



Shun Tak Holdings Limited  
信德集團有限公司

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2011  
INTERIM REPORT  
中期業績報告





Vision is behind every great leadership. It is the ability to see the imperceptible and to believe the impossible. It is what drove new inventions, fueled revolutions and brought man to the moon.

This cover design, featuring a navigator's telescope, embodies the spirit of early explorers who charted unknown territories with faith and battled tidal oceans with courage. They brought the world together, fostered trade and forever transformed human history. It is with the same spirit that Shun Tak forges ahead, discovering opportunities and developing possibilities to build a brighter future alongside with Hong Kong, Macau and the Pearl River Delta.

卓越的領導必然有遠大的目光；至能觀察入微、想像超凡，推動創新發明、促使革新氣象，並帶領人類登月探索。

封面設計以航海家的望遠鏡為主題，體現探險家探勘新大陸的堅毅信念和駕馭驚濤駭浪的無比勇氣。他們把世界連繫起來，促進貿易，更改寫了人類的歷史。信德集團亦憑著同樣的信念邁步向前：開啟機遇，成就無限可能，與香港、澳門以至整個珠三角區域一起創建更美好明天。

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## **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 2011 of the Company and its subsidiaries (the "Group").

The unaudited profit attributable to owners of the Company for the period amounted to HK\$222 million, as compared with a restated profit of HK\$272 million for the same period last year. Basic earnings per share were HK10.2 cents (restated 2010: HK13.4 cents).

The unaudited profit attributable to owners of the Company for the period would be HK\$35 million (2010: HK\$61 million), after excluding the effect of attributable revaluation surplus (net of deferred tax) of HK\$187 million (restated 2010: HK\$211 million) arising on investment properties held by the Group and a jointly controlled entity (holding 51% interest in One Central).

## **INTERIM DIVIDEND**

The Board has resolved not to declare an interim dividend (2010: nil) in respect of the six months ended 30 June 2011.

# Business Review

## BUSINESS REVIEW

### Property

Over the first half of 2011, the Group's property division registered an operating profit of HK\$43 million (1H 2010: HK\$150 million) as well as share of profits from jointly controlled entities of HK\$148 million. The latter is primarily from the One Central project, amounting to HK\$147 million (1H 2010: HK\$113 million).

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 2011, 99% of its 7 luxurious residential towers were sold, of which 99% have been handed over to purchasers. Directly connected with MGM Macau and Mandarin Oriental, Macau, the approximately 400,000-square-foot One Central Shopping Mall generated promising leasing revenue for the Group. The 213-room Mandarin Oriental, Macau performed commendably over its first year of operation, while The Residences and Apartments at Mandarin Oriental, Macau sitting immediately above the hotel that features 92 units with transferable strata titles, were 89% sold as of 30 June 2011.

Nova City is one of the largest and most integrated residential communities in Macau. Phases 1 to 3 were successfully marketed and completely sold out. Phase 4 comprises 3 upmarket residential towers, offering 680,000 square feet in total gross floor area. Most units can enjoy an open view of the Central Garden. Foundation works have commenced. Slated for public launch in the 4th quarter of 2011, the development is expected to complete in 2014.

Phase 5, comprising over 2.3 million square feet of residential units in 8 towers, sits above a large-scale lifestyle shopping centre that provides all-rounded conveniences to the community. The concerned land contract with lease modification was gazetted in September 2010.

## Business Review

Taipa Hills Memorial Garden is a columbarium project in which the Group holds a 79% interest. It provides over 40,000 niches to the undersupplied Macau, Hong Kong and Zhuhai markets. The first 22 halls consisting of approximately 8,500 niches located on the ground floor and first floor have been pre-launched in April 2011, coinciding with the opening of a showroom located in Hung Hom. As of 30 June 2011, 22.6% of pre-launched niches were sold, reflecting solid interests in columbarium with clear legal title and reliable management. Occupation permit for the first phase was issued in July 2011. The first phase is scheduled to be opened in the 4th quarter of 2011.

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 100% interest in a Cotai project earmarked for an ultra-deluxe Jumeirah hotel. The plan is currently under review by the Macau SAR Government.

In Hong Kong, Chatham Garden Redevelopment Project, a preeminent development in Central Kowloon offering approximately 370,000 square feet of residential and retail space, is set for launch in the 4th quarter of 2011. It boasts unobstructed harbour view as well as an exceptionally convenient location at the junction of major transportation networks. The Group holds a 51% interest in the project.

In September 2010, the Group acquired a site in Chung Hom Kok. Site formation and demolition works are in progress. The site will be redeveloped into luxury residential houses with total marketable gross floor area of approximately 33,000 square feet.

Radcliffe is an upscale residential development in Pok Fu Lam featuring exclusive 3,620 square feet duplex units. As of 30 June 2011, only 1 duplex unit remains available for market tendering.

The Westwood, a 5-storey shopping centre appended with The Belcher's, is the largest retail facility in the Western Mid-Levels spanning 220,000 square feet. As of June 2011, occupancy is maintained above 90% with various anchor tenants. Accessibility is expected to improve in 2014 with the completion of the MTR West Island Line.

Liberté Place, located at the podium level of Liberté in West Kowloon, benefits from local patrons from Liberté, Banyan Garden and The Pacifica, interlinked by a footbridge connecting the three developments. Occupancy rate consistently stands close to 100%. A further surge in traffic is expected after connection to the Lai Chi Kok MTR Station opens in July 2011.

In Guangzhou, the Shun Tak Business Centre comprising 32 storeys 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 16.3 million square feet across Hong Kong and Macau. 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, Award for Environmental Excellence from the Environmental Campaign Committee, Certificate of Quality Water from the Water Department and a myriad of other accolades.

## Business Review

### Transportation

Macau's tourism expanded remarkably over the first half of 2011 which led to a favourable 9% recovery in passenger volume for TurboJET as compared with the same period last year. Nonetheless, high-standing fuel price continued to impose significant pressure on its operation, inducing an operating loss of HK\$59 million. The Macau SAR Government approved a fare increment to take effect on 1 July 2011, granting a 10%-13% increase for Economy class tickets and 24% increase in higher classes. As a result, the division expects to see improvements in its bottom line over the second half of the year.

In order to continue the Group's commitment in forging a multimodal transportation network within the Pearl River Delta ("PRD"), the division continues to explore alliance opportunities with mainland operators in order to develop new service routes. TurboJET currently operates Nansha-Macau and Nansha-Hong Kong International Airport services in association with Panyu Nansha Port Passenger Transport Company Limited, and Shekou-Macau route in association with Shenzhen Xunlong Shipping Co., Ltd.

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.

With the introduction of Premier Jetfoil, TurboJET successfully established its brand differentiation by offering deluxe sea travel products and services. Following a consolidation of class types and scheduled upgrades in the fleet, TurboJET expanded its luxury features, including the addition of a Grand Premier Waiting Lounge and increased sailing frequency of vessels equipped with Grand Premier class.



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 130 vehicles in service. HK\$43 million in revenue was recorded over the first half of 2011, generating high profit return for the transportation division.

### **Hospitality**

Macau experienced another period of spectacular economic growth over the first 6 months of 2011, with a relaxation in the Individual Visit Scheme for non-Guangdong residents underpinning tourism expansion. Capitalizing upon the opportunity, hospitality division registered an operating profit of HK\$15 million in the period, representing a 210% year-on-year improvement.

Mandarin Oriental, Macau at One Central made its debut in June 2010. The 213-room hotel offers all the signature luxuries synonymous with the brand at an unrivalled location adjoining with One Central flagship shopping mall and MGM Macau. Over its first year of operation, it maintained an average occupancy rate of 59%. The Group holds a 51% interest in the joint venture.

Another of the Group's investment, the Westin Resort, Macau, attained satisfactory improvements in terms of occupancy and room rate, while the adjacent Macau Golf & Country Club reported an increase in earnings of approximately 14%.

In Hong Kong, the 658-room SkyCity Marriott Hotel which enjoys direct access to AsiaWorld-Expo, reported outstanding performance bolstered by strong tour group and airline crew business. Occupancy has been maintained at approximately 80% while room rates improved by 34% compared with same period last year.

## Business Review

Macau Tower Convention & Entertainment Centre (“Macau Tower”), a landmark tourist attraction and MICE venue in Macau, registered promising visitor numbers amounting to 309 thousand over the period. Banquet and MICE revenue increased by 8% year-on-year, while other sectors also achieved 18% growth.

In China, the Group manages the new iconic Canton Tower in Guangzhou. It has been receiving a daily average of 6,000 visitors over the first half of 2011. Following the launch of observation and MICE facilities, various dining outlets, 2 revolving restaurants, a bubble tram ride on 112th floor, the “Hair-raiser” free drop and a 4D cinema are scheduled to commence business before the end of year.

Shun Tak Hospitality Services Division (“STHS”) established commendable reputation amongst corporate clients from its experience in handling the Shanghai World Expo 2010 and Asian Games 2010. This year, China Mobile Group Guangdong Company Limited appointed STHS to provide hospitality support to its Employee Appreciation Program involving 1,500 staff. It also organized supplier celebration and customer appreciation activities for GE Medical Service, provided staff training and reward service for Toshiba Medical Service, as well as concierge and event services for leading luxury brands. In February 2011, STHS was commissioned to make tour arrangements for the APEC’s ABAC event, a national-level event attended by high-ranking officials, economists and corporate leaders.

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 RMB37 million in revenue over the first half of 2011.

## Investment

The investment division recorded a loss of HK\$6 million (1H2010: loss of HK\$1 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 55.3% effective shareholding in Sociedade de Jogos de Macau S.A.(“SJM”), one of the 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 2010 fiscal year.

Macau Matters Company Limited is the Group’s retail arm, operating Toys “R” Us Macau and Central Deli in One Central. With the introduction of expanded product range and improved purchasing power amongst locals, Toys “R” Us registered a record MOP 9 million in revenue in the first half of 2011.

# Prospects and Recent Developments

## PROSPECTS AND RECENT DEVELOPMENTS

The property division is in full gear preparation of a series of property launches in the second half of 2011, including subsequent phases of Taipa Hills Memorial Garden, Nova City Phase 4 in Macau, as well as Chatham Garden Redevelopment Project in Hong Kong.

Performance of the division is expected to strengthen in the latter half of the year with the booking of revenue from The Residences and Apartments at Mandarin Oriental, Macau.

Taipa Hills Memorial Garden is a columbarium development in Taipa Macau that features legitimate land use, contemporary design and concierge service. Public sale of its first phase of approximately 8,500 niches is met with promising response from Macau, Hong Kong as well as neighboring cities. 22.6% of the niches have been sold as of 30 June 2011. The second phase, comprising an additional 7,500 niches, is scheduled for launch within the 4th quarter of the year.

With the launch of Nova City Phase 4 and Chatham Garden Redevelopment Project in the second half of the year, solid interest is expected to be generated from the market due to their prime locations and rare supply. Pre-sale activities for the two developments are expected to commence before the end of year.

Shipping division achieved encouraging top line results in terms of both passenger volume and load factor. Nonetheless, high fuel cost remains the primary culprit of a sluggish rebound. In light of the increasingly challenging environment, a fare increment has been approved by the authorities effective 1 July 2011. Economy class fares rose by 10%-13% while Super class and Premier Grand class increased by approximately 24%. The fare hike is not expected to curb market demand as the last fare adjustment dates back to 2004.

In August, Shun Tak-China Travel Shipping Investments Limited entered into a Sales & Purchase Agreement with New World First Holdings Limited to acquire 7 catamarans and operation concessions granted by the Macau SAR Government. Consideration of the transaction was HK\$350 million (subject to adjustment). Upon completion of the acquisition, the Group will be able to strengthen its operation capacity and capitalize upon opportunities as Macau transforms into a truly global destination, as well as expand its network to capture increased travel demand resulting from economic integration across the Pearl River Delta region.

The hospitality division benefited from the thriving tourism environment in Macau, with its hotel investments, MICE business and Hong Kong retail travel operations all experiencing impressive growth. In China, Canton Tower was crowned the “New Eight Attractions of Guangzhou”, and has been attracting an average of 6,000 visitors daily since its launch. With the series of outlets opening in coming months, Canton Tower is poised to set new records in visitor volume and heighten its stature in the world scene.

The Group is excitedly looking forward to a pipeline of new projects and to capitalize upon opportunities arising under the strong economy. With its solid financial position and established network, significant strides are expected in the months ahead.

# Financial Review

## FINANCIAL REVIEW

### Liquidity, Financial Resources and Capital Structure

The Group's bank balances and deposits amounted to HK\$5,056 million at 30 June 2011, representing an increase of HK\$792 million as compared with the position as at 31 December 2010. It is the Group's policy to secure adequate funding to satisfy cash flows required for working capital and investing activities. Total bank loan facilities available to the Group as of 30 June 2011 amounted to HK\$11,585 million, of which HK\$5,654 million remained undrawn. The Group's bank borrowings outstanding at the interim period end amounted to HK\$5,931 million. The Group's borrowings also comprised the liability component of guaranteed convertible bonds of HK\$1,475 million.

Based on a net borrowings of HK\$2,350 million at the interim period end, the Group's gearing ratio (expressed as a ratio of net borrowings to equity attributable to owners of the Company) was 15.3% (at 31 December 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.

The maturity profile of the Group's borrowings as at 30 June 2011 is set out below:

### Maturity Profile

<b>Within 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>Total</b>
25%	46%	29%	100%

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 11 August 2011, Shun Tak-China Travel Shipping Investments Limited (“Purchaser”), an indirect non-wholly owned subsidiary of the Company, entered into a conditional agreement with New World First Holdings Limited (“Vendor”) to acquire the entire issued share capital of New World First Ferry Services (Macau) Limited (“NWFF”) and New Ferry - Transporte Maritimo de Passgeiros (Macau), Limitada (“NFTMP”) and the shareholder’s loans advanced to NWFF (the “Acquisition”), for a consideration of HK\$350 million (subject to adjustment).

NWFF and NFTMP are wholly owned subsidiaries of the Vendor. The Vendor is an associate (within the meaning of the Listing Rules) of New World Development Company Limited, and is therefore a connected person of the Company under the Listing Rules.

NWFF and NFTMP and their respective subsidiaries (collectively the “Target Group”), the subject of the Acquisition, currently operate passenger ferry business between Hong Kong and Macau (Outer Port Terminal) (the “Ferry Business”). The major assets of the Target Group as at completion of the Acquisition will be (i) the seven high-speed passenger ferries currently operating the Ferry Business, (ii) the license granted by the Macau Government for operating the Ferry Business and (iii) other operating assets, net of liabilities as agreed between the Purchaser and the Vendor to be retained by the Target Group upon completion of the Acquisition. Completion of the above conditional agreement is subject to fulfilment of certain conditions, details of which were set out in the announcement of the Company on 11 August 2011.

## Financial Review

### Charges on Assets

At the period end, bank loans to the extent of approximately of HK\$1,471 million (at 31 December 2010: HK\$712 million) were secured with charges on certain assets of the Group amounting to an aggregate carrying value of HK\$7,526 million (at 31 December 2010: HK\$1,179 million). Bank loans to the extent of HK\$1,335 million (at 31 December 2010: HK\$556 million) were also secured by pledge of shares in certain subsidiaries.

### 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 2,630 employees at the period end. The Group adopts a competitive remuneration package for its employees. Promotion and salary increments are assessed on a performance related basis. 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.

# Condensed Consolidated Income Statement

For the six months ended 30 June

	Note	(Unaudited) 2011 (HK\$'000)	(Unaudited and restated) 2010 (HK\$'000)
<b>Turnover</b>	3	<b>1,159,968</b>	1,586,071
Other revenues		<b>56,172</b>	37,981
		<b>1,216,140</b>	1,624,052
Other net income	4	<b>4,482</b>	769
Cost of inventories sold or consumed		<b>(366,428)</b>	(728,635)
Staff costs		<b>(357,936)</b>	(348,201)
Depreciation and amortisation		<b>(91,835)</b>	(107,522)
Other costs		<b>(435,052)</b>	(341,420)
Fair value changes on investment properties		<b>232,529</b>	183,885
<b>Operating profit</b>	3, 5	<b>201,900</b>	282,928
Finance costs	6	<b>(62,518)</b>	(57,305)
Share of results of associates		<b>4,758</b>	4,057
Share of results of jointly controlled entities		<b>135,219</b>	101,068
<b>Profit before taxation</b>		<b>279,359</b>	330,748
Taxation	7	<b>(29,020)</b>	(37,935)
<b>Profit for the period</b>		<b>250,339</b>	292,813
<b>Attributable to:</b>			
Owners of the Company		<b>222,186</b>	271,952
Non-controlling interests		<b>28,153</b>	20,861
<b>Profit for the period</b>		<b>250,339</b>	292,813
<b>Earnings per share (HK cents)</b>	9		
– basic		<b>10.2</b>	13.4
– diluted		<b>10.2</b>	13.3

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June

	(Unaudited) 2011 (HK\$'000)	(Unaudited and restated) 2010 (HK\$'000)
<b>Profit for the period</b>	<b>250,339</b>	292,813
<b>Other comprehensive income / (loss)</b>		
Available-for-sale investments:		
Changes in fair value	<b>(16,238)</b>	(13,559)
Reclassification adjustment for impairment losses included in profit or loss	<b>6,515</b>	—
Cash flow hedges:		
Changes in fair value	<b>23,794</b>	1,415
Deferred tax	<b>(3,926)</b>	(233)
Reclassification adjustment for gains included in profit or loss	<b>(29,222)</b>	(2,359)
Deferred tax	<b>4,822</b>	389
Properties:		
Write-back of inventories of properties	—	87,284
Deferred tax	—	(10,474)
Reclassification adjustment for gains included in profit or loss upon sales of properties	<b>(847)</b>	(104,384)
Deferred tax	<b>99</b>	12,275
Exchange differences on translation of financial statements of foreign operations	<b>8,359</b>	5,253
<b>Other comprehensive loss for the period, net of tax</b>	<b>(6,644)</b>	(24,393)
<b>Total comprehensive income for the period</b>	<b>243,695</b>	268,420

## Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June

	(Unaudited) 2011 (HK\$'000)	(Unaudited and restated) 2010 (HK\$'000)
<b>Attributable to:</b>		
Owners of the Company	<b>214,702</b>	245,860
Non-controlling interests	<b>28,993</b>	22,560
<b>Total comprehensive income for the period</b>	<b>243,695</b>	268,420

# Condensed Consolidated Balance Sheet

	Note	(Unaudited) 30 June 2011 (HK\$'000)	(Restated) 31 December 2010 (HK\$'000)
<b>Non-current assets</b>			
Property, plant and equipment	10	2,123,967	2,209,544
Investment properties	11	3,794,344	3,808,023
Leasehold land		8,781	8,902
Associates		182,240	177,483
Jointly controlled entities		2,381,645	2,258,366
Intangible assets		365,688	365,857
Available-for-sale investments	12	1,071,741	1,086,150
Mortgage loans receivable		7,909	10,833
Deferred tax assets		31,354	31,072
Other non-current assets		1,067,160	1,355,423
		<b>11,034,829</b>	<b>11,311,653</b>
<b>Current assets</b>			
Properties for or under development		10,455,463	10,131,573
Inventories		208,668	209,173
Trade receivables, other receivables and deposits paid	13	1,235,776	1,190,761
Available-for-sale investments		11,914	11,894
Derivative financial instruments		33,146	38,574
Taxation recoverable		5,642	6,690
Bank deposits, cash and bank balances		5,055,743	4,264,015
		<b>17,006,352</b>	<b>15,852,680</b>

## Condensed Consolidated Balance Sheet

	Note	(Unaudited) 30 June 2011 (HK\$'000)	(Restated) 31 December 2010 (HK\$'000)
<b>Current liabilities</b>			
Trade and other payables	13	546,627	570,927
Sales deposits received		102,691	913
Bank borrowings		1,861,000	3,497,600
Provision for employee benefits		15,550	15,575
Taxation payable		133,531	99,247
		<b>2,659,399</b>	<b>4,184,262</b>
<b>Net current assets</b>			
		<b>14,346,953</b>	<b>11,668,418</b>
<b>Total assets less current liabilities</b>			
		<b>25,381,782</b>	<b>22,980,071</b>
<b>Non-current liabilities</b>			
Bank borrowings		4,069,600	2,055,600
Convertible bonds	14	1,475,330	1,464,102
Deferred tax liabilities		913,891	924,316
Loans from non-controlling shareholders		1,110,499	846,828
		<b>7,569,320</b>	<b>5,290,846</b>
<b>Net assets</b>			
		<b>17,812,462</b>	<b>17,689,225</b>
<b>Equity</b>			
Share capital	15	543,069	543,069
Reserves		14,840,013	14,615,432
Proposed dividends		—	130,337
<b>Equity attributable to owners</b>			
<b>of the Company</b>		<b>15,383,082</b>	<b>15,288,838</b>
Non-controlling interests		2,429,380	2,400,387
<b>Total equity</b>			
		<b>17,812,462</b>	<b>17,689,225</b>

# Condensed Consolidated Statement of Changes in Equity

## For the six months ended 30 June 2011 (unaudited)

	Equity attributable to owners of the Company															
	Share capital (HK\$'000)	Share premium (HK\$'000)	Share redemption (HK\$'000)	Capital reserve (HK\$'000)	Convertible bonds equity reserve (HK\$'000)	Legal reserve (HK\$'000)	Special reserve (HK\$'000)	Investment reserve (HK\$'000)	Hedging reserve (HK\$'000)	Asset revaluation reserve (HK\$'000)	Exchange reserve (HK\$'000)	Retained profits (HK\$'000)	Proposed dividends (HK\$'000)	Total (HK\$'000)	Non-controlling interests (HK\$'000)	Total equity (HK\$'000)
At 1 January 2011 as originally stated	543,069	7,449,074	100,170	18,169	80,397	8,972	(151,413)	119,620	13,721	1,175,206	53,726	5,692,600	130,337	15,227,648	2,385,101	17,612,749
adjustment on adoption of amendments to HKAS 12 as restated	—	—	—	—	—	—	—	—	—	—	—	61,190	—	61,190	15,286	76,476
Profit for the period	543,069	7,449,074	100,170	18,169	80,397	8,972	(151,413)	119,620	13,721	1,175,206	53,726	5,753,790	130,337	15,288,838	2,400,387	17,689,225
Other comprehensive income / (loss)	—	—	—	—	—	—	—	—	—	—	—	222,186	—	222,186	28,153	250,339
Total comprehensive income / (loss)	—	—	—	—	—	—	—	(9,723)	(1,331)	(748)	4,918	—	—	(7,494)	840	(6,644)
Share options granted	—	—	—	—	—	—	—	(9,723)	(1,331)	(748)	4,918	222,186	—	214,702	26,993	243,695
2010 final dividend paid	—	—	—	9,879	—	—	—	—	—	—	—	—	—	9,879	—	9,879
	—	—	—	—	—	—	—	—	—	—	—	(130,337)	(130,337)	(130,337)	—	(130,337)
At 30 June 2011	543,069	7,449,074	100,170	28,048	80,397	8,972	(151,413)	103,897	11,790	1,174,458	58,644	5,975,976	—	15,383,082	2,429,390	17,812,462

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2010 (unaudited and restated)

	Equity attributable to owners of the Company															
	Share capital (HK\$'000)	Share premium (HK\$'000)	Capital redemption reserve (HK\$'000)	Capital reserve (HK\$'000)	Convertible bonds equity reserve (HK\$'000)	Legal reserve (HK\$'000)	Special reserve (HK\$'000)	Investment revaluation reserve (HK\$'000)	Asset revaluation reserve (HK\$'000)	Exchange reserve (HK\$'000)	Retained profits (HK\$'000)	Proposed dividends (HK\$'000)	Total interests (HK\$'000)	Non-controlling interests (HK\$'000)	Total equity (HK\$'000)	
At 1 January 2010 as originally stated	505,928	6,890,495	100,170	14	80,397	7,818	(151,413)	42,993	1,384	1,225,816	42,996	4,970,903	378,434	14,095,935	2,321,579	16,417,514
adjustment on adoption of amendments to HKAS 12 as restated	—	—	—	—	—	—	—	—	—	—	47,295	—	47,295	—	10,516	57,811
Profit for the period	—	—	—	14	80,397	7,818	(151,413)	42,993	1,384	1,225,816	42,996	5,018,198	378,434	14,143,230	2,332,095	16,475,325
Other comprehensive income / (loss)	—	—	—	—	—	—	—	—	—	—	271,952	—	271,952	—	20,861	292,813
Total comprehensive income / (loss)	—	—	—	—	—	—	—	(13,559)	(336)	(15,299)	3,102	—	(26,092)	1,699	(24,383)	—
Share options granted	—	—	—	—	—	—	—	(13,559)	(336)	(15,299)	3,102	271,952	—	245,860	22,560	268,420
Dividend to non-controlling shareholders	—	—	—	5,516	—	—	—	—	—	—	—	—	—	5,516	—	5,516
2009 final dividend paid	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(9,914)	(9,914)
Transfer of reserve	—	—	—	—	—	—	—	—	—	—	—	(378,434)	(378,434)	—	—	(378,434)
Share of reserve of a jointly controlled entity	—	—	—	—	—	124	—	—	—	—	—	—	(66)	—	66	—
	—	—	—	5,516	—	174	—	(13,559)	(336)	(15,299)	3,102	271,712	(378,434)	(127,124)	12,712	(114,412)
At 30 June 2010, as restated	505,928	6,890,495	100,170	5,530	80,397	7,992	(151,413)	29,424	1,068	1,210,517	46,098	5,289,910	—	14,016,106	2,344,807	16,360,913



# Condensed Consolidated Cash Flow Statement

For the six months ended 30 June

	<b>(Unaudited) 2011 (HK\$'000)</b>	(Unaudited) 2010 (HK\$'000)
<b>Net cash (used in) / from operating activities</b>	<b>(206,319)</b>	254,304
<b>Net cash from investing activities</b>	<b>594,361</b>	475,384
<b>Net cash from financing activities</b>	<b>402,546</b>	181,917
<b>Net increase in cash and cash equivalents</b>	<b>790,588</b>	911,605
<b>Effect of foreign exchange rates changes</b>	<b>1,140</b>	674
<b>Cash and cash equivalents at 1 January</b>	<b>4,264,029</b>	3,587,423
<b>Cash and cash equivalents at 30 June</b>	<b>5,055,757</b>	4,499,702
<b>Analysis of cash and cash equivalents</b>		
Investment funds (classified as available-for-sale investments)	<b>14</b>	14
Money market funds (classified as available-for-sale investments)	<b>—</b>	11,843
Bank deposits, cash and bank balances	<b>5,055,743</b>	4,487,845
	<b>5,055,757</b>	4,499,702

# 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 on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The accounting policies used in the preparation of the interim financial information are consistent with those described in the 2010 annual financial statements except as noted in 2 below.

The preparation of financial information in conformity with Hong Kong Financial Reporting Standards (“HKFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. Those areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group’s consolidated financial statements are detailed in the 2010 annual financial statements.

## **Note 2 Changes in Accounting Policies**

The Group has adopted the following relevant revised Hong Kong Accounting Standards and amendments effective from 1 January 2011:

HKAS 12 (Amendment)	Income Taxes - Deferred Tax : Recovery of Underlying Assets
HKAS 24 (Revised)	Related Party Disclosures
HKFRSs (Amendments)	Improvements to HKFRSs 2010

### **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.

## Notes to the Condensed Financial Statements

### Note 2 Changes in Accounting Policies (Continued)

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

As of 30 June 2011, the Group had investment properties amounting to HK\$3,794 million (at 31 December 2010: HK\$3,808 million and at 31 December 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 Condensed Consolidated Balance Sheet*

	30 June 2011 (HK\$'000)	31 December 2010 (HK\$'000)	1 January 2010 (HK\$'000)
Decrease in deferred tax liabilities	97,773	76,476	57,811
Increase in non-controlling interests	21,269	15,286	10,516
Increase in retained earnings	76,504	61,190	47,295

## Note 2 Changes in Accounting Policies (Continued)

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

#### Effect on Condensed Consolidated Income Statement

For the six months ended 30 June	2011 (HK\$'000)	2010 (HK\$'000)
Decrease in income tax expense	21,297	7,920
Increase in profit attributable to owners of the Company	15,314	5,899
Increase in profit attributable to non-controlling interests	5,983	2,021
Increase in basic earnings per share	HK 0.7 cents	HK 0.3 cents
Increase in diluted earnings per share	HK 0.7 cents	HK 0.2 cents

### 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 application of the amendment of HKAS 24 has had no effect on the amounts recognised or recorded in the condensed 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).

## Notes to the Condensed Financial Statements

### **Note 2** Changes in Accounting Policies (Continued)

#### **Improvements to HKFRSs 2010**

The improvements to HKFRSs 2010 comprise a number of amendments to HKFRSs, primarily with a view to remove inconsistencies and clarifying wordings. Of these, amendment to HKAS 34, “Interim Financial Reporting”, emphasises the existing disclosure principles in HKAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurements (if significant), and the need to update relevant information from the most recent annual report.

### **Note 3** Segment Information

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

The Group currently has four reportable segments namely, property, transportation, hospitality and investment. The segmentations are based on the internal reporting information about the operations of the Group that management reviews regularly to make decisions on allocation of resources between segments and to assess segment performance.

### **Note 3 Segment Information** (Continued)

The principal activities of each reportable segment 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                                   |

Management evaluates performance of the reportable segments on the basis of operating profit or loss before fair value changes on investment properties, non-recurring gains and losses, interest income and unallocated corporate net expenses. Inter-segment transactions have been entered into on terms agreed by the parties concerned. The Group's measurement methods used to determine reported segment profit or loss remain unchanged from 2010.

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.

## Notes to the Condensed Financial Statements

### Note 3 Segment Information (Continued)

For the six months ended 30 June 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	142,875	704,399	295,424	17,270	—	1,159,968
Inter-segment turnover	1,658	73,545	14,968	—	(90,171)	—
Other revenues (external and excluding interest income)	4,755	16,147	1,146	1,004	—	23,052
	149,288	794,091	311,538	18,274	(90,171)	1,183,020
<b>Segment results</b>						
Fair value changes on investment properties	232,529	—	—	—	—	232,529
Interest income						33,120
Unallocated net expense						(56,688)
Operating profit						201,900
Finance costs						(62,518)
Share of results of associates	(4)	—	3,314	1,448	—	4,758
Share of results of jointly controlled entities	147,865	5,558	(15,986)	(2,218)	—	135,219
Profit before taxation						279,359
Taxation						(29,020)
Profit for the period						250,339



## Note 3 Segment Information (Continued)

For the six months ended 30 June 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	673,363	654,701	245,547	12,460	—	1,586,071
Inter-segment turnover	1,199	78,082	14,657	—	(93,938)	—
Other revenues (external and excluding interest income)	2,765	12,982	1,063	327	—	17,137
	<b>677,327</b>	<b>745,765</b>	<b>261,267</b>	<b>12,787</b>	<b>(93,938)</b>	<b>1,603,208</b>
<b>Segment results</b>						
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	112,987	6,465	(17,727)	(657)	—	101,068
Profit before taxation						330,748
Taxation						(37,935)
Profit for the period						292,813

## Notes to the Condensed Financial Statements

### Note 4 Other Net Income

For the six months ended 30 June	2011 (HK\$'000)	2010 (HK\$'000)
Net gain on disposal of investment properties	4,500	—
Net (loss) / gain on disposal of property, plant and equipment	(550)	145
Others	532	624
	<b>4,482</b>	<b>769</b>

## Note 5 Operating Profit

For the six months ended 30 June	2011 (HK\$'000)	2010 (HK\$'000)
<b>After crediting:</b>		
Interest income	<b>33,478</b>	21,314
Rental income from investment properties	<b>82,263</b>	76,989
Dividend income from listed investments	<b>6,407</b>	5,127
Dividend income from unlisted investments	<b>1,088</b>	—
Write-back of inventories	—	5,995
<b>After charging:</b>		
Cost of inventories		
– properties	<b>3,561</b>	442,632
– fuel	<b>324,187</b>	250,142
– others	<b>38,680</b>	35,861
	<b>366,428</b>	728,635
Impairment losses on available-for-sale investments	<b>6,515</b>	—
Share-based payments	<b>9,879</b>	5,516

## Notes to the Condensed Financial Statements

### Note 6 Finance Costs

	2011 (HK\$'000)	2010 (HK\$'000)
For the six months ended 30 June		
Total finance costs incurred	67,865	60,852
Less: Amount capitalised in properties under development	(5,347)	(3,547)
Total finance costs expensed during the period	62,518	57,305

### Note 7 Taxation

	2011 (HK\$'000)	(Restated) 2010 (HK\$'000)
For the six months ended 30 June		
Hong Kong profits tax	6,796	9,010
Overseas tax	33,194	50,762
Deferred tax	(10,970)	(21,837)
	29,020	37,935

Hong Kong profits tax is provided for at the rate of 16.5% (2010: 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**

The Board has resolved not to declare an interim dividend (2010: nil) in respect of the six months ended 30 June 2011.

## **Note 9 Earnings per Share**

The calculation of basic earnings per share is based on profit attributable to owners of the Company of HK\$222,186,000 (2010, as restated: HK\$271,952,000) and the weighted average number of 2,172,276,887 shares (2010: 2,023,710,803 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\$222,186,000 (2010, as restated: HK\$271,952,000) and the weighted average number of 2,187,748,558 shares (2010: 2,037,497,451 shares) in issue after adjusting for the effects of all dilutive potential ordinary shares.

## Notes to the Condensed Financial Statements

### Note 9 Earnings per Share (Continued)

A reconciliation of profit attributable to owners of the Company and the weighted average number of shares used in calculating the basic earnings per share and the diluted earnings per share is as follows:

	Profit attributable to owners of the Company		Weighted average number of shares	
	2011 (HK\$'000)	(Restated) 2010 (HK\$'000)	2011	2010
For the six months ended 30 June				
Profit / number of shares for the purpose of basic earnings per share	222,186	271,952	2,172,276,887	2,023,710,803
Effect of dilutive potential ordinary shares – share options	—	—	15,471,671	13,786,648
Profit / number of shares for the purpose of diluted earnings per share	222,186	271,952	2,187,748,558	2,037,497,451

The effect of convertible bonds issued in October 2009 is antidilutive and has been excluded from the calculation of diluted earnings per share.

### Note 10 Property, Plant and Equipment

During the period, additions to property, plant and equipment mainly comprised furniture, fixtures and equipment of HK\$6,504,000 (2010: HK\$8,926,000) and net book value of property, plant and equipment disposed of amounted to HK\$565,000 (2010: HK\$109,000).

## **Note 11 Investment Properties**

A revaluation of all investment properties was performed at 30 June 2011 by reference to sales evidence as available on the market and where appropriate on the basis of capitalisation of net income. The revaluation was conducted by Savills Valuation and Professional Services Limited, an independent firm of professional valuers, which has among its staff members of the Hong Kong Institute of Surveyors.

## **Note 12 Available-for-sale Investments**

Certain available-for-sale investments of the Group, including an unlisted equity investment in Sociedade de Turismo e Diversões de Macau, S.A. ("STDM"), do not have quoted market prices in an active market and other methods of reasonably estimating fair value are clearly unworkable as the variability in the range of various reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed. These available-for-sale investments are therefore stated at cost and are subject to review for impairment loss.

## **Note 13 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.

## Notes to the Condensed Financial Statements

### Note 13 Trade Receivables and Payables - Ageing Analysis (Continued)

The ageing analysis of trade debtors is as follows:

	30 June 2011 (HK\$'000)	31 December 2010 (HK\$'000)
0 — 30 days	67,732	104,423
31 — 60 days	23,842	23,820
61 — 90 days	12,398	4,720
over 90 days	25,216	7,530
	<b>129,188</b>	140,493

The ageing analysis of trade creditors is as follows:

	30 June 2011 (HK\$'000)	31 December 2010 (HK\$'000)
0 — 30 days	205,671	226,021
31 — 60 days	6,695	25,498
61 — 90 days	1,815	3,233
over 90 days	873	2,031
	<b>215,054</b>	256,783



## Note 14 Convertible Bonds

There has been no conversion of the convertible bonds into shares of the Company by the bondholders and no redemption of the convertible bonds by the Group since the issue date. Details of the convertible bonds can be found on the annual financial statements for the year ended 31 December 2010.

## Note 15 Share Capital

	30 June 2011		31 December 2010	
	Number of shares	(HK\$'000)	Number of shares	(HK\$'000)
<b>Authorised</b>				
Ordinary shares of HK\$0.25 each				
At beginning and end of the period	<b>4,000,000,000</b>	<b>1,000,000</b>	4,000,000,000	1,000,000
<b>Issued and fully paid</b>				
Ordinary shares of HK\$0.25 each				
At beginning of the period	<b>2,172,276,887</b>	<b>543,069</b>	2,023,710,803	505,928
Issue of new shares for acquisition of a site for development	—	—	148,566,084	37,141
At end of the period	<b>2,172,276,887</b>	<b>543,069</b>	2,172,276,887	543,069

## Note 16 Charges on Assets

At 30 June 2011, bank loans to the extent of approximately HK\$1,470,600,000 (at 31 December 2010: HK\$712,200,000) were secured with charges on certain assets of the Group amounting to an aggregate carrying value of HK\$7,525,759,000 (at 31 December 2010: HK\$1,178,946,000). Bank loans to the extent of HK\$1,334,600,000 (at 31 December 2010: HK\$556,200,000) were also secured by pledge of shares in certain subsidiaries.

## Notes to the Condensed Financial Statements

### Note 17 Significant Related Party Transactions

(a) Details of significant related party transactions during the period were as follows:

For the six months ended 30 June	Note	2011 (HK\$'000)	(Restated) 2010 (HK\$'000)
<b>STDM Group</b>	(i)		
Ferry tickets sold (after discount) to STDM Group		58,013	69,633
Commission paid to STDM Group on ferry tickets sold by STDM Group		10,268	8,669
Fees received from STDM for management of hotels		—	8,260
Fees received from STDM Group for provision of property related services		17,393	5,676
Rental and related expenses paid to STDM Group		5,514	4,370
Fuel purchased from STDM Group for Macau shipping operations		179,601	138,089
Amount collected by STDM Group for sale of ferry tickets and related services in Macau		226,979	193,090
Amount collected by STDM Group for sale of Bungy Jumping and other outdoor adventure activities in Macau Tower		6,124	5,510
Amount reimbursed to STDM Group for expenses incurred in respect of shipping operations in Macau		81,145	65,393
Amount reimbursed by STDM Group for staff expenses and administrative resources shared		10,764	12,529
Revenue of duty free goods sold on board collected for STDM		4,907	4,260

## Note 17 Significant Related Party Transactions (Continued)

(a) Details of significant related party transactions during the period were as follows: (Continued)

For the six months ended 30 June	Note	2011 (HK\$'000)	(Restated) 2010 (HK\$'000)
<b>Shun Tak Centre Limited ("STC")</b>			
Rental and related expenses paid to STC (ii)		5,961	3,414
<b>Associates</b>			
Insurance premium paid to an associate		18,348	17,531
<b>Jointly controlled entities</b>			
Ferry passengers handling fees received on behalf of a jointly controlled entity		15,603	19,784
Amounts paid to a jointly controlled entity in respect of the Chatham Garden redevelopment project for			
Management fee		4,102	3,187
Related construction cost and preliminary works		75,530	58,391
<b>Key management personnel</b>			
Directors' emoluments			
Salaries and other short-term employee benefits		9,730	11,584
Post-employment benefits		478	458
Share-based payments		9,879	5,516

## Notes to the Condensed Financial Statements

### Note 17 Significant Related Party Transactions (Continued)

(b) At the balance sheet date, the Group had the following balances with related parties:

	Note	30 June 2011 (HK\$'000)	(Restated) 31 December 2010 (HK\$'000)
<b>STDM Group</b>	(i)		
Net receivable from STDM Group	(iii)	10,111	17,578
<b>Associates</b>			
Amounts due by associates	(iv)	22,036	21,136
<b>Jointly controlled entities</b>			
Amounts due by jointly controlled entities	(v)	1,044,859	1,334,022
Construction costs payable to a jointly controlled entity		11,509	10,898
<b>Key management personnel</b>			
Non-controlling shareholder's loan from a company beneficially owned by Dr. Stanley Ho to a subsidiary	(vi)	87,707	87,707
Refundable deposit paid by a subsidiary to Sai Wu Investimento Limitada ("Sai Wu")	(vii)	500,000	500,000

## Note 17 Significant Related Party Transactions (Continued)

Notes:

- (i) Dr. Stanley Ho, Dato' Dr. Cheng Yu Tung, Mrs. Louise Mok, Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho and Mr. David Shum, Directors of the Company, have beneficial interests in STDM. Dr. Stanley Ho, Ms. Pansy Ho (as appointed representative of the Company), Ms. Daisy Ho (as appointed representative of Lanceford Company Limited) and Mr. David Shum (as appointed representative of Interdragon Limited) are directors of STDM.
- (ii) Dr. Stanley Ho is a director of and has beneficial interests in STC. Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho and Mr. David Shum are also directors of STC.
- (iii) Net receivable from STDM Group comprises trade and other receivables and payables.
- (iv) Amounts due by associates are unsecured, non-interest bearing and with no fixed term of repayment.
- (v) Amounts due by jointly controlled entities are unsecured and with no fixed term of repayment. Amount of HK\$1,017,218,000 (at 31 December 2010: HK\$1,275,000,000) carries interest at 3% above HIBOR per annum (at 31 December 2010: 3% above HIBOR per annum) on loan principal. The remaining balances are non-interest bearing. The related interest income for the first half of 2011 amounted to HK\$18,475,000 (2010: HK\$21,031,000). At 30 June 2011, interest receivable of HK\$14,826,000 (at 31 December 2010: nil) remained unsettled.
- (vi) The subsidiary, Shun Tak Cultural Centre Limited, holds 100% interest in Shun Tak Business Centre in Guangzhou and is owned as to 60% by the Group and 40% by a company beneficially owned by Dr. Stanley Ho. The non-controlling shareholder's loan is unsecured, non-interest bearing and with no fixed term of repayment.
- (vii) The subsidiary, Shun Tak Nam Van Investment Limited ("Shun Tak Nam Van"), entered into a conditional sale and purchase agreement with Sai Wu, a company beneficially owned as to 60% by Dr. Stanley Ho and 40% by other independent third parties, to acquire the interest in the land development right in respect of the property sites adjoining the Macau Tower in Nam Van, Macau. The refundable deposit was paid by Shun Tak Nam Van to Sai Wu in order to further extend the completion date of the acquisition without changing the consideration or other terms of the acquisition. The completion date of the acquisition was further extended to on or before 30 June 2012.

## Notes to the Condensed Financial Statements

### Note 18 Commitments

#### (a) Capital commitments

	30 June 2011 (HK\$'000)	31 December 2010 (HK\$'000)
Contracted but not provided for	10,709	10,180
Authorised but not contracted for	193	856
	<b>10,902</b>	11,036

In addition to the above, the Group had commitments of payment of HK\$3,080 million (at 31 December 2010: HK\$3,080 million) in cash and issue of 148,883,374 (at 31 December 2010: 148,883,374) ordinary shares of the Company for the acquisitions of the interests in the land development rights in respect of the property sites adjoining the Macau Tower in Nam Van, Macau.

#### (b) Property development commitments

The Group had outstanding commitments of HK\$1,218 million (at 31 December 2010: HK\$1,448 million) under various contracts for property development projects.

### Note 19 Contingencies

There have been no material changes in contingent liabilities of the Group since 31 December 2010.

## **Note 20 Financial Instruments**

### **Financial risk management**

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including foreign exchange risk, interest rate risk and price risk).

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2010 annual financial statements.

There have been no changes in any risk management policies since year end.

### **Fair value estimation**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

## Notes to the Condensed Financial Statements

### Note 20 Financial Instruments (Continued)

#### Fair value estimation (Continued)

At 30 June 2011	Level 1 (HK\$'000)	Level 2 (HK\$'000)	Level 3 (HK\$'000)	Total (HK\$'000)
<b>Assets</b>				
Derivatives used for hedging	—	33,146	—	33,146
Available-for-sale investments				
– equity securities	238,398	—	—	238,398
– investment funds	14	28,429	—	28,443
	<b>238,412</b>	<b>61,575</b>	<b>—</b>	<b>299,987</b>
<b>At 31 December 2010</b>				
	Level 1 (HK\$'000)	Level 2 (HK\$'000)	Level 3 (HK\$'000)	Total (HK\$'000)
<b>Assets</b>				
Derivatives used for hedging	—	38,574	—	38,574
Available-for-sale investments				
– equity securities	255,312	—	—	255,312
– investment funds	14	25,903	—	25,917
	<b>255,326</b>	<b>64,477</b>	<b>—</b>	<b>319,803</b>

During the six months ended 30 June 2011, there were no transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments and no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities. There were no reclassifications of financial assets during the same period.



## **Note 21 Event after the Balance Sheet Date**

On 11 August 2011, Shun Tak-China Travel Shipping Investments Limited (“Purchaser”), an indirect non-wholly owned subsidiary of the Company, entered into a conditional agreement with New World First Holdings Limited (“Vendor”) to acquire the entire issued share capital of New World First Ferry Services (Macau) Limited (“NWFF”) and New Ferry - Transporte Maritimo de Passageiros (Macau), Limitada (“NFTMP”) and the shareholder’s loans advanced to NWFF (the “Acquisition”), for a consideration of HK\$350 million (subject to adjustment).

NWFF and NFTMP are wholly owned subsidiaries of the Vendor. The Vendor is an associate (within the meaning of the Listing Rules) of New World Development Company Limited, and is therefore a connected person of the Company under the Listing Rules.

NWFF and NFTMP and their respective subsidiaries (collectively the “Target Group”), the subject of the Acquisition, currently operate passenger ferry business between Hong Kong and Macau (Outer Port Terminal) (the “Ferry Business”). The major assets of the Target Group as at completion of the Acquisition will be (i) the seven high-speed passenger ferries currently operating the Ferry Business, (ii) the license granted by the Macau Government for operating the Ferry Business and (iii) other operating assets, net of liabilities as agreed between the Purchaser and the Vendor to be retained by the Target Group upon completion of the Acquisition. Completion of the above conditional agreement is subject to fulfilment of certain conditions, details of which were set out in the announcement of the Company on 11 August 2011.

## Notes to the Condensed Financial Statements

### Note 22 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 period's presentation. Revenue of HK\$96,813,000 and the corresponding discount of HK\$96,813,000 in connection with the revenue from passenger transportation services previously shown separately in the condensed consolidated income statement have been netted off.

# Disclosure of Interests

## (1) Disclosure of Directors' Interests

As at 30 June 2011, the interests or short positions of the directors ("Directors") and chief executive of the Company and their respective associates in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

### (a) Interests of the Directors in Shares and Underlying Shares of the Company

Name of Director	Nature of interests	Number of shares held		Approximate percentage of total issued shares		
		Personal interests	Note	Corporate interests	Note	Note (i)
Dr. Stanley Ho	Interests in issued shares	—		36,285,523	(iv)	1.67%
	Interests in unissued shares	—		148,883,374	(v)	6.85%
Sir Roger Lobo	Interests in underlying shares	1,587,300	(ii)	—		0.07%
	Interests in underlying shares	1,000,000	(ii)	—		0.05%
Mr. Norman Ho	Interests in underlying shares	1,000,000	(ii)	—		0.05%
Mr. Charles Ho	Interests in underlying shares	1,000,000	(ii)	—		0.05%
Dato' Dr. Cheng Yu Tung	Interests in underlying shares	1,000,000	(ii)	—		0.05%
Mrs. Louise Mok	Interests in issued shares	342,627		—		0.02%
	Interests in underlying shares	1,000,000	(ii)	—		0.05%
Mr. Michael Ng	Interests in underlying shares	6,901,140	(iii)	—		0.32%
Ms. Pansy Ho	Interests in issued shares	47,087,604		191,931,661	(vi)	11.00%
	Interests in unissued shares	—		148,883,374	(v)	6.85%
	Interests in underlying shares	10,157,740	(ii)	—		0.47%
Ms. Daisy Ho	Interests in issued shares	45,647,811		97,820,707	(vii)	6.60%
	Interests in unissued shares	—		148,883,374	(v)	6.85%
Ms. Maisy Ho	Interests in underlying shares	12,157,740	(ii)	—		0.56%
	Interests in issued shares	11,680,435		23,066,918	(viii)	1.60%
Mr. David Shum	Interests in underlying shares	20,157,740	(ii)	—		0.93%
	Interests in underlying shares	5,000,000	(ii)	—		0.23%

## Disclosure of Interests

### Notes:

- (i) As at 30 June 2011, the total number of issued shares of the Company was 2,172,276,887.
- (ii) These represented the interests in underlying shares in respect of share options granted by the Company, details of which are disclosed in sub-paragraph (2) headed "Share Options" below.
- (iii) These interests in underlying shares comprised (a) 5,000,000 underlying shares in respect of share options granted by the Company, details of which are disclosed in sub-paragraph (2) headed "Share Options" below; and (b) 1,901,140 shares issuable to Mr. Michael Ng upon conversion of the Convertible Bonds (as defined hereunder in sub-paragraph (1)(d) headed "Interests of the Directors in Debentures of Subsidiaries of the Company") for an aggregate nominal amount of HK\$15,000,000 held by him as at 30 June 2011 and based on the adjusted conversion price of HK\$7.89 per share, details of which are disclosed in sub-paragraph (1)(d) headed "Interests of the Directors in Debentures of Subsidiaries of the Company" below.
- (iv) These 36,285,523 shares, of which Dr. Stanley Ho was deemed to be interested by virtue of the SFO, comprised 11,446,536 shares held by Sharikat Investments Limited ("SIL") and 24,838,987 shares held by Dareset Limited ("DL"). Both SIL and DL are wholly owned by Dr. Stanley Ho.
- (v) These 148,883,374 unissued shares, of which Dr. Stanley Ho, Ms. Pansy Ho and Ms. Daisy Ho were deemed to be interested by virtue of the SFO, were the same parcel of shares, and represented shares to be issued to Alpha Davis Investments Limited ("ADIL") upon completion of the acquisition as described in the Company's circular dated 17 December 2004. ADIL is owned as to 47% by Innowell Investments Limited ("IIL") and 53% by Megaprospere Investments Limited ("MIL"). IIL is wholly owned by Dr. Stanley Ho. MIL is owned as to 51% by Ms. Pansy Ho and 39% by Ms. Daisy Ho.
- (vi) These 191,931,661 shares, of which Ms. Pansy Ho was deemed to be interested by virtue of the SFO, comprised 97,820,707 shares held by Beeston Profits Limited ("BPL") and 94,110,954 shares held by Classic Time Developments Limited ("CTDL"). Both BPL and CTDL are wholly owned by Ms. Pansy Ho.
- (vii) These 97,820,707 shares, of which Ms. Daisy Ho was deemed to be interested by virtue of the SFO, were held by St. Lukes Investments Limited, which is wholly owned by Ms. Daisy Ho.
- (viii) These 23,066,918 shares, of which Ms. Maisey Ho was deemed to be interested by virtue of the SFO, were held by LionKing Offshore Limited, which is wholly owned by Ms. Maisey Ho.

**(b) Interests of the Directors in Shares and Underlying Shares of Subsidiaries of the Company**

<b>Name of Director</b>	<b>Name of subsidiary</b>	<b>Corporate interests</b>	<b>Percentage of total issued shares</b> Note (i)
Dr. Stanley Ho	Shun Tak Cultural Centre Limited	4 ordinary shares	40%

Note:

- (i) As at 30 June 2011, there was a total of 10 ordinary shares of Shun Tak Cultural Centre Limited in issue.

**(c) Interest of the Directors in Shares and Underlying Shares of Other Associated Corporations of the Company**

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Corporate interests</b>	<b>Percentage of total issued shares</b> Note (i)
Ms. Pansy Ho	Shun Tak & CITS Coach (Macao) Limited	750 shares	15%

Note:

- (i) As at 30 June 2011, there was a total of 5,000 shares of Shun Tak & CITS Coach (Macao) Limited in issue.

## Disclosure of Interests

### (d) Interests of the Directors in Debentures of Subsidiaries of the Company

Name of Director	Name of subsidiary	Personal interests	Approximate percentage of aggregate nominal amount of Convertible Bonds in issue Note (i)
Mr. Michael Ng	Joyous King Group Limited	HK\$15,000,000  Note (ii)	0.97%

*Notes:*

- (i) As at 30 June 2011, 3.3% guaranteed convertible bonds due 2014 for an aggregate nominal amount of HK\$1,550,000,000 were issued by Joyous King Group Limited, a wholly-owned subsidiary of the Company (the "Convertible Bonds").
- (ii) These Convertible Bonds for an aggregate nominal amount of HK\$15,000,000 held by Mr. Michael Ng as at 30 June 2011 would be convertible into 1,901,140 shares of the Company, representing approximately 0.09% of the issued share capital of the Company as at 30 June 2011, at the adjusted conversion price of HK\$ 7.89 per share during the conversion period from 22 October 2010 to 15 October 2014 subject to the terms and conditions of the Convertible Bonds. These interests duplicate Mr. Michael Ng's interests in underlying shares of the Company as disclosed in sub-paragraph (1)(a) headed "Interests of the Directors in Shares and Underlying Shares of the Company" above.

All the interests disclosed in sub-paragraphs (1)(a) to (1)(d) above represented long position interests in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

Save as disclosed in sub-paragraphs (1)(a) to (1)(d) above, none of the Directors or chief executive of the Company or any of their respective associates had or were deemed to have any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, as at 30 June 2011.

## (2) Share Options

Details of share options granted to the Directors under the share option scheme of the Company adopted on 31 May 2002 (the "Share Option Scheme") and outstanding share options as at the beginning and end of the period were as follows:

Name of Director	Note	Date of grant	Exercise period	Exercise price per share (HK\$)	Number of share options outstanding	
					At 1 January 2011	At 30 June 2011
Dr. Stanley Ho	(i)	25 May 2004	25 May 2004 to 24 May 2014	3.15	1,587,300	1,587,300
Ms. Pansy Ho	(i)	25 May 2004	25 May 2004 to 24 May 2014	3.15	10,157,740	10,157,740
Ms. Daisy Ho	(i)	25 May 2004	25 May 2004 to 24 May 2014	3.15	12,157,740	12,157,740
Ms. Maisy Ho	(i)	25 May 2004	25 May 2004 to 24 May 2014	3.15	20,157,740	20,157,740

## Disclosure of Interests

Name of Director	Note	Date of grant	Exercise period	Exercise price per share (HK\$)	Number of share options outstanding	
					At 1 January 2011	At 30 June 2011
Mr. David Shum	(i)	22 September 2004	22 September 2004 to 21 September 2014	4.20	5,000,000	5,000,000
Mr. Michael Ng	(ii)	1 February 2010	1 April 2010 to 31 January 2015	4.68	2,500,000	2,500,000
	(iii)	1 February 2010	1 April 2011 to 31 January 2015	4.68	2,500,000	2,500,000
Dato' Dr. Cheng Yu Tung	(i), (iv)	29 March 2011	29 March 2011 to 27 March 2021	4.37	—	1,000,000
Mrs. Louise Mok	(i), (iv)	29 March 2011	29 March 2011 to 27 March 2021	4.37	—	1,000,000
Sir Roger Lobo	(i), (iv)	29 March 2011	29 March 2011 to 27 March 2021	4.37	—	1,000,000
Mr. Norman Ho	(i), (iv)	29 March 2011	29 March 2011 to 27 March 2021	4.37	—	1,000,000
Mr. Charles Ho	(i), (iv)	29 March 2011	29 March 2011 to 27 March 2021	4.37	—	1,000,000



Notes:

- (i) *These share options are exercisable during a period of 10 years commencing from their respective dates of grant. These share options were vested on their respective dates of grant.*
- (ii) *These share options were vested on 1 April 2010.*
- (iii) *These share options were vested on 1 April 2011.*
- (iv) *The closing price of the shares of the Company on 28 March 2011, the trading day immediately before 29 March 2011 (i.e. the grant date of these share options), was HK\$4.37 per share.*

*The weighted average fair value of the 5,000,000 share options granted on 29 March 2011 is HK\$1.80 per unit with total fair value of approximately HK\$9.0 million. The valuation was based on the Hull-White Trinomial Model with the following data and assumptions:*

• Closing price on the grant date	HK\$4.26 per share
• Exercise price	HK\$4.37 per share
• Expected volatility (based on the movement of share prices in recent years)	51.3% per annum
• Average expected life after taking into account the probability of early exercise behaviour	4.0 years
• Risk-free interest rate (based on Hong Kong Exchange Fund Notes as at the grant date)	2.7% per annum
• Expected dividend yield	1.5% per annum

*The result of the valuation can be materially affected by changes in these assumptions, and therefore a share option's actual value may differ from the estimated fair value of the share option due to the model and assumptions adopted.*

- (v) *Save for the share options granted to Dato' Dr. Cheng Yu Tung, Mrs. Louise Mok, Sir Roger Lobo, Mr. Norman Ho and Mr. Charles Ho as set out in the table above, no other share options were granted under the Share Option Scheme and no share options granted thereunder were exercised, cancelled or lapsed during the period.*

Save as disclosed above, as at 30 June 2011, none of the Directors or their spouse or children under 18 years of age were granted any rights to subscribe for any equity or debt securities of the Company or any of its associated corporations under the Share Option Scheme.

## Disclosure of Interests

### (3) Substantial Shareholders and Other Persons

As at 30 June 2011, according to the register of interests or short positions in shares required to be kept by the Company under Section 336 of the SFO, other than the interests of the Directors and chief executive of the Company, the following shareholders were interested in 5% or more of the issued share capital of the Company:

Name of shareholder	Note	Nature of interests	Capacity	Long position/ Short position	Number of shares / underlying shares held	Approximate percentage of total issued shares Note (i)
Hanika Realty Company Limited ("Hanika")	(ii)	Interests in issued shares	Beneficial owner	Long position	399,502,244	18.39%
Ranillo Investments Limited ("Ranillo")	(ii)	Interests in issued shares	Interests of controlled corporation	Long position	399,502,244	18.39%
Shun Tak Shipping Company, Limited ("STS") and its subsidiaries	(iii)	Interests in issued shares	Beneficial owner and Interests of controlled corporation	Long position	308,057,215	14.18%
Alpha Davis Investments Limited ("ADIL")	(iv)	Interests in unissued shares	Beneficial owner	Long position	148,883,374	6.85%

Name of shareholder	Note	Nature of interests	Capacity	Long position/ Short position	Number of shares / underlying shares held	Approximate percentage of total issued shares Note (i)
Innowell Investments Limited ("IIL")	(iv)	Interests in unissued shares	Interests of controlled corporation	Long position	148,883,374	6.85%
Megaproser Investments Limited ("MIL")	(iv)	Interests in unissued shares	Interests of controlled corporation	Long position	148,883,374	6.85%

Notes:

- (i) As at 30 June 2011, the total number of issued shares of the Company was 2,172,276,887.
- (ii) Ms. Pansy Ho and Ranillo have 14.2% and 71.5% voting rights of Hanika respectively. Ms. Pansy Ho, Ms. Daisy Ho and Ms. Maisy Ho have beneficial interests in Ranillo. Accordingly, the interests of Ranillo in the Company duplicate the interests of Hanika in the Company as described above. Ms. Pansy Ho, Ms. Daisy Ho and Ms. Maisy Ho are directors of Hanika. Ms. Pansy Ho and Ms. Daisy Ho are directors of Ranillo.
- (iii) Dr. Stanley Ho, Dato' Dr. Cheng Yu Tung, Ms. Pansy Ho and Ms. Daisy Ho have beneficial interests in and are directors of STS. Mrs. Louise Mok, Ms. Maisy Ho and Mr. David Shum have beneficial interests in STS.
- (iv) ADIL is entitled to the interests in 148,883,374 unissued shares of the Company which will be issued upon completion of the acquisition as described in the Company's circular dated 17 December 2004. ADIL is owned as to 47% by IIL and 53% by MIL. IIL is wholly owned by Dr. Stanley Ho. MIL is owned as to 51% by Ms. Pansy Ho, 39% by Ms. Daisy Ho and 10% by Ms. Maisy Ho. Accordingly, the interests of IIL and MIL in the Company duplicate the interests of ADIL in the Company as described above. Dr. Stanley Ho is a director of ADIL and IIL. Ms. Pansy Ho and Ms. Daisy Ho are directors of ADIL, IIL and MIL.

Save as disclosed above, no other person (other than the Directors and the chief executive of the Company) had any interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO as at 30 June 2011.

## **Purchase, Sale or Redemption of Listed Securities**

During the six months ended 30 June 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**

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 six months ended 30 June 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. Save as aforesaid, 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 2010 annual report of the Company.

## **Model Code for Securities Transactions**

The Company has adopted 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 six months ended 30 June 2011.

## Disclosure of Changes in Directors' Information

Changes in Directors' biographical details and information since 28 March 2011, the date to which the 2010 annual report of the Company was made up, that are required to be disclosed pursuant to Rule 13.51(2) and Rule 13.51B(1) of the Listing Rules, are set out below:

1. Dr. Stanley Ho became the honorary life president of the Real Estate Developers Association of Hong Kong, and ceased to be its president, with effect from 13 April 2011.

Dr. Stanley Ho was elected as the president of the Chamber of Macau Casino Gaming Concessionaires and Sub-concessionaires on 28 July 2009 for a term of two years.

2. Ms. Pansy Ho is the chairperson and an executive director of MGM China Holdings Limited (stock code: 2282), a company listed on the Main Board of the Stock Exchange on 3 June 2011.
3. Mr. Norman Ho resigned as independent non-executive director of CITIC Pacific Limited (stock code: 267), a company listed on the Main Board of the Stock Exchange, on 12 May 2011.

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## Review by Audit Committee

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2011 of the Company have been reviewed by the audit committee of the Company. At the request of the Directors, 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

**Pansy Ho**

*Managing Director*

Hong Kong, 29 August 2011

*As at the date of this report, 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.*



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