



SUCCESS UNIVERSE GROUP LIMITED
實德環球有限公司

(Incorporated in Bermuda with limited liability)
Stock Code : 00487

Capitalising
On
Leading Edge



Interim Report
2012

Contents

CORPORATE INFORMATION	02
OPERATIONAL HIGHLIGHTS	03
CONDENSED CONSOLIDATED INCOME STATEMENT	04
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	05
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	06
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	08
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	09
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	10
INDEPENDENT REVIEW REPORT	44
MANAGEMENT DISCUSSION AND ANALYSIS	46
DISCLOSURE OF INTERESTS	55
DISCLOSURE UNDER RULES 13.20 AND 13.22 OF THE LISTING RULES	58
PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES	59
CORPORATE GOVERNANCE	59
COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS	59
INFORMATION IN RESPECT OF DIRECTORS	59
AUDIT COMMITTEE	60
REVIEW OF INTERIM RESULTS	60



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
Ms. Yeung Mo Sheung, Ann
Mr. Chin Wing Lok, Ambrose

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. Chin Wing Lok, Ambrose (*Chairman*)
Mr. Choi Kin Pui, Russelle
Mr. Luk Ka Yee, Patrick
Ms. Yeung Mo Sheung, Ann

Remuneration Committee

Mr. Luk Ka Yee, Patrick (*Chairman*)
Mr. Yeung Hoi Sing, Sonny
Mr. Choi Kin Pui, Russelle
Ms. Yeung Mo Sheung, Ann
Mr. Chin Wing Lok, Ambrose

Nomination Committee

Mr. Yeung Hoi Sing, Sonny (*Chairman*)
Mr. Choi Kin Pui, Russelle
Mr. Luk Ka Yee, Patrick
Ms. Yeung Mo Sheung, Ann
Mr. Chin Wing Lok, Ambrose

Executive Committee

Mr. Yeung Hoi Sing, Sonny (*Chairman*)
Dr. Ma Ho Man, Hoffman

Auditors

HLB Hodgson Imprey Cheng Limited
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

Tricor Tengis Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business

Suite 1601-2 & 8-10, 16/F.
Great Eagle Centre
23 Harbour Road
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 for the first half of 2012 reached approximately HK\$853.7 million, representing an increase of approximately 12% over the last corresponding period
- Gross profit of the Group grew approximately 22% while loss attributable to owners of the Company narrowed to approximately HK\$28.3 million
- Ponte 16, the flagship investment project of the Group, achieved approximately 11% growth in EBITDA*
- Despite a challenging operating environment, the travel and cruise ship businesses saw an improvement in business performance, with revenues increasing by approximately 12% and 10% to approximately HK\$815.3 million and HK\$38.4 million respectively
- The Group continued to develop its mobile sports lottery business in order to capture the opportunities in China's booming lottery market

* 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 2012 together with comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2012

	Note	Unaudited	
		For the six months ended	
		30/6/2012	30/6/2011
		HK\$'000	HK\$'000
Turnover	4	853,666	763,050
Cost of sales		(810,455)	(727,677)
Gross profit		43,211	35,373
Other revenue and gains	5	21,675	18,716
Administrative expenses		(78,468)	(68,123)
Other operating expenses	6(c)	(6,300)	(6,300)
Loss from operations		(19,882)	(20,334)
Finance costs	6(a)	(10,150)	(11,494)
Share of results of jointly controlled entities		75	(59)
Share of results of associates		(252)	(9,481)
Loss before taxation	6	(30,209)	(41,368)
Income tax	7	(393)	1,575
Loss for the period		(30,602)	(39,793)
Attributable to:			
Owners of the Company		(28,327)	(37,612)
Non-controlling interests		(2,275)	(2,181)
Loss for the period		(30,602)	(39,793)
Loss per share			
– Basic	9	(0.72) HK cents	(1.54) HK cents
– Diluted	9	(0.72) HK cents	(1.54) 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 2012*

	Unaudited	
	For the six months ended	
	30/6/2012	30/6/2011
	HK\$'000	HK\$'000
Loss for the period	(30,602)	(39,793)
Other comprehensive income		
Exchange differences on translation of financial statements of overseas subsidiaries	81	806
Total other comprehensive income for the period, net of tax	81	806
Total comprehensive loss for the period	(30,521)	(38,987)
Attributable to:		
Owners of the Company	(28,258)	(36,998)
Non-controlling interests	(2,263)	(1,989)
Total comprehensive loss for the period	(30,521)	(38,987)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2012

	Note	Unaudited At 30/6/2012 HK\$'000	Audited At 31/12/2011 HK\$'000
Non-current assets			
Property, plant and equipment	10	88,600	89,040
Goodwill	11	3,862	3,862
Intangible assets	12	37,951	35,839
Interest in associates	13	911,626	819,115
Interest in jointly controlled entities	14	1,868	1,793
		1,043,907	949,649
Current assets			
Inventories		1,805	1,303
Trade and other receivables	15	32,656	31,968
Amount due from an associate	13	867	343,000
Tax recoverable		463	1,743
Pledged bank deposits	16	7,906	7,898
Cash and cash equivalents	16	470,341	72,410
		514,038	458,322
Current liabilities			
Trade and other payables	17	35,342	30,015
Deferred income		925	924
Profit guarantee liabilities	18	9,100	9,100
Loans payables – current portion	20	310,738	398,738
Long-term payables – current portion	21	142,035	142,035
Financial guarantee contract	22	19,996	6,300
Bank loans – due within one year	19	589	581
Loan from a director and controlling shareholder		–	30,332
Loan from a controlling shareholder		–	128,336
Tax payable		615	–
		519,340	746,361
Net current liabilities		(5,302)	(288,039)
Total assets less current liabilities		1,038,605	661,610

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 30 June 2012

	Note	Unaudited At 30/6/2012 HK\$'000	Audited At 31/12/2011 HK\$'000
Non-current liabilities			
Deferred income		1,543	2,002
Profit guarantee liabilities	18	5,308	14,408
Loans payables	20	57,198	57,187
Long-term payables	21	77,800	72,551
Amount due to a related company		129	129
Deferred tax liabilities		271	270
Financial guarantee contract	22	79,982	–
Bank loans – due after one year	19	12,728	13,007
Loan from a controlling shareholder		465	–
Loan from a director and controlling shareholder		30,332	–
		265,756	159,554
Net assets			
		772,849	502,056
Capital and reserves			
Share capital	23	40,649	24,390
Reserves		702,564	445,767
Total equity attributable to owners of the Company			
		743,213	470,157
Non-controlling interests			
		29,636	31,899
Total equity			
		772,849	502,056

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 2012

	Attributable to owners of the Company							Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Distributable reserve HK\$'000	Capital redemption reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000		
At 1 January 2011 (Audited)	24,390	908,785	52,333	976	(356)	(438,238)	547,890	45,661	593,551
Total comprehensive income/(loss) for the period	-	-	-	-	614	(37,612)	(36,998)	(1,989)	(38,987)
At 30 June 2011 (Unaudited)	24,390	908,785	52,333	976	258	(475,850)	510,892	43,672	554,564
At 1 January 2012 (Audited)	24,390	908,785	52,333	976	(423)	(515,904)	470,157	31,899	502,056
Issue of rights shares	16,259	292,676	-	-	-	-	308,935	-	308,935
Expenses incurred in connection with the issue of rights shares	-	(7,621)	-	-	-	-	(7,621)	-	(7,621)
Total comprehensive income/(loss) for the period	-	-	-	-	69	(28,327)	(28,258)	(2,263)	(30,521)
At 30 June 2012 (Unaudited)	40,649	1,193,840	52,333	976	(354)	(544,231)	743,213	29,636	772,849

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 2012*

	Note	Unaudited For the six months ended	
		30/6/2012 HK\$'000	30/6/2011 HK\$'000
Net cash used in operating activities		(12,142)	(14,462)
Net cash generated from/(used in) investing activities		338,907	(474)
Net cash generated from/(used in) financing activities		71,157	(14,508)
Net increase/(decrease) in cash and cash equivalents		397,922	(29,444)
Cash and cash equivalents at the beginning of the period		72,410	108,042
Effect of foreign exchange rate changes		9	497
Cash and cash equivalents at the end of the period	16	470,341	79,095

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 2012

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 2012 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" ("HKAS 34") 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 consolidated financial statements of the Group for the year ended 31 December 2011 as contained in the Company's Annual Report 2011 (the "Annual Report 2011").

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 dollars ("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 2011, except for the impact of the adoption of the new and revised HKASs, 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 2012.

3. Summary of Significant Accounting Policies (Continued)

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

HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets
HKAS 12 (Amendments)	Deferred Tax – Recovery of Underlying Assets

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

The Group has not early applied the following New HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements 2009 – 2011 Cycle ²
HKFRS 1 (Amendments)	Government Loans ²
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities ²
HKFRS 9	Financial Instruments ⁴
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure ⁴
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosure of Interests in Other Entities ²
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities – Transition Guidance ²
HKFRS 13	Fair Value Measurement ²
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ¹
HKAS 19 (as revised in 2011)	Employee Benefits ²
HKAS 27 (as revised in 2011)	Separate Financial Statements ²
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ²
HKAS 32 (Amendments)	Presentation – Offsetting Financial Assets and Financial Liabilities ³
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine ²

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

² Effective for annual periods beginning on or after 1 January 2013

³ Effective for annual periods beginning on or after 1 January 2014

⁴ Effective for annual periods beginning on or after 1 January 2015

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

The revised disclosure requirements contained in the amendments to HKFRS 7 are intended to help investors and other financial statements users to better assess the effect or potential effect of offsetting arrangements on a company's financial position. The amendments also improve transparency in the reporting of how companies mitigate credit risk, including disclosure of related collateral pledged or received. Companies and other entities are required to apply the amendments for annual periods beginning on or after 1 January 2013, and also interim periods within those annual periods. The required disclosures should be provided retrospectively.

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

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

HKFRS 10 replaces the parts of HKAS 27 “Consolidated and Separate Financial Statements” that deal with consolidated financial statements and HK (SIC) – Int 12 “Consolidation – Special Purpose Entities”. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor’s returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 “Interests in Joint Ventures” and HK (SIC) – Int 13 “Jointly Controlled Entities – Non-Monetary Contributions by Venturers”. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a standard for disclosure and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 “Financial Instruments: Disclosures” will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

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

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The amendments to HKAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of HKAS 19. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to HKAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions.

The amendments to HKAS 32 address inconsistencies in current practice when applying the offsetting criteria and clarify:

- the meaning of 'currently has a legally enforceable right of set-off'; and
- that some gross settlement systems may be considered equivalent to net settlement.

The amendments are effective for annual periods beginning on or after 1 January 2014 and are required to be applied retrospectively.

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

(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 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 assessment of segment performance for the period is set out below:

	Cruise ship leasing and management Unaudited		Travel Unaudited		Elimination Unaudited		Consolidated Unaudited	
	For the six months ended		For the six months ended		For the six months ended		For the six months ended	
	30/6/2012 HK\$'000	30/6/2011 HK\$'000	30/6/2012 HK\$'000	30/6/2011 HK\$'000	30/6/2012 HK\$'000	30/6/2011 HK\$'000	30/6/2012 HK\$'000	30/6/2011 HK\$'000
Revenue from external customers	38,400	34,800	815,266	728,250	-	-	853,666	763,050
Inter-segment revenue	-	-	319	580	(319)	(580)	-	-
Reportable segment revenue	38,400	34,800	815,585	728,830	(319)	(580)	853,666	763,050
Reportable segment profit/(loss)	1,078	(2,336)	1,891	(5,474)	1,012	985	3,981	(6,825)
Share of results of jointly controlled entities							75	(59)
Share of results of associates							(252)	(9,481)
Unallocated corporate income							10,721	9,820
Unallocated corporate expenses							(34,974)	(24,180)
Finance costs							(9,760)	(10,643)
Consolidated loss before taxation							(30,209)	(41,368)
Income tax							(393)	1,575
Consolidated loss for the period							(30,602)	(39,793)

4. Segment Information (Continued)

(a) Segment results and assets (Continued)

	Cruise ship leasing and management		Travel		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	At	At	At	At	At	At
	30/6/2012	31/12/2011	30/6/2012	31/12/2011	30/6/2012	31/12/2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	92,567	93,604	98,995	87,101	191,562	180,705
Unallocated corporate assets						
- Interest in associates					911,626	819,115
- Interest in jointly controlled entities					1,868	1,793
- Amount due from an associate					867	343,000
- Tax recoverable					463	1,743
- Corporate assets					451,559	61,615
					1,557,945	1,407,971

Included in the unallocated corporate assets, there are in the amount of approximately HK\$18.2 million (31 December 2011: approximately HK\$11.9 million) contributed by subsidiaries engaging in provision of technical support and technology service platform as well as sports lottery sales agency services to China's mobile sports lottery market. The subsidiaries also contributed administrative expenses of approximately HK\$11.2 million (for the six months ended 30 June 2011: Nil) to unallocated corporate results during the period.

Since the subsidiaries were preparing for operation, the Group's CODM consider the business is not a reportable segment for the period.

4. Segment Information (Continued)

(b) Other segment information

	Cruise ship leasing and management		Travel		Other corporate entities		Total	
	Unaudited		Unaudited		Unaudited		Unaudited	
	For the six months ended		For the six months ended		For the six months ended		For the six months ended	
	30/6/2012 HK\$'000	30/6/2011 HK\$'000	30/6/2012 HK\$'000	30/6/2011 HK\$'000	30/6/2012 HK\$'000	30/6/2011 HK\$'000	30/6/2012 HK\$'000	30/6/2011 HK\$'000
Interest income	12	6	8	8	836	48	856	62
Amortisation of intangible assets	-	-	(205)	(213)	-	-	(205)	(213)
Depreciation	(3,016)	(3,154)	(646)	(720)	(1,702)	(718)	(5,364)	(4,592)
Reversal of impairment loss recognised on other receivable	3,255	2,405	-	-	-	-	3,255	2,405
Reversal of impairment loss recognised on intangible assets	-	-	2,278	741	-	-	2,278	741
Finance costs	-	-	(390)	(851)	(9,760)	(10,643)	(10,150)	(11,494)

5. Other Revenue and Gains

	Unaudited	
	For the six months ended	
	30/6/2012	30/6/2011
	HK\$'000	HK\$'000
Other Revenue:		
Interest income on bank deposits	856	62
Total interest income on financial assets not at fair value through profit or loss	856	62
Management fee income	3,107	3,473
Deferred income	1,623	1,588
Gain on disposal of property, plant and equipment	3	–
Other income	4,253	4,147
	9,842	9,270
Other Gains:		
Amortisation of financial guarantee contract	6,300	6,300
Reversal of impairment loss recognised on intangible assets	2,278	741
Reversal of impairment loss recognised on other receivable	3,255	2,405
	11,833	9,446
Total	21,675	18,716

6. Loss Before Taxation

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

	Unaudited	
	For the six months ended	
	30/6/2012	30/6/2011
	HK\$'000	HK\$'000
(a) Finance costs		
Interest on other loan	3,574	3,475
Interest on loan from a related company	–	428
Interest on bank loans	390	423
Interest on loan from a director and controlling shareholder	754	2,603
Interest on loan from a controlling shareholder	183	–
Interest on long-term payables	5,249	4,565
Total interest expenses on financial liabilities not at fair value through profit or loss	10,150	11,494
(b) Staff costs		
Salaries, wages and other benefits (including directors' emoluments)	39,529	34,049
Contributions to defined contribution retirement plan	1,709	958
	41,238	35,007
(c) Other items		
Auditors' remuneration		
– audit services	714	744
– other services	280	250
Depreciation	5,364	4,592
Amortisation on intangible assets	205	213
Operating lease rentals of		
– properties	4,964	4,207
– plant and machinery	337	319
Net exchange gain	(287)	(227)
Impairment losses recognised on interest in associates*	6,300	6,300

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

7. Income Tax in the Condensed Consolidated Income Statement

	Unaudited	
	For the six months ended	
	30/6/2012	30/6/2011
	HK\$'000	HK\$'000
Current tax:		
Hong Kong Profits Tax	–	–
Other than Hong Kong		
Charge/(credit) for the period	393	(1,575)
	393	(1,575)
Deferred taxation relating to the origination and reversal of temporary differences	–	–
Tax charge/(credit) for the period	393	(1,575)

No Hong Kong Profits Tax, in which the subsidiaries operate, has been provided for the six months ended 30 June 2012 and 2011 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 payment of an interim dividend for the six months ended 30 June 2012 (for the six months ended 30 June 2011: 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\$28,327,000 (for the six months ended 30 June 2011: approximately HK\$37,612,000) and on the weighted average number of approximately 3,913,063,000 ordinary shares (for the six months ended 30 June 2011: 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 2011 (Audited)	91,923
Additions	431
Disposals	(81)
Depreciation	(4,592)
Exchange alignment	654
Carrying amount as at 30 June 2011 (Unaudited)	88,335
Carrying amount as at 1 January 2012 (Audited)	89,040
Additions	4,959
Disposals	(6)
Depreciation	(5,364)
Exchange alignment	(29)
Carrying amount as at 30 June 2012 (Unaudited)	88,600

11. Goodwill

	HK\$'000
Cost	
At 1 January 2011, 31 December 2011, 1 January 2012 and 30 June 2012	8,332
Accumulated impairment losses	
At 1 January 2011	(1,504)
Impairment loss for the year	(2,966)
At 31 December 2011 and 1 January 2012	(4,470)
Impairment loss for the period	–
At 30 June 2012	(4,470)
Carrying amount	
At 30 June 2012 (Unaudited)	3,862
At 31 December 2011 (Audited)	3,862

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

	Unaudited At 30/6/2012 HK\$'000	Audited At 31/12/2011 HK\$'000
Cruise ship management CGU	1,313	1,313
Travel CGU	2,549	2,549
	3,862	3,862

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 ship management CGU	
	At 30/6/2012 %	At 31/12/2011 %	At 30/6/2012 %	At 31/12/2011 %
- Growth rate	3	3	Zero	Zero
- Discount rate	11.27	11.58	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 2011	33,940	9,489	43,429
Exchange alignment	(865)	(243)	(1,108)
At 31 December 2011 and 1 January 2012	33,075	9,246	42,321
Exchange alignment	36	10	46
At 30 June 2012	33,111	9,256	42,367
Accumulated amortisation and impairment losses			
At 1 January 2011	(348)	(4,258)	(4,606)
Charge for the year	-	(405)	(405)
Impairment loss	(1,632)	-	(1,632)
Reversal of impairment loss	-	43	43
Exchange alignment	9	109	118
At 31 December 2011 and 1 January 2012	(1,971)	(4,511)	(6,482)
Charge for the period	-	(205)	(205)
Reversal of impairment loss	1,973	305	2,278
Exchange alignment	(2)	(5)	(7)
At 30 June 2012	-	(4,416)	(4,416)
Carrying amount			
At 30 June 2012 (Unaudited)	33,111	4,840	37,951
At 31 December 2011 (Audited)	31,104	4,735	35,839

12. Intangible Assets *(Continued)*

Trademark

In accordance with HKAS 36 “Impairment of Assets” (“HKAS 36”), the Group completed its interim impairment test for the trademark by comparing its recoverable amount to its carrying amount as at 30 June 2012. 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\$33,111,000. A reversal of impairment loss of equivalent to approximately HK\$1,973,000 has been recognised for the six months ended 30 June 2012 (for the six months ended 30 June 2011: equivalent to approximately HK\$308,000). The main reason for the reversal of impairment loss is the increase in the projected revenue from travel CGU in relation to improved market environment.

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 13.27% (31 December 2011: 13.58%). The cash flows beyond the five-year period are extrapolated using a steady growth rate of 3% (31 December 2011: 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 2012. 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\$4,840,000. A reversal of impairment loss of equivalent to approximately HK\$305,000 has been recognised for the six months ended 30 June 2012 (for the six months ended 30 June 2011: equivalent to approximately HK\$433,000). The main reason for the reversal of impairment loss is the increase in the projected profit from travel CGU in relation to improved market environment.

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 13.27% (31 December 2011: 13.58%). The cash flows beyond the five-year period are extrapolated using a steady growth rate of 3% (31 December 2011: 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 30/6/2012 HK\$'000	Audited At 31/12/2011 HK\$'000
Deemed capital contribution		162,978	63,000
Goodwill	(b)	19,409	19,409
Amounts due from associates	(c)	182,387 793,106	82,409 1,136,406
Less: Impairment loss	(d)	975,493 (63,000)	1,218,815 (56,700)
Less: Amount shown under current assets		912,493 (867)	1,162,115 (343,000)
Amount shown under non-current assets		911,626	819,115

13. Interest in Associates (Continued)

- (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 MOP50,000	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

(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. Instead, the entire carrying amount of the interest in associates is tested for impairment as set out in note 13(d) below.

13. Interest in Associates *(Continued)*

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

In addition, the financing of 5-year syndicated loan facilities, amounting to HK\$1,900 million and RMB400 million granted by a group of financial institutions for the associate of the Group (the "New Loan Facilities") was completed before the end of the reporting period. The New Loan Facilities are used mainly to refinance the syndicated loan facilities of HK\$1,600 million granted to the same associate (the "HK\$1,600 Million Syndicated Loan Facilities") which matured on 29 June 2012, repay shareholders' loans and fund the construction of phase 3 development project of the associate. The New Loan Facilities are secured, amongst others, a several guarantee provided by the Company.

(d) ***Impairment test for interest in associates***

During the period, the additional impairment loss recognised on interest in associates of HK\$6.3 million (for the six months ended 30 June 2011: 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 2012, the carrying amount of the interest in associates is written down by approximately HK\$63.0 million (31 December 2011: approximately HK\$56.7 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 2012. The Group has engaged Roma to carry out a valuation of the interest in associates as at 30 June 2012 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 15.11% (31 December 2011: 15.80%). The cash flows beyond the five-year period are extrapolated using a steady growth rate of 4.79% (31 December 2011: 4.79%) 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 30/6/2012 HK\$'000	Audited At 31/12/2011 HK\$'000
Assets	4,074,446	3,692,854
Liabilities	3,784,552	3,179,405
Equity	289,894	513,449

	Unaudited For the six months ended 30/6/2012 HK\$'000	30/6/2011 HK\$'000
Revenues	625,515	586,787
Loss	(514)	(19,350)

14. Interest in Jointly Controlled Entities

	Note	Unaudited At 30/6/2012 HK\$'000	Audited At 31/12/2011 HK\$'000
Share of net assets		518	443
Amount due from a jointly controlled entity	(b)	12,050	12,050
Less: Impairment loss	(c)	12,568 (10,700)	12,493 (10,700)
		1,868	1,793

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 2012 and is therefore classified as non-current assets. As at 30 June 2012, the accumulated impairment loss of interest in jointly controlled entities was HK\$10.7 million (31 December 2011: HK\$10.7 million) and is considered to be adequate as there are no indication for further impairment. The recoverable amount of this advance is determined based on the net cash flows from operations estimated by management for the coming five years.

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

- (d) The following is summary of aggregate amounts of assets, liabilities, revenues and results of the jointly controlled entities:

	Unaudited At 30/6/2012 HK\$'000	Audited At 31/12/2011 HK\$'000
Non-current assets	29,293	29,293
Current assets	1,462	1,280
Current liabilities	(24,277)	(24,284)
Total equity	6,478	6,289

	Unaudited For the six months ended	
	30/6/2012 HK\$'000	30/6/2011 HK\$'000
Income	541	484
Expenses	(51)	(630)
Profit/(loss) before taxation	490	(146)
Taxation	(301)	–
Profit/(loss) for the period	189	(146)

15. Trade and Other Receivables

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

	Unaudited At 30/6/2012 HK\$'000	Audited At 31/12/2011 HK\$'000
Current	9,608	12,463
31 to 60 days overdue	600	649
61 to 90 days overdue	376	823
Over 90 days overdue	66	583
Trade receivables	10,650	14,518
Other receivables	1,119	1,116
Prepayments and deposits	20,887	16,334
	32,656	31,968

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 ship leasing and management business (31 December 2011: 30 to 60 days) and 30 days to customers of travel business (31 December 2011: 30 days).

16. Pledged Bank Deposits/Cash and Cash Equivalents

	Unaudited At 30/6/2012 HK\$'000	Audited At 31/12/2011 HK\$'000
Cash and bank balances	387,214	48,575
Non-pledged bank deposits	83,127	23,835
Pledged bank deposits	7,906	7,898
	478,247	80,308
Less: Pledged bank deposits	(7,906)	(7,898)
Cash and cash equivalents in the condensed consolidated statements of cash flows and financial position	470,341	72,410

17. Trade and Other Payables

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

	Unaudited At 30/6/2012 HK\$'000	Audited At 31/12/2011 HK\$'000
Current	7,133	7,199
31 to 60 days	910	730
61 to 90 days	345	254
Over 90 days	388	417
Trade payables	8,776	8,600
Accrued charges and other payables	26,566	21,415
Financial liabilities measured at amortised cost	35,342	30,015

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 2011	32,608
Payment to SBI Macau Holdings Limited ("SBI Macau") under the profit guarantee	(9,100)
At 31 December 2011 and 1 January 2012 (Audited)	23,508
Payment to SBI Macau under the profit guarantee	(9,100)
At 30 June 2012 (Unaudited)	14,408

	Unaudited At 30/6/2012 HK\$'000	Audited At 31/12/2011 HK\$'000
Current liabilities	9,100	9,100
Non-current liabilities	5,308	14,408
	14,408	23,508

The profit guarantee liabilities are carried at amortised cost.

19. Bank Loans

	Unaudited At 30/6/2012 HK\$'000	Audited At 31/12/2011 HK\$'000
Bank loans, secured	13,317	13,588

The maturity of the above borrowings is as follow:

	Unaudited At 30/6/2012 HK\$'000	Audited At 31/12/2011 HK\$'000
Carrying amount repayable:		
Within one year	589	581
More than one year, but no exceeding two years	624	606
More than two years, but not more than five years	2,102	2,040
More than five years	10,002	10,361
	13,317	13,588
Less: Amounts shown under current liabilities	(589)	(581)
Amounts shown under non-current liabilities	12,728	13,007

The non-revolving term loans carry fixed interest rates and shall be repayable by consecutive monthly installments. The loans are secured by the Group's properties located in Canada with carrying amount of equivalent to approximately HK\$20.4 million (31 December 2011: equivalent to approximately HK\$20.6 million).

20. Loans Payables

	Note	Unaudited At 30/6/2012 HK\$'000	Audited At 31/12/2011 HK\$'000
Loans from shareholders of non-controlling interests			
– Mrs. Yung Yuen Ping Kwok	(i)	2,681	2,679
– SABC Holdings Ltd.	(ii)	7,725	7,716
– Up Fly Limited (“Up Fly”)	(iii)	7,306	7,306
		17,712	17,701
Loans from Maruhan Corporation (“Maruhan”)	(iv)	152,738	152,738
Loan from SBI Macau	(v)	39,486	39,486
Other loans	(vi)	158,000	246,000
Less: Amounts shown under current liabilities		(310,738)	(398,738)
Amounts shown under non-current liabilities		57,198	57,187

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 is a shareholder of non-controlling interests of a 70% indirectly owned subsidiary of the Company, namely Honour Rich China Development Limited. 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 2011) on 29 October 2007 and further shareholder’s loans of approximately HK\$86,270,000 (31 December 2011: 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 2011). The loans are unsecured, interest-free and become mature in coming twelve months and have been reclassified as current liabilities.

20. Loans Payables (Continued)

Notes: (Continued)

- (v) As mentioned in note 5(b)(iv) to the Annual Report 2011, 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 carried floating interest rates at Hong Kong interbank offered rate plus a margin and were secured by 51% of the entire issued share capital from time to time of Favor Jumbo. The loans should be repayable on or before 36 months after 22 October 2009. According to the loan agreement, the Group should maintain a consolidated tangible net worth at all times of not less than HK\$400 million. The loans became mature in coming twelve months and have been reclassified as current liabilities. Subsequent to the end of the reporting period, the outstanding loans were fully repaid and the said pledge of shares was released in July 2012.

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

21. Long-term Payables

	Unaudited At 30/6/2012 HK\$'000	Audited At 31/12/2011 HK\$'000
Present value of liabilities of		
– Maruhan Put Option	142,035	142,035
– SBI Macau Put Option	77,800	72,551
	219,835	214,586
Less: Amount shown under current liabilities	(142,035)	(142,035)
Amount shown under non-current liabilities	77,800	72,551

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

22. Financial Guarantee Contract

	HK\$'000	
Carrying amount		
At 1 January 2011		18,900
Amortisation for the year		(12,600)
At 31 December 2011 and 1 January 2012 (Audited)		6,300
Amortisation for the period		(6,300)
Fair value of financial guarantee contract issued		99,978
At 30 June 2012 (Unaudited)		99,978
	Unaudited At 30/6/2012 HK\$'000	Audited At 31/12/2011 HK\$'000
Current liabilities	19,996	6,300
Non-current liabilities	79,982	–
	99,978	6,300

During the period, the Company gave a new corporate guarantee (the "New SUG Guarantee") to a bank in respect of the New Loan Facilities. The maximum guarantee amount borne by the Company under the New SUG Guarantee was HK\$1,176 million. The guarantee previously issued by the Company in the amount of HK\$860 million for the HK\$1,600 Million Syndicated Loan Facilities, which has been fully repaid on 29 June 2012, was expected to lapse 7 months thereafter.

The outstanding loan under the New Loan Facilities as at 30 June 2012 was approximately HK\$1,390.7 million (31 December 2011: total loan outstanding under the HK\$1,600 Million Syndicated Loan Facilities was HK\$560 million). The contingent liabilities were disclosed in note 26.

Based on the valuation performed by an independent professional valuer, the directors of the Company considered that the fair value of the financial guarantee contract was approximately HK\$100.0 million at the date of issuance of financial guarantee contract with a corresponding increase in its interest in associates as deemed capital contribution.

The carrying amount of the financial guarantee contract recognised in the Group's condensed consolidated statement of financial position was in accordance with HKAS 39 and is carried at amortised cost.

23. Share Capital

	Number of shares '000	Nominal value HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
At 1 January 2011, 31 December 2011, 1 January 2012 and 30 June 2012	160,000,000	1,600,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 1 January 2011, 31 December 2011 and 1 January 2012 (Audited)		
	2,438,964	24,390
Allotment and issue of rights shares	1,625,976	16,259
At 30 June 2012 (Unaudited)	4,064,940	40,649

The Company completed the issue by way of rights of 1,625,976,154 new ordinary shares of the Company (the "Rights Issue") in January 2012.

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	
		30/6/2012 HK\$'000	30/6/2011 HK\$'000
Travel services income received and receivable from an associate		20	4
Cost of sales related to travel services paid and payable to an associate		30	54
Management fee income received and receivable from an associate		3,107	3,473
Interest expenses paid and payable to a related company	(iii)	–	428
Interest expenses paid to a director and controlling shareholder	(iv)	754	2,603
Interest expenses paid and payable to a controlling shareholder	(v)	183	–
Underwriting commission paid to a controlling shareholder	(v)	4,522	–

24. Related Party Transactions (Continued)

- (b) The outstanding balances with related parties at 30 June 2012 and 31 December 2011 were as follows:

	Note	Unaudited At 30/6/2012 HK\$'000	Audited At 31/12/2011 HK\$'000
Amounts due from associates	13(c)	793,106	1,136,406
Amount due from a jointly controlled entity	14(b)	12,050	12,050
Other receivable from a related party	(i)	5,867	5,867
Other payable to a director of a subsidiary of the Company	(ii)	–	2,310
Amount due to a related company	(iii)	129	129
Loan from a director and controlling shareholder	(iv)	30,332	30,332
Loan from a controlling shareholder	(v)	465	128,336

Notes:

- (i) The amount of receivable is from the beneficial owner of Up Fly (the "JV Partner") for his on-lending to the joint venture company of which the Company and the JV Partner hold 70% and 30% interests respectively (the "JV Company"). The amount is secured by 30% equity interest of the JV Company, interest-free and has no fixed repayment terms.
- (ii) A short-term loan agreement was entered into between a director of a subsidiary of the Company (the "Director of the Subsidiary") and a subsidiary of the Company. The Director of the Subsidiary provided a short-term loan to a subsidiary of the Company for its general working capital. The loan was unsecured, interest-free and has been repaid during the period.
- (iii) The related company is an investment holding company beneficially wholly-owned by Mr. Yeung Hoi Sing, Sonny ("Mr. Yeung", being a director and a controlling shareholder of the Company). The amount due to a related company is unsecured, non-interest bearing and not repayable within one year.
- (iv) 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 31 October 2013 by a letter agreement dated 15 March 2012.

24. Related Party Transactions (Continued)

(b) (Continued)

Notes: (continued)

- (v) Pursuant to the underwriting agreement entered into between Silver Rich Macau Development Limited ("Silver Rich", being a controlling shareholder of the Company and wholly-owned by a discretionary trust, the beneficiaries of which are family members of Mr. Yeung) and the Company regarding the Rights Issue, during the period, (i) Silver Rich has accepted and taken up 673,968,954 rights shares provisionally allotted by the Company at a total subscription price of HK\$128,054,101.26 (the "Subscription Monies") and a maximum of 952,007,200 underwritten shares (the "Underwritten Shares") were underwritten by Silver Rich; (ii) a commission of 2.5% of the aggregate subscription price in respect of the Underwritten Shares, which amounted to approximately HK\$4.5 million (the "Underwriting Commission") has been paid by the Company to Silver Rich; and (iii) the Subscription Monies have been set off by the aggregate of approximately HK\$104.7 million which was charged with interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited and approximately HK\$23.4 million which was charged with interest at the rate of 4% per annum.

The Rights Issue has been completed on 18 January 2012.

The outstanding loan is unsecured, interest-free and not repayable within one year.

(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	
	30/6/2012	30/6/2011
	HK\$'000	HK\$'000
Salaries and other short-term employee benefits	2,435	2,103
Retirement benefit scheme contributions	31	30
Total emoluments are included in "staff costs"	2,466	2,133

25. Commitments

- (a) There was no capital commitments outstanding at 30 June 2012 not provide for in the condensed consolidated financial statements (31 December 2011: Nil).
- (b) At 30 June 2012, the total future minimum lease payments under non-cancellable operating leases for the Group were payable as follows:

	Unaudited At 30/6/2012 HK\$'000	Audited At 31/12/2011 HK\$'000
Within one year	5,384	7,654
In second to fifth years, inclusive	2,317	2,077
	7,701	9,731

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

26. Contingent Liabilities

During the period, the Company gave a New SUG Guarantee to a bank in respect of the New Loan Facilities. The maximum guarantee amount borne by the Company under the New SUG Guarantee was HK\$1,176 million. The guarantee previously issued by the Company in amount of HK\$860 million for the HK\$1,600 Million Syndicated Loan Facilities, which has been fully repaid on 29 June 2012, was expected to lapse 7 months thereafter.

The outstanding loan under the New Loan Facilities as at 30 June 2012 was approximately HK\$1,390.7 million (31 December 2011: total loan outstanding and bank guarantee facility under HK\$1,600 Million Syndicated Loan Facilities were HK\$560 million and HK\$240 million respectively).

27. Pledge of Assets

As at 30 June 2012, the Group had secured the following assets:

- (a) The Group pledged the time deposits of approximately HK\$7.9 million (31 December 2011: approximately HK\$7.9 million) to certain banks for the issuance of several bank guarantees and a standby letter of credit facility of approximately HK\$9.9 million (31 December 2011: approximately HK\$9.9 million) for the operations of the Group;
- (b) World Fortune pledged all of its shares in Pier 16 – Property Development to a bank, for and on behalf of the syndicate of lenders, in respect of the New Loan Facilities (31 December 2011: pledged all of its shares in Pier 16 – Property Development to a bank in respect of the HK\$1,600 Million Syndicated Loan Facilities);
- (c) New Shepherd Assets Limited, a wholly-owned subsidiary of the Company, pledged 51% (31 December 2011: 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. The said pledge of shares was released in July 2012; and
- (d) The Group's self-occupied properties with carrying amount of equivalent to approximately HK\$20.4 million (31 December 2011: equivalent to approximately HK\$20.6 million) were 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

The Group has fully repaid the other loans as mentioned in note 20(vi) amounting to approximately HK\$158,000,000 in July 2012. Consequently, the pledge of shares mentioned in note 27(c) was subsequently released.

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 ship leasing and management business is subject to relatively lower degree of seasonal volatility.

INDEPENDENT REVIEW REPORT



國 衛 會 計 師 事 務 所 有 限 公 司
Hodgson Impey Cheng Limited

Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

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 43, 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 2012 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 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 is not prepared, in all material respects, in accordance with HKAS 34.

HLB Hodgson Impey Cheng Limited

Chartered Accountants

Certified Public Accountants

Hon Koon Fai, Alex

Practicing Certificate Number: P05029

Hong Kong, 29 August 2012

MANAGEMENT DISCUSSION AND ANALYSIS

The Group maintained stable growth during the first half of 2012, against the backdrop of a sluggish global economy and slowdown in economic growth in China. This was largely achieved through operational efficiency resulting from a synergetic strategy between the various business platforms.

Despite the uncertainties in the economic environment in Europe and the United States of America (the "USA") as well as concerns over the growth prospects of China's economy, the Group's travel business performed relatively well in the first half of 2012, with an increase in revenue over the last corresponding period. Meanwhile, the Group's cruise ship business and the flagship investment project, Ponte 16, also achieved improved performances. Furthermore, the Group continued with the roll-out of its lottery business to provide a technology service platform and technical support as well as sports lottery sales agency services to China's burgeoning mobile sports lottery market, with a view to further developing its business platform to capitalise on the huge growth potential of the China market.

Results

Turnover of the Group for the six months ended 30 June 2012 was approximately HK\$853.7 million, representing an increase from approximately HK\$763.1 million in the last corresponding period. Gross profit reached approximately HK\$43.2 million (2011: approximately HK\$35.4 million), while loss attributable to owners of the Company narrowed to approximately HK\$28.3 million (2011: approximately HK\$37.6 million). Loss per share was 0.72 HK cents in the first half of 2012, compared to loss per share of 1.54 HK cents in the first half of 2011.

Driven by the successful growth of the VIP gaming segment, Ponte 16 continued to achieve a positive EBITDA* with a growth of approximately 11% to approximately HK\$142.7 million for the first half of 2012. However, its results were affected by the bank charges incurred for the New Loan Facilities (as defined hereinafter). During the reporting period, the Group's shared loss of the associates relating to Ponte 16 amounted to approximately HK\$0.3 million, as compared to a shared loss of approximately HK\$9.5 million in the last corresponding period.

Rights Issue

The Company completed the issue by way of rights of 1,625,976,154 new ordinary shares of the Company (the "Rights Issue") in January 2012, raising net cash proceeds of approximately HK\$173.2 million. The Rights Issue further strengthened the Company's capital base and provided further financial resources for the Group's business development going forward. During the reporting period, the Company had repaid a part of the third party interest-bearing loan in the amount of HK\$88.0 million using the net cash proceeds from the Rights Issue.

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

Interim Dividend

The directors of the Company (“Director(s)”) do not recommend the payment of an interim dividend for the six months ended 30 June 2012 (2011: Nil).

Review of Operations

Travel Business

Further stepped up its effort to develop high-end market segment

Performance of the Group’s travel business improved in the first half of 2012 despite a continued challenging environment. Turnover in this segment was up by approximately 12% to approximately HK\$815.3 million (2011: approximately HK\$728.3 million) although the sovereign debt crisis in Europe as well as concerns over the USA economic recovery still had an impact on the business environment of the Group’s travel business units in Hong Kong, Macau and its travel agency companies located in Canada and the USA (the “Jade Travel Group”). The continuous growth of the Group’s travel business reflects the success of the Group’s strategy to expand its presence in China whilst focusing on high-end customer groups.

Despite the growing competition which imposed pressure on profit margins, the Group posted a profit in the segment of approximately HK\$1.9 million, compared with a loss of approximately HK\$5.5 million in the corresponding period of 2011.

During the reporting period, the Group maintained its focus on the high-end market segment and developed higher margin businesses such as the FIT (Free Independent Travellers) and MICE (Meeting, Incentive, Convention and Exhibition) businesses. The steady performance of inbound tour business in North America, benefiting from sustained growth of the Chinese affluent and their increasing consumption, also contributed a stable revenue stream.

Cruise Ship Business

Achieved growth on the back of increase in revenue

The Group’s cruise ship business maintained stable growth during the first half of 2012. Turnover from the cruise ship, M.V. Macau Success, (in which the Group has a 55% interest) was approximately HK\$38.4 million (2011: approximately HK\$34.8 million). The business segment achieved a profit of approximately HK\$1.1 million during the reporting period, mainly due to the increase in revenue, as compared with a segment loss of approximately HK\$2.3 million in the last corresponding period.

Review of Operations *(Continued)*

Investment Project – Ponte 16

Sustained stable growth supported by the vigorous Macau gaming market

Given its unique positioning, strategic location and proactive marketing initiatives, Ponte 16 kept up its growth momentum and recorded a continuous improved performance in the first half of 2012.

In the exclusive Inner Harbour District of Macau, Ponte 16 has been able to raise its international profile by hosting a number of iconic events. This, in turn, has successfully attracted a number of international visitors to the resort. During the reporting period, the award-winning Sofitel Macau At Ponte 16 frequently sustained a steady occupancy rate with diversified customer clientele, thanks to its strategic marketing initiatives.

As of 30 June 2012, the casino of Ponte 16 had a total of 109 gaming tables, 82 of which are mass gaming tables, 9 are high-limit tables and 18 are VIP tables.

During the reporting period, phase 3 of the Ponte 16 development project (the “Phase 3 Project”) progressed as planned. It is targeted to be completed by 2014. The financing of 5-year syndicated loan facilities for Ponte 16, amounting to HK\$1,900 million and RMB400 million granted by a group of financial institutions to Pier 16 – Property Development Limited (“Pier 16 – Property Development”), an associate of the Group, (the “New Loan Facilities”) was completed in the reporting period. The New Loan Facilities are used mainly to refinance the syndicated loan facilities of HK\$1,600 million granted to Pier 16 – Property Development (the “HK\$1,600 Million Syndicated Loan Facilities”) which matured on 29 June 2012, repay shareholders’ loans and fund the construction of the Phase 3 Project.

During the period, Ponte 16 partnered with City University of Macau to launch the “Ponte 16 and City University of Macau – Cultivated Scholarship Program”. Eligible students were chosen to work at Ponte 16 to gain on-the-job training and invaluable work experience for their future career development. Looking ahead, the programme can generate more talent for the future expansion of Ponte 16 and raise the resort’s profile in the local community. This initiative also upholds Ponte 16’s commitment to pursue sustainable industry development.

Sofitel Macau At Ponte 16 continued to provide world-class services and amenities to its distinguished guests from all over the globe. During the reporting period, Sofitel Macau At Ponte 16 was honoured with a series of industry awards, including “The Top 25 Best Hotel in Greater China” by Daodao.com in its “Travelers’ Choice 2012”, “Entertainment Award” and “Golden Award” by Rakuten Travel in its “Rakuten Travel Award 2011”, “China’s 2011-2012 Best Hotel” by China LifeStyle magazine, “Winner of Certificate of Excellence 2012” by TripAdvisor and “Expedia Insiders’ Select Hotel 2012” by Expedia.com.

Review of Operations *(Continued)*

Lottery Business

Well placed to capture opportunities in China's growing lottery market

The Group has been authorised to provide sports lottery sales agency services via mobile phones in Jiangxi and Qinghai provinces in China. During the first half of 2012, the Group continued to enhance its technology service platform and enriched the content and design of its business website, "128cai.com" (www.128cai.com), to provide the latest lottery information and hot tips to customers.

Although the Rules for the Implementation of the Regulations on Administration of Lotteries (the "Implementation Rules"), which were jointly announced by the Ministry of Finance, the Ministry of Civil Affairs and the General Administration of Sport of China have come into effect since March 2012, their impact is yet to be ascertained, with the future outlook of the China's lottery market still remaining robust. In the first half of 2012, China's lottery industry grew approximately 28% as compared to the last corresponding period. The Group is confident that its mobile sports lottery business will become one of the growth drivers for the Group in the long-run.

Financial Review

Liquidity, Financial Resources and Gearing

After completion of the Rights Issue, as at 30 June 2012, the Group had net current liabilities of approximately HK\$5.3 million which is substantially reduced as compared to approximately HK\$288.0 million as at 31 December 2011 and net assets of approximately HK\$772.9 million (31 December 2011: approximately HK\$502.1 million).

On 1 December 2008, Mr. Yeung Hoi Sing, Sonny ("Mr. Yeung", being 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 extended to 31 October 2013 by a letter agreement dated 15 March 2012. As at 30 June 2012, the Company had owed to Mr. Yeung an amount of approximately HK\$30.3 million (31 December 2011: approximately HK\$30.3 million).

Financial Review *(Continued)*

Liquidity, Financial Resources and Gearing *(Continued)*

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 carried floating interest rates and the loan under such facility should 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. During the reporting period, the Company had repaid a part of the loan in the amount of HK\$88.0 million, and as at 30 June 2012, the outstanding loan under the Revolving Credit Facility was in the amount of HK\$158.0 million (31 December 2011: HK\$246.0 million). Such outstanding loan was fully repaid in July 2012.

Jade Travel Ltd. (“Jade Travel, Canada”, being an 80% indirectly owned subsidiary of the Company which was incorporated in Canada) was granted secured bank loans which carry fixed interest rates and the loans shall be repayable by consecutive monthly instalments. The proceeds of the loans were to finance the acquisition of the new properties of Jade Travel, Canada and their renovation costs. As at 30 June 2012, the outstanding loans were equivalent to approximately HK\$13.3 million (31 December 2011: equivalent to approximately HK\$13.6 million).

As at 30 June 2012, the Group had a non-interest bearing loan from a related company in the amount of approximately HK\$0.1 million (31 December 2011: approximately HK\$0.1 million). The loan is unsecured and has no fixed terms of repayment.

On 12 January 2012, the loan owed by the Company to Silver Rich Macau Development Limited (“Silver Rich”, being a controlling shareholder of the Company and wholly-owned by a discretionary trust, the beneficiaries of which are family members of Mr. Yeung), in the amount of approximately HK\$128.1 million, had been used to set off against the aggregate subscription price of the 673,968,954 rights shares provisionally allotted to Silver Rich pursuant to the underwriting agreement entered into between Silver Rich and the Company regarding the Rights Issue. As at 30 June 2012, the outstanding loan owed by the Company to Silver Rich was approximately HK\$0.5 million (31 December 2011: approximately HK\$128.3 million, being the aggregate of approximately HK\$104.7 million which was charged with interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited, approximately HK\$23.4 million which was charged with interest at the rate of 4% per annum and interest of approximately HK\$0.2 million). The loan is unsecured and non-interest bearing and has no fixed terms of repayment.

Financial Review *(Continued)*

Liquidity, Financial Resources and Gearing *(Continued)*

Apart from the aforesaid loans, as at 30 June 2012, there were loans from shareholders of non-controlling interests of approximately HK\$17.7 million (31 December 2011: approximately HK\$17.7 million) and other loans payables of approximately HK\$192.2 million (31 December 2011: approximately HK\$192.2 million). The loans are interest-free and unsecured. These included approximately HK\$152.7 million (31 December 2011: approximately HK\$152.7 million) which was shown under current liabilities and the remaining amount of approximately HK\$39.5 million (31 December 2011: approximately HK\$39.5 million) which will not be repaid within the next 12 months.

Taking into account its present available financial resources, the loan facility and financial undertaking by Mr. Yeung, the Group will have sufficient working capital for its current requirements. Accordingly, the Directors consider that it is appropriate to prepare these consolidated financial statements on a going concern basis.

After completion of the Rights Issue, total equity attributable to owners of the Company as at 30 June 2012 was enlarged to approximately HK\$743.2 million (31 December 2011: approximately HK\$470.2 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 narrowed to approximately 27% as at 30 June 2012 (31 December 2011: approximately 89%).

Provision of the 2012 Financial Assistance to Pier 16 – Property Development

Reference was made to the announcement (the “Announcement”) and the circular (the “Circular”) issued by the Company dated 26 April 2012 and 18 May 2012 respectively in relation to the provision of financial assistance to Pier 16 – Property Development as one of the conditions precedent for the utilisation of the New Loan Facilities under the facility agreement dated 17 April 2012 entered into by Pier 16 – Property Development with, among others, the lenders (being a group of financial institutions) (the “2012 Financial Assistance”). The estimated total exposure of the Company under the provision of the 2012 Financial Assistance was approximately HK\$1,756 million.

The provision of the 2012 Financial Assistance constituted a very substantial acquisition for the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and has been approved by the shareholders at the special general meeting of the Company held on 5 June 2012.

For further details of the 2012 Financial Assistance, please refer to the Announcement and the Circular.

Based on the valuation performed by an independent professional valuer, the Group has recognised approximately HK\$100.0 million of financial guarantee contract liability at the date of issuance of financial guarantee contract with a corresponding increase in its interest in associates as deemed capital contribution.

Financial Review *(Continued)*

Pledge of Assets

As at 30 June 2012, the Group had secured the following assets:

- (a) the Group pledged the time deposits of approximately HK\$7.9 million (31 December 2011: approximately HK\$7.9 million) to certain banks for the issuance of several bank guarantees and a standby letter of credit facility of approximately HK\$9.9 million (31 December 2011: approximately HK\$9.9 million) for the operations of the Group;
- (b) World Fortune Limited, an indirect subsidiary of the Company, pledged all of its shares in Pier 16 – Property Development to a bank, for and on behalf of the syndicate of lenders, in respect of the New Loan Facilities (31 December 2011: pledged all of its shares in Pier 16 – Property Development to a bank in respect of the HK\$1,600 Million Syndicated Loan Facilities);
- (c) New Shepherd pledged 51% (31 December 2011: 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. The said pledge of shares was released in July 2012; and
- (d) the Group's self-occupied properties with carrying amount of equivalent to approximately HK\$20.4 million (31 December 2011: equivalent to approximately HK\$20.6 million) were pledged to a bank to secure bank loans to Jade Travel, Canada.

Contingent Liabilities

During the reporting period, the Company gave a new corporate guarantee (the "New SUG Guarantee") to a bank in respect of the New Loan Facilities under the 2012 Financial Assistance. The maximum guarantee amount borne by the Company under the New SUG Guarantee was HK\$1,176 million. The guarantee previously issued by the Company in the amount of HK\$860 million for the HK\$1,600 Million Syndicated Loan Facilities, which has been fully repaid on 29 June 2012, was expected to lapse 7 months thereafter.

The outstanding loan under the New Loan Facilities as at 30 June 2012 was approximately HK\$1,390.7 million (31 December 2011: total loan outstanding and bank guarantee facility under the HK\$1,600 Million Syndicated Loan Facilities were HK\$560 million and HK\$240 million respectively).

Human Resources

As at 30 June 2012, the Group had a total of 488 employees. Remuneration is determined on the basis of qualifications, experience, responsibilities and performance. In addition to the basic remuneration, staff benefits include medical insurance and retirement benefits under the Mandatory Provident Fund Scheme. Share options may also be granted to eligible employees of the Group as a long-term incentive.

Prospects

The operating environment for the Group is likely to remain challenging due to the economic outlook uncertainties in the USA and Europe. However, China's economy is expected to maintain a healthy pace of growth in the medium to long term. Adding to this prospect are upcoming infrastructure projects, including the Macau Light Rapid Transit and the Hong Kong-Zhuhai-Macao Bridge, which will certainly draw more tourists to Macau.

In view of this, the Group is confident on Macau's gaming and entertainment industry and expects a steady growth in the second half of 2012. Tourists from China will remain the major growth driver for the Group's core businesses in the near-term, while the Group will also strive to capitalise on the potential in other Asian countries.

The Group will persevere in targeting high-end customer groups, such as MICE and FIT, and through collaboration with credible business partners in China, further increase its presence there.

The Group's desire to optimise its operations and to enhance cost efficiency, combined with the emergence of the Jade Travel Group as a major contributor for the travel business, has resulted in the global consolidation of the Group's travel business operations and the cessation of the Hong Kong travel business unit in July 2012.

The Group is confident about the outlook for Ponte 16 given its unique positioning in Macau's tourism and entertainment landscape. Activities in the second half of 2012 are expected to increase during the traditional peak tourism season in the city.

Ponte 16 will strengthen its brand awareness in its key markets. One of its major marketing initiatives in the second half of 2012 will be the "Michael Jackson's Wardrobe – Gorgeous 25 Years" exhibition in Chongqing, Changsha and Wuhan, jointly organised with New World Department Store China Limited. The exhibition will feature over 50 iconic items of super star Michael Jackson that the total value is over HK\$10 million.

The Phase 3 Project, which is expected to progress as planned in the second half of 2012, will comprise an entertainment and recreation complex that houses brand new shopping arcade, dining destinations as well as space for gaming expansion. The Group foresees, in the long run, that Macau will become an alternate shopping paradise for tourists from China and other Asian countries. Integrating the concepts of a shopping and dining destination, extraordinary entertainment experience and expansion of the world-class casino in Ponte 16, this new phase is set to be a new revenue contributor for Ponte 16.

Prospects *(Continued)*

Regarding the lottery business, it is expected that the Implementation Rules will create a healthy operating environment for the industry by strengthening and consolidating China's lottery industry. With an established business platform, the Group is well-placed to capture the opportunities in the booming market. The Group will continue to leverage on its well-connected network to actively seek out opportunities and expand its operations to other provinces in China.

The Group remains optimistic on the outlook for Macau, China and the Asian region. To benefit from the increasing opportunities in China and other markets in Asia, the Group will spare no effort to elevate its business competitiveness by implementing its three-pronged strategy. Over the long term, the Group is committed to further enriching its extensive portfolio of assets to maximise value for its shareholders, partners and customers.

DISCLOSURE OF INTERESTS

Directors' and Chief Executive's Interests in Securities

As at 30 June 2012, 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	2,165,012,962	53.26

Note: Mr. Yeung Hoi Sing, Sonny, an executive Director and the Chairman of the Company, was deemed to have corporate interest in 2,165,012,962 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 2012, 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 2012.

Except for the underwriting commission paid by the Company to 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), during the period as mentioned in note 24(b)(v) to the condensed consolidated financial statements, 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 2012, 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	2,165,012,962	53.26
Fiducia Suisse SA (Note 1)	Long position	Trustee	2,165,012,962	53.26
Mr. David Henry Christopher Hill (Note 1)	Long position	Interest of controlled corporation	2,165,012,962	53.26
Mrs. Rebecca Ann Hill (Note 2)	Long position	Interest of spouse	2,165,012,962	53.26
Ms. Liu Siu Lam, Marian (Note 3)	Long position	Interest of spouse	2,165,012,962	53.26
Maruhan Corporation	Long position	Beneficial owner	406,087,500	9.99

Notes:

- The entire issued share capital of Silver Rich Macau Development Limited is held by Fiducia Suisse SA, which is a trustee of a discretionary trust, the beneficiaries of which are family members of Mr. Yeung Hoi Sing, Sonny. Fiducia Suisse SA is wholly-owned by Mr. David Henry Christopher Hill. Accordingly, each of Fiducia Suisse SA and Mr. David Henry Christopher Hill was deemed to be interested in 2,165,012,962 Shares held by Silver Rich Macau Development Limited.
- Mrs. Rebecca Ann Hill, being the spouse of Mr. David Henry Christopher Hill, was deemed to be interested in 2,165,012,962 Shares in which Mr. David Henry Christopher Hill had a deemed interest.
- Ms. Liu Siu Lam, Marian, being the spouse of Mr. Yeung Hoi Sing, Sonny, was deemed to be interested in 2,165,012,962 Shares in which Mr. Yeung Hoi Sing, Sonny had a deemed interest.

Save as disclosed above, as at 30 June 2012, 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 pursuant to 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 loans 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", being 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 2012. 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 2012 were set out below:

Name of associate	Shareholder's loans HK\$'million	Corporate guarantee HK\$'million	Aggregate Financial Assistance HK\$'million
Pier 16 – Property Development	881	2,036	2,917

The shareholder's loans provided by World Fortune are unsecured, interest-free and have 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 2012:

	Combined balance sheet HK\$'000	Group's attributable interests HK\$'000
Non-current assets	2,518,024	1,233,832
Current assets	608,970	298,395
Current liabilities	336,439	164,855
Non-current liabilities	3,448,113	1,689,575

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

During the six months ended 30 June 2012, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with all the code provisions as set out in the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) contained in Appendix 14 of the Listing Rules during the six months ended 30 June 2012.

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.

INFORMATION IN RESPECT OF DIRECTORS

On 1 July 2012, Ms. Yeung Mo Sheung, Ann, an independent non-executive Director, ceased to be a partner of Messrs. Fung & Fung, Solicitors and was engaged as a solicitor of Messrs. Wong & Wong, Lawyers.

Save as disclosed above, there was no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules subsequent to the date of the Annual Report 2011 of the Company and up to the date of this report.

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, Ms. Yeung Mo Sheung, Ann and Mr. Chin Wing Lok, Ambrose, with terms of reference prepared in accordance with the requirements of the Listing Rules. The Audit Committee is chaired by Mr. Chin Wing Lok, Ambrose 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, overseeing the relationship with the external auditors of the Company as well as ensuring maintenance of good corporate governance standard and procedures by the Company.

REVIEW OF INTERIM RESULTS

The unaudited interim results for the six months ended 30 June 2012 have been reviewed by the Audit Committee and HLB Hodgson Impey Cheng Limited, 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
Yeung Hoi Sing, Sonny
Chairman

Hong Kong, 29 August 2012