



SHUN TAK HOLDINGS LIMITED

信德集團有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 242)

2006 Interim Results Announcement

GROUP RESULTS

The Group's unaudited profit attributable to equity holders of the Company for the six months ended 30 June 2006 amounted to HK\$260.7 million, an increase of 23.7% as compared with the profit of HK\$210.7 million for the corresponding period last year. Basic earnings per share were 12.4 HK cents (2005: 10.1 HK cents).

INTERIM DIVIDEND

The Board of Directors has declared an interim dividend of 4.5 HK cents per share (2005: 2.5 HK cents) in respect of the six months ended 30 June 2006, payable on 6 October 2006 to shareholders on record as at 29 September 2006.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 30 June

	Note	(Unaudited) 2006 (HK\$'000)	(Unaudited) 2005 (HK\$'000)
Turnover	3	1,222,596	1,345,954
Other revenues		127,683	53,484
Other income	4	37,141	9,762
		1,387,420	1,409,200
Cost of inventories sold or consumed		(310,994)	(436,716)
Staff costs		(288,679)	(262,145)
Depreciation and amortisation		(67,214)	(66,118)
Other costs		(378,152)	(363,760)
Fair value changes on investment properties		36,843	106,576
Operating profit	3, 5	379,224	387,037
Excess of interest in fair value of net assets acquired over cost of acquisition of a subsidiary		22,689	—
Finance costs	6	(26,520)	(11,432)
Share of results of associates		42,772	16,737
Share of results of jointly controlled entities		4,479	2,856
Profit before taxation		422,644	395,198
Taxation	7	(32,619)	(46,579)
Profit after taxation		390,025	348,619

		(Unaudited) 2006 (HK\$'000)	(Unaudited) 2005 (HK\$'000)
Attributable to:			
Equity holders of the Company		260,687	210,700
Minority interests		<u>129,338</u>	<u>137,919</u>
		<u>390,025</u>	<u>348,619</u>
Interim dividend		<u>98,604</u>	<u>52,126</u>
Earnings per share (HK cents)	8		
— basic		<u>12.4</u>	<u>10.1</u>
— diluted		<u>11.9</u>	<u>9.7</u>

CONDENSED CONSOLIDATED BALANCE SHEET

		(Unaudited) 30 June 2006 (HK\$'000)	(Audited) 31 December 2005 (HK\$'000)
Non-current assets			
Property, plant and equipment		900,926	936,855
Investment properties		2,953,062	2,912,255
Leasehold land		595,000	601,782
Properties under development		12,689	—
Associates		203,084	196,955
Jointly controlled entities		996,329	14,553
Intangible assets		3,439	2,275
Available-for-sale investments		1,181,984	1,057,684
Mortgage loans receivable		120,875	283,099
Deferred tax assets		11,863	11,285
Other non-current assets		<u>737,534</u>	<u>370,951</u>
		<u>7,716,785</u>	<u>6,387,694</u>
Current assets			
Properties under development		1,042,480	1,026,554
Inventories		239,229	235,674
Trade and other receivables	9	442,474	303,049
Available-for-sale investments		12,094	29,038
Derivative financial instruments		823	5,363
Taxation recoverable		3,538	4,169
Cash and bank balances		<u>3,638,201</u>	<u>3,864,250</u>
		<u>5,378,839</u>	<u>5,468,097</u>

		(Unaudited)	(Audited)
		30 June	31 December
		2006	2005
	Note	(HK\$'000)	(HK\$'000)
Current liabilities			
Bank borrowings		76,244	166,995
Trade and other payables	9	549,031	519,243
Derivative financial instruments		36	—
Provision for employee benefits		27,931	28,222
Taxation payable		49,419	65,211
		<u>702,661</u>	<u>779,671</u>
Net current assets		<u>4,676,178</u>	<u>4,688,426</u>
Total assets less current liabilities		<u>12,392,963</u>	<u>11,076,120</u>
Non-current liabilities			
Bank borrowings		954,853	849,724
Deferred tax liabilities		169,869	158,412
Loans from minority shareholders		992,681	1,104,858
		<u>2,117,403</u>	<u>2,112,994</u>
Net assets		<u>10,275,560</u>	<u>8,963,126</u>
Equity			
Share capital		547,802	520,505
Reserves		7,717,472	6,530,298
Proposed dividends		98,604	93,691
		<u>8,363,878</u>	<u>7,144,494</u>
Equity attributable to equity holders of the Company		<u>8,363,878</u>	<u>7,144,494</u>
Minority interests		1,911,682	1,818,632
Total equity		<u>10,275,560</u>	<u>8,963,126</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Note 1 Basis of Preparation and Accounting Policies

The condensed consolidated financial statements have been prepared in compliance with Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standard (HKAS) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2005 except as described in note 2 below.

Note 2 Impact of Revised Hong Kong Financial Reporting Standards

The Group has adopted the following amendments to Hong Kong Financial Reporting Standards (HKFRSs) that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2006:

HKAS 1, HKAS 27 & HKFRS 3 (Amendments)	Presentation of Financial Statements, Consolidated and Separate Financial Statements & Business Combinations — Amendments as a consequence of the Hong Kong Companies (Amendment) Ordinance 2005
HKAS 21 (Amendment)	The Effects of Changes in Foreign Exchange Rates — Net Investment in a Foreign Operation
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement — The Fair Value Option
HKAS 39 & HKFRS 4 (Amendments)	Financial Instruments: Recognition and Measurement & Insurance Contracts — Financial Guarantee Contracts

In addition, the Hong Kong Companies (Amendment) Ordinance 2005 came into effect on 1 December 2005 and was first applicable to the Group’s financial statements for the accounting period beginning on 1 January 2006.

The adoption of the revised HKFRSs and the application of the Hong Kong Companies (Amendment) Ordinance 2005 have no material impact on these condensed consolidated financial statements.

Note 3 Segment Information

Business segments

	Transportation (HK\$'000)	Property (HK\$'000)	Hospitality (HK\$'000)	Investment and others (HK\$'000)	Eliminations (HK\$'000)	Consolidated (HK\$'000)
For the six months ended						
30 June 2006						
Turnover and revenue						
External turnover	856,173	119,288	136,161	110,974	—	1,222,596
Inter-segment turnover	61,316	964	15,496	—	(77,776)	—
Other revenues	<u>30,800</u>	<u>714</u>	<u>574</u>	<u>16,471</u>	<u>—</u>	<u>48,559</u>
	<u>948,289</u>	<u>120,966</u>	<u>152,231</u>	<u>127,445</u>	<u>(77,776)</u>	<u>1,271,155</u>
Segment results	130,573	48,390	15,705	113,872	—	308,540
Fair value changes on investment properties	—	36,843	—	—	—	36,843
Unallocated net income						<u>33,841</u>
Operating profit						<u>379,224</u>
For the six months ended						
30 June 2005						
Turnover and revenue						
External turnover	790,172	356,030	105,003	94,749	—	1,345,954
Inter-segment turnover	19,363	832	13,735	—	(33,930)	—
Other revenues	<u>18,840</u>	<u>832</u>	<u>224</u>	<u>3,796</u>	<u>—</u>	<u>23,692</u>
	<u>828,375</u>	<u>357,694</u>	<u>118,962</u>	<u>98,545</u>	<u>(33,930)</u>	<u>1,369,646</u>
Segment results	91,702	91,614	14,024	91,257	—	288,597
Fair value changes on investment properties	—	106,576	—	—	—	106,576
Unallocated net expenses						<u>(8,136)</u>
Operating profit						<u>387,037</u>

Geographical segments

	Hong Kong (HK\$'000)	Macau (HK\$'000)	Others (HK\$'000)	Consolidated (HK\$'000)
For the six months ended 30 June				
Turnover and revenue				
2006	<u>624,497</u>	<u>553,663</u>	<u>92,995</u>	<u>1,271,155</u>
2005	<u>830,847</u>	<u>471,243</u>	<u>67,556</u>	<u>1,369,646</u>

Note 4 Other Income

Other income in 2006 includes HK\$27,268,000 being profit on disposal of property, plant and equipment.

Note 5 Operating Profit

For the six months ended 30 June

	2006 (HK\$'000)	2005 (HK\$'000)
After crediting:		
Interest income	86,510	36,969
Rental income from investment properties	69,430	63,572
Dividend income from listed investments	2,072	1,006
Dividend income from unlisted investments	108,727	93,630
Profit on sale of investments	1,861	—
After charging:		
Cost of inventories		
— properties	6,681	206,034
— others	<u>304,313</u>	<u>230,682</u>
	310,994	436,716

Note 6 Finance Costs

For the six months ended 30 June

	2006 (HK\$'000)	2005 (HK\$'000)
Total finance costs incurred	27,160	11,466
Less: Amount capitalised in properties under development	<u>(640)</u>	<u>(34)</u>
Total finance costs expensed during the period	<u>26,520</u>	<u>11,432</u>

Note 7 Taxation

For the six months ended 30 June

	2006 (HK\$'000)	2005 (HK\$'000)
Company and subsidiaries		
Hong Kong profits tax	20,006	21,290
Overseas tax	1,262	3,643
Deferred tax	11,351	21,646
	<u>32,619</u>	<u>46,579</u>

Hong Kong profits tax is provided for at the rate of 17.5% (2005: 17.5%) 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 Earnings per Share

The calculation of basic earnings per share is based on profit attributable to equity holders of the Company of HK\$260,687,000 (2005: HK\$210,700,000) and the weighted average number of 2,096,772,692 shares (2005: 2,080,854,969 shares) in issue during the period. The calculation of diluted earnings per share is based on profit attributable to equity holders of the Company of HK\$260,687,000 (2005: HK\$210,700,000) and the weighted average number of 2,188,736,830 shares (2005: 2,166,616,091 shares) in issue after adjusting for the effects of all dilutive potential ordinary shares.

Note 9 Trade Debtors and Creditors — 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 ageing analysis of trade debtors is as follows:

	30 June 2006 (HK\$'000)	31 December 2005 (HK\$'000)
0 - 30 days	87,888	91,422
31 - 60 days	39,237	32,133
61 - 90 days	9,502	4,312
over 90 days	33,478	16,639
	<u>170,105</u>	<u>144,506</u>

The ageing analysis of trade creditors is as follows:

	30 June 2006 (HK\$'000)	31 December 2005 (HK\$'000)
0 - 30 days	149,360	150,071
31 - 60 days	2,317	3,649
61 - 90 days	554	452
over 90 days	10,031	8,731
	<u>162,262</u>	<u>162,903</u>

BUSINESS REVIEW

Transportation

During the first half of the year, the Group's transportation division achieved a 42.4% increase in operating profit to HK\$130.6 million (2005: HK\$91.7 million). This performance reflects the favourable influence of Macau's emergence as a world-class tourism, entertainment and conference destination and the resulting traffic flow there. The number of visitors to Macau during the first half of the year exceeded 10 million people, representing an increase of approximately 17% over the comparable period last year.

Total passenger volume on the division's sea routes grew by approximately 12% to over 5.9 million people as compared to the same period in 2005. On the division's popular Hong Kong-Macau route, passenger volume increased by approximately 12% to 5.2 million people, a record high since the formation of TurboJET in 1999. The division retains its market leadership on this route, which it has maintained for the past four decades.

The division's TurboJET Sea Express service, linking the Hong Kong International Airport with Shenzhen and Macau, and its Macau-Shenzhen route both achieved record-high passenger volume with increases of approximately 29% and 39%, respectively, over the same period in 2005.

The division's sailing frequency reached a record-high level during the 2006 Chinese New Year holidays with 321 trips within a single day, including 282 trips on the Hong Kong-Macau route. These encouraging passenger trends were tempered by escalating fuel prices, which rose by approximately 30% from same period in 2005. High fuel prices continue to be a challenge to the transportation division's positive performance. The division will continue to maintain prudent cost-control measures, including the most effective fleet deployment and sailing schedules.

In addition to the division's sea travel services, its transportation network has been extended to land and air. Its joint-venture company Shun Tak & CITS Coach (Macao) Limited (STCITS) operates bus services in Macau and provides cross-boundary services to several major Pearl River Delta destinations. STCITS recently purchased ten new coaches to accommodate the growing passenger demand for these routes. In January 2006, the Group announced a joint venture with China National Aviation Company Limited to form Groupax Limited, which indirectly holds a 49% interest in a new Macau-based airline, Macau Asia Express Limited (MAX).

Hospitality

The Group's hospitality division reported an operating profit of HK\$15.7 million for the first half of 2006, an increase of 12% over the comparable period last year. The division continues to benefit from the Macau SAR Government's promotion campaigns to attract leisure and business travelers to Macau and the Government's efforts to expand and improve Macau's infrastructure to accommodate the surge in growth of visitors to Macau.

The Group's 50%-owned Mandarin Oriental Macau (Mandarin) and 34.9%-owned Westin Resort Macau (Westin) together with the adjacent Macau Golf & Country Club, reported satisfactory growth in earnings over the same period of 2005. The Mandarin recorded an approximately 15% increase in average room rate during the period with an occupancy rate of 65%. The Westin recorded an increase in average room rate of approximately 7% and an occupancy rate of 55%.

In June, the Group's hotel portfolio expanded to Hong Kong to include a hotel at the Hong Kong International Airport. The Airport Authority Hong Kong awarded the consortium, in which the Group owns 70% interest, the right to develop and operate the hotel. The new five-star waterfront hotel, targeted at business, convention and leisure visitors, will be developed in two phases for a total of up to 1,000 rooms with initially 658 rooms in the first phase. The project will be named The Hong Kong SkyCity Marriott Hotel and managed by the internationally renowned hotel operator, Marriott International Inc. The new hotel will include extensive meeting facilities, three restaurants, an indoor swimming pool, health club and spa. The first development phase, with a total investment of approximately HK\$1 billion, is anticipated to be completed in the first half of 2009. It is expected that about 60% of the total investment will be funded by external financing.

Macau Tower Convention & Entertainment Centre, which has been professionally managed by the Group, attracted more than four million visitors since its opening in December 2001. The Tower is now established as both a major tourist attraction and a prime venue for business conventions and large-scale public events.

Property

The Group's property division recorded an operating profit of HK\$48.4 million (2005: HK\$91.6 million) during the first half of the year. The profit decreased as most of the completed development properties in Hong Kong had been sold in previous years and new property developments are currently under planning and construction. With the completion of Nova City Phase I in Macau in the third quarter of 2006, a considerable profit will be recognized in the latter half of 2006.

The pre-sale of Nova City Phase I, comprising five residential towers, commenced in September 2005. The launch drew an enthusiastic market response, with almost all residential units sold by the first half of 2006. Superstructure works for Nova City Phase II, comprising four residential towers, commenced in October 2005 and is scheduled for completion in the first quarter of 2007. Pre-sale of Nova City Phase II units was launched in May 2006 and received a very positive response. Nova City Phase III is under planning.

In September 2005, the Group announced plans for a joint venture project with Hongkong Land Holdings Limited to develop a prime site on the Macau NAPE waterfront adjacent to the MGM Grand Macau complex under construction. The development of this joint venture project is named as One Central. It will comprise approximately 1.6 million square feet of lakefront luxury residential and serviced apartments, an approximately 400,000-square-foot

high-end retail arcade and a 6-star 210-room hotel that will be managed by the Mandarin Oriental Hotel Group. Foundation work of the development was completed in August 2006. The project's residential and retail portions are scheduled for completion in 2008 and its serviced apartments and hotel portions in 2009.

Development of the Nam Van site, adjoining the Macau Tower, is under planning. The site area is approximately 428,000 square feet, with a total developable gross floor area of approximately 3.8 million square feet for mixed use, subject to the Macau SAR Government's approval. The completion date of the acquisition has been extended to 30 June 2007. The Group paid to the seller a HK\$500 million refundable deposit in consideration of the seller agreeing to further extend the completion date without increasing the sale price of the subject land. The development will include residential towers, a shopping mall, office building, hotel and casino.

The Group will also develop a site in Cotai zoned for hospitality and entertainment uses with Sociedade de Turismo e Diversões de Macau, S.A. (STDM), subject to the Macau SAR Government's approval, in lieu of the originally-announced site in Taipa. The Group holds 80% of the development and STDM holds the remaining 20%.

In Hong Kong, superstructure works for Radcliffe (formerly known as 120 Pokfulam Road), a luxury residential development featuring ten exclusive duplex boutique apartments of over 3,000 square feet each, commenced in September 2005 with completion scheduled for early 2007. The Group has also acquired all 140 units of Chatham Gardens as of January 2006. Demolition works commenced in May 2006 and are scheduled for completion by September 2006. The design of the site's new residential towers and commercial podium is in progress.

Liberté Place, the commercial complex at the Liberté in West Kowloon, and The Westwood, the commercial complex at The Belcher's in Mid-Levels, continued to generate stable rental income and satisfactory occupancy rates.

In Guangzhou, the Shun Tak Business Centre, a 32-storey office tower and a six-storey shopping arcade, recorded satisfactory performance.

Property Services

The Group's property management division provides comprehensive quality services to a wide range of residential, commercial and industrial properties. The property portfolio under the Group's management extends to more than 10 million square feet in Hong Kong and Macau and continues to expand. With the expected addition of Nova City Phase I to the portfolio, the revenue from property management will be further enhanced.

Investment

The investment division reported a 24.8% increase in operating profit to HK\$113.9 million (2005: HK\$91.3 million) for the first half of 2006. The Group owns a consolidated interest in STDM of approximately 15.8%. During the first half of 2006, the Group recognized

HK\$108.5 million ordinary dividends from STDM for financial year ended 31 December 2005, representing a 16.3% increase over the corresponding period last year. In 2005, the Group recognized approximately HK\$93.3 million dividend income for the financial year ended 31 December 2004.

PROSPECTS

The Group is confident that Macau's robust economic expansion, with accompanying visitor and population growth and infrastructure development, will continue over the next decade. All divisions of the Group - transportation, hospitality, property and investment - are well-positioned to benefit from this long-term upward trend.

Built on the foundation of its historic shipping operations, the Group's transportation network has been extended to sea, land and air. The Group will continue to develop this international multi-modal network as passenger demand and synergistic opportunities evolve, and to seek additional revenue sources. Its joint-venture coach service, which began in 2005, has expanded its ground fleet in anticipation of increasing passenger demand for reliable, comfortable coach transportation in Macau and to major Pearl River Delta destinations.

The Group also anticipates growing demand for low-cost air transportation in the Pearl River Delta region. Utilizing a highly competitive cost model, MAX will fly initially to new destinations in Mainland China and other parts of Asia, offering individual travelers high-value flights. Subject to approval by the Macau SAR Government, MAX is scheduled to undertake its first commercial flight in the second quarter of 2007.

The Group's Macau hotel portfolio has been expanding and will comprise five luxury hotels. In addition to the well-regarded Mandarin and Westin, the Group plans major new hotels as part of its development projects at One Central, at the Nam Van site adjacent to the Macau Tower and in Cotai. These new hotels are well-positioned to serve Macau's growing leisure travel and business travel markets. The newly planned hotel at the Hong Kong International Airport, which is expected to be completed by the first half of 2009, will not only strengthen the Group's hotel portfolio but will also enhance its leading role as the premier travel and hospitality services provider in the Pearl River Delta region.

The property management division is actively pursuing opportunities that complement the thriving property and hospitality industries in Macau. In June 2006, it established ISS Shun Tak Company Limited, a joint venture company with ISS Hong Kong Services Limited, to deliver high-quality business cleaning services in Macau. ISS Hong Kong Services Limited is a member of ISS Group, a global market leader in facility services.

In March 2006, the Group obtained a HK\$5 billion syndicated loan facility for its planned property development projects at the Macau NAPE and Nam Van sites. As at 30 June 2006, the Group had a net cash surplus of approximately HK\$2.7 billion. The Group maintains a strong financial capability to explore and realize investment opportunities in Macau that are synergistic with its core businesses.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group maintained strong financial position with bank balances and deposits amounted to HK\$3,716 million at 30 June 2006. Total loan facilities available to the Group as of 30 June 2006 amounted to HK\$8,559 million, of which HK\$7,528 million remained undrawn. The facilities outstanding at the period end comprised HK\$1,031 million in bank loans.

It is the Group's policy to secure adequate funding to match with cash flows required for working capital and investing activities. The maturity profile of the Group's borrowings as at 30 June 2006 is set out below:

Maturity Profile

Within 1 year	1-2 years	2-5 years	Total
7%	72%	21%	100%

Based on a net cash surplus of HK\$2,685 million at the period end, the Group's gearing ratio (expressed as a ratio of net borrowings to equity attributable to equity holders of the Company) was nil (at 31 December 2005: nil). The Group will continue with its financial strategy of maintaining a prudent gearing ratio and consider steps to reduce its finance costs.

During the period, 15,078,870 new shares were issued upon exercise of share options. In June 2006, 94,110,954 shares were issued as purchase consideration for the acquisition of Built City Investments Limited, a company holding 51% interest in a joint venture project with Hongkong Land Holdings Limited to develop One Central in Macau. At 30 June 2006, the Group had commitment of HK\$2,658 million to finance this development project.

Capital expenditure commitments of the Group amounted to HK\$892 million, a major portion of which was related to the Hong Kong SkyCity Marriott Hotel project at the Hong Kong International Airport.

Pledge of Assets

At the period end, certain assets of the Group with an aggregate carrying value of HK\$437 million (at 31 December 2005: HK\$465 million) were pledged with banks for loan facilities.

Contingent Liabilities

There was no material contingent liabilities under 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. It is the Group's policy not to engage in any speculative trading activity. 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 period end. The

Group's principal operations are primarily conducted and recorded in Hong Kong dollars so that the exposure to foreign exchange fluctuations is minimal. 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 2,300 employees at the period end. The Group adopts a competitive remuneration package for its employees. Promotion and salary increments are assessed based on performance. Social activities are organised to foster team spirit amongst staff members. They are also encouraged to attend training classes that are related to the Group's businesses.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Wednesday, 27 September 2006 to Friday, 29 September 2006, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong registrars, Computershare Hong Kong Investor Services Limited, of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on Tuesday, 26 September 2006.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities during the six months ended 30 June 2006.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the six months ended 30 June 2006.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they fully complied with the Model Code throughout the six months ended 30 June 2006.

REVIEW BY AUDIT COMMITTEE

The unaudited interim financial statements for the six months ended 30 June 2006 have been reviewed by the Audit Committee of the Company. At the request of the Directors, the Company's external auditors have carried out a review of the unaudited interim financial statements in accordance with Statement of Auditing Standards 700 issued by the Hong Kong Institute of Certified Public Accountants.

By order of the Board
Stanley Ho
Group Executive Chairman

Hong Kong, 8 September 2006

As at the date hereof, the executive Directors of the Company are Dr. Stanley Ho, Ms. Pansy Ho, Ms. Daisy Ho, Dr. Ambrose So, Mr. Patrick Huen, Mr. Anthony Chan, Ms. Maisy Ho and Mr. David Shum.

The non-executive Directors are Dato' Dr. Cheng Yu Tung and Mrs. Louise Mok and the independent non-executive Directors are Sir Roger Lobo, Mr. Robert Kwan and Mr. Norman Ho.

This results announcement is published on the website of The Stock Exchange of Hong Kong Limited (<http://www.hkex.com.hk>) and the interim report will be available from the same website on or before 30 September 2006.