



SUCCESS UNIVERSE GROUP LIMITED

實德環球有限公司

(Incorporated in Bermuda with limited liability)

Stock Code : 00487

A STRATEGY THAT DELIVERS



Interim Report **2011**

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CORPORATE INFORMATION

Directors

Executive Directors

Mr. Yeung Hoi Sing, Sonny (*Chairman*)

Dr. Ma Ho Man, Hoffman
(*Deputy Chairman*)

Non-executive Director

Mr. Choi Kin Pui, Russelle

Independent Non-executive Directors

Mr. Luk Ka Yee, Patrick

Mr. Yim Kai Pung

Ms. Yeung Mo Sheung, Ann

Company Secretary

Ms. Chiu Nam Ying, Agnes

Financial Controller

Mr. Wong Chi Keung, Alvin

Authorised Representatives

Dr. Ma Ho Man, Hoffman

Ms. Chiu Nam Ying, Agnes

Audit Committee

Mr. Yim Kai Pung (*Chairman*)

Mr. Choi Kin Pui, Russelle

Mr. Luk Ka Yee, Patrick

Ms. Yeung Mo Sheung, Ann

Remuneration Committee

Mr. Yeung Hoi Sing, Sonny (*Chairman*)

Mr. Choi Kin Pui, Russelle

Mr. Luk Ka Yee, Patrick

Mr. Yim Kai Pung

Ms. Yeung Mo Sheung, Ann

Executive Committee

Mr. Yeung Hoi Sing, Sonny (*Chairman*)

Dr. Ma Ho Man, Hoffman

Auditors

HLB Hodgson Impey Cheng

Chartered Accountants

Certified Public Accountants

Legal Advisers on Hong Kong Laws

lu, Lai & Li

Legal Advisers on Bermuda Laws

Conyers Dill & Pearman

Principal Bankers

Chong Hing Bank Limited

Fubon Bank (Hong Kong) Limited

Royal Bank of Canada

The Bank of East Asia, Limited

The Hongkong and Shanghai Banking
Corporation Limited

Principal Share Registrar and Transfer Agent in Bermuda

Butterfield Fulcrum Group (Bermuda)
Limited

Rosebank Centre

11 Bermudiana Road

Pembroke, HM 08

Bermuda

Branch Share Registrar and Transfer Office in Hong Kong

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Tesbury Centre

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Wanchai

Hong Kong

Registered Office

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Bermuda

Head Office and Principal Place of Business

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Great Eagle Centre

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Wanchai

Hong Kong

Share Listing

The Stock Exchange of Hong Kong
Limited

Stock Code: 00487

Website

www.successug.com



OPERATIONAL HIGHLIGHTS

- Total turnover of the Group amounted to approximately HK\$763.1 million
- Loss attributable to owners of the Company narrowed to approximately HK\$37.6 million
- Cruise and travel businesses continued to contribute stable revenue to the Group
- The Group's flagship investment project, Ponte 16, delivered a positive EBITDA* with a growth rate of approximately 17%. Ponte 16 attained an approximately 49% growth in gross gaming revenue, mainly driven by the continuous growth in the VIP gaming segment
- The Group has embarked on a new business to provide a technology services platform and technical support as well as sports lottery sales agency services to China's mobile sports lottery market, in order to seize the enormous growth opportunities in China's burgeoning lottery industry

* EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortisation

The board of directors (the “Board”) of Success Universe Group Limited (the “Company”) presents the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2011 together with comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2011

	Note	Unaudited For the six months ended 30/6/2011 HK\$'000	30/6/2010 HK\$'000
Turnover	4	763,050	782,853
Cost of sales		(727,677)	(739,060)
Gross profit		35,373	43,793
Other revenue and gains	5	18,716	21,339
Administrative expenses		(68,123)	(66,559)
Other operating expenses	6(c)	(6,300)	(6,300)
Loss from operations		(20,334)	(7,727)
Finance costs	6(a)	(11,494)	(10,600)
Share of results of jointly controlled entities		(59)	169
Share of results of associates		(9,481)	(18,563)
Loss before taxation	6	(41,368)	(36,721)
Income tax	7	1,575	(126)
Loss for the period		(39,793)	(36,847)
Attributable to:			
Owners of the Company		(37,612)	(38,040)
Non-controlling interests		(2,181)	1,193
Loss for the period		(39,793)	(36,847)
Loss per share			
– Basic	9	(1.54) HK cents	(1.56) HK cents
– Diluted	9	(1.54) HK cents	(1.56) HK cents

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	Unaudited	
	For the six months ended	
	30/6/2011	30/6/2010
	HK\$'000	HK\$'000
Loss for the period	(39,793)	(36,847)
Other comprehensive income		
Exchange differences on translation of financial statements of overseas subsidiaries	806	137
Total other comprehensive income for the period, net of tax	806	137
Total comprehensive loss for the period	(38,987)	(36,710)
Attributable to:		
Owners of the Company	(36,998)	(37,978)
Non-controlling interests	(1,989)	1,268
Total comprehensive loss for the period	(38,987)	(36,710)

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2011

	Note	Unaudited At 30/6/2011 HK\$'000	Audited At 31/12/2010 HK\$'000
Non-current assets			
Property, plant and equipment	10	88,335	91,923
Goodwill	11	6,828	6,828
Intangible assets	12	40,407	38,823
Interest in associates	13	1,155,767	1,171,087
Interest in jointly controlled entities	14	1,634	1,693
		1,292,971	1,310,354
Current assets			
Inventories		2,290	983
Trade and other receivables	15	45,751	47,707
Tax recoverable		2,267	184
Pledged bank deposits	16	8,284	8,104
Cash and cash equivalents	16	79,095	108,042
		137,687	165,020
Current liabilities			
Trade and other payables	17	26,505	22,536
Deferred income		974	948
Profit guarantee liabilities	18	9,100	9,100
Financial guarantee contract	22	12,600	12,600
Bank loans – due within one year	19	585	556
Tax payable		17	1,347
		49,781	47,087
Net current assets		87,906	117,933
Total assets less current liabilities		1,380,877	1,428,287

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 30 June 2011

	Note	Unaudited At 30/6/2011 HK\$'000	Audited At 31/12/2010 HK\$'000
Non-current liabilities			
Deferred income		2,597	3,002
Profit guarantee liabilities	18	14,408	23,508
Loans payables	20	456,307	454,640
Long-term payables	21	209,691	205,126
Amount due to a related company		24,253	23,191
Deferred tax liabilities		29	29
Financial guarantee contract	22	–	6,300
Bank loans – due after one year	19	14,028	13,940
Loan from a director and controlling shareholder		105,000	105,000
		826,313	834,736
Net assets		554,564	593,551
Capital and reserves			
Share capital	23	24,390	24,390
Reserves		486,502	523,500
Total equity attributable to owners of the Company		510,892	547,890
Non-controlling interests		43,672	45,661
Total equity		554,564	593,551

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Distributable reserve	Capital redemption reserve	Exchange reserve	Accumulated losses		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2010	24,390	908,785	52,333	976	(1,369)	(357,456)	627,659	673,873
Total comprehensive income/(loss) for the period	-	-	-	-	62	(38,040)	(37,978)	(36,710)
At 30 June 2010 (unaudited)	24,390	908,785	52,333	976	(1,307)	(395,496)	589,681	637,163
At 1 January 2011	24,390	908,785	52,333	976	(356)	(438,238)	547,890	593,551
Total comprehensive income/(loss) for the period	-	-	-	-	614	(37,612)	(36,998)	(38,987)
At 30 June 2011 (unaudited)	24,390	908,785	52,333	976	258	(475,850)	510,892	554,564

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2011

	Note	Unaudited For the six months ended	
		30/6/2011 HK\$'000	30/6/2010 HK\$'000
Net cash used in operating activities		(14,462)	(2,614)
Net cash used in investing activities		(474)	(106,846)
Net cash (used in)/generated from financing activities		(14,508)	117,814
Net (decrease)/increase in cash and cash equivalents		(29,444)	8,354
Cash and cash equivalents at the beginning of the period		108,042	42,308
Effect of foreign exchange rate changes		497	80
Cash and cash equivalents at the end of the period	16	79,095	50,742

The accompanying notes form an integral part of these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2011

1. Organisation and Principal Activity

The Company was incorporated as an exempted company with limited liability in Bermuda on 27 May 2004 under the Companies Act 1981 of Bermuda and is listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The principal activity of the Company is investment holding.

2. Basis of Preparation

The condensed consolidated financial statements for the six months ended 30 June 2011 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The condensed consolidated financial statements do not include all the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Group for the year ended 31 December 2010 as contained in the Company’s Annual Report 2010 (the “Annual Report 2010”).

The preparation of the condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The condensed consolidated financial statements are denominated in Hong Kong Dollar (“HK\$”). Unless otherwise specifically stated, all amounts are presented in thousand.

3. Summary of Significant Accounting Policies

The accounting policies used in the preparation of the condensed consolidated financial statements are consistent with those used in the Annual Report 2010, except for the impact of the adoption of the new and revised Hong Kong Accounting Standards, Hong Kong Financial Reporting Standards ("HKFRSs") amendments and interpretations described below.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's accounting period beginning on 1 January 2011.

The new HKFRSs adopted by the Group in the condensed consolidated financial statements are set out as follows:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendments)	Classification of Rights Issues
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the above new HKFRSs had no material effect on the results and financial position of the Group for the current or prior accounting periods which have been prepared and presented. Accordingly, no prior period adjustment has been required.

3. Summary of Significant Accounting Policies *(Continued)*

The Group has not early applied the following new and revised standards or amendments that have been issued but are not yet effective:

HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters ¹
HKFRS 7 (Amendments)	Disclosure – Transfer of Financial Assets ¹
HKFRS 9	Financial Instruments ⁴
HKFRS 10	Consolidated Financial Statements ⁴
HKFRS 11	Joint Arrangements ⁴
HKFRS 12	Disclosure of Interests in Other Entities ⁴
HKFRS 13	Fair Value Measurement ⁴
Amendments to HKAS 1 (Revised)	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income ³
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets ²
HKAS 19 (2011)	Employee Benefits ⁴
HKAS 27 (2011)	Separate Financial Statements ⁴
HKAS 28 (2011)	Investments in Associates and Joint Ventures ⁴

¹ Effective for annual periods beginning on or after 1 July 2011

² Effective for annual periods beginning on or after 1 January 2012

³ Effective for annual periods beginning on or after 1 July 2012

⁴ Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of assessing the potential impact of the above new HKFRSs upon initial application but is not yet in a position to state whether the above new HKFRSs will have a significant impact on the Group's and the Company's results of operations and financial position.

4. Segment Information

Operating segments are identified on the basis of internal reports which provide information about components of the Group. This information are reported to and reviewed by the chief operating decision maker (the "CODM") for the purposes of resource allocation and performance assessment. The Group has identified the following two reportable segments:

- Cruise leasing and management business: the leasing of cruise and the provision of cruise management services.
- Travel business: sales of air tickets and provision of travel-related services.

4. Segment Information *(Continued)*

(a) Segment results and assets

In accordance with HKFRS 8, segment information disclosed in these condensed consolidated financial statements has been prepared in a manner consistent with the information used by the Group's CODM for the purposes of assessing segment performance and allocating resources among segments. In this regard, the Group's CODM monitors the results and assets attributable to each reportable segment on the following bases:

Segment profit represents the profit from each segment without allocation of corporate administrative costs such as directors' salaries, share of results of associates and jointly controlled entities, investment income and corporate finance costs. To arrive at reportable segment profit, the management additionally provide segment information concerning interest income, finance costs and major non-cash items such as depreciation, amortisation and impairment losses derived from reportable segments. Unallocated corporate income mainly comprises amortisation on financial guarantee contract, management fee income from an associate and other sundry income. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. Taxation charge/(credit) is not allocated to reportable segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments.

Inter-segment sales are priced with reference to prices charged to external parties for similar orders. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the condensed consolidated income statement.

All assets are allocated to reportable segments other than current and deferred tax assets, tax recoverable, interest in associates, interest in jointly controlled entities and unallocated corporate assets. Unallocated corporate assets mainly included part of the property, plant and equipment, cash and cash equivalents of the central administration companies.

4. Segment Information (Continued)

(a) Segment results and assets (Continued)

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and performance assessment for the period is set out below:

	Cruise leasing and management		Travel		Total	
	Unaudited		Unaudited		Unaudited	
	For the six months ended 30/6/2011	30/6/2010	For the six months ended 30/6/2011	30/6/2010	For the six months ended 30/6/2011	30/6/2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	34,800	34,800	728,250	748,053	763,050	782,853
Inter-segment revenue	-	-	580	259	580	259
Reportable segment revenue	34,800	34,800	728,830	748,312	763,630	783,112
Reportable segment (loss)/profit	(2,336)	1,131	(5,474)	2,582	(7,810)	3,713
Interest income	6	5	8	2	14	7
Amortisation of intangible assets	-	-	(213)	(155)	(213)	(155)
Depreciation	(3,154)	(3,457)	(720)	(619)	(3,874)	(4,076)
Reversal of impairment loss recognised on other receivable	2,405	3,821	-	-	2,405	3,821
Reversal of impairment loss recognised on intangible assets	-	-	741	3,366	741	3,366
Finance costs	-	-	(851)	(402)	(851)	(402)

	Cruise leasing and management		Travel		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	At 30/6/2011	At 31/12/2010	At 30/6/2011	At 31/12/2010	At 30/6/2011	At 31/12/2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	96,090	96,183	98,663	102,192	194,753	198,375

4. Segment Information (Continued)

(b) Reconciliation of reportable segment revenue, (loss)/profit and assets

	Unaudited For the six months ended	
	30/6/2011 HK\$'000	30/6/2010 HK\$'000
Revenue		
Reportable segment revenue	763,630	783,112
Elimination of inter-segment revenue	(580)	(259)
Consolidated turnover	763,050	782,853
(Loss)/profit		
Reportable segment (loss)/profit	(7,810)	3,713
Share of results of jointly controlled entities	(59)	169
Share of results of associates	(9,481)	(18,563)
Unallocated corporate income	10,805	10,652
Depreciation	(718)	(1,061)
Finance costs	(10,643)	(10,198)
Unallocated corporate expenses	(23,462)	(21,433)
Consolidated loss before taxation	(41,368)	(36,721)
	Unaudited At 30/6/2011 HK\$'000	Audited At 31/12/2010 HK\$'000
Assets		
Reportable segment assets	194,753	198,375
Interest in associates	1,155,767	1,171,087
Interest in jointly controlled entities	1,634	1,693
Unallocated		
– Tax recoverable	2,267	184
– Corporate assets	76,237	104,035
Consolidated total assets	1,430,658	1,475,374

5. Other Revenue and Gains

	Unaudited	
	For the six months ended	
	30/6/2011	30/6/2010
	HK\$'000	HK\$'000
Other Revenue:		
Interest income on bank deposits	62	13
Total interest income on financial assets not at fair value through profit or loss	62	13
Management fee income	3,473	3,414
Deferred income	1,588	2,024
Other income	4,147	2,401
	9,270	7,852
Other Gains:		
Amortisation of financial guarantee contract	6,300	6,300
Reversal of impairment loss recognised on intangible assets	741	3,366
Reversal of impairment loss recognised on other receivable	2,405	3,821
	9,446	13,487
	18,716	21,339

6. Loss Before Taxation

Loss before taxation is arrived at after charging/(crediting) as follows:

	Unaudited	
	For the six months ended	
	30/6/2011	30/6/2010
	HK\$'000	HK\$'000
(a) Finance costs		
Interest on other loan	3,475	1,855
Interest on loan from a related company	428	402
Interest on bank loans	423	–
Interest on loan from a director and controlling shareholder	2,603	1,271
Interest on long-term payables	4,565	7,072
Total interest expenses on financial liabilities not at fair value through profit or loss	11,494	10,600
(b) Staff costs		
Salaries, wages and other benefits (including directors' emoluments)	34,049	33,234
Contributions to defined contribution retirement plan	958	931
	35,007	34,165
(c) Other items		
Auditors' remuneration		
– audit services	744	742
– other services	250	250
Depreciation	4,592	5,137
Amortisation of intangible assets	213	155
Operating lease rentals of		
– properties	4,207	4,304
– plant and machinery	319	281
Net exchange gain	(227)	(268)
Impairment losses recognised on interest in associates*	6,300	6,300

* This amount is included in "other operating expenses" of the condensed consolidated income statement.

7. Income Tax in the Condensed Consolidated Income Statement

	Unaudited	
	For the six months ended	
	30/6/2011	30/6/2010
	HK\$'000	HK\$'000
Current tax:		
Hong Kong Profits Tax		
Under provision in respect of prior years	–	17
Other than Hong Kong		
(Credit)/charge for the period	(1,575)	192
	(1,575)	209
Deferred taxation relating to the origination and reversal of temporary differences	–	(83)
Tax (credit)/charge for the period	(1,575)	126

No Hong Kong Profits Tax, in which the subsidiaries operate, has been provided for the six months ended 30 June 2011 and 2010 as the Group has no estimated assessable profits for the periods.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

8. Dividends

The directors of the Company do not recommend the declaration of any interim dividend for the six months ended 30 June 2011 (for the six months ended 30 June 2010: Nil).

No dividend payable to owners of the Company attributable to the previous financial year was approved and paid during the period.

9. Loss Per Share

(a) Basic loss per share

The calculation of basic loss per share is based on the loss for the period attributable to owners of the Company of approximately HK\$37,612,000 (for the six months ended 30 June 2010: approximately HK\$38,040,000) and on the weighted average number of approximately 2,438,964,000 ordinary shares (for the six months ended 30 June 2010: approximately 2,438,964,000 ordinary shares) in issue during the period.

(b) Diluted loss per share

Diluted loss per share equals to the basic loss per share as there were no potential dilutive ordinary shares outstanding for the period presented.

10. Property, Plant and Equipment

	HK\$'000
Carrying amount as at 1 January 2010	78,381
Additions	205
Disposals	(2)
Depreciation	(5,137)
Exchange alignment	35
Carrying amount as at 30 June 2010 (Unaudited)	73,482
Carrying amount as at 1 January 2011	91,923
Additions	431
Disposals	(81)
Depreciation	(4,592)
Exchange alignment	654
Carrying amount as at 30 June 2011 (Unaudited)	88,335

11. Goodwill

	HK\$'000
Cost	
At 1 January 2010, 31 December 2010, 1 January 2011 and 30 June 2011	8,332
Accumulated impairment losses	
At 1 January 2010	(1,504)
Impairment loss for the year	–
At 31 December 2010 and 1 January 2011	(1,504)
Impairment loss for the period	–
At 30 June 2011	(1,504)
Carrying amount	
At 30 June 2011 (unaudited)	6,828
At 31 December 2010	6,828

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to business segment as follows:

	Unaudited At 30/6/2011 HK\$'000	Audited At 31/12/2010 HK\$'000
Cruise management CGU	1,313	1,313
Travel CGU	5,515	5,515
	6,828	6,828

The recoverable amount of the CGU is determined on value in use calculations. These calculations use cash flow projections based on the financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

11. Goodwill (Continued)

Key assumptions used for value in use calculations:

	Travel CGU		Cruise management CGU	
	At 30/6/2011 %	At 31/12/2010 %	At 30/6/2011 %	At 31/12/2010 %
– Growth rate	3	3	Zero	Zero
– Discount rate	10.97	11.65	5	5

The discount rates reflect specific risks relating to the relevant segment.

12. Intangible Assets

	Trademark HK\$'000	Client list HK\$'000	Total HK\$'000
Cost			
At 1 January 2010	31,887	8,915	40,802
Exchange alignment	2,053	574	2,627
At 31 December 2010 and 1 January 2011	33,940	9,489	43,429
Exchange alignment	924	258	1,182
At 30 June 2011	34,864	9,747	44,611
Accumulated amortisation and impairment losses			
At 1 January 2010	(3,682)	(4,594)	(8,276)
Charge for the year	–	(339)	(339)
Reversal of impairment loss	3,571	971	4,542
Exchange alignment	(237)	(296)	(533)
At 31 December 2010 and 1 January 2011	(348)	(4,258)	(4,606)
Charge for the period	–	(213)	(213)
Reversal of impairment loss	308	433	741
Exchange alignment	(9)	(117)	(126)
At 30 June 2011	(49)	(4,155)	(4,204)
Carrying amount			
At 30 June 2011 (Unaudited)	34,815	5,592	40,407
At 31 December 2010	33,592	5,231	38,823

12. Intangible Assets *(Continued)*

Trademark

In accordance with HKAS 36 "Impairment of Assets", the Group completed its interim impairment test for the trademark by comparing its recoverable amount to its carrying amount as at 30 June 2011. The Group has conducted a valuation of the trademark based on the value in use calculations. With reference to the valuations carried out by Roma Appraisals Limited ("Roma"), an independent professional valuer, who has among the staff, fellow members of the Hong Kong Institute of Surveyors, the carrying amount of the trademark is equivalent to approximately HK\$34,815,000. A reversal of impairment loss of equivalent to approximately HK\$308,000 has been recognised for the six months ended 30 June 2011 (for the six months ended 30 June 2010: equivalent to approximately HK\$2,635,000).

The valuation of the trademark is based on the relief-from-royalty method and uses cash flow projections based on financial estimates covering a five-year period, the expected sales deriving from the trademark in the travel CGU and a discount of 12.97% (31 December 2010: 13.1%). The cash flows beyond the five-year period are extrapolated using a steady growth rate of 3% (31 December 2010: 3%). This growth rate does not exceed the long-term average growth rate for travel markets in which the Group operates. Management has considered the above assumptions and valuation and also taken into account the business plan going forward.

Client list

The directors of the Company assessed that the client list having 15 years of useful lives from the date of acquisition. The Group has completed its interim impairment test for the client list by comparing the recoverable amount of the client list to its carrying amount as at 30 June 2011. The Group has conducted a valuation of the client list based on the value in use calculations. With reference to the valuations carried out by Roma, the carrying amount of the client list is equivalent to approximately HK\$5,592,000. A reversal of impairment loss of equivalent to approximately HK\$433,000 has been recognised for the six months ended 30 June 2011 (for the six months ended 30 June 2010: equivalent to approximately HK\$731,000).

The valuation of the client list is based on the contributory charge method and uses cash flow projections based on financial estimates covering a five-year period, the expected sales deriving from the client list in the travel CGU and a discount rate of 12.97% (31 December 2010: 13.1%). The cash flows beyond the five-year period are extrapolated using a steady growth rate of 3% (31 December 2010: 3%). This growth rate does not exceed the long-term average growth rate for travel markets in which the Group operates. Management has considered the above assumptions and valuation and also taken into account the business plan going forward.

13. Interest in Associates

	Note	Unaudited At 30/6/2011 HK\$'000	Audited At 31/12/2010 HK\$'000
Deemed capital contribution		63,000	63,000
Goodwill	(b)	19,409	19,409
		82,409	82,409
Amounts due from associates	(c)	1,123,758	1,132,778
		1,206,167	1,215,187
Less: impairment loss	(d)	(50,400)	(44,100)
		1,155,767	1,171,087

- (a) The following list contains only the particulars of associates, all of which are unlisted corporate entities, which principally affected the results or assets of the Group:

Name of associate	Place of incorporation/ operations	Particulars of issued and paid up share capital	Proportion of ownership interest			Principal activity
			Group's effective interest %	Held by the Company %	Held by a subsidiary %	
Pier 16 – Entertainment Group Corporation Limited	Macau	2 shares of MOP24,000 and MOP1,000 respectively	49	–	49	Provision of management services for casino operations
Pier 16 – Gaming Promotion, Limited	Macau	1 share of MOP 50,000	49	–	49	Provision of gaming promotion services
Pier 16 – Management Limited	Macau/ Hong Kong and Macau	2 shares of MOP24,000 and MOP1,000 respectively	49	–	49	Hotel operations
Pier 16 – Property Development Limited ("Pier 16 – Property Development")	Macau	100,000 shares of MOP100 each	49	–	49	Property holding

13. Interest in Associates *(Continued)*

(b) Goodwill

Because goodwill is included in the carrying amount of the interest in associates and is not separately recognised, it is not tested for impairment separately by applying the requirements for impairment testing in HKAS 36 “Impairment of Assets”. Instead, the entire carrying amount of the interest in associates is tested for impairment as set out in note 13(d) below.

- (c) The amounts due from associates are unsecured, interest-free and have no fixed terms of repayment. Their carrying amounts are not materially different from their fair value.

(d) Impairment test for interest in associates

For the period, the additional impairment loss recognised on interest in associates of HK\$6.3 million (for the six months ended 30 June 2010: HK\$6.3 million) was due to the decrease in the carrying amount of the deemed capital contribution to the associates. The deemed capital contribution is referenced to the financial guarantee contract (note 22) granted by the Group to the associates. The deemed capital contribution decreased as the carrying amount of financial guarantee to the associates decreased during the period. Therefore, at 30 June 2011, the carrying amount of the interest in associates is written down by approximately HK\$50.4 million (31 December 2010: approximately HK\$44.1 million).

Moreover, the Group completed its interim impairment test for interest in associates by comparing the recoverable amount of interest in associates to its carrying amount as at 30 June 2011. The Group has engaged Roma to carry out a valuation of the interest in associates as at 30 June 2011 based on the value in use calculations. This valuation uses cash flow projections based on financial estimates covering a five-year period, and a discount rate of 15.14% (31 December 2010: 14.97%). The cash flows beyond the five-year period are extrapolated using a steady growth rate of 4.66% (31 December 2010: 4.66%) for the casino and hotel industries in which are operated by associates. Management has considered the above assumptions and valuation and also taken into account the business plan going forward.

13. Interest in Associates (Continued)

- (e) The following is summary of aggregate amounts of assets, liabilities, revenues, and results of the Group's associates:

	Unaudited At 30/6/2011 HK\$'000	Audited At 31/12/2010 HK\$'000
Assets	3,399,242	3,372,507
Liabilities	3,281,780	3,392,167
Equity	117,462	(19,660)

	Unaudited For the six months ended 30/6/2011 HK\$'000	30/6/2010 HK\$'000
Revenues	586,787	382,531
Loss	(19,350)	(37,884)

14. Interest in Jointly Controlled Entities

	Note	Unaudited At 30/6/2011 HK\$'000	Audited At 31/12/2010 HK\$'000
Share of net assets		284	343
Amount due from a jointly controlled entity	(b)	12,050	12,050
Less: Impairment loss	(c)	12,334 (10,700)	12,393 (10,700)
		1,634	1,693

14. Interest in Jointly Controlled Entities (Continued)

- (a) Details of the Group's interest in the jointly controlled entities are as follows:

Name of joint venture	Form of business structure	Place of incorporation	Particulars of issued and paid up share capital	Group's effective interest %	Principal activity
Surplus Win Enterprises Limited	Incorporated	British Virgin Islands	2 shares of US\$1 each	50	Investment holding
Double Diamond International Limited	Incorporated	British Virgin Islands	100 shares of US\$1 each	40	Operation of pier

- (b) The amount due from a jointly controlled entity is unsecured, interest-free and has no fixed terms of repayment.
- (c) The Group has advanced HK\$12 million to the jointly controlled entity to finance the acquisition of certain assets. The advance was unsecured and interest-free. In the opinion of the directors of the Company, the amount will not be repaid within twelve months from 30 June 2011 and is therefore classified as non-current assets. As the recoverable amount of the advance is expected to be less than its carrying amount, an impairment loss of HK\$10.7 million has been recognised for the previous year. The recoverable amount of this advance is determined based on the net cash flows from operations estimated by management for the coming five years.
- (d) The following is summary of aggregate amounts of assets, liabilities, revenues and results of the jointly controlled entities:

	Unaudited At 30/6/2011 HK\$'000	Audited At 31/12/2010 HK\$'000
Non-current assets	29,293	29,293
Current assets	901	1,021
Current liabilities	(24,303)	(24,276)
Total equity	5,891	6,038

14. Interest in Jointly Controlled Entities *(Continued)***(d)** *(Continued)*

	Unaudited	
	For the six months ended	30/6/2010
	30/6/2011	30/6/2010
	HK\$'000	HK\$'000
Income	484	450
Expenses	(630)	(28)
(Loss)/profit before taxation	(146)	422
Taxation	–	–
(Loss)/profit for the period	(146)	422

15. Trade and Other Receivables

Included in trade and other receivables, the aging analysis for trade receivables is as follows:

	Unaudited	Audited
	At	At
	30/6/2011	31/12/2010
	HK\$'000	HK\$'000
Current	9,300	14,810
31 to 60 days overdue	949	902
61 to 90 days overdue	492	969
Over 90 days overdue	263	295
Trade receivables	11,004	16,976
Other receivables	1,173	1,143
Prepayments and deposits	33,574	29,588
	45,751	47,707

All of the trade and other receivables are expected to be recovered within one year.

The Group normally allows an average credit period of 30 to 60 days to customers of cruise leasing and management business (31 December 2010: 30 to 60 days) and 30 days to customers of travel business (31 December 2010: 30 days).

16. Pledged Bank Deposits/Cash and Cash Equivalents

	Unaudited At 30/6/2011 HK\$'000	Audited At 31/12/2010 HK\$'000
Cash and bank balances	45,095	85,042
Non-pledged bank deposits	34,000	23,000
Pledged bank deposits	8,284	8,104
	87,379	116,146
Less: Pledged bank deposits	(8,284)	(8,104)
Cash and cash equivalents in the condensed consolidated statements of cash flows and financial position	79,095	108,042

17. Trade and Other Payables

Included in trade and other payables, the aging analysis for trade payables is as follows:

	Unaudited At 30/6/2011 HK\$'000	Audited At 31/12/2010 HK\$'000
Current	8,664	8,276
31 to 60 days	1,147	787
61 to 90 days	336	187
Over 90 days	614	286
Trade payables	10,761	9,536
Accrued charges and other payables	15,744	13,000
Financial liabilities measured at amortised cost	26,505	22,536

All of the trade and other payables are expected to be settled within one year.

18. Profit Guarantee Liabilities

	HK\$'000
Carrying amount	
At 1 January 2010	41,708
Payment to SBI Macau Holdings Limited ("SBI Macau") under the profit guarantee	(9,100)
At 31 December 2010 and 1 January 2011	32,608
Payment to SBI Macau under the profit guarantee	(9,100)
At 30 June 2011 (Unaudited)	23,508

	Unaudited At 30/6/2011 HK\$'000	Audited At 31/12/2010 HK\$'000
Current liabilities	9,100	9,100
Non-current liabilities	14,408	23,508
	23,508	32,608

The profit guarantee liabilities are carried at amortised cost.

19. Bank Loans

	Unaudited At 30/6/2011 HK\$'000	Audited At 31/12/2010 HK\$'000
Bank loans, secured	14,613	14,496

19. Bank Loans *(Continued)*

The maturity of the above borrowings is as follow:

	Unaudited At 30/6/2011 HK\$'000	Audited At 31/12/2010 HK\$'000
Carrying amount repayable:		
Within one year	585	556
More than one year, but no exceeding two years	621	587
More than two year, but not more than five years	2,089	1,976
More than five years	11,318	11,377
	14,613	14,496
Less: Amounts shown under current liabilities	(585)	(556)
Amounts shown under non-current liabilities	14,028	13,940

The non-revolving term loans carry a fixed interest rate and shall be repayable by consecutive monthly installments. The loans are secured by the Group's property located in Canada with carrying amount of equivalent to approximately HK\$21.9 million (31 December 2010: equivalent to approximately HK\$21.6 million).

20. Loans Payables

		Unaudited At 30/6/2011 HK\$'000	Audited At 31/12/2010 HK\$'000
	Note		
Loans from shareholders of non-controlling interests			
– Mrs. Yung Yuen Ping Kwok	(i)	2,824	2,749
– SABC Holdings Ltd.	(ii)	8,134	7,918
– Up Fly Limited	(iii)	7,125	5,749
		18,083	16,416
Loans from Maruhan Corporation (“Maruhan”)	(iv)	152,738	152,738
Loan from SBI Macau	(v)	39,486	39,486
Other loans	(vi)	246,000	246,000
Amounts due after one year		456,307	454,640

Notes:

- (i) Mrs. Yung Yuen Ping Kwok is a shareholder of non-controlling interests of an 80% indirectly owned subsidiary of the Company, namely 665127 British Columbia Ltd.. The loan is unsecured, interest-free and not expected to be settled within one year.
- (ii) SABC Holdings Ltd. is a shareholder of non-controlling interests of an 80% indirectly owned subsidiary of the Company, namely 665127 British Columbia Ltd.. The loan is unsecured, interest-free and not expected to be settled within one year.
- (iii) Up Fly Limited (“Up Fly”) is a shareholder of non-controlling interests of a 70% indirectly owned subsidiary of the Company, namely Honour Rich China Development Limited (“Honour Rich”). The loan is unsecured, interest-free and not expected to be settled within one year.
- (iv) The amount represented the shareholder’s loan of approximately HK\$66,468,000 due by World Fortune Limited (“World Fortune”), an indirect subsidiary of the Company to Golden Sun Profits Limited (“Golden Sun”), an indirect subsidiary of the Company, taken up by Maruhan upon the completion of the World Fortune Disposal (as defined in note 5(b)(iii) to the Annual Report 2010) on 29 October 2007 and further shareholder’s loan of approximately HK\$86,270,000 (31 December 2010: approximately HK\$86,270,000) advanced by Maruhan to World Fortune pursuant to the World Fortune Shareholders’ Agreement (as defined in note 5(b)(iii) to the Annual Report 2010). The loans are unsecured, interest-free and not expected to be settled within one year.

20. Loans Payables (Continued)*Notes: (Continued)*

- (v) As mentioned in note 5(b)(iv) to the Annual Report 2010, pursuant to a deed of assignment dated 8 August 2008, Favor Jumbo Limited ("Favor Jumbo"), an indirect wholly-owned subsidiary of the Company assigned the loan of approximately HK\$39,486,000 due by Golden Sun to SBI Macau. The loan is unsecured, interest-free and not expected to be settled within one year.
- (vi) The other loans carry a floating interest rate at Hong Kong interbank offered rate plus a margin and are secured by 51% of the entire issued share capital from time to time of Favor Jumbo. The loan shall be repayable on or before 36 months after 22 October 2009. According to the loan agreement, the Group shall maintain a consolidated tangible net worth at all times of not less than HK\$400 million.

The carrying amounts of the loans payables are approximately to their fair values.

21. Long-term Payables

	Unaudited At 30/6/2011 HK\$'000	Audited At 31/12/2010 HK\$'000
Present value of liabilities of		
– Maruhan Put Option	142,035	142,035
– SBI Macau Put Option	67,656	63,091
	209,691	205,126

The carrying amounts of long-term payables are approximately to their fair value.

22. Financial Guarantee Contract

	HK\$'000
Carrying amount	
At 1 January 2010	31,500
Amortisation for the year	(12,600)
At 31 December 2010 and 1 January 2011	18,900
Amortisation for the period	(6,300)
At 30 June 2011 (Unaudited)	12,600

22. Financial Guarantee Contract *(Continued)*

	Unaudited At 30/6/2011 HK\$'000	Audited At 31/12/2010 HK\$'000
Current liabilities	12,600	12,600
Non-current liabilities	–	6,300
	12,600	18,900

At 30 June 2011, the Company had an outstanding corporate guarantee to a bank in respect of syndicated loan facilities of HK\$1,600 million (31 December 2010: HK\$1,600 million) granted to an associate. The maximum guarantee amount borne by the Company was HK\$860 million (31 December 2010: HK\$860 million). The total loan outstanding under the syndicated loan facilities as at 30 June 2011 was HK\$680 million (31 December 2010: HK\$800 million). The contingent liabilities disclosed in note 26.

The financial guarantee contract is carried at amortised cost.

23. Share Capital

	Number of shares '000	Nominal value HK\$'000
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Authorised:

Ordinary shares of HK\$0.01 each

At 1 January 2010, 31 December 2010,

1 January 2011 and 30 June 2011	160,000,000	1,600,000
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Issued and fully paid:

Ordinary shares of HK\$0.01 each

At 1 January 2010, 31 December 2010,

1 January 2011 and 30 June 2011	2,438,964	24,390
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24. Related Party Transactions

- (a) The Group had the following transactions with the related parties during the period:

	Note	Unaudited	
		For the six months ended 30/6/2011 HK\$'000	30/6/2010 HK\$'000
Travel services income received and receivable from an associate		4	234
Cost of sales related to travel services paid and payable to an associate		54	168
Management fee income received and receivable from an associate		3,473	3,414
Interest expenses paid and payable to a related company	(i)	428	402
Interest expenses paid to a director and controlling shareholder	(ii)	2,603	1,271

24. Related Party Transactions (Continued)

- (b) The outstanding balances with related parties at 30 June 2011 and 31 December 2010 are as follows:

	Note	Unaudited At 30/6/2011 HK\$'000	Audited At 31/12/2010 HK\$'000
Amounts due from associates	13(c)	1,123,758	1,132,778
Amount due from a jointly controlled entity	14(b)	12,050	12,050
Amount due to a related company	(i)	24,253	23,191
Loan from a director and controlling shareholder	(ii)	105,000	105,000
Included in trade and other receivables:			
– other receivable from a related party	(iii)(a)	5,687	4,310
– prepayment for consultancy services	(iii)(b)	5,781	5,781

Notes:

- (i) The related company is an investment holding company beneficially wholly-owned by Mr. Yeung Hoi Sing, Sonny ("Mr. Yeung"). The amount due to a related company is unsecured, bearing interest at the rate of 4% per annum and not repayable within one year.
- (ii) The loan is unsecured and bearing interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited. The final repayment date of the loan and all other sums owing to Mr. Yeung was further extended to 30 October 2012 by a letter agreement dated 23 June 2010.

24. Related Party Transactions (Continued)

(b) (Continued)

Notes: (Continued)

- (iii) On 20 September 2010, a wholly-owned subsidiary of the Company entered into a cooperative agreement (the "Cooperative Agreement") with a then independent third party (the "JV Partner"), who subsequently became a related party of the Company upon formation of a joint venture company of which the Company and the JV Partner indirectly held 70% and 30% interests respectively (the "JV Company"), in order to start developing a new business which intends to provide a technology services platform and technical support to the mobile sports lottery market in China (the "New Business"). Pursuant to the terms of the Cooperative Agreement, the Company has paid the following:
- (a) The amount of receivable is from the JV Partner for his on-lending to the JV Company. The amount is secured by 30% equity interest of the JV Company, interest-free and has no fixed repayment terms.
- (b) The amount is the prepayment for consultancy services in respect of the New Business paid to the JV Partner. The amount is secured by cash which is equivalent to RMB5 million, such secured cash subsequently released after 30 June 2011.

(c) Key management personnel compensation

Compensation for key management personnel, including amounts paid to the Company's directors is as follows:

	Unaudited	
	For the six months ended	
	30/6/2011	30/6/2010
	HK\$'000	HK\$'000
Salaries and other short-term employee benefits	2,103	2,201
Retirement benefit scheme contributions	30	30
Total emoluments are included in "staff costs"	2,133	2,231

25. Commitments

- (a) At 30 June 2011 and 31 December 2010, the Group and the Company did not have any material capital commitments.
- (b) At 30 June 2011, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	Unaudited At 30/6/2011 HK\$'000	Audited At 31/12/2010 HK\$'000
Within one year	6,446	7,044
In second to fifth years, inclusive	4,028	9,586
	10,474	16,630

The Group lease certain office premises under operating leases. The leases typically run for period ranging from two to five years. None of leases includes contingent rentals.

26. Contingent Liabilities

As at 30 June 2011, the Company gave a corporate guarantee for syndicated loan facilities of HK\$1,600 million granted to an associate of the Group (31 December 2010: HK\$1,600 million). The maximum guarantee amount borne by the Company was HK\$860 million (31 December 2010: HK\$860 million). The total loan outstanding and bank guarantee facility from the syndicated loan facilities at 30 June 2011 were HK\$680 million and HK\$240 million respectively (31 December 2010: HK\$800 million and HK\$240 million respectively).

27. Pledge of Assets

As at 30 June 2011, the Group had secured the following assets:

- (a) The Group pledged the time deposits of approximately HK\$8.3 million (31 December 2010: approximately HK\$8.1 million) to certain banks for the issuance of several bank guarantees and a standby letter of credit facility of approximately HK\$10.4 million (31 December 2010: approximately HK\$10.2 million) for the operations of the Group;

27. Pledge of Assets *(Continued)*

- (b) World Fortune pledged all (31 December 2010: 100%) of its shares in Pier 16 – Property Development to a bank, for and on behalf of the syndicate of lenders, in respect of the syndicated loan facilities granted to Pier 16 – Property Development;
- (c) New Shepherd Assets Limited, a wholly-owned subsidiary of the Company, pledged 51% (31 December 2010: 51%) of the entire issued share capital from time to time of Favor Jumbo to a financial institution which is a third party independent of the Company in respect of the revolving credit facility granted to the Company; and
- (d) The Group's self-occupied properties with carrying amount of equivalent to approximately HK\$21.9 million (31 December 2010: equivalent to approximately HK\$21.6 million) was pledged to a bank to secure bank loans to Jade Travel Ltd., an 80% indirectly owned subsidiary of the Company which was incorporated in Canada.

28. Event After the Reporting Period

Reference was made to the announcement dated 25 August 2011 issued by the Company, Victory Devotion Limited ("Victory Devotion"), a wholly-owned subsidiary of the Company, entered into a supplemental agreement with Up Fly and its ultimate beneficial owner, pursuant to which Victory Devotion agreed to provide further shareholder's loans to Honour Rich from time to time up to not more than HK\$69,868,000 (the "Maximum Further Contribution"). The subsidiaries of Honour Rich are principally engaged in the provision of technology services platform, technical support and sports lottery sales agency services to the mobile sports lottery market in the People's Republic of China. The provision of the Maximum Further Contribution constituted a discloseable transaction for the Company under the Rules Governing the Listing of Securities on the Stock Exchange.

29. Seasonality

The turnover of the Group's travel business is subject to seasonal fluctuations, with peak demand during the holiday season whereas the Group's cruise leasing and management business is subject to relatively lower degree of seasonal volatility.

INDEPENDENT REVIEW REPORT



國 衛 會 計 師 事 務 所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
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TO THE BOARD OF DIRECTORS OF SUCCESS UNIVERSE GROUP LIMITED

(Incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 4 to 38, which comprise the condensed consolidated statement of financial position of Success Universe Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as of 30 June 2011 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and fair presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review 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 Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information does not give a true and fair view of the financial position of the Group as at 30 June 2011, and of its financial performance and its cash flows for the six-month period then ended in all material respects, in accordance with HKAS 34.

HLB Hodgson Impey Cheng

Chartered Accountants

Certified Public Accountants

Hong Kong, 30 August 2011

MANAGEMENT DISCUSSION AND ANALYSIS

The Group maintained a steady business performance during the first half of 2011, despite the volatility in the financial markets and concerns over the growth prospects of the global economy. The Group's travel and cruise businesses continued to contribute stable revenue to the Group during the reporting period. Meanwhile, the flagship investment project of the Group, Ponte 16, benefited from the significant growth of Macau's gaming industry and attained improved operating results. In addition, the Group announced the initiation of a new business to provide a technology services platform and technical support as well as sports lottery sales agency services to China's burgeoning mobile sports lottery market. This initiative is expected to further expand the Group's business platform and tap into the exciting growth potential in Mainland China.

Results

The Group posted a turnover of approximately HK\$763.1 million for the six months ended 30 June 2011, representing a decrease from approximately HK\$782.9 million in the last corresponding period. Gross profit reached approximately HK\$35.4 million (2010: approximately HK\$43.8 million), while loss attributable to owners of the Company narrowed to approximately HK\$37.6 million (2010: approximately HK\$38.0 million). Loss per share was 1.54 HK cents for the reporting period, compared to loss per share of 1.56 HK cents in the first half of 2010.

Turnover from travel business decreased to approximately HK\$728.3 million in the first half of 2011, compared to approximately HK\$748.1 million in the same period of 2010, due to the sluggish economic recovery and concerns over the revival of terrorism in its core market of North America. The Group's travel business posted a segment loss of approximately HK\$5.5 million for the six months ended 30 June 2011, as compared with a segment profit of approximately HK\$2.6 million in the last corresponding period.

As a premier world-class resort destination infused with exclusive international cultural elements, Ponte 16 achieved a positive EBITDA* with a growth rate of approximately 17% to approximately HK\$129.0 million in the first half of 2011. During the period under review, Ponte 16 attained continuous growth in gross gaming revenue that outpaced Macau's overall industry growth. The Group's shared loss of the associates relating to Ponte 16 reduced from approximately HK\$18.6 million in 2010 to approximately HK\$9.5 million for the reporting period.

* EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortisation

Interim Dividend

The directors of the Company (the “Director(s)”) do not recommend the declaration of any interim dividend for the six months ended 30 June 2011 (2010: Nil).

Review of Operations

Travel Business – Impacted by the challenging environment in North America

During the first half of 2011, concerns about stagnant economic growth and revival of terrorism have affected the travel sentiment in North America, impacting the business of the Group’s travel agency companies located in Canada and the United States of America (the “Jade Travel Group”). The recent European sovereign debt crisis also undermined the growth of this business segment. Turnover in the segment decreased to approximately HK\$728.3 million, compared to approximately HK\$748.1 million in 2010. Loss in the segment amounted to approximately HK\$5.5 million, compared with a profit of approximately HK\$2.6 million in 2010.

During the reporting period, the Group continued to focus on the high-end market segment and further developed its MICE (Meeting, Incentive, Convention and Exhibition) business, eyeing the high growth potential of the market. As part of the three-pronged business strategy, the Group has continued to expand its presence in the China market and seized further cross-selling opportunities with Ponte 16 and the Group’s cruise business through cooperation with various airlines and tour operators.

Cruise Business – Steady revenue contributor for the Group

The cruise business continued to provide stable revenue to the Group in the first half of the year. The cruise ship, M.V. Macau Success, (in which the Group has a 55% interest) recorded a turnover of approximately HK\$34.8 million (2010: approximately HK\$34.8 million). The business segment posted a loss of approximately HK\$2.3 million, as compared with a profit of approximately HK\$1.1 million in the first half of 2010, mainly due to the continuous soaring of fuel costs.

Investment Project, Ponte 16 – Attained sustainable growth in the prosperous Macau gaming market

During the first half of 2011, Ponte 16 capitalised on the surging momentum of Macau’s gaming industry and sustained a growth rate of approximately 17% in EBITDA* from the last corresponding period to approximately HK\$129.0 million. Growth in gross gaming revenue over the same period in 2010 was approximately 49%, which was higher than Macau’s overall industry growth, mainly driven by the continuous growth in the VIP gaming segment.

* EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortisation

Review of Operations *(Continued)*

Investment Project, Ponte 16 – Attained sustainable growth in the prosperous Macau gaming market *(Continued)*

Attributable to various marketing initiatives, the synergies created with the Group's core businesses and the strategic location in the Inner Harbour District of Macau, Ponte 16 recorded a double-digit growth in the daily average number of visitors during the reporting period as compared to that of 2010. Celebrating its third anniversary in February 2011, Ponte 16 has become increasingly popular among travellers around the world. Since the opening of the first Michael Jackson ("MJ") gallery in Asia, MJ Gallery at Ponte 16 (the "Gallery"), and the hosting of a series of iconic international events which has brought more visitors to the resort, Ponte 16 has successfully raised its profile internationally. During the period under review, Ponte 16 has further attained a more diversified customer mix with visitors from different countries on the rise. The occupancy rate at the award-winning five-star hotel, Sofitel Macau At Ponte 16, also remained consistently high throughout the period.

Pursuant to the settlement agreement to terminate the legal proceedings between Pier 16 – Property Development Limited ("Pier 16 – Property Development") and the remaining occupant of the construction site of phase 3 of the Ponte 16 development project (the "Phase 3 Project") in early 2011, Ponte 16 recovered possession of the whole construction site of the Phase 3 Project during the period under review. Planning on the development of the Phase 3 Project, which will bring to visitors a new suite of shopping, dining and entertainment facilities, is proceeding.

As of 30 June 2011, the casino of Ponte 16 had a total of 109 gaming tables, 82 of which were mass gaming tables, nine were high-limit tables and 18 were VIP tables.

A testament to its commitment to providing world-class services and facilities, Sofitel Macau At Ponte 16 garnered various industry awards in the first half of 2011. The magnificent resort hotel was named "2010 China's Best Hotel Manager" by LifeStyle Magazine, "Customer Satisfaction Award (Macau)" by Japanese travel site, Rakuten Travel, "The Best Theme Hotel in Chinese Hospitality Award" by China Hotel Gold Champion Award of Year 2011, "China's Top 10 Most Popular Resort Hotels of 2011" by Golden-Pillow Award of China Hotels and "2011 Best Business Hotel" by National Geographic Traveler, China edition.

Financial Review

Liquidity, Financial Resources and Gearing

As at 30 June 2011, the Group had net current assets of approximately HK\$87.9 million (31 December 2010: approximately HK\$117.9 million) and net assets of approximately HK\$554.6 million (31 December 2010: approximately HK\$593.6 million).

On 1 December 2008, Mr. Yeung Hoi Sing, Sonny (“Mr. Yeung”), a director and a controlling shareholder of the Company, provided a HK\$200 million term loan facility to the Company which is unsecured and charged with interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited. The principal amount of the loan facility was increased up to HK\$290 million on 14 April 2009 and the final repayment date of the loan and all other sums owing to Mr. Yeung under the revised loan facility was further extended to 30 October 2012 by a letter agreement dated 23 June 2010. As at 30 June 2011, the Company had utilised the loan facility in the amount of HK\$105.0 million (31 December 2010: HK\$105.0 million).

On 22 October 2009, the Company as borrower and New Shepherd Assets Limited (“New Shepherd”), a wholly-owned subsidiary of the Company, as security provider entered into an agreement in relation to a HK\$250 million revolving credit facility (the “Revolving Credit Facility”) with a financial institution (the “Lender”) as lender, which is a third party independent of the Company. The Revolving Credit Facility carries a floating interest rate and the loan under such facility shall be repayable on or before 36 months after 22 October 2009. The proceeds of the Revolving Credit Facility should be applied for on-lending to Pier 16 – Property Development in connection with the cash flow requirements of Pier 16 – Property Development and its subsidiaries. As at 30 June 2011, the Company had utilised the Revolving Credit Facility in the amount of HK\$246.0 million (31 December 2010: HK\$246.0 million).

As at 30 June 2011, Jade Travel Ltd. (“Jade Travel, Canada”), an 80% indirectly owned subsidiary of the Company which was incorporated in Canada, was granted secured bank loans which carry a fixed interest rate and the loans shall be repayable by consecutive monthly installments. The proceed of the loans was to finance the acquisition of the new properties of Jade Travel, Canada and their renovation costs. As at 30 June 2011, the outstanding loans were equivalent to approximately HK\$14.6 million (31 December 2010: equivalent to approximately HK\$14.5 million).

Apart from the aforesaid loans, as at 30 June 2011, the Group had an interest-bearing loan from a related company of equivalent to approximately HK\$24.3 million (31 December 2010: equivalent to approximately HK\$23.2 million). The loan is unsecured and charged with interest at the rate of 4% per annum and has no fixed terms of repayment.

Financial Review *(Continued)*

Liquidity, Financial Resources and Gearing *(Continued)*

As at 30 June 2011, there were loans from shareholders of non-controlling interests of approximately HK\$18.1 million (31 December 2010: approximately HK\$16.4 million) and other loans payable of approximately HK\$192.2 million (31 December 2010: approximately HK\$192.2 million). These loans are interest-free, unsecured and will not be repaid within the next 12 months.

Total equity attributable to owners of the Company as at 30 June 2011 was approximately HK\$510.9 million (31 December 2010: approximately HK\$547.9 million). Accordingly, the gearing ratio, which was measured on the basis of the interest-bearing borrowings of the Group over total equity attributable to owners of the Company, was approximately 76% as at 30 June 2011 (31 December 2010: approximately 71%).

Provision of Further Financial Assistance to Pier 16 – Property Development

Reference was made to the announcement dated 25 June 2010 issued by the Company, there was no further additional shareholders' loans provided to Pier 16 – Property Development during the reporting period (31 December 2010: approximately HK\$134.9 million, which were mainly to finance the construction cost of and the repayment of indebtedness by Pier 16 – Property Development).

Pledge of Assets

As at 30 June 2011, the Group had secured the following assets:

- (a) the Group pledged the time deposits of approximately HK\$8.3 million (31 December 2010: approximately HK\$8.1 million) to certain banks for the issuance of several bank guarantees and a standby letter of credit facility of approximately HK\$10.4 million (31 December 2010: approximately HK\$10.2 million) for the operations of the Group;
- (b) World Fortune Limited, an indirect subsidiary of the Company, pledged all (31 December 2010: 100%) of its shares in Pier 16 – Property Development to a bank, for and on behalf of the syndicate of lenders, in respect of syndicated loan facilities granted to Pier 16 – Property Development;
- (c) New Shepherd pledged 51% (31 December 2010: 51%) of the entire issued share capital from time to time of Favor Jumbo Limited, an indirect wholly-owned subsidiary of the Company, to the Lender in respect of the Revolving Credit Facility granted to the Company; and
- (d) the Group's self-occupied properties with carrying amount of equivalent to approximately HK\$21.9 million (31 December 2010: equivalent to approximately HK\$21.6 million) was pledged to a bank to secure bank loans to Jade Travel, Canada.

Financial Review *(Continued)*

Contingent Liabilities

As at 30 June 2011, the Company gave a corporate guarantee for the syndicated loan facilities of HK\$1,600 million granted to an associate of the Group (31 December 2010: HK\$1,600 million). The maximum guarantee amount borne by the Company was HK\$860 million (31 December 2010: HK\$860 million). The total loan outstanding and bank guarantee facility from the syndicated loan facilities for the associate as at 30 June 2011 were HK\$680 million and HK\$240 million respectively (31 December 2010: HK\$800 million and HK\$240 million respectively).

Human Resources

As at 30 June 2011, the Group had a total of 428 employees. Remuneration is determined on the basis of qualifications, experience, responsibilities and performance. Apart from the basic remuneration, staff benefits include medical insurance and retirement benefits under the Mandatory Provident Fund Scheme. Share options might also be granted to eligible employees of the Group as a long-term incentive.

Prospects

Looking ahead, the Chinese economy is expected to remain robust although tightening measures aimed at taming inflation and preventing asset bubbles may cause slight moderation in its growth rate.

The vibrant Mainland economy will continue to be a strong growth driver for the Group's travel and entertainment-related businesses. To capitalise on these growth opportunities, the Group will seek to further expand its foothold in China and explore new cross-selling opportunities for both its core businesses and Ponte 16.

As the most dynamic gaming market in the world, Macau offers exciting growth potential for all industry players. The opening of new resorts has enriched the entertainment scene of Macau as a whole and boosted the overall tourist arrivals for the entire market. While Ponte 16 is set to continue to benefit from the growing momentum of Macau's gaming industry, it believes the combination of its unique positioning and quality services is a winning strategy in the market. As such, the premier resort destination will continue to strengthen its unique global status by exploring new Hollywood elements to enhance its exclusive entertainment offering.

To replicate the success of the Gallery and to provide visitors with a more exciting and unique experience, a luxury MJ-themed VIP mansion will be opened at Sofitel Macau At Ponte 16, which will further differentiate Ponte 16 from its peers in the enclave.

Prospects (Continued)

In September and October 2011, Ponte 16 will join hands with renowned international auction house, Julien's Auctions, to stage a Hollywood-themed exhibition tour in five cities in Mainland China, followed by an exhibition and auction of the same theme in Macau. These events will bring in another series of collectibles from superstars around the world, including MJ, Bruce Lee, Marilyn Monroe and Madonna, as well as costumes and props from movies such as Batman. It will again place Ponte 16 under the spotlight of the world and further enhance its reputation in the industry.

Furthermore, Ponte 16 is planning on the development of the Phase 3 Project, which will include a shopping arcade that offers an array of shops and restaurants as well as new entertainment facilities. This new phase will not only further diversify the shopping, dining and entertainment experiences to be offered by Ponte 16, but will also serve as another stable revenue contributor for it.

Reference was made to the announcement dated 25 August 2011 issued by the Company, in light of the rapid growth potential of China's lottery industry, with a CAGR[#] of lottery sales revenue of approximately 25% in the last ten years and a growth of 31% in the first half year of 2011 to RMB101 billion as compared to that of 2010, the Group believes that there will be ample opportunities for players who possess well-connected networks and sound business strategy. In an attempt to seize the enormous growth opportunities in China's burgeoning lottery industry, the Group has embarked on a new business to provide a technology services platform and technical support as well as sports lottery sales agency services to China's mobile sports lottery market through the subsidiaries of a 70%-owned joint venture company. The management of the Group is confident that the mobile sports lottery business will be another growth driver for the Group.

For the Jade Travel Group, the business environment for its North American operations may remain relatively challenging in the second half of 2011 as concerns over the shed momentum of the economic recovery and the European sovereign debt crisis may have a discouraging impact on consumer sentiment in the market. Although the uncertainties over the economic outlook may affect demands for outbound tours from North America, the strong Chinese economy will lead to opportunities in inbound tours from China. The granting of "Approved Destination Status" to Canada by the Mainland China authorities has further opened up opportunities. To channel business to the Jade Travel Group, the Group is actively identifying business partners with sound credibility in China.

[#] CAGR : Compound Annual Growth Rate

Prospects *(Continued)*

With a positive economic outlook for Mainland China, Hong Kong and Macau, the Group will further strengthen its business platform and competitive edge by continuing the implementation of its three-pronged strategy and investing in new businesses. In the long-run, the Group is poised to benefit from its expanded business portfolio which will enhance value for its shareholders, partners and customers.

DISCLOSURE OF INTERESTS

Directors' and Chief Executive's Interests in Securities

As at 30 June 2011, the Directors or chief executive of the Company and/or any of their respective associates had the following interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong (the "SFO")) as recorded in the register required to be kept by the Company pursuant to 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") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"):

Interest in the shares of the Company ("Share(s)")

Name of Director	Long position/ Short position	Nature of interest	Number of Shares held	Approximate percentage of shareholding %
Mr. Yeung Hoi Sing, Sonny (<i>Note</i>)	Long position	Corporate interest	1,010,953,432	41.45

Note: Mr. Yeung Hoi Sing, Sonny, an executive Director and the Chairman of the Company, is deemed to have corporate interest in 1,010,953,432 Shares by virtue of the interest of the Shares held by Silver Rich Macau Development Limited, which is wholly-owned by a discretionary trust, the beneficiaries of which are family members of Mr. Yeung Hoi Sing, Sonny.

Save as disclosed above, as at 30 June 2011, none of the Directors or chief executive of the Company, or their respective associates, had any interests or short positions in the shares, underlying shares or 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 pursuant to Section 352 of the SFO, or as otherwise, notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Option Scheme and Directors' Rights to Acquire Shares or Debentures

Pursuant to the share option scheme adopted by the shareholders of the Company on 20 August 2004 (the "Share Option Scheme"), the Board may at a consideration of HK\$1 offers to grant share options to selected eligible persons to subscribe for Shares as incentives or rewards for their contribution to the Group. The exercise price of any share option will be determined by the Board at its absolute discretion, but in any event shall not be less than the highest of (i) the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the date on which the relevant option is offered; (ii) the average of the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date on which the relevant option is offered; and (iii) the nominal value of the Share.

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and any other schemes of the Company must not, in aggregate, exceed 30% of the total number of Shares in issue from time to time.

The Share Option Scheme became effective on 8 November 2004 and, unless otherwise cancelled or amended, will remain in force for 10 years from the date of adoption of the Share Option Scheme, i.e. 20 August 2004.

No options under the Share Option Scheme had been granted to any person since its adoption and up to 30 June 2011.

At no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholders' Interests in Securities

As at 30 June 2011, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have, interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Interest in the Shares

Name of substantial shareholder	Long position/ Short position	Capacity	Number of Shares held	Approximate percentage of shareholding %
Silver Rich Macau Development Limited	Long position	Beneficial owner	1,010,953,432	41.45
KF Suisse SA (Note 1)	Long position	Trustee	1,010,953,432	41.45
Mr. David Henry Christopher Hill (Note 1)	Long position	Interest of controlled corporation	1,010,953,432	41.45
Mrs. Rebecca Ann Hill (Note 2)	Long position	Interest of spouse	1,010,953,432	41.45
Ms. Liu Siu Lam, Marian (Note 3)	Long position	Interest of spouse	1,010,953,432	41.45
Maruhan Corporation	Long position	Beneficial owner	438,228,000	17.97

Notes:

1. The entire issued share capital of Silver Rich Macau Development Limited is held by KF Suisse SA, which is a trustee of a discretionary trust, the beneficiaries of which are family members of Mr. Yeung Hoi Sing, Sonny. KF Suisse SA is wholly-owned by Mr. David Henry Christopher Hill. Accordingly, each of KF Suisse SA and Mr. David Henry Christopher Hill was deemed to be interested in 1,010,953,432 Shares held by Silver Rich Macau Development Limited.
2. Mrs. Rebecca Ann Hill, being the spouse of Mr. David Henry Christopher Hill, was deemed to be interested in 1,010,953,432 Shares in which Mr. David Henry Christopher Hill had a deemed interest.
3. Ms. Liu Siu Lam, Marian, being the spouse of Mr. Yeung Hoi Sing, Sonny, was deemed to be interested in 1,010,953,432 Shares in which Mr. Yeung Hoi Sing, Sonny had a deemed interest.

Save as disclosed above, as at 30 June 2011, no other person (other than a Director or chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares and underlying Shares which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DISCLOSURE UNDER RULES 13.20 AND 13.22 OF THE LISTING RULES

Based on the disclosure obligations under Rules 13.20 and 13.22 of the Listing Rules, the financial assistance, which was made by the Group by way of the shareholder's loan provided by World Fortune Limited ("World Fortune"), an indirect subsidiary of the Company, and a corporate guarantee given by the Company in respect of the payment obligation of Pier 16 – Property Development Limited ("Pier 16 – Property Development", a 49% owned associate of World Fortune) under syndicated loan facilities granted to Pier 16 – Property Development (the "Financial Assistance"), continued to exist as at 30 June 2011. Pier 16 – Property Development is principally engaged in the property holding and, through its subsidiaries, operating Ponte 16, being a world-class integrated casino-entertainment resort located in Macau. The Financial Assistance is mainly used for the development and operations of Ponte 16.

The amounts of the Financial Assistance as at 30 June 2011 were set out below:

Name of associate	Shareholder's loan HK\$'million	Corporate guarantee HK\$'million	Aggregate Financial Assistance HK\$'million
Pier 16 – Property Development	1,224	860	2,084

The shareholder's loan provided by World Fortune is unsecured, interest-free and has no fixed terms of repayment.

Further details are set out in notes 13 and 26 to the condensed consolidated financial statements.

Set out below is a combined balance sheet of Pier 16 – Property Development and the Group's attributable interests in this associate according to its management account for the period ended 30 June 2011:

	Combined balance sheet HK\$'000	Group's attributable interests HK\$'000
Non-current assets	2,264,809	1,109,756
Current assets	333,755	163,540
Current liabilities	783,986	384,153
Non-current liabilities	2,497,794	1,223,919

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2011, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules during the six months ended 30 June 2011.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors (the "Code of Conduct") on terms no less exacting than the required standard of the Model Code as set out in Appendix 10 of the Listing Rules.

Having made specific enquiry of all Directors, each of whom has confirmed his/her compliance with the required standard set out in the Code of Conduct and the Model Code throughout the six months ended 30 June 2011.

INFORMATION IN RESPECT OF DIRECTORS

There was no change in the information of the Directors subsequent to the date of the Annual Report 2010 of the Company and up to the date of this report which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

AUDIT COMMITTEE

The Audit Committee of the Board (the “Audit Committee”) comprises the non-executive Director, Mr. Choi Kin Pui, Russelle, and the three independent non-executive Directors, Mr. Luk Ka Yee, Patrick, Mr. Yim Kai Pung and Ms. Yeung Mo Sheung, Ann, with terms of reference prepared in accordance with the requirements of the Listing Rules. The Audit Committee is chaired by Mr. Yim Kai Pung who possesses appropriate professional accounting qualification as required under the Listing Rules.

The primary duties of the Audit Committee include, inter alia, monitoring integrity of the financial statements of the Company and ensuring objectivity and credibility of financial reporting, reviewing effectiveness of the internal control system of the Group as well as overseeing the relationship with the external auditors of the Company.

REVIEW OF INTERIM RESULTS

The unaudited interim results for the six months ended 30 June 2011 have been reviewed by the Audit Committee and HLB Hodgson Impey Cheng, the auditors of the Company, which were of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

On behalf of the Board

Ma Ho Man, Hoffman

Deputy Chairman

Hong Kong, 30 August 2011