SHUN TAK

SHUN TAK HOLDINGS LIMITED

信德集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 242)

Website: http://www.shuntakgroup.com

2010 Annual Results Announcement

GROUP RESULTS

The board of directors (the "Board") of Shun Tak Holdings Limited (the "Company") announces the audited consolidated annual results for the year ended 31 December 2010 of the Company and its subsidiaries (the "Group").

The audited profit attributable to owners of the Company for the year ended 31 December 2010 amounted to HK$853 million, as compared with a profit of HK$2,874 million last year. Basic earnings per share were HK 41.4 cents (2009: HK 134.4 cents).

The profit attributable to owners of the Company for the year would be HK$394 million (2009: HK$1,104 million), after excluding the effect of attributable revaluation surplus (net of deferred tax) of HK$459 million (2009: HK$1,001 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).

DIVIDENDS

The Board has recommended a final dividend of HK 6.0 cents (2009: HK 18.7 cents) per share for the year ended 31 December 2010. No interim dividend was declared by the Directors during the year (2009: HK 3.8 cents per share). The total dividends for the year amounted to HK 6.0 cents (2009: HK 22.5 cents) per share.

The proposed final dividend, subject to shareholders' approval at the forthcoming annual general meeting of the Company, is expected to be paid on or around 23 June 2011 to shareholders of the Company whose names appear on the register of members of the Company on 15 June 2011.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December

	Note	**2010** *(HK$'000)*	(Restated) 2009 *(HK$'000)*
Turnover	3	**3,097,249**	3,065,710
Other revenues		**98,961**	105,298
		3,196,210	3,171,008
Other net income	4	**21,000**	681,180
Cost of inventories sold or consumed		**(1,325,104)**	(1,295,333)
Staff costs		**(689,520)**	(686,612)
Depreciation and amortisation		**(210,430)**	(213,343)
Other costs		**(809,779)**	(709,521)
Fair value changes on investment properties		**402,187**	220,514
Operating profit	3, 5	**584,564**	1,167,893
Finance costs	6	**(121,877)**	(77,040)
Share of results of associates		**5,974**	26,046
Share of results of jointly controlled entities		**524,138**	1,915,891
Profit before taxation		**992,799**	3,032,790
Taxation	7	**(90,218)**	(97,125)
Profit for the year		**902,581**	2,935,665
Attributable to:			
Owners of the Company		**853,344**	2,873,928
Non-controlling interests		**49,237**	61,737
Profit for the year		**902,581**	2,935,665
Earnings per share (HK cents)	9		
— basic		**41.4**	134.4
— diluted		**40.8**	132.0

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

	2010 *(HK$'000)*	2009 *(HK$'000)*
Profit for the year	**902,581**	2,935,665
Other comprehensive income/(loss)		
Available-for-sale investments:		
Changes in fair value	**21,976**	63,753
Reclassification adjustment for losses included in profit or loss	**48,661**	—
Cash flow hedges:		
Changes in fair value	**46,590**	17,833
Deferred tax	**(7,687)**	(2,942)
Reclassification adjustment for (gains)/losses included in profit or loss	**(11,934)**	83,160
Deferred tax	**1,969**	(13,721)
Properties:		
Write-back/(write-down) of properties held for sale	**79,718**	(35,242)
Deferred tax	**(9,566)**	4,229
Reclassification adjustment for gains included in profit or loss upon sales of properties	**(136,770)**	(166,879)
Deferred tax	**16,008**	19,516
Exchange differences :		
Translation of financial statements of foreign operations	**18,162**	2,012
Other comprehensive income/(loss) for the year, net of tax	**67,127**	(28,281)
Total comprehensive income for the year	**969,708**	2,907,384
Attributable to:		
Owners of the Company	**896,428**	2,799,137
Non-controlling interests	**73,280**	108,247
Total comprehensive income for the year	**969,708**	2,907,384

CONSOLIDATED BALANCE SHEET

		As at 31 December		As at 1 January
			(Restated)	(Restated)
		2010	2009	2009
	Note	***(HK$'000)***	*(HK$'000)*	*(HK$'000)*
Non-current assets				
Property, plant and equipment		**2,209,544**	2,491,527	2,593,072
Investment properties		**3,808,023**	3,385,392	3,164,103
Leasehold land		**8,902**	9,146	9,390
Associates		**177,483**	183,007	220,347
Jointly controlled entities		**2,258,366**	2,829,636	957,352
Intangible assets		**365,857**	365,796	363,393
Available-for-sale investments		**1,086,150**	1,065,804	999,394
Mortgage loans receivable		**10,833**	14,726	22,972
Deferred tax assets		**31,072**	30,561	57,252
Other non-current assets		**1,355,423**	1,332,519	822,079
		11,311,653	11,708,114	9,209,354
Current assets				
Properties for or under development		**10,131,573**	8,877,550	8,778,240
Inventories		**209,173**	1,002,094	1,969,719
Trade receivables, other receivables and deposits paid	10	**1,190,761**	1,171,658	1,857,991
Available-for-sale investments		**11,894**	15,514	14
Derivative financial instruments		**38,574**	3,918	242
Taxation recoverable		**6,690**	4,059	9,362
Bank deposits, cash and bank balances		**4,264,015**	3,587,409	2,736,636
		15,852,680	14,662,202	15,352,204
Current liabilities				
Trade and other payables	10	**570,927**	1,303,221	816,312
Deposits received on sales of properties		**913**	59,266	269,466
Bank borrowings		**3,497,600**	1,416,800	1,994,000
Derivative financial instruments		**—**	—	97,075
Provision for employee benefits		**15,575**	16,424	28,948
Taxation payable		**99,247**	112,398	185,903
		4,184,262	2,908,109	3,391,704

	Note	As at 31 December 2010 (HK$'000)	(Restated) 2009 (HK$'000)	As at 1 January (Restated) 2009 (HK$'000)
Net current assets		**11,668,418**	11,754,093	11,960,500
Total assets less current liabilities		**22,980,071**	23,462,207	21,169,854
Non-current liabilities				
Bank borrowings		**2,055,600**	3,752,200	5,244,000
Convertible bonds		**1,464,102**	1,441,888	—
Deferred tax liabilities		**1,000,792**	1,001,459	1,048,555
Loans from non-controlling shareholders		**846,828**	849,146	847,743
		5,367,322	7,044,693	7,140,298
Net assets		**17,612,749**	16,417,514	14,029,556
Equity				
Share capital		**543,069**	505,928	564,235
Reserves		**14,554,242**	13,211,573	11,222,649
Proposed dividends		**130,337**	378,434	29,340
Equity attributable to owners of the Company		**15,227,648**	14,095,935	11,816,224
Non-controlling interests		**2,385,101**	2,321,579	2,213,332
Total equity		**17,612,749**	16,417,514	14,029,556

NOTES TO THE FINANCIAL STATEMENTS

Note 1 Basis of Preparation

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

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

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

HKFRS 3 (Revised) Business Combinations

HKFRS 3 (Revised) and consequential amendments to HKAS 27, "Consolidated and Separate Financial Statements", HKAS 28, "Investments in Associates", and HKAS 31, "Interests in Joint Ventures" are effective prospectively to business combinations for which the date of acquisition is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all acquisition-related costs should be expensed. The cost of acquisition includes the fair value at acquisition date of any contingent purchase consideration. In a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured at fair value and the difference between its fair value and carrying amount is recognised in profit or loss. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results of the Group after the date of its adoption. The adoption of HKFRS 3 (Revised) and consequential amendments to HKAS 27, HKAS 28 and HKAS 31 do not have an impact on the financial statements of the Group as there is no business combination conducted in 2010.

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 remeasured to fair value, and a gain or loss is recognised in profit or loss. There has been no impact of HKAS 27 (Revised) on the current year as there have been no transactions with non-controlling interests. HKAS 27 (Revised) has also resulted in the renaming of "minority interests" as "non-controlling interests".

HK-Int 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

This Interpretation, as a clarification of an existing standard, is effective immediately. According to the Interpretation, the classification of a term loan in accordance with paragraph 69(d) of HKAS 1 shall depend on whether or not the borrower has an unconditional right to defer payment for at least twelve months after the balance sheet date. Consequently, amounts repayable under a loan agreement which includes a clause that gives the lender the unconditional right to call the loan at any time shall be classified by the borrower as current in its balance sheet. This Interpretation did not have a material impact on the Group's financial statements.

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 for the current year's financial statements. 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 incidental to ownership of an asset to the lessee. Prior to the amendment, land interests which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under "Leasehold land", and amortised over the lease term.

The Group has reassessed the classification of leases of land as at 1 January 2010 on the basis of information existing at the inception of those leases. As a result of the reassessment, the Group has reclassified certain leasehold land in Hong Kong and Macau from under operating lease to finance lease because the leases transfer substantially all the risks and rewards incidental to ownership to the Group e.g. at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the land.

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

	31 December 2010 *(HK$'000)*	31 December 2009 *(HK$'000)*	1 January 2009 *(HK$'000)*
Increase in property, plant and equipment	532,324	547,586	561,161
Decrease in leasehold land	(1,208,219)	(1,241,526)	(1,272,028)
Increase in properties for or under development	675,895	693,940	710,867
	—	—	—

The adoption of the other revisions, amendments and interpretations has had no material effect on the Group's financial statements.

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

HKAS 12 (Amendments)	Income taxes - Deferred tax: Recovery of underlying assets[5]
HKAS 24 (Revised)	Related Party Disclosures[3]
HKAS 32 (Amendments)	Financial Instruments: Presentation — Classification of Rights Issues[1]
HKFRS 1 (Revised) (Amendments)	First time adoption of Hong Kong Financial Reporting Standards - Limited exemption from comparative HKFRS 7 disclosures for first-time adopters[2]
HKFRS 1 (Revised) (Amendments)	First-time adoption of Hong Kong Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for first-time adopters[4]
HKFRS 7 (Amendments)	Financial instruments: Disclosures - Transfers of financial assets[4]
HKFRS 8 (Amendments)	Operating segments[3]
HKFRS 9	Financial Instruments[6]
HK(IFRIC)—Int 14 (Amendments)	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]
HK(IFRIC)—Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

Improvements to HKFRSs 2010[7]

1 Effective for annual periods beginning on or after 1 February 2010
2 Effective for annual periods beginning on or after 1 July 2010
3 Effective for annual periods beginning on or after 1 January 2011
4 Effective for annual periods beginning on or after 1 July 2011
5 Effective for annual periods beginning on or after 1 January 2012
6 Effective for annual periods beginning on or after 1 January 2013
7 Amendments that are effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate

The Group has already commenced an assessment of the impact of these new or revised HKFRSs, including HKAS 12 (Amendments), HKAS 24 (Revised) and HKFRS 9, certain of which are relevant to the Group's operation and will give rise to changes in presentation, disclosures and measurements of certain items in the financial statements. For HKFRS 9, the standard uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in HKAS 39. The approach in this standard is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The application of HKFRS 9 may affect the classification and measurement of the Group's financial assets.

Note 3 Segment Information

(a) Segment results, assets and liabilities

2010

	Property (HK$'000)	Transportation (HK$'000)	Hospitality (HK$'000)	Investment (HK$'000)	Eliminations (HK$'000)	Consolidated (HK$'000)
Turnover and revenue						
External turnover	1,169,857	1,354,700	533,159	39,533	—	3,097,249
Inter-segment turnover	2,710	154,891	29,802	—	(187,403)	—
Other revenues (external and excluding interest income)	6,001	34,748	2,202	2,289	—	45,240
	1,178,568	1,544,339	565,163	41,822	(187,403)	3,142,489
Segment results	256,184	(25,928)	22,469	(46,260)	—	206,465
Fair value changes on investment properties	402,187	—	—	—	—	402,187
Interest income						53,721
Unallocated income						1,216
Unallocated expense						(79,025)
Operating profit						584,564
Finance costs						(121,877)
Share of results of associates	(8)	4,325	—	1,657	—	5,974
Share of results of jointly controlled entities	549,740	11,874	(35,735)	(1,741)	—	524,138
Profit before taxation						992,799
Taxation						(90,218)
Profit for the year						902,581
Assets						
Segment assets	17,642,639	2,561,215	1,494,593	1,143,491	(32,384)	22,809,554
Associates	2,645	—	173,845	993	—	177,483
Jointly controlled entities	2,231,855	44,700	(14,707)	(3,482)	—	2,258,366
Unallocated assets						1,918,930
Total assets						27,164,333
Liabilities						
Segment liabilities	251,819	225,801	96,917	7,365	(28,606)	553,296
Unallocated liabilities						8,998,290
Total liabilities						9,551,586

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

2009 (Restated)

	Property (HK$'000)	Transportation (HK$'000)	Hospitality (HK$'000)	Investment (HK$'000)	Eliminations (HK$'000)	Consolidated (HK$'000)
Turnover and revenue						
External turnover	1,285,011	1,331,482	398,621	50,596	—	3,065,710
Inter-segment turnover	6,337	140,485	28,795	—	(175,617)	—
Other revenues (external and excluding interest income)	45,520	32,196	4,200	638	—	82,554
	1,336,868	1,504,163	431,616	51,234	(175,617)	3,148,264
Segment results	351,979	27,886	(36,765)	21,950	—	365,050
Fair value changes on investment properties	220,514	—	—	—	—	220,514
Net gain on disposal of a subsidiary	—	—	679,609	—	—	679,609
Impairment losses on amounts due by investee companies and other receivables	—	—	—	(36,064)	—	(36,064)
Interest income						22,744
Unallocated income						5,538
Unallocated expense						(89,498)
Operating profit						1,167,893
Finance costs						(77,040)
Share of results of associates	(36)	—	24,360	1,722	—	26,046
Share of results of jointly controlled entities	1,904,239	10,570	2,823	(1,741)	—	1,915,891
Profit before taxation						3,032,790
Taxation						(97,125)
Profit for the year						2,935,665
Assets						
Segment assets	16,469,042	2,656,335	1,527,315	1,102,670	(28,686)	21,726,676
Associates	2,653	—	179,520	834	—	183,007
Jointly controlled entities	2,800,353	9,641	21,383	(1,741)	—	2,829,636
Unallocated assets						1,630,997
Total assets						26,370,316
Liabilities						
Segment liabilities	1,029,342	255,346	77,533	7,347	(28,686)	1,340,882
Unallocated liabilities						8,611,920
Total liabilities						9,952,802

	Property (HK$'000)	Transportation (HK$'000)	Hospitality (HK$'000)	Investment (HK$'000)	Eliminations (HK$'000)	Consolidated (HK$'000)
Other information						
Additions to non-current assets (other than financial instruments and deferred tax assets)	48,099	51,461	16,928	2,547		
Depreciation	14,428	130,616	64,728	1,487		
Amortisation						
— leasehold land	—	—	244	—		
— intangible assets	—	—	107	89		
Impairment losses on						
— available-for-sale investments	—	—	—	123		
— trade receivables	—	—	65	54		
Net (write-back) / write-down of inventories	(14,820)	—	—	738		

(b) **Geographical information**

	Hong Kong *(HK$'000)*	**Macau** *(HK$'000)*	**Others** *(HK$'000)*	**Consolidated** *(HK$'000)*
2010				
Revenue from external customers	**1,270,657**	**1,742,540**	**129,292**	**3,142,489**
Non-current assets	**4,494,139**	**1,350,713**	**547,474**	**6,392,326**
2009 (Restated)				
Revenue from external customers	1,214,604	1,840,279	93,381	3,148,264
Non-current assets	4,475,166	1,285,210	491,485	6,251,861

Note 4 Other Net Income

	2010 (HK$'000)	2009 (HK$'000)
Net gain on disposal of interests in subsidiaries	**—**	679,609
Net gain / (loss) on disposal of property, plant and equipment	**19,784**	(3,806)
Net loss on financial assets designated as at fair value through profit or loss	**—**	(496)
Net gain on derivative financial instruments	**—**	134
Excess of interest in fair value of net assets acquired over cost of acquisitions of subsidiaries	**—**	201
Others	**1,216**	5,538
	21,000	681,180

Note 5 Operating Profit

	2010 (HK$'000)	2009 (HK$'000)
After crediting:		
Interest income	**54,686**	24,140
Rental income from investment properties	**157,616**	144,178
Less: Direct operating expenses arising from investment properties	**(13,986)**	(10,838)
	143,630	133,340
Dividend income from investments	**18,153**	34,853
After charging:		
Cost of inventories		
- properties	**686,677**	780,545
- fuel	**500,663**	440,712
- others	**137,764**	74,076
	1,325,104	1,295,333

Note 6 Finance Costs

	2010 (HK$'000)	2009 (HK$'000)
Interest on bank loans and overdraft wholly repayable within 5 years	**50,224**	64,878
Interest on convertible bonds wholly repayable within 5 years	**73,364**	14,066
Interest on loans from non-controlling shareholders	**—**	323
Other finance costs	**6,440**	7,823
Total interest expenses on financial liabilities not at fair value through profit or loss	**130,028**	87,090
Less: Amount capitalised in properties under development	**(8,151)**	(10,050)
	121,877	77,040

Note 7 Taxation

	2010	2009
	(HK$'000)	*(HK$'000)*
Hong Kong profits tax	**23,399**	26,130
Overseas tax	**69,696**	84,403
Deferred tax	**(2,877)**	(13,408)
	90,218	97,125

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

Note 8 Dividends

	2010	2009
	(HK$'000)	*(HK$'000)*
2008 final dividend of HK 1.3 cents on 20,078,870 shares issued upon exercise of share options	**—**	261
Interim dividend: Nil (2009: HK 3.8 cents on 2,023,710,803 shares)	**—**	76,901
Proposed final dividend of HK 6.0 cents on 2,172,276,887 shares (2009: HK 18.7 cents on 2,023,710,803 shares)	**130,337**	378,434
	130,337	455,596

Note 9 Earnings per Share

The calculation of basic earnings per share is based on profit attributable to owners of the Company of HK$853,344,000 (2009: HK$2,873,928,000) and the weighted average number of 2,061,564,627 shares (2009: 2,138,331,844 shares) in issue during the year. The calculation of diluted earnings per share is based on profit attributable to owners of the Company of HK$926,708,000 (2009: HK$2,887,994,000) and the weighted average number of 2,269,905,247 shares (2009: 2,188,248,658 shares) in issue after adjusting for the effects of all dilutive potential ordinary shares.

Note 10 Trade Receivables and Payables - Ageing Analysis

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

	2010	2009
	(HK$'000)	*(HK$'000)*
0 — 30 days	**104,423**	92,469
31 — 60 days	**23,820**	28,926
61 — 90 days	**4,720**	7,393
over 90 days	**7,530**	42,383
	140,493	171,171

The ageing analysis of trade creditors is as follows:

	2010	2009
	(HK$'000)	*(HK$'000)*
0 — 30 days	**226,021**	292,035
31 — 60 days	**25,498**	10,400
61 — 90 days	**3,233**	1,679
over 90 days	**2,031**	2,549
	256,783	306,663

Note 11 Comparatives

Certain comparative figures have been restated as a result of the adoption of the amendment relating to HKAS 17 "Leases" and to conform with the current year's presentation. Revenue of HK$163,540,000 and the corresponding discount of HK$163,540,000 in connection with the revenue from passenger transportation services previously shown separately in the consolidated income statement have been netted off.

BUSINESS REVIEW

Property

In the absence of extraordinary income and large scale project completions which underpinned the strong financials in 2009, the Property division registered HK$256 million in profit, representing a 27% year-on-year decline. Nonetheless, the strong real estate market brought about improved leasing income and property sale prices, with the momentum continuing into year 2011 when a full pipeline of projects is expected to be unveiled.

A proud creation under the strong partnership with Hongkong Land Holdings Limited, One Central Macau is an internationally acclaimed development comprising 7 prestigious residential towers which commenced handover to homeowners in August 2009, an approximately 400,000 square feet luxurious flagship shopping mall that celebrated its opening in December 2009, a five-star 213-room Mandarin Oriental Hotel launched in June 2010, as well as its final crown jewel, The Residences and Apartments at Mandarin Oriental, Macau, launched in November 2010. The latter was met with exceptional response as it is the only serviced apartments managed by an acclaimed international hotel group with transferable strata titles across Macau and Hong Kong. As of March 2011, 79% of The Residences and Apartments at Mandarin Oriental, Macau were sold.

As of end of December 2010, 97% of One Central Residences were sold and 81% of the shopping mall has been leased with more new stores expected to be opened in 2nd quarter of 2011.

Nova City is a large scale residential and retail development in Taipa, with the Group holding 100% of its development rights. In an effort to forge the most integrated residential community in Macau, new convenience and lifestyle offerings are introduced to its latest phases to enhance value for local homeowners. Phase 4 of Nova City comprises three residential towers featuring over 680,000 square feet of gross floor area. The apartment units will have a range of layouts with most enjoying an open view of the Central Garden. Commencement of foundation works are scheduled for the 2nd quarter of 2011. Phase 5 encompasses over 2.3 million square feet of well-appointed residences in eight towers. Below the apartment units will be a neighborhood shopping centre spanning approximately 650,000 square feet housing a diversified range of tenants including supermarket, dining outlets, leisure retail and entertainment components to provide unparalleled convenience to residents. The revised land contract with lease modification was gazetted in September 2010. It is now under planning and site works are expected to commence in the 4th quarter of 2011.

The Group holds a 79% interest in a columbarium project located in Taipa. With legitimate land deed and operation license, it offers approximately 50,000 standard niches to the undersupplied Macau, Hong Kong and Pearl River Delta markets. Foundation works are completed and fit-out works of ground floor are in progress with presale scheduled for the 2nd quarter of 2011. Built against a background of lush greeneries, the professionally managed property features contemporary design enhanced by beautiful landscaping, appointed with a hotel-style lobby and respectfully decorated halls. A new showroom in Hung Hom with sample niche mock-up will open in April 2011 to service prospective buyers from Hong Kong. The property is expected to set new benchmarks for the industry.

In Hong Kong, the Group is set to capitalize upon the thriving property market with the forthcoming launch of a deluxe development located in Central Kowloon adjacent to the Tsim Sha Tsui district, consisting of approximately 370,000 square feet of residential and retail space. Superstructure works are in progress, and scheduled completion is slated for the 4th quarter of 2012. Presale is expected to take place in the 2nd half of 2011. The Group holds a 51% interest in the project.

Transportation

Despite a considerable revival in global travel demand, the transportation division navigated through formidable headwinds in 2010. Aggressive price cuts from competitors and high fuel cost contributed to the narrowing of yield per passenger, yet TurboJET managed to maintain its leadership and market share, with passenger volume and load factors both exhibited recovery this year. The transportation division registered a loss of HK$26 million (2009: profit of $28 million).

TurboJET endeavors to create a travel experience above and beyond point-to-point transportation. It launched a second Premier Jetfoil and the TurboJET Premier Lounge at the Macau Maritime Ferry Terminal to offer discerning individuals a luxurious travel option while making the desirable affordable. Since 2009, TurboJET has successfully fostered an upscale market which achieved an encouraging growth of approximately 20%. Meanwhile, the brand also penetrated the young consumer market through the introduction of cross-promotional Etickets featuring popular animation characters, as well as reinforcing its online presence through social media engagements. As a result of the integrated sales and marketing efforts, TurboJET managed to strengthen its brand affiliation across multiple sectors.

TurboJET Airport Routes, operating out of SkyPier at the Hong Kong International Airport (HKIA), displayed promising growth prior to the financial plummet and has rebounded strongly in 2010. Confident with its long term prospect, the company constantly seeks to upgrade the air-to-sea experience in order to better serve growing demand from international passengers. During the year, it introduced an eCheck-in service which enabled online check-in and boarding pass printing for the HKIA-Macau and HKIA-Nansha route. A new purpose-built luggage container was also put in place to improve the luggage processing system and reduce luggage reclaim time by half. In November, the suspended HKIA-Shenzhen route resumed service, connecting passengers to Shenzhen Airport which offers a strong domestic aviation network across China.

Apart from capturing the China market with its multi-modal transit platform, TurboJET has also been striving to solidify its network advantage in Southern China through strategic alliances with mainland ferry operators. Following the addition of Nansha-Macau route launched in June 2010, it is now operating a total of three routes under such partnerships, attesting to the solid strength and leadership of TurboJET within the industry.

On land, Shun Tak & CITS Coach (Macao) Limited has a fleet of 129 coach buses, offering rental services within Macau locally as well as operate cross-border routes to mainland cities. Tapping into the upscale travel market, 5 new limousines were added to extend exclusive chauffeur service. In 2010, HK$80 million in revenue was recorded, generating high profit return for the transportation division.

Hospitality

After two lean years, regional tourism has rebounded strongly, propelling organic growth in the Group's hotel and destination operations. The division also expanded its presence in China through a management appointment for Canton Tower and participation in various mega international events. As a result, we achieved in 2010 an operating profit of HK$22 million (2009: loss of HK$37 million).

The new Mandarin Oriental, Macau at One Central made its debut in June 2010, offering 213 hotel rooms along with signature luxuries synonymous with the brand. Adjoining MGM Macau and the One Central flagship shopping mall, the hotel leveraged upon its convenient location and strong brand affiliation to conclude its first six months of operation with promising performance in both occupancy and room rate. The Group holds a 51% interest in the joint venture.

The Group's 34.9%-owned Westin Hotel, a classic family resort, generated improvements in occupancy from the surge in visitor numbers. Given the proliferation of new hotels in Cotai, however, the average room rate decreased. On the other hand, the Macau Golf & Country Club adjacent to the Westin Hotel reported an increase in earnings of approximately 3%.

In Hong Kong, the 658-room SkyCity Marriott Hotel adjacent to AsiaWorld-Expo, Hong Kong International Airport and SkyPier, made impressive headway in both occupancy and room rates as it capitalized upon group tour business and gained market share amongst airport hotels.

Macau Tower Convention & Entertainment Centre ("Macau Tower"), managed by the Group, received 662,000 paid visitors, a significant 28% increase compared with 2009. On the other hand, its banquet business dipped 18% following a myriad of national celebrations in 2009 and a surge in venue supply from the opening of new establishments. Entering 2011 with Macau Tower celebrating its 10th Anniversary, new upgrades in facilities and tenancies are planned to rejuvenate the destination and better meet market demands.

In China, the Group was appointed the manager of Canton Tower which debuted in late September 2010 before the opening of the 16th Asian Games in Guangzhou. Currently in its initial phase, the Tower offers sightseeing and MICE services, and has been attracting an average of 8,000 visitors daily.

Having obtained a full MICE license in China last year, Shun Tak Hospitality Services Division has been actively harnessing corporate and MICE business opportunities in the mainland market. It was appointed as the operator of Guangdong Pavilion in Shanghai World Expo, and the designated service provider for leading China corporations for this event and Guangzhou Asian Games.

Driven by a thriving economy and strong demand for travel, Shun Tak Travel Group saw a 17% increase in sales and a promising 138% improvement in net profit compared with the previous year.

The Group's Sea Palace Floating Restaurant is the largest floating restaurant in Shanghai with a capacity of 1,100 seats. The highly reputed restaurant registered RMB80 million in revenue in 2010, a 24% year-on-year growth resulting from a surge in business during the Shanghai World Expo.

Investment

The investment division recorded a loss of HK$46 million (2009: profit of HK$22 million) with the decline mainly attributable to the lack of dividend income from Sociedade de Turismo e Diversões de Macau, S.A. ("STDM") and impairment loss on available-for-sale investment. The Group owns an effective interest in STDM of approximately 11.5%, which in turn owns approximately 55.7% of SJM Holdings Limited ("SJM Holdings"), a listed company in Hong Kong. SJM Holdings owns the entire shareholding interests of Socidade de Jogos de Macau S.A. ("SJM SA"), one of six gaming concessionaries licensed by the Macau SAR Government to operate casinos in Macau SAR. In addition to gaming activities, STDM holds interests in several hotels in Macau, the Macau International Airport and Air Macau Company Limited, the enclave's flagship carrier. STDM is also active in major property development and infrastructure projects, including Macau Tower.

Macau Matters Company Limited, the Group's retail arm and licensee holder of Toys 'R' Us in Macau, expanded into a 15,000 square feet flagship store at Macau Tower. With the market's rising affluence, the company recorded MOP 19 million in revenue as compared with MOP 14 million in 2009. In addition, a new business named "CentralDeli" with full deli, dairy, fine gourmet and wine on its menu, was launched in One Central Shopping Mall early August 2010.

RECENT DEVELOPMENT AND PROSPECT

With the successful completion of One Central Macau, the Group reinforced its leadership role in real estate developments, and is diligently preparing for a busy year ahead with the sales launch of several large scale residential properties including Nova City Phase 4 and Chatham Garden Redevelopment Project in the later half of 2011. Sustained strength of the property market is projected to generate keen demand for their launches. In addition, Taipa Hills Memorial Garden is approaching completion as scheduled. Sales initiatives will commence in the second quarter of 2011, offering approximately 50,000 standard niches to meet shortage of legitimate columbarium supply across Hong Kong and Macau. With these pipeline projects in place, the Group will be in a strong cash position to capture other investment opportunities, including acquisition of appropriate sites to replenish its land bank for future developments.

High-standing fuel prices and aggressive price cuts from competitors continue to pose challenges to TurboJET's operation. Despite such, with a recovery in tourism, passenger volume and load factor experienced an encouraging rebound. In order to expand its network advantage across the Pearl River Delta, TurboJET has made investments in its SkyPier facilities and is in negotiation to form strategic alliances with mainland ferry operators to open new opportunities. Moreover, targeted campaigns to capture young consumers have been implemented with promising success - a strategy that the division will continue to adopt in order to expand its customer base.

The hospitality division made notable progress over the year as travelers' demand surges. Room rate and occupancy of hotels are consistently maintained at satisfactory levels. In addition, milestone developments, including the opening of Mandarin Oriental, Macau, as well as the unveiling of Canton Tower under the Group's management, have reinforced its portfolio and reputation as a world class hospitality service provider. Going forward, the division will exert greater effort to harness opportunities from the robust mainland Chinese market, taking advantage of a full MICE license obtained in late 2009.

By building upon its core competitiveness, the Group has laid a strong foundation over the preceding years and is ready to capitalize upon an eventful 2011. It will continue to develop its distinctive advantage and generate sustainable value for shareholders in the future.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group's bank balances and deposits stood at HK$4,264 million as at 31 December 2010. It is the Group's policy to secure adequate funding to match with cash flows required for working capital and investing activities. At 31 December 2010, total bank loan facilities available to the Group was HK$7,999 million, of which HK$2,446 million remained undrawn. The Group's bank borrowings outstanding at the year end amounted to HK$5,553 million. Apart from the bank borrowings, the Group's borrowings also comprised the liability component of guaranteed convertible bonds of HK$1,464 million.

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

Maturity Profile

Within 1 year	1-2 years	2-5 years	Total
50%	32%	18%	100%

Based on a net borrowings of HK$2,753 million at the year end, the Group's gearing ratio (expressed as a ratio of net borrowings to equity attributable to owners of the Company) was 18.1% (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 year end amounted to about HK$2,830 million.

Acquisition

On 30 September 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), completed the acquisition of a site located at Chung Hom Kok Road, Hong Kong, from Hanika Realty Company Limited (the "Vendor" and a connected person of the Company) 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 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. Further details were described in the Company's circular dated 12 July 2010.

Charges on Assets

At the year end, bank loans to the extent of approximately HK$712 million (2009: HK$784 million) were secured with charges on certain assets of the Group amounting to an aggregate carrying value of HK$1,179 million (2009: HK$1,220 million).

Contingent Liabilities

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

Financial Risk

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

Human Resources

The Group, including subsidiaries but excluding associates and jointly controlled entities, employed approximately 2,680 employees at the year end. The Group adopts competitive remuneration packages for its employees. Promotion and salary increments are based on performance. Social activities are organised to foster team spirit amongst employees and they are encouraged to attend training classes that are related to the Group's businesses and developments.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 8 June 2011 to Wednesday, 15 June 2011, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 7 June 2011.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Wednesday, 15 June 2011. The notice of annual general meeting will be published on the websites of the Company and The Stock Exchange of Hong Kong Limited and despatched to the shareholders of the Company in due course.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 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

The Company is committed to maintaining high standards of corporate governance. As corporate governance requirements change from time to time, the Board periodically reviews the corporate governance practices of the Company to meet rising expectations of the shareholders of the Company and comply with the increasingly stringent regulatory requirements. The Board is of the opinion that 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 throughout the year ended 31 December 2010, except for deviation from 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 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.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions. All the directors have confirmed, following specific enquiry by the Company on each of them, that they had fully complied with the Model Code throughout the year ended 31 December 2010.

REVIEW OF FINANCIAL STATEMENTS

The Group's consolidated financial statements for the year ended 31 December 2010 have been reviewed by the audit committee of the Company. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2010 have been agreed by the Company's auditor, H. C. Watt & Company Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by H. C. Watt & Company Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by H. C. Watt & Company Limited on the preliminary announcement.

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

Hong Kong, 28 March 2011

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.