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

2010 Interim Results Announcement

GROUP RESULTS

The board of directors (the "Board") of Shun Tak Holdings Limited (the "Company") announces the unaudited consolidated interim results for the six months ended 30 June 2010 of the Company and its subsidiaries (the "Group").

The unaudited profit attributable to owners of the Company for the period amounted to HK$266 million, as compared with a profit of HK$1,690 million for the same period last year. Basic earnings per share were HK 13.1 cents (2009: HK 75.0 cents).

The unaudited profit attributable to owners of the Company for the period would be HK$61 million, an increase of approximately 97% compared with the same period last year of HK$31 million, after excluding the effect of attributable revaluation surplus (net of deferred tax) of HK$205 million (2009: HK$890 million) arising on investment properties held by the Group and a jointly controlled entity, holding 51% interest in One Central, recognition of a gain of HK$89 million representing 51% share of an one-off net termination fee in 2009 for Tower 4 of One Central Residences, and recognition of net gain of HK$680 million in 2009 on disposal of a subsidiary, holding 50% interest in the former Mandarin Oriental Hotel in Macau.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend (2009: HK 3.8 cents per share) in respect of the six months ended 30 June 2010.

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June

	Note	(Unaudited) 2010 (HK$'000)	(Unaudited) 2009 (HK$'000)
Turnover	3	**1,682,884**	1,659,410
Other revenues		**37,981**	34,503
		1,720,865	1,693,913
Other net income	4	**769**	676,509
Cost of inventories sold or consumed		**(728,635)**	(686,730)
Staff costs		**(348,201)**	(351,337)
Depreciation and amortisation		**(107,522)**	(106,547)
Other costs		**(438,233)**	(482,245)
Fair value changes on investment properties		**183,885**	92,932
Operating profit	3, 5	**282,928**	836,495
Finance costs	6	**(57,305)**	(36,408)
Share of results of associates		**4,057**	21,168
Share of results of jointly controlled entities		**101,068**	928,951
Profit before taxation		**330,748**	1,750,206
Taxation	7	**(45,855)**	(41,641)
Profit for the period		**284,893**	1,708,565
Attributable to:			
Owners of the Company		**266,053**	1,690,485
Non-controlling interests		**18,840**	18,080
Profit for the period		**284,893**	1,708,565
Earnings per share (HK cents)	9		
— basic		**13.1**	75.0
— diluted		**13.1**	74.9

Details of interim dividend to shareholders of the Company are set out in note 8.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June

	(Unaudited)	(Unaudited)
	2010	2009
	(HK$'000)	*(HK$'000)*
Profit for the period	**284,893**	1,708,565
Other comprehensive income / (loss)		
Available-for-sale investments:		
Changes in fair value	**(13,559)**	43,368
Cash flow hedges:		
Changes in fair value	**1,415**	16,748
Deferred tax	**(233)**	(2,763)
Reclassification adjustment for (gains) / losses included in profit or loss	**(2,359)**	50,164
Deferred tax	**389**	(8,277)
Properties:		
Write-back / (write-down) of inventories of properties	**87,284**	(107,478)
Deferred tax	**(10,474)**	12,897
Reclassification adjustment for gains included in profit or loss upon sales of properties	**(104,384)**	(94,295)
Deferred tax	**12,275**	10,998
Exchange differences on translation of financial statements of foreign operations	**5,253**	(113)
Other comprehensive loss for the period, net of tax	**(24,393)**	(78,751)
Total comprehensive income for the period	**260,500**	1,629,814
Attributable to:		
Owners of the Company	**239,961**	1,579,709
Non-controlling interests	**20,539**	50,105
Total comprehensive income for the period	**260,500**	1,629,814

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	(Unaudited) 30 June 2010 (HK$'000)	(Restated) 31 December 2009 (HK$'000)
Non-current assets			
Property, plant and equipment		**2,313,624**	2,491,527
Investment properties		**3,575,204**	3,385,392
Leasehold land		**9,024**	9,146
Associates		**187,064**	183,007
Jointly controlled entities		**1,811,489**	2,829,636
Intangible assets		**365,660**	365,796
Available-for-sale investments		**1,052,259**	1,065,804
Mortgage loans receivable		**12,440**	14,726
Deferred tax assets		**33,617**	30,561
Other non-current assets		**1,355,060**	1,332,519
		10,715,441	11,708,114
Current assets			
Properties for or under development		**9,224,735**	8,877,550
Inventories		**550,199**	1,002,094
Trade receivables, other receivables and deposits paid	*10*	**1,164,018**	1,171,658
Available-for-sale investments		**11,869**	15,514
Derivative financial instruments		**2,973**	3,918
Taxation recoverable		**2,526**	4,059
Bank deposits, cash and bank balances		**4,487,845**	3,587,409
		15,444,165	14,662,202
Current liabilities			
Trade and other payables	*10*	**650,881**	1,303,221
Deposits received on sale of properties		**3,710**	59,266
Bank borrowings		**2,559,600**	1,416,800
Provision for employee benefits		**16,095**	16,424
Taxation payable		**167,892**	112,398
		3,398,178	2,908,109
Net current assets		**12,045,987**	11,754,093
Total assets less current liabilities		**22,761,428**	23,462,207

	Note	(Unaudited) 30 June 2010 (HK$'000)	(Restated) 31 December 2009 (HK$'000)
Non-current liabilities			
Bank borrowings		**3,175,600**	3,752,200
Convertible bonds		**1,452,554**	1,441,888
Deferred tax liabilities		**989,344**	1,001,459
Loans from non-controlling shareholders		**848,748**	849,146
		6,466,246	7,044,693
Net assets		**16,295,182**	16,417,514
Equity			
Share capital		**505,928**	505,928
Reserves		**13,456,984**	13,211,573
Proposed dividends		**—**	378,434
Equity attributable to owners of the Company		**13,962,912**	14,095,935
Non-controlling interests		**2,332,270**	2,321,579
Total equity		**16,295,182**	16,417,514

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Note 1 Basis of Preparation and Accounting Policies

These unaudited condensed consolidated interim financial statements are prepared in accordance with the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The accounting policies and methods of computation adopted are consistent with those followed in the preparation of the Group's audited financial statements set out in the annual report for the year ended 31 December 2009 except as noted in 2 below.

Note 2 Impact of revised Hong Kong Financial Reporting Standards

The Group has adopted the following revised Hong Kong Financial Reporting Standards ("HKFRSs") and amendments that are relevant to its operations and first effective for the Group's financial year beginning on 1 January 2010:

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations

Improvements to HKFRSs 2009

HKAS 27 (Revised) Consolidated and Separate Financial Statements

HKAS 27 (Revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. HKAS 27 (Revised) has also resulted in the renaming of "minority interests" as "non-controlling interests".

The Group has applied the revised standard prospectively from 1 January 2010 and the revised standard does not have any financial impact on the Group's financial statements for the six months period ended 30 June 2010.

HKFRS 3 (Revised) Business Combinations

HKFRS 3 (Revised) is effective prospectively to business combinations for which the acquisition date is on or after 1 January 2010. It introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognition, the reported results in the period that an acquisition occurs, and future reported results. While the adoption of the revised standard may result in changes in certain accounting policies, the revised standard does not have any financial impact on the Group's financial statements for the six months ended 30 June 2010.

Improvements to HKFRSs 2009

The Improvements to HKFRSs 2009 comprise a number of minor and non-urgent amendments to a range of HKFRSs which the HKICPA has issued as an omnibus batch of amendments. Of these, only the amendment relating to HKAS 17 "Leases" has impact on the Group's interim report. The amendment to HKAS 17 deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards of ownership of an asset to the lessee. Prior to the amendment, land is classified as under operating lease when the title to that land is not expected to pass to the Group at the end of the lease term.

The Group has reassessed the classification of leases of land as at 1 January 2010. As a result of the reassessment, the Group has reclassified certain leasehold land in Hong Kong from under operating lease to finance lease.

The amendment to HKAS 17 has been applied retrospectively with comparatives restated. The effect of the resulting changes on the condensed consolidated balance sheet is summarised below. There are no effects on the condensed consolidated income statement and the condensed consolidated statement of comprehensive income.

	30 June 2010 *(HK$'000)*	31 December 2009 *(HK$'000)*	1 January 2009 *(HK$'000)*
Increase in property, plant and equipment	540,799	547,586	561,161
Decrease in leasehold land	(1,225,839)	(1,241,526)	(1,272,028)
Increase in properties for or under development	685,040	693,940	710,867
	—	—	—

Note 3 Segment Information

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

The Group has four reportable segments — property, transportation, hospitality and investment. The segmentations are based on the information about the operation of the Group that management reviews regularly to make decisions.

Principal activities are as follows:

Property	- property development and sales, leasing and management services
Transportation	- passenger transportation services
Hospitality	- hotel operation and travel agency
Investment	- investment holding and others

The Group's reportable segments are strategic business units that operate different activities. They are managed separately because each business has different products and services and requires different marketing strategies.

Sales among segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenues from external parties reported to management are measured in a manner consistent with that in this condensed consolidated interim income statement.

The Group's measurement methods used to determine reported segment profit or loss remain unchanged from 2009.

	Property *(HK\$'000)*	Transportation *(HK\$'000)*	Hospitality *(HK\$'000)*	Investment *(HK\$'000)*	Eliminations *(HK\$'000)*	Consolidated *(HK\$'000)*
For the six months ended 30 June 2010						
Turnover and revenue						
External turnover	**673,363**	**729,116**	**267,945**	**12,460**	**—**	**1,682,884**
Inter-segment turnover	**1,199**	**100,480**	**14,657**	**—**	**(116,336)**	**—**
Other revenues (external and excluding interest income)	**2,765**	**12,982**	**1,063**	**327**	**—**	**17,137**
	677,327	**842,578**	**283,665**	**12,787**	**(116,336)**	**1,700,021**
Segment results	**149,620**	**(21,952)**	**4,722**	**(857)**	**—**	**131,533**
Fair value changes on investment properties	**183,885**	**—**	**—**	**—**	**—**	**183,885**
Interest income						**20,844**
Unallocated net expense						**(53,334)**
Operating profit						**282,928**
Finance costs						**(57,305)**
Share of results of associates	**(6)**	**—**	**2,744**	**1,319**	**—**	**4,057**
Share of results of jointly controlled entities	**92,849**	**6,465**	**2,411**	**(657)**	**—**	**101,068**
Profit before taxation						**330,748**
Taxation						**(45,855)**
Profit for the period						**284,893**

	Property (HK$'000)	Transportation (HK$'000)	Hospitality (HK$'000)	Investment (HK$'000)	Eliminations (HK$'000)	Consolidated (HK$'000)
For the six months ended 30 June 2009						
Turnover and revenue						
External turnover	720,344	710,086	189,175	39,805	—	1,659,410
Inter-segment turnover	1,510	87,621	14,110	—	(103,241)	—
Other revenues (external and excluding interest income)	13,586	15,350	916	236	—	30,088
	735,440	813,057	204,201	40,041	(103,241)	1,689,498
Segment results	138,857	(14,083)	(34,457)	25,775	—	116,092
Fair value changes on investment properties	92,932	—	—	—	—	92,932
Gain on disposal of a subsidiary	—	—	679,609	—	—	679,609
Interest income						4,415
Unallocated net expense						(56,553)
Operating profit						836,495
Finance costs						(36,408)
Share of results of associates	(16)	—	19,922	1,262	—	21,168
Share of results of jointly controlled entities	921,267	6,003	1,681	—	—	928,951
Profit before taxation						1,750,206
Taxation						(41,641)
Profit for the period						1,708,565

Note 4 Other Net Income

For the six months ended 30 June

	2010 **(HK$'000)**	2009 (HK$'000)
Net gain on disposal of a subsidiary	**—**	679,609
Net gain / (loss) on disposal of property, plant and equipment	**145**	(3,251)
Net loss on financial assets designated as at fair value through profit or loss	**—**	(495)
Net gain on derivative financial instruments	**—**	73
Others	**624**	573
	769	676,509

Note 5 Operating Profit

For the six months ended 30 June

	2010	2009
	(HK$'000)	*(HK$'000)*
After crediting:		
Interest income	**21,314**	5,146
Rental income from investment properties	**76,989**	72,246
Dividend income from listed investments	**5,127**	2,312
Dividend income from unlisted investments	**—**	30,381
Write-back of inventories	**5,995**	—
After charging:		
Cost of inventories		
— properties	**442,632**	454,046
— fuel	**250,142**	202,831
— others	**35,861**	29,853
	728,635	686,730
Write-down of inventories	**34**	49,404
Share-based payment in respect of share options granted	**5,516**	—

Note 6 Finance Costs

For the six months ended 30 June

	2010	2009
	(HK$'000)	*(HK$'000)*
Total finance costs incurred	**60,852**	42,889
Less: Amount capitalised in properties under development	**(3,547)**	(6,481)
Total finance costs expensed during the period	**57,305**	36,408

Note 7 Taxation

For the six months ended 30 June

	2010	2009
	(HK$'000)	*(HK$'000)*
Hong Kong profits tax	**9,010**	15,383
Overseas tax	**50,762**	46,610
Deferred tax	**(13,917)**	(20,352)
	45,855	41,641

Hong Kong profits tax is provided for at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits for the period. Overseas taxation is calculated at the rates applicable in their respective jurisdictions.

Deferred tax has been provided for temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits.

Note 8 Interim Dividend

For the six months ended 30 June

	2010 **(*HK$'000*)**	2009 *(HK$'000)*
Interim dividend: Nil (2009: HK 3.8 cents per share)	—	76,901

Note 9 Earnings per Share

The calculation of basic earnings per share is based on profit attributable to owners of the Company of HK$266,053,000 (2009: HK$1,690,485,000) and the weighted average number of 2,023,710,803 shares (2009: 2,254,852,682 shares) in issue during the period. The calculation of diluted earnings per share is based on profit attributable to owners of the Company of HK$266,053,000 (2009: HK$1,690,485,000) and the weighted average number of 2,037,497,451 shares (2009: 2,257,534,790 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 sale 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:

	30 June 2010 *(HK$'000)*	31 December 2009 *(HK$'000)*
0 — 30 days	**61,558**	92,469
31 — 60 days	**26,146**	28,926
61 — 90 days	**5,600**	7,393
over 90 days	**16,475**	42,383
	109,779	171,171

The ageing analysis of trade creditors is as follows:

	30 June 2010 *(HK$'000)*	31 December 2009 *(HK$'000)*
0 — 30 days	**245,431**	292,035
31 — 60 days	**4,670**	10,400
61 — 90 days	**1,900**	1,679
over 90 days	**2,687**	2,549
	254,688	306,663

BUSINESS REVIEW

Property

The Group's property division registered an operating profit of HK$150 million during the period (1H2009: HK$139 million), representing a steady 8% year-on-year growth, with the gain mainly attributable to the sales of Nova City Phase 3 in a reenergized property market.

One Central is one of the most prominent architectures in Macau's skyline created by the Group and Hongkong Land Holdings Limited. As of 30 June 2010, 98% of the 7 luxurious residential towers has been sold, of which 91% has been handed over to purchasers. 98% of all typical units within Tower 4, which were cancelled by its original en bloc purchaser, were re-launched in December 2009 at relatively higher prices. The handover of these units is expected to be completed in the second half of 2010. Opened in December 2009, the approximately 400,000 square feet One Central Shopping Mall houses a lavish selection of flagship designer stores, and is directly connected with MGM MACAU and the new Mandarin Oriental, Macau. The latter celebrated its opening on 29 June 2010 featuring 213 guest rooms, a signature spa and an infinity pool. Managed by the same hotel group, 56 luxurious residences and 36 apartments are set for public sales launch in the later half of 2010, offering the only hotel managed serviced apartments with transferable strata titles in Macau.

Nova City is one of the largest and most integrated residential communities in Macau. Consisting of five phases, the first three phases were completed with 97% of units in the 13 residential towers successfully sold as of 30 June, 2010. Phase 4, comprising of three residential towers and over 680,000 square feet, offers a range of layouts with most enjoying an open view of the Central Garden currently under construction by the Macau SAR Government. Phase 5, comprising over 2.3 million square feet residential units in eight towers, sits above a large-scale lifestyle shopping centre that provides all-rounded convenience to the community. Foundation works will commence in the 4th quarter of 2010 for Phase 4 and 2nd quarter of 2011 for Phase 5 respectively. The concerned draft land contract with lease modification was accepted by the Group in June 2010.

The Group holds a 79% interest in a columbarium project in Taipa, designed to offer approximately 50,000 niches to the undersupplied Macau, Hong Kong and Zhuhai markets. A showroom in Hung Hom will commence service in the 4th quarter of 2010. Construction and fit-out works are progressing well with completion scheduled for the 2nd quarter of 2011. Upscale and contemporary, the columbarium which possesses legal title, offers one-stop solutions to purchasers seeking a tranquil setting and reliable management.

Harbour Mile, a 4.3 million square feet premium lakefront project, is largely comprised of luxurious residential units. Commercial elements such as retail facilities, serviced apartments and hotels may be introduced to complement the master planning according to market demand. The project is currently under review by the Macau SAR Government as part of the overall master plan for the Nam Van lakefront area development.

The Group holds a 100% interest in the Cotai project earmarked for an ultra-deluxe hotel. The Group has entered into a management agreement with the Jumeirah Group, a renowned luxurious hotel management company and a member of Dubai Holding, to operate the proposed property. The plan is currently under review by the Macau SAR Government.

In Hong Kong, the Chatham Garden Redevelopment Project in Central Kowloon adjacent to the Tsim Sha Tsui district will offer approximately 370,000 square feet of residential and retail space. Foundation works were completed in 2009 with scheduled completion slated for the 4th quarter of 2012. Pre-sale is expected to commence within the next 6 months. The Group holds a 51% interest in the project.

Radcliffe is an upscale residential development in Pok Fu Lam featuring exclusive 3,620 square feet duplex units. As of 30 June 2010, 8 of the 10 duplex units have been sold.

The Westwood, a 5-storey shopping centre appended with the Belcher's, is the largest retail facility in the Western Mid-Levels. With a strengthened tenant mix, occupancy of the approximately 220,000 square feet mall has consistently stood above 90%. Passenger traffic is expected to further improve with the completion of the MTR West Island Line in 2014.

Liberté Place, located at the podium level of Liberté in West Kowloon, benefits from the high foot traffic from residences connected by the footbridge linking to neighboring Banyan Garden. Over 90% occupancy rate is consistently maintained. A further surge in traffic is expected when access to the Lai Chi Kok MTR Station is completed in late 2010.

In Guangzhou, the Shun Tak Business Centre comprising of 32 stories of office units above a 6-storey shopping centre, recorded satisfactory performance in leasing. The Group holds a 60% interest in the property.

Property Services

Shun Tak Property Management Limited ("STPML"), the Group's wholly owned subsidiary engaging in property management, has expanded its portfolio size to 14.9 million square feet across Hong Kong, Macau and China. Beyond traditional property management, it operates complementing businesses including property cleaning under Shun Tak Macau Services Limited, and laundry services under Clean Living (Macau) Limited. STPML is the 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 Protection Department, Certificate of Quality Water from the Water Department, and "Outstanding Managed Property" in Kowloon West Security Services Awards 2009.

Transportation

With a revival in global tourism, passenger volume on TurboJET's flagship Hong Kong-Macau route grew by 1% year-on-year over the first half of 2010. Nonetheless, rallying fuel prices and aggressive pricing from competitors continued to curb pace of recovery. The transportation division registered an operating loss of HK$22 million as compared with a loss of HK$14 million experienced over the same period last year. In light of the challenging operating environment, the division will continue to monitor costs, manage capital expenditures and optimize fleet utilization.

In order to continue the Group's commitment in forging a multi-modal transportation network within the Pearl River Delta ("PRD"), the division continues to form alliances with mainland operators as part of its route development strategy. A new route connecting Nansha and Macau was launched in June 2010 in association with Panyu Nansha Port Passenger Transport Company Limited, following cooperative models in the successful operation of the Shekou-Macau route and the Nansha-Hong Kong International Airport route.

The Group's joint venture, Hong Kong International Airport Ferry Terminal Services Limited, continues to be the appointed manager of ferry operations within the permanent SkyPier, which commenced operation in December 2009. The SkyPier connects transit passengers to 8 different PRD ports from the Hong Kong International Airport ("HKIA").

Innovation and continuous service improvements are integral values to TurboJET. In February, TurboJET unveiled its brand new Premier Lounge at the Macau Maritime Ferry Terminal to provide pre-boarding luxury and convenience to Premier Grand Class passengers. In May, a time-saving eCheck-in service is launched, allowing passengers to check in online and print boarding passes for the HKIA-Macau or HKIA-Nansha route. The luggage processing system at the Macau Terminal has also been upgraded to reduce luggage reclaim time by half.

Recognized as the leading passenger ferry operator in the region, TurboJET received various honorable awards in 2010, including the "Medal of Merit in Tourism" from the Macau SAR Government, the "2009 Hong Kong Awards for Industries: Productivity and Quality Award" conferred by the Hong Kong Productivity Council, the "Hong Kong Top Service Brand Award" from the Hong Kong Brand Development Council and the Chinese Manufacturers Association of Hong Kong, and the "Hong Kong Awards for Environmental Excellence 'Class of Good' Wastewi$e Label" from the Environmental Campaign Committee.

On land, Shun Tak & CITS Coach (Macao) Limited, which operates coach rental services within Macau locally as well as cross-border PRC routes, has a fleet of 117 vehicles in service. HK$39 million in revenue was recorded over the first half of 2010, generating high profit return for the transportation division.

Hospitality

As the global economy gradually recovers, tourism performances of Hong Kong and Macau have outpaced their regional peers in the upturn. Benefiting from increased visitor arrivals, occupancy rate made encouraging improvements. The hospitality division registered an operating profit of HK$5 million over the first six months of 2010 as compared with a loss of HK$34 million from the same period last year.

With the disposal of interest in the former Mandarin Oriental Hotel in Macau, the brand new Mandarin Oriental, Macau at One Central made its debut in June 2010 exactly one year later. The 213-room hotel offers all the signature luxuries synonymous with the brand, and is directly connected to One Central flagship shopping mall and MGM MACAU. With its established customer base and convenient location, the hotel is set for a promising launch. The Group holds a 51% interest in the joint venture.

Another of the Group's investment, the Westin Hotel, experienced a revival in occupancy rate. However, with the introduction of new hotels in Cotai and their aggressive pricing strategy, the hotel suffered a drop in average room rate. The Macau Golf & Country Club adjacent to the Westin Hotel reported an increase in earnings of approximately 8%.

In Hong Kong, the 658-room SkyCity Marriott Hotel which enjoys direct access to AsiaWorld-Expo and close proximity to the newly opened SkyPier, achieved significant improvements in occupancy and room rates over the period. Buoyed by a recovery in tour group business, the operation generated positive return over the period.

Macau Tower Convention & Entertainment Centre ("Macau Tower") managed by the Group is a major MICE venue and tourist destination in Macau. With banquet business receded from the dual occasion of 60th Anniversary of the People's Republic of China and the 10th Anniversary of the Macau SAR in 2009, total Banquet and MICE receipts contracted by 19% year-on-year to MOP 22 million (1H2009: MOP 27 million). The world's highest Bungy Jump, the Skyjump and Skywalk X operated by AJ Hackett Macau Tower Limited continue to be widely popular, especially amongst Japanese and Indian visitors. The operation recorded MOP 14 million in revenue over the period (1H2009: MOP 11 million). Macau Tower will continue to strengthen its positioning as an urban centre for family and recurrent visitors by introducing home and lifestyle brands into its tenancy mix.

In China, the Group has been in full gear preparation for the pre-opening management and exciting debut of the Canton Tower. The iconic architecture will house a mix of leisure retail brands, international dining options including two revolving restaurants, top class MICE and adventure facilities. Following the successful marketing and positioning of Macau Tower, the Group is set to create the next world class tourism destination in Guangzhou.

After obtaining a full MICE license in China last year, Shun Tak Hospitality Services Division ("STHS") has been actively expanding its service scope into mainland corporate and MICE business. Leveraging upon opportunities derived from international mega events in 2010, STHS has been appointed as the operator of the Guangdong Pavilion in the Shanghai World Expo, and the designated service provider for corporations including COFCO Limited and China Mobile Group Guangdong Company Limited. Other projects include the Macau Pavilion promotion campaign, the Shenzhen Food Fair, Macao Branded Products Fair and Macao International Trade and Investment Fair.

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 RMB 40 million in revenue over the first half of 2010, and expects to experience a surge in business between May and October, with the Shanghai World Expo inducing demand growth from group tours and banquet functions.

Investment

The investment division recorded a loss of HK$1 million (1H2009: profit of HK$26 million) over the period, with the decline mainly due to the lack of dividend income from Sociedade de Turismo e Diversões de Macau, S.A. ("STDM").

The Group owns 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. ("SJM"), one of six gaming 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. STDM declared not to distribute dividends for their 2009 fiscal year.

Macau Matters Company Limited, the Group's retail arm managing brands such as Toys "R" Us and "Kidz n Joy" in Macau, has established strong footing in the Macau young consumer segment. In July 2010, Toys "R" Us will expand to a new store doubling its size and product offerings, while a new business named "CentralDeli" with full deli, dairy, fine gourmet and wine on its menu, will be launched in One Central Shopping Mall early August.

Prospects and Recent Developments

Riding on the robust Hong Kong and Macau real estate markets, the Group is planning to launch "The Residences & Apartments at Mandarin Oriental, Macau", as well as the Chatham Garden Redevelopment Project, within coming months. With interest rates maintained at record-low levels and abundant liquidity in the market, luxury properties are in earnest demand. The two projects are expected to generate positive market response and sales results for the Group in the short and medium terms.

Apart from residential properties, columbarium niches also envisage positive sales potential. Marketing of the columbarium in Taipa will commence with the opening of a Hong Kong showroom in the 4th quarter of 2010, while public launch is anticipated within the first half of 2011.

Shun Tak-China Travel Shipping Investments Limited ("STCTS") recorded losses for the period and continues to be challenged by intensive competition on prices and a proliferation of new operation licenses. However, in considering the market value of STCTS's assets and its future prospects, the management considers no provision for impairment is required. In order to stay ahead of competition, TurboJET strives to innovate its service and product offerings, exemplified by the new online check-in system for Airport routes. Other joint promotional campaigns, such as co-branded eTickets with packaged merchandise offers, will be launched over the summer months in order to increase mindshare, harness new sales channels and expand the young consumer sector.

The hospitality division made significant strides in 2010, establishing a much stronger strategic footing in the mainland hospitality scene. The division is in full throttle preparation for the opening of the Canton Tower, drawing from the experience and successful operation model from the management of Macau Tower. Moreover, with the mega Shanghai World Expo launched in May 2010, STHS was able to significantly expand its MICE business and build a solid client base within China.

During the period, hotels within the Group's portfolio have generally registered improved performances, and the new Mandarin Oriental, Macau was opened in June 2010 before the peak travel season to capture the demand surge.

On the back of strong regional economic recovery, the Group is set to benefit from various pipeline projects to be launched over the coming months, as well as diversify its pillar businesses into new markets upon the basis of a solid financial position.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group's bank balances and deposits amounted to HK$4,488 million at 30 June 2010, representing an increase of HK$901 million as compared with the position as 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. Total bank loan facilities available to the Group as of 30 June 2010 amounted to HK$7,837 million, of which HK$2,102 million remained undrawn. The Group's bank borrowings outstanding at the period end amounted to HK$5,735 million. The Group's borrowings also comprised the liability component of guaranteed convertible bonds of HK$1,453 million. The maturity profile of the Group's borrowings as at 30 June 2010 is set out below:

Maturity Profile

Within 1 year	1-2 years	2-5 years	Total
36%	20%	44%	100%

Based on a net borrowings of HK$2,688 million at the period end, the Group's gearing ratio (expressed as a ratio of net borrowings to equity attributable to owners of the Company) was 19.3% (at 31 December 2009: 21.4%). 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 period end amounted to about HK$2,830 million.

Event after the Balance Sheet Date

On 18 June 2010, Grace Wealth Development Limited (the "Purchaser" and an indirect wholly-owned subsidiary of the Company), together with the Company (as guarantor to the Purchaser), entered into a conditional sale and purchase agreement with Hanika Realty Company Limited (the "Vendor" and a connected person of the Company) to acquire a site located at Chung Hom Kok Road, Hong Kong, at the consideration of around HK$624 million which was settled by HK$28 million as initial cash deposit and the remaining balance of around HK$596 million will be settled by the allotment and issuance of 148,566,084 new shares of the Company at an issue price of HK$4.01 per share by the Company to the Vendor and/or its nominees upon completion.

Further details were described in the Company's circular dated 12 July 2010. The abovementioned acquisition was approved by the independent shareholders of the Company in the extraordinary general meeting held on 27 July 2010.

Charges on Assets

At the period end, bank loans to the extent of approximately of HK$750 million (at 31 December 2009: HK$784 million) were secured with charges on certain assets of the Group amounting to an aggregate carrying value of HK$1,191 million (at 31 December 2009: HK$1,220 million).

Contingent Liabilities

There were no material contingent liabilities of the Group at the period 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 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 period 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 2,700 employees at the period end. The Group adopts a competitive remuneration package for its employees. Promotion and salary increments are assessed 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors of the Company, the Company has applied the principles and compiled with the code provisions in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules thoughout the six months ended 30 June 2010. The first part of code provision E.1.2 of the Code 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 10 June 2010, 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. Save as aforeaid, the corporate governance practices adopted by the Company during the period were generally in line with those disclosed in the report on corporate governance practices set out in the 2009 annual report of the Company.

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 of the Company have confirmed, following specific enquiry by the Company on each of them, that they had fully compiled with the Model Code throughout the six months ended 30 June 2010.

REVIEW BY AUDIT COMMITTEE

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2010 of the Company have been reviewed by the audit committee of the Company. At the request of the directors of the Company, the Company's external auditor, H. C. Watt & Company Limited, has carried out a review of the said unaudited condensed consolidated interim financial statements in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

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

Hong Kong, 31 August 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 and Mr. David Shum; 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.