordinary shares with a par value of HK$0.25 each of the Company. The holder has the right to require the issuer to redeem the Bonds on 22 October 2012 and the issuer may, after certain conditions of the Bonds are fulfilled, redeem the Bonds at any time after 22 October 2012 and prior to the maturity date of the Bonds. Further details of the Bonds are set out in the Company's announcement dated 18 September 2009.

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

Maturity Profile

Within 1 year	1-2 years	2-5 years	Total
22%	39%	39%	100%

Based on a net borrowings of HK$3,024 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 21.4% (2008: 38.1%). The Group will continue to maintain a healthy gearing ratio and consider to reduce its finance costs.

During the year, 30,436,610 new shares were issued upon exercise of share options granted by the Company and 263,667,107 shares were repurchased in an off-market manner and cancelled. The Company incurred approximately HK$589 million including transaction costs for the said off-market share repurchase. 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.

Material Disposal

On 15 June 2009, the Group completed the disposal of Skamby Limited, a wholly-owned subsidiary of the Group, at a gross consideration of approximately HK$722 million pursuant to an agreement dated 20 January 2009 with Current Time Limited, a wholly-owned subsidiary of STDM. Accordingly, the Group recognised a net gain on disposal of approximately HK$680 million.

Charges on Assets

At the year end, bank loans to the extent of approximately HK$784 million (2008: HK$806 million) were secured with charges on certain assets of the Group amounting to an aggregate carrying value of HK$1,220 million (2008: HK$1,368 million).

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 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 97% 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 2,900 employees at the year end. The Group adopts competitive remuneration packages for its employees. Promotion and salary increment 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.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 3 June 2010 to Thursday, 10 June 2010, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged 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, for registration not later than 4:30 p.m. on Wednesday, 2 June 2010.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Thursday, 10 June 2010. 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 2009, the Company repurchased 263,667,107 of its own issued ordinary shares of HK$0.25 each from STDM and its subsidiary (the "STDM Group") at the repurchase price of HK$2.20 per share in an off-market manner (the "Off-market Repurchase") pursuant to the repurchase agreement entered into between the Company and the STDM Group on 15 June 2009. Part of the consideration receivable by the Group from the STDM Group for the disposal of a subsidiary of the Group was applied to set off the consideration, in the aggregate amount of HK$580,067,635.40, payable by the Company to the STDM Group for the Off-market Repurchase. The Off-market Repurchase was approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 26 May 2009. Further details of the Off-market Repurchase were set out in the circular of the Company dated 24 April 2009.

The repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares.

The Off-market Repurchase was made as it presented an excellent opportunity for the Company to enhance its earnings per share and net asset value per share with a view to maximising the total return on shareholders' investment in the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2009.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance. Corporate governance requirements keep changing, therefore the Board periodically reviews the corporate governance practices of the Company to meet the rising expectations of the shareholders and comply with the increasingly stringent regulatory requirements. In the opinion of the directors, the Company has applied the principles and complied with the code provisions in the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2009.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules 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 2009.

REVIEW OF FINANCIAL STATEMENTS

The Group's consolidated financial statements for the year ended 31 December 2009 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 2009 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 the preliminary announcement.

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

Hong Kong, 21 April 2010

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. Michael Ng; 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 and Mr. Charles Ho.