信德集團
SHUN TAK HOLDINGS

**SHUN TAK HOLDINGS LIMITED**
**信 德 集 團 有 限 公 司**
*(Incorporated in Hong Kong with limited liability)*
**(Stock Code: 242)**
**Website: http://www.shuntakgroup.com**

# 2013 Annual Results Announcement

## GROUP RESULTS

The board of directors (the "Board") of Shun Tak Holdings Limited (the "Company") announces the consolidated annual results for the year ended 31 December 2013 of the Company and its subsidiaries (the "Group").

The profit attributable to owners of the Company for the year ended 31 December 2013 amounted to HK$1,406 million, as compared with a profit of HK$2,563 million last year. Basic earnings per share were HK 47 cents (2012: HK 88.7 cents).

The profit attributable to owners of the Company for the year would be HK$389 million (2012: HK$453 million), after excluding the effect of attributable revaluation surplus (net of deferred tax) of HK$1,017 million (2012: HK$2,110 million) arising on investment properties held by the Group and a joint venture (holding 51% interest in One Central).

## DIVIDENDS

The Board does not recommend the payment of any final dividend (2012: HK 8.5 cents per share) in respect of the year ended 31 December 2013. No interim dividend was declared by the Directors during the year (2012: nil).

**CONSOLIDATED INCOME STATEMENT**
**FOR THE YEAR ENDED 31 DECEMBER 2013**

| | Note | **2013** *HK$'000* | 2012 *HK$'000* |
|---|---|---|---|
| **Turnover** | 2 | **3,575,726** | 5,411,820 |
| Other income | | **140,265** | 147,432 |
| | | **3,715,991** | 5,559,252 |
| Other gains, net | 3 | **383** | 4,665 |
| Cost of inventories sold and services provided | | **(1,561,101)** | (3,116,831) |
| Staff costs | | **(1,090,939)** | (970,428) |
| Depreciation and amortisation | | **(192,539)** | (238,731) |
| Other costs | | **(407,007)** | (451,116) |
| Fair value changes on investment properties | | **576,790** | 1,149,930 |
| **Operating profit** | 2,4 | **1,041,578** | 1,936,741 |
| Finance costs | 5 | **(158,639)** | (180,974) |
| Share of results of joint ventures | | **910,133** | 1,451,325 |
| Share of results of associates | | **16,903** | 11,843 |
| **Profit before taxation** | | **1,809,975** | 3,218,935 |
| Taxation | 6 | **(91,732)** | (156,455) |
| **Profit for the year** | | **1,718,243** | 3,062,480 |
| **Attributable to:** | | | |
| Owners of the Company | | **1,406,447** | 2,562,794 |
| Non-controlling interests | | **311,796** | 499,686 |
| **Profit for the year** | | **1,718,243** | 3,062,480 |
| **Earnings per share (HK cents)** | 8 | | |
| — basic | | **47.0** | 88.7 |
| — diluted | | **46.3** | 85.2 |

Details of the dividends proposed for the year are disclosed in note 7.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 31 DECEMBER 2013

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Profit for the year** | **1,718,243** | 3,062,480 |
| **Other comprehensive (loss)/income** | | |
| Items that may be reclassified to profit or loss: | | |
| Available-for-sale investments: | | |
| Changes in fair value | **(12,020)** | 17,807 |
| Reversal of reserve upon disposal of available-for-sale investments | **(787)** | 16,265 |
| Cash flow hedges: | | |
| Changes in fair value, net of tax | **2,213** | — |
| Reversal of reserve upon the closure of cash flow hedges, net of tax | **—** | 833 |
| Currency translation differences | **(23,386)** | 10,676 |
| **Other comprehensive (loss)/income for the year, net of tax** | **(33,980)** | 45,581 |
| **Total comprehensive income for the year** | **1,684,263** | 3,108,061 |
| **Attributable to:** | | |
| Owners of the Company | **1,368,571** | 2,605,458 |
| Non-controlling interests | **315,692** | 502,603 |
| **Total comprehensive income for the year** | **1,684,263** | 3,108,061 |

**CONSOLIDATED BALANCE SHEET**
**AS AT 31 DECEMBER 2013**

| | Note | 2013 HK$'000 | 2012 HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **2,067,927** | 2,262,702 |
| Investment properties | | **6,471,180** | 5,049,944 |
| Prepaid premium for land lease | | **8,170** | 8,414 |
| Joint ventures | | **4,738,077** | 3,569,337 |
| Associates | | **1,519,039** | 962,362 |
| Intangible assets | | **399,500** | 365,047 |
| Available-for-sale investments | | **999,070** | 1,017,242 |
| Mortgage loans receivable | | **14,480** | 14,020 |
| Deferred tax assets | | **12,890** | 25,747 |
| Other non-current assets | | **813,042** | 675,174 |
| | | **17,043,375** | 13,949,989 |
| **Current assets** | | | |
| Properties for or under development | | **8,880,551** | 8,238,777 |
| Inventories | | **2,136,386** | 1,945,670 |
| Trade and other receivables, and deposits paid | 9 | **2,170,633** | 2,431,154 |
| Derivative financial instruments | | **8,113** | 4,749 |
| Taxation recoverable | | **3,498** | 1,344 |
| Cash and bank balances | | **8,138,435** | 7,681,879 |
| | | **21,337,616** | 20,303,573 |
| **Current liabilities** | | | |
| Trade and other payables, and receipts in advance | 9 | **1,943,117** | 1,012,239 |
| Deposits received from sale of properties | | **730,529** | 497,441 |
| Bank borrowings | | **670,000** | 3,103,025 |
| Convertible bonds | | **827,279** | — |
| Provision for employee benefits | | **17,059** | 18,015 |
| Taxation payable | | **17,861** | 86,247 |
| Loans from non-controlling shareholders | | **1,158,114** | — |
| | | **5,363,959** | 4,716,967 |
| **Net current assets** | | **15,973,657** | 15,586,606 |
| **Total assets less current liabilities** | | **33,017,032** | 29,536,595 |

| | 2013 | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Non-current liabilities** | | |
| Receipts in advance | **49,435** | 40,896 |
| Bank borrowings | **4,245,000** | 2,847,000 |
| Convertible bonds | **—** | 813,379 |
| Medium term notes | **3,134,161** | — |
| Derivative financial instruments | **4,556** | — |
| Deferred tax liabilities | **1,067,807** | 1,011,077 |
| Loans from non-controlling shareholders | **—** | 1,796,316 |
| | **8,500,959** | 6,508,668 |
| **Net assets** | **24,516,073** | 23,027,927 |
| **Equity** | | |
| Share capital | **749,220** | 746,720 |
| Share premium | **8,876,887** | 8,851,587 |
| Reserves | **11,512,000** | 10,144,536 |
| Proposed dividends | **—** | 253,885 |
| **Equity attributable to owners of the Company** | **21,138,107** | 19,996,728 |
| Non-controlling interests | **3,377,966** | 3,031,199 |
| **Total equity** | **24,516,073** | 23,027,927 |

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Basis of preparation

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

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and certain financial assets and financial liabilities (including derivative financial instruments) which have been measured at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the 2013 annual financial statements.

Impact of New or Revised Hong Kong Financial Reporting Standards

**Adoption of new standards**

The Group has adopted the following relevant new or revised HKFRSs for the first time for the current year's financial statements.

| | |
|---|---|
| Amendments to HKFRS 7 | Disclosures - Offsetting Financial Assets and Financial Liabilities |
| HKFRS 10 | Consolidated Financial Statements |
| HKFRS 11 | Joint Arrangements |
| HKFRS 12 | Disclosure of Interests in Other Entities |
| HKFRS 13 | Fair Value Measurement |
| Amendments to HKAS 1 | Presentation of Items of Other Comprehensive Income |
| HKAS 19 (2011) | Employee Benefits |
| HKAS 27 (2011) | Separate Financial Statements |
| HKAS 28 (2011) | Investments in Associates and Joint Ventures |
| Annual Improvements 2009 — 2011 Cycle | |
| Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 | Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance |

Except as described below, the adoption of the above does not have any significant impact to the Group.

**Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income**

Amendments to HKAS 1 require the identification of other comprehensive income items that are subsequently re-classifiable to the profit or loss in the statement of comprehensive income. The amendment affected presentation only and had no impact on the Group's financial position or result.

**HKFRS 11 Joint Arrangements**

Under HKFRS 11, investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement.

Before 1 January 2013, the Group's interests in its jointly controlled entities were accounted for using the equity method. Under HKFRS 11, the jointly controlled entities have been assessed to be joint ventures.

**HKFRS 12 Disclosure of Interests in Other Entities**

HKFRS 12 includes the disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

**HKFRS 13 Fair Value Measurement**

HKFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements, which are largely aligned between HKFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs or US GAAP.

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

A number of new standards and amendments to standards and interpretations, that are relevant to the Group, are issued but not yet effective for financial periods beginning on 1 January 2013, and have not been applied in preparing these consolidated financial statements.

| | |
|---|---|
| Amendments to HKAS 32(1) | Offsetting Financial Assets and Financial Liabilities |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 27(2011)(1) | Investment Entities |
| Amendments to HKAS 19(2011)(2) | Defined Benefit Plans: Employee Contributions |

| | |
|---|---|
| Amendments to HKAS 36[1] | Recoverable Amount Disclosures for Non-Financial Assets |
| Amendments to HKAS 39[1] | Novation of Derivatives and Continuation of Hedge Accounting |
| HK(IFRIC) — Int 21[1] | Levies |
| HKFRS 9[3] | Financial Instruments (Hedge Accounting and Amendments to HKFRS 7, HKFRS 9 and HKAS 39) |
| Annual Improvements to HKFRSs 2010 — 2012 Cycle[2] | |
| Annual Improvements to HKFRSs 2011 — 2013 Cycle[2] | |

(1) Effective for annual periods beginning 1 January 2014

(2) Effective for annual periods beginning 1 July 2014

(3) The original effective date of 1 January 2015 is removed and it will be set once the other phase of HKFRS 9 is completed and finalised

The Group has already commenced an assessment of the impact of these new or revised HKFRSs, certain of them will give rise to change in presentation, disclosure and measurements of certain items in the financial statements.

Other than HKFRS 9, other new and revised HKFRSs would not be expected to have a material impact on the Group.

HKFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of HKFRS 39 that relate to the classification and measurement of financial instruments. HKFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the HKAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. Also, the cost option is no longer available and all unquoted equity investments must be stated at fair value. The Group is yet to assess HKFRS 9's full impact. The Group will also consider the impact of the remaining phases of HKFRS 9 when completed.

## 2 Segment information

### (a) Segment results, assets and liabilities

**2013**

| | Property | Transportation | Hospitality | Investment | Eliminations | Consolidated |
|---|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| **Turnover and other income** | | | | | | |
| External turnover (note c) | **355,287** | **2,265,831** | **737,701** | **216,907** | **—** | **3,575,726** |
| Inter-segment turnover | **669** | **620** | **49,241** | **—** | **(50,530)** | **—** |
| Other income (external and excluding interest income) | **2,872** | **31,238** | **3,047** | **1,200** | **—** | **38,357** |
| | **358,828** | **2,297,689** | **789,989** | **218,107** | **(50,530)** | **3,614,083** |
| **Segment results** | **79,766** | **164,904** | **70,125** | **171,955** | **—** | **486,750** |
| Fair value changes on investment properties | **576,790** | **—** | **—** | **—** | **—** | **576,790** |
| Interest income | | | | | | **101,908** |
| Unallocated income | | | | | | **739** |
| Unallocated expense | | | | | | **(124,609)** |
| Operating profit | | | | | | **1,041,578** |
| Finance costs | | | | | | **(158,639)** |
| Share of results of joint ventures | **949,018** | **(24,355)** | **(14,530)** | **—** | **—** | **910,133** |
| Share of results of associates | **9,685** | **492** | **4,480** | **2,246** | **—** | **16,903** |
| Profit before taxation | | | | | | **1,809,975** |
| Taxation | | | | | | **(91,732)** |
| Profit for the year | | | | | | **1,718,243** |

| | Property | Transportation | Hospitality | Investment | Eliminations | Consolidated |
|---|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| **Assets** | | | | | | |
| Segment assets | **21,801,225** | **3,178,485** | **1,444,536** | **1,038,154** | **(21,103)** | **27,441,297** |
| Joint ventures | **4,575,778** | **261,754** | **(99,455)** | **—** | **—** | **4,738,077** |
| Associates | **1,318,893** | **4,296** | **193,864** | **1,986** | **—** | **1,519,039** |
| Unallocated assets | | | | | | **4,682,578** |
| Total assets | | | | | | **38,380,991** |
| **Liabilities** | | | | | | |
| Segment liabilities | **2,257,217** | **341,518** | **122,310** | **5,419** | **(21,103)** | **2,705,361** |
| Unallocated liabilities | | | | | | **11,159,557** |
| Total liabilities | | | | | | **13,864,918** |
| **Other information** | | | | | | |
| Additions to non-current assets (other than financial instruments and deferred tax assets) | **1,822,961** | **258,330** | **48,412** | **1,665** | **—** | **2,131,368** |
| Depreciation | **16,585** | **110,647** | **62,623** | **974** | **—** | **190,829** |
| Amortisation | | | | | | |
| - prepaid premium for land lease | **—** | **—** | **244** | **—** | **—** | **244** |
| - intangible assets | **—** | **—** | **160** | **89** | **—** | **249** |
| Impairment losses | | | | | | |
| - trade receivables | **—** | **—** | **13** | **—** | **—** | **13** |

2012

| | Property HK$'000 | Transportation HK$'000 | Hospitality HK$'000 | Investment HK$'000 | Eliminations HK$'000 | Consolidated HK$'000 |
|---|---|---|---|---|---|---|
| **Turnover and other income** | | | | | | |
| External turnover (note c) | 2,466,137 | 2,104,285 | 701,089 | 140,309 | — | 5,411,820 |
| Inter-segment turnover | 2,926 | 221,339 | 44,337 | — | (268,602) | — |
| Other income (external and excluding interest income) | 6,824 | 31,065 | 3,471 | 1,246 | — | 42,606 |
| | 2,475,887 | 2,356,689 | 748,897 | 141,555 | (268,602) | 5,454,426 |
| **Segment results** | 518,291 | 64,884 | 98,224 | 87,385 | — | 768,784 |
| Fair value changes on investment properties | 1,149,930 | — | — | — | — | 1,149,930 |
| Interest income | | | | | | 104,826 |
| Unallocated income | | | | | | 939 |
| Unallocated expense | | | | | | (87,738) |
| Operating profit | | | | | | 1,936,741 |
| Finance costs | | | | | | (180,974) |
| Share of results of joint ventures | 1,471,487 | 12,813 | (27,985) | (4,990) | — | 1,451,325 |
| Share of results of associates | 1,245 | 581 | 8,240 | 1,777 | — | 11,843 |
| Profit before taxation | | | | | | 3,218,935 |
| Taxation | | | | | | (156,455) |
| Profit for the year | | | | | | 3,062,480 |

| | Property | Transportation | Hospitality | Investment | Eliminations | Consolidated |
|---|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| **Assets** | | | | | | |
| Segment assets | 19,903,515 | 3,111,188 | 1,446,262 | 1,068,806 | (44,825) | 25,484,946 |
| Joint ventures | 3,626,760 | 43,785 | (88,039) | (13,169) | — | 3,569,337 |
| Associates | 767,703 | 3,804 | 189,385 | 1,470 | — | 962,362 |
| Unallocated assets | | | | | | 4,236,917 |
| Total assets | | | | | | 34,253,562 |
| **Liabilities** | | | | | | |
| Segment liabilities | 1,143,328 | 298,200 | 127,464 | 6,465 | (36,975) | 1,538,482 |
| Unallocated liabilities | | | | | | 9,687,153 |
| Total liabilities | | | | | | 11,225,635 |
| **Other information** | | | | | | |
| Additions to non-current assets (other than financial instruments and deferred tax assets) | 1,345,503 | 16,453 | 3,334 | 210 | — | 1,365,500 |
| Depreciation | 55,328 | 115,656 | 64,039 | 1,946 | — | 236,969 |
| Amortisation | | | | | | |
| - prepaid premium for land lease | — | — | 244 | — | — | 244 |
| - intangible assets | 200 | — | 160 | 90 | — | 450 |
| Impairment losses | | | | | | |
| - available-for-sale investments | — | — | — | 9,547 | — | 9,547 |
| - trade receivables | — | 3,780 | 9 | — | — | 3,789 |

**(b) Geographical information**

| | Hong Kong | Macau | Others | Consolidated |
|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| **2013** | | | | |
| Turnover and other income from external customers | **1,929,371** | **1,583,181** | **101,531** | **3,614,083** |
| Non-current assets | **6,517,346** | **1,633,936** | **795,495** | **8,946,777** |
| 2012 | | | | |
| Turnover and other income from external customers | 3,928,108 | 1,420,415 | 105,903 | 5,454,426 |
| Non-current assets | 5,581,820 | 1,353,913 | 750,374 | 7,686,107 |

**(c) External turnover**

External turnover is comprised of revenue by each reportable segment and dividend income from available-for-sale investments.

## 3 Other gains, net

| | **2013** | 2012 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Net loss on disposal of investment properties | **—** | (6,684) |
| Net (loss)/gain on disposal of property, plant and equipment | **(1,135)** | 17,150 |
| Net gain/(loss) on disposal of available-for-sale investments | **779** | (6,740) |
| Others | **739** | 939 |
| | **383** | 4,665 |

## 4 Operating profit

| | 2013 | 2012 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| **After crediting:** | | |
| Rental income from investment properties | **190,171** | 172,856 |
| Less: Direct operating expenses arising from investment properties | **(13,361)** | (10,613) |
| | **176,810** | 162,243 |
| Dividend income from listed investments | **12,651** | 9,079 |
| Dividend income from unlisted investments | **176,326** | 104,080 |
| **After charging:** | | |
| Cost of inventories | | |
| — properties | **29,592** | 1,524,813 |
| — fuel | **954,207** | 967,489 |
| — others | **149,129** | 112,128 |
| | **1,132,928** | 2,604,430 |
| Impairment losses | | |
| — amounts due by joint ventures | **9,186** | — |
| — amounts due by associates | **339** | — |
| — available-for-sale investments | **—** | 9,547 |

## 5 Finance costs

| | 2013 | 2012 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Interest on bank loans and overdraft wholly repayable within 5 years | **79,308** | 81,073 |
| Interest on convertible bonds wholly repayable within 5 years | **41,415** | 69,021 |
| Interest on medium term notes | **147,495** | — |
| Interest on loans from non-controlling shareholders | **5,108** | 8,743 |
| Cost of early redemption of convertible bonds | **—** | 24,243 |
| Other finance costs | **5,009** | 20,232 |
| Total interest expenses | **278,335** | 203,312 |
| Less: Amount capitalised in properties under development | **(119,696)** | (22,338) |
| | **158,639** | 180,974 |

## 6 Taxation

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Hong Kong profits tax | **15,063** | 80,347 |
| Overseas taxation | **12,119** | 7,924 |
| Deferred taxation | **64,550** | 68,184 |
| | **91,732** | 156,455 |

Hong Kong profits tax is calculated at 16.5% (2012: 16.5%) on the estimated assessable profits for the year. Overseas taxation is calculated at tax rates applicable to jurisdictions in which the Group operates.

## 7 Dividends

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Proposed final dividend: Nil (2012: HK8.5 cents on 2,986,880,719 shares) | **—** | 253,885 |

## 8 Earnings per share

The calculation of basic earnings per share is based on profit attributable to owners of the Company of HK$1,406,447,000 (2012: HK$2,562,794,000) and the weighted average number of 2,992,880,719 shares (2012: 2,889,291,226 shares) in issue during the year. The calculation of diluted earnings per share is based on profit attributable to owners of the Company of HK$1,447,862,000 (2012: HK$2,631,815,000) and the weighted average number of 3,125,769,750 shares (2012: 3,088,239,325 shares) in issue after adjusting for the effects of all dilutive potential ordinary shares.

## 9 Trade receivables and payables — ageing analysis

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

The ageing analysis of trade debtors by invoice date is as follows:

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0 - 30 days | **103,504** | 92,183 |
| 31 - 60 days | **23,208** | 25,058 |
| 61 - 90 days | **4,327** | 4,969 |
| over 90 days | **4,793** | 5,503 |
| | **135,832** | 127,713 |

The ageing analysis of trade creditors by invoice date is as follows:

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0 - 30 days | **698,852** | 636,610 |
| 31 - 60 days | **3,735** | 9,867 |
| 61 - 90 days | **1,367** | 5,326 |
| over 90 days | **7,918** | 4,364 |
| | **711,872** | 656,167 |

## 10 Events after the balance sheet date

**(a)** On 29 August 2013, Ace Wonder Limited ("AWL") and Fast Shift Investments Limited ("FSL"), wholly-owned subsidiaries of the Group, entered into a subscription agreement with City Universe Limited (the "CUL"), an indirect wholly-owned subsidiary of China State Construction International Holdings Limited ("CSCI"). Pursuant to which CUL will, through subscription of 100% of the issued class B share of FSL, be entitled to or bear 29% of the economic benefits in or losses arising from the residential portion of Nova City Phase V development. The total consideration for the subscription of shares and the transfer of relevant portion of shareholder loan by AWL was HK$2,066 million of which HK$500 million was received as deposit in 2013. The transaction was completed on 3 January 2014 and the Group will record a gain of approximately HK$1,056 million directly in equity in the consolidated financial statements of the Group.

**(b)** Nova Taipa — Urbanizações, Limitada ("NTU"), a wholly-owned subsidiary of the Group conditionally granted the letter of award for the main contract to China Construction Engineering (Macau) Company Limited, an indirect wholly-owned subsidiary of CSCI. The total value of work was approximately MOP6,302 million (approximately HK$6,119 million), comprised of approximately MOP4,612 million (approximately HK$4,478 million) for the residential development and the associated car parks and approximately MOP1,690 million (approximately HK$1,641 million) for the commercial portion of Nova

City Phase 5 (“NC5”). Optional works related to the fitting-out of NC5 of approximately MOP735 million (approximately HK$714 million) have been included in the total value of work set out above. The optional works will only be carried out at the request of architect appointed by NTU. Upon completion of the subscription of shares and transfer of relevant shareholder loan as disclosed in note (a) above, the letter of award became unconditional.

**(c)** On 8 January 2014, Shun Tak Development (China) Limited (“STDCL”), a wholly- owned subsidiary of the Group, entered into a joint venture agreement with Perennial Hengqin Investment Group Pte. Ltd. (“Investor”) and Nation Mind Development Limited (“NMDL”), a wholly-owned subsidiary of STDCL, pursuant to which NMDL allotted certain new shares to STDCL and the Investor resulting in STDCL and the Investor holding 70% and 30% of equity interests in NMDL respectively to develop a site located in Hengqin New Area, Zhuhai, the PRC. The Investor paid an amount equivalent to approximately RMB263 million comprising the share allotment to the Investor and the assignment to the Investor of 30% of the shareholder loan advanced by STDCL to NMDL.

## 11 Comparatives

Certain comparative figures of the consolidated income statement have been reclassified to conform to the current year’s presentation. These reclassifications have no impact on the Group’s profit for the years ended 31 December 2013 and 2012.

## BUSINESS REVIEW

## PROPERTY

The property division registered an operating profit of HK$80 million (2012: HK$518 million), with the decline attributable to the reduction of property development profit recognized for the year. Revaluation gain also decreased to HK$577 million (2012: HK$1,150 million). Despite lower profit booked for the year, 2013 has been a pivotal year for the division, as it laid the foundation of an exciting expansion into the China market, with the Group acquiring a number of strategically important sites in Beijing and Hengqin for sizable landmark developments.

### Property Developments

#### *Major Acquisitions*

#### IN HONG KONG

*Shun Tak Centre, Shop No. 402 (Group interest: 100%)*

In January 2013, the Group purchased this 33,387 square feet property from The Open University of Hong Kong. The Group perceived this as a remarkable investment opportunity to complement its property investment portfolio and generate satisfactory and sustainable recurring income for the future.

#### IN CHINA

In 2013, the Group announced the acquisition of three new sites in Beijing and Hengqin respectively, two cities that are expected to benefit from national policies with sustainable growth potentials. Moreover, the investments reflect the Group's confidence in the fundamentals of China real estate market, and also mark a strategic shift in enhancing the weight of mainland based projects in its future development portfolio.

*Beijing Tongzhou Integrated Development Phase 2 (Group interest: 19.35%)*

In October 2012, the Group first announced its foray into the Northern China property market through an investment in Beijing Tongzhou Integrated Development Phase 1. Following this strategic move, in April 2013 the same consortium undertook to acquire Phase 2 of the project, which comprises a total land area of about 1.1 million square feet (104,000 square meters) and a developable gross floor area (excluding car park) of about 4.6 million square feet (426,000 square meters). With the larger combined site, the Group is able to optimize the development potential of the site. This iconic landmark is expected to be a dazzling addition to the Grand Canal waterfront, comprising retail, office, hotel and serviced apartments, with completion scheduled for year 2016.

*Beijing Dong Zhi Men Commercial Land Use Project (Group interest: 100%)*

In April 2013, the Group has announced the acquisition of a wholly-owned property in Beijing Dong Zhi Men near East 2nd Ring Road, comprising both office and hospitality components, at RMB1.29 billion. The property is later renamed as Shun Tak Tower in February 2014. The site of the property spans 63,000 square feet (5,832 square meters), with a developable gross floor area of approximately 417,000 square feet (38,700 square meters) rising 21 levels aboveground, and 180,000 square feet (16,800 square meters) in 4 underground levels. It is located next to the airport highway, serviced by a convenient network of major metro lines and bus routes. Beijing downtown, embassy area, and YanSha district are all within close proximity. Superstructure and majority of external façade have been completed, with handover of the property scheduled for April 2014.

*Hengqin Integrated Development (Group interest: 70%)*

In July 2013, the Group entered a successful bid for a 23,834 square meter site in Hengqin to be developed into an integrated landmark which comprises office, hotel, commercial, and serviced apartments. The site boasts unparalleled connectivity, with direct access to the port and commercial facilities at the border to Macau, to be serviced by the Hengqin and Macau light rails as well as the extension of Guangzhou-Zhuhai Intercity-Rail in the future. It is a few minutes' drive away from Cotai strip where ultra-luxurious gaming resorts thrive. Site works are underway with foundation works anticipated to commence in the second half of 2014. In January 2014, the Group entered into a joint venture agreement with Perennial Hengqin Investment Group Pte. Ltd. ("PHIG"), following which the Group and PHIG will jointly develop the project on a 70:30 basis.

***Projects Completed with Recent Sales***

**IN MACAU**

*One Central (Group interest: 51%)*

One Central is a prominent architectural feature on the Macau Peninsula waterfront jointly developed with Hongkong Land Holdings Limited. As of 31 December 2013, all residential towers within One Central Residences have been sold, with the last triplex unit achieving a record price and to be handed over in the third quarter of 2014. In terms of The Residences and Apartments at Mandarin Oriental, Macau, only two triplex units remain in the inventory as of 31 December 2013.

*Taipa Hills Memorial Garden (Group interest: 79%)*

Taipa Hills Memorial Garden is a contemporary columbarium launched in 2011. As of 31 December 2013, 33% of niches available for sale has been sold. In response to market demand, halls with distinctive decoration and religious themes have been introduced and have received promising interest. Further fitting out works for third to fourth floor will commence in the second quarter of 2014. Complementing sales initiatives for Taipa Hills Memorial Garden, a new subsidiary under the name Wing Nim Memorial Services was launched in Hong Kong in the first quarter of 2013, offering tailored solutions to families opting for one-stop funeral services. Taipa Hills Memorial Garden received the "AFE Award - Marketing Strategy Award" in 2013, an award that is well represented in the trade.

**IN HONG KONG**

*Chatham Gate (Group interest: 51%)*

This centrally located address features two majestic residential towers offering studio to four-bedroom units. Handover commenced in March 2013. As of 31 December 2013, 237 out of 334 residential units have been sold. The approximately 61,200 square feet shopping arcade opened in January 2014.

***Project Under Development with Recent Sales***

**IN MACAU**

*Nova Park (Group interest: 100%)*

Nova Park, Phase 4 of Nova City, is an urban park-side residential development set at the heart of the thriving Taipa community. Its three residential towers cover a gross floor area of approximately 680,000 square feet, overlooking the dynamic and vibrant Taipa Central Park. Superstructure works have been completed and fitting out works are in progress. Project is on schedule to complete by the fourth quarter of 2014. In November 2013, an additional 113 units were sold in a second sales launch, bringing the total percentage of units sold to 74% as of 31 December 2013, with majority of homebuyers from local Macau.

***Projects Under Development***

**IN MACAU**

*Nova City Phase 5 (Group interest: residential 71%; commercial 100%)*

This next phase of Nova City comprises over 2.3 million square feet of residential units in eight towers and a lifestyle shopping centre spanning over 650,000 square feet. In August 2013, the Group entered into an agreement with China State Construction International Holdings Limited to jointly develop the residential towers, with the Group retaining 71% of interest in the residential portion. The latter, which now holds 29% of interest in the residential portion, has been the appointed contractor for all previous phases of the Nova City project, and will continue to be the main contractor for Phase 5.

The Group will continue to be the sole developer for a large-scale lifestyle shopping centre located below the residential towers. It will become a hub for daily conveniences and entertainment serving the entire Taipa community, home to supermarket, restaurants, and casual retail. Foundation works are in progress with substructure works to commence in the third quarter of 2014.

*Harbour Mile (Group interest: 100%)*

The premium residential development at the Nam Van site, adjacent to the Macau Tower Convention & Entertainment Centre (“Macau Tower”), remains under planning. The Macau SAR Government is continuing to review the Master Plan of Nam Van area, and is anticipated to need more time to finalize the Master Plan.

*Hotel Development at Cotai Site (Group interest: 100%)*

The Group has made application for land grant and is in discussion with the Macau SAR Government on its plan to develop hospitality facilities on the site.

## IN HONG KONG

*Luxury Mansions at Chung Hom Kok (Group interest: 100%)*

This development comprises five luxury residential houses with saleable area from 4,168 square feet to 6,445 square feet in a premium and tranquil location at Chung Hom Kok. Superstructure works are completed and fitting out works are in progress. Two show houses are planned to launch for private viewing at the end of 2014.

## IN CHINA

*Beijing Tongzhou Integrated Development Phase 1 (Group interest: 24%)*

In October 2012, the Group entered into a joint venture with a consortium of investors to develop an iconic landmark in the new business district of Beijing - the Tongzhou district. "The Tongzhou Modern International New City" is a strategic emphasis highlighted in the 12th Five-Year National Plan. Tongzhou is poised to become Beijing's new Central Business District and new municipal government administration office. The proposed mixed use development comprises retail, office and serviced apartment components. It is located on a prime site fronting the famous Grand Canal and enjoys direct connectivity to future M6 and S6 subway lines and bus interchange stations. The gross floor area of the proposed development is approximately 4.3 million square feet (402,000 square meters).

As aforementioned, the Group entered into a second consortium in April 2013 to acquire Phase 2 of this same project. The larger combined site of over 828,000 square meters in gross floor area introduced greater flexibility to further optimize the master plan in order to enhance its development potential and anchor the most representative landmark along the Grand Canal when completed in 2016.

***Property Investments***

**IN MACAU**

*One Central Shopping Mall (Group interest: 51%)*

One of the defining attributes of One Central is a 400,000 square feet premium shopping mall, which houses a top notch collection of international designer brands and their flagship stores. Its popularity demonstrates the Group's vision and strength in creating projects appealing to major international tenants. The retail mall posted an average occupancy rate of 96% over the year, yielding encouraging income for the Group, with average rents increased by around 34%.

*Shun Tak House (Group interest: 100%)*

The property, situated at Senado Square in the heart of the Macau Peninsula, covers over 28,000 square feet of leasable area and consistently maintains 100% occupancy with two major retail anchor tenants providing stable rental income stream.

**IN HONG KONG**

*The Westwood (Group interest: 51%)*

This 5-storey shopping centre at The Belcher's with approximately 158,000 square feet of leasable area, is the largest shopping destination in the Western Mid-Levels. It houses many lifestyle retail brands and attracts a diversified customer demographic. As of 31 December 2013, occupancy rate stood above 93%. Foot traffic is expected to be enhanced considerably in 2014 when the MTR West Island Line commences operation.

*Liberté Place (Group interest: 64.56%)*

Liberté Place, the shopping podium of Liberté, offers a wide variety of dining and household conveniences to residents of the West Kowloon community, including the neighboring Banyan Garden and The Pacifica. Occupancy consistently stands close to 100%.

**IN CHINA**

*Guangzhou Shun Tak Business Centre (Group interest: 60%)*

The Guangzhou Shun Tak Business Centre, a 32-storey office tower on a 6-storey shopping arcade, recorded satisfactory leasing revenue and maintained an occupancy rate of around 86% over the year.

### Property Services

Shun Tak Property Management Limited ("STPML"), the Group's wholly-owned subsidiary, offers professional property management service in Hong Kong and Macau, as well as complementing businesses including Shun Tak Macau Services Limited, a property cleaning service; and Clean Living (Macau) Limited which offers both retail and institutional laundry services.

In March 2013, STPML was awarded an Integrated Facility Management Services contract for the University of Macau, Hengqin Campus, with a scheduled in-take of over 10,000 students in the first year. The premise spans over 10.8 million square feet (1 kilometer square) in size and covers a gross floor area of around 10 million square feet. Handover of premises began in August 2013 by phases. With this appointment, the management portfolio of STPML is extended to cover over 26 million square feet of gross floor area.

## TRANSPORTATION

Fiscal 2013 has been a highly encouraging period for the transportation division. Driven by a robust economy and strong tourism demand for Macau as a destination, TurboJET serviced over 14 million passengers on its flagship Hong Kong-Macau routes, representing a 3% increase compared with last year. The division collectively posted HK$165 million in operating profit, a 154% year-on-year improvement, demonstrating favorable fundamentals in both its land and sea operations.

### Shun Tak-China Travel Shipping Investments Limited

TurboJET began to restore profitability in 2012 as the operating environment stabilized and fuel prices receding to a normal level. In March 2013, the Macau SAR Government approved fare increment further consolidated sustainable returns to the business.

As a progressive company, TurboJET is consistently driving value creation through product innovation in enhancing overall customer experience. The Premier Grand and Super Class lounges at the Ferry Terminals, as well as the launch of its fourth Premier Jetfoil vessel in February 2013, bear testimony to its dedication in upgrading services to meet the ever-heightening demand of luxury travelers to Macau. This luxury cabin class has also been introduced to the Kowloon-Macau route since April 2013, and is expected to increase Premier service frequency as it was quickly gaining popularity. A remarkable year-on-year growth of 78% in sales of Premier Grand Class has been registered in 2013. TurboJET will reach its target of offering half-hourly Premier schedules later in 2014.

Upon over 50 years of passenger transport service experience, the division now manages the ferry operations at three key cross-boundary ferry terminals in the region. In April 2013, the Group's joint venture, Hong Kong International Airport Ferry Terminal Services Limited renewed a contract with Airport Authority Hong Kong for the management of the ferry operations at SkyPier over a term of 6 years. SkyPier continued to grow from strength to strength, recording a passenger throughput of 2.7 million or 3% year-on-year growth. In December 2013, a co-operation arrangement was concluded with Shenzhen Airport Ferry Terminal Services Company Limited, to manage ferry services at Shenzhen Airport Fuyong Ferry Terminal for a period of 8 years commencing in 2014 . Together with Macau Maritime Ferry Terminal, the division is diligently running a network of ports that are strategic anchors to the multimodal transportation development within the Pearl River Delta.

The Group currently operates to all four passenger ports across the two SARs as well as Shenzhen, Shekou and Nansha through close alliances with China-based ferry operators. In 2013, TurboJET flagship Hong Kong-Macau routes posted 3% growth in passenger numbers while routes to mainland China collectively registered a 16% increase. This uptrend is expected to continue as Hengqin begins to take shape as a mega leisure destination complementing new expansions in Cotai.

**Shun Tak & CITS Coach (Macao) Limited**

The land transportation arm, Shun Tak & CITS Coach (Macao) Limited, continued to deliver strong returns through its cross-border and local rental business. In year 2013, its fleet expanded to 144 vehicles, and recorded HK$92 million in total revenue (2012: HK$95 million).

## HOSPITALITY

2013 has been another strong year for the hospitality division in terms of top line results. On the back of an uptrend in travel demands, the Group's hotel portfolio, hospitality management and travel services all posted healthy results. Rooted in a culture to extend the best hospitality services with customer-focused products, the division laid the foundation of its next strategic move in 2013 by founding a wholly-owned Artyzen Hospitality Group that provides hotel management solutions through a suite of originally created luxury hotel brands characterized by distinctive Asian offerings. The hospitality division collectively posted an operating profit of HK$70 million in 2013 (2012: HK$98 million), with profitability partially offset by start-up investments in the new hotel management arm.

### Hotels

In Hong Kong, the 658-room Hong Kong SkyCity Marriott Hotel is directly connected to Asia World-Expo and located in close proximity to Hong Kong International Airport and SkyPier. It is 20 minutes away from downtown via Airport Express, and well complemented by a number of key attractions in Lantau Island. As such, the hotel has grown in popularity over the years, posting an average occupancy rate of 82% and registering HK$375 million in revenue in 2013 which represents 9% year-on-year growth. During the year, the hotel received the accolade of "Asia's Leading Airport Hotel" from World Travel Awards 2013, as well as "Winner Certificate of Excellence 2013" from Trip Advisor and daodao.com.

Mandarin Oriental, Macau is one of the leading luxury hotels in Macau renowned for its bespoke services and fine elegance. It achieves market-leading average room rates among non-gaming establishments through a strong recurrent customer base and high brand loyalty. In 2013, the hotel recorded an occupancy rate of 78% and a revenue of MOP 223 million (equivalent to HK$216 million). The hotel also received prestigious awards including "Five Star Hotel & Five Star Spa" by Forbes Travel Guide 2013 and "Top 25 Luxury Hotels in China" by Trip Advisor 2013 — Travelers' Choice.

Westin Resort Macau continued to be a favorite among holidaymakers who prefer a uniquely idyllic and leisurely resort experience. Sports enthusiasts may bask under the sunshine at Hac Sa beach, play a round of golf at the adjacent Macau Golf and Country Club or take a hike in the nearby conservation park. The property achieved a 63% occupancy rate in 2013 albeit an ongoing room upgrade program to be completed by the end of April 2014. Restaurants and bars experienced satisfactory results after the relaunch of the Porto Bar and themed evenings. In 2013, Kwun Hoi Heen Chinese Restaurant & Café Panorama received the "Hong Kong & Macau's Best Restaurants" awards from Asia Tatler 2013 and an Excellence Award from Macao Energy Saving Contest awarded by Companhia de Electricidade de Macau.

In July 2013, the Group announced Artyzen Hospitality Group ("AHG") to offer hotel management solutions to hotel owners and developers. Headquartered in Hong Kong with regional offices in Shanghai and Singapore, its offerings are designed to penetrate the dynamic Asian tourism market, particularly capturing opportunities derived from China outbound tourists who are increasingly affluent and sophisticated. It has also partnered with the widely popular European citizenM hotel brand for its Asian launch. The key priority of AHG is to identify and establish flagship hotels in major gateway cities in Asia such as Hong Kong, Taipei, Shanghai, Beijing, Singapore and Jakarta.

**Hospitality Management**

The Group has a solid foothold in tourism facility management with the success of Macau Tower being an exemplary precedence that demonstrates the strength of its international hospitality management and comprehensive sales and marketing network. In 2013, Macau Tower registered satisfactory performance in all segments of business including food & beverage, observation decks and retail rental. AJ Hackett-Macau Tower continued to be a signature component of Macau Tower, attracting a huge number of international customers and media over the year. In 2013, the operation experienced a 36% increase in profit with 14,221 visitors challenging the World's Highest Commercial Bungy Jump under Guinness World Record.

**TRAVEL AND MICE**

Shun Tak Travel is a key wholesaler in Macau tourism products and a recognized leader in event hospitality management. Its highly customizable quality services have become widely popular among corporate clients. In 2013, the division has been involved in many talk-of-town events including the ground breaking ceremony for Louis XIII hotel and the annual conference for Macau Consumer Council. Shun Tak Travel posted 61% and 15% year-on-year growth in corporate and wholesale ticketing sales respectively, with retail business also gaining momentum through cross promotions and social media campaigns. In China, corporate business is negatively impacted by policies restricting government-related promotions and entertainment activities abroad. However, China offices registered 11% increase in sales turnover, primarily from the sales of traditional travel products.

## INVESTMENT

The investment division posted a substantial gain of HK$172 million (2012: HK$87 million) in 2013, with the increased income mainly attributable to improved dividend returns from Sociedade de Turismo e Diversões de Macau, S.A. ("STDM"), following another record-setting year in gaming performance.

The Group owns an effective interest in STDM of approximately 11.5%, which in turn owns approximately 54.92% effective shareholding in SJM Holdings Limited, a listed company in Hong Kong. SJM Holdings Limited owns the entire shareholding interests of Sociedade de Jogos de Macau S.A., one of six gaming concessionaires licensed by the Macau SAR Government to operate casinos in Macau.

Complementing its hospitality portfolio in Hong Kong, the Group formed a consortium led by Worldwide Flight Services Holding SA and Royal Caribbean Cruises Limited to enter a tenancy agreement for the management of the new Kai Tak Cruise Terminal. The facility is designed to accommodate a new era of mega-cruisers, and is expected to be an integral part of Hong Kong's tourism development strategy in drawing visitors with high spending power. The establishment comprises approximately 5,600 square meters of commercial area for lease, of which about 40% has been leased in year 2013. The terminal soft opened to welcome the first cruise ship in June 2013, marking a new chapter in Hong Kong cruise tourism.

Macau Matters Company Limited is the Group's retail arm, operating Toys "R" Us Macau at Macau Tower. The business continues to generate satisfactory profits, benefiting from the increasing wealth among Macau locals.

## RECENT DEVELOPMENTS AND PROSPECT

2013 has been a year marked with many significant mileposts. The divisions are well placed to take advantage of the growth drivers in their markets, and at the same time, embracing new development directions with dedication.

The property division made two sales launches for Nova Park in Macau and Chatham Gate in Hong Kong in November 2013 and January 2014 respectively. Both occasions garnered satisfactory market response. As of 31 December 2013, 74% of Nova Park and 71% of Chatham Gate have been sold. In addition, the last two triplex units at The Residences and Apartments at Mandarin Oriental, Macau, have been sold in 2014 at record breaking market prices.

With the acquisition of three major land plots in 2013, namely Beijing Tongzhou Integrated Development Phase 2, Hengqin Integrated Development and Beijing Dong Zhi Men Commercial Land Use Project (later renamed as "Shun Tak Tower, Beijing”), the Group is set to harness its forte in developing integrated complexes and establish its signature in the mainland China property market. The latter project, Shun Tak Tower, is near completion and is expected to commence leasing within the second quarter of 2014. It is expected to provide a steady stream of recurring revenue to the property division.

In August 2013, the Group introduced China State Construction International Holdings Limited (“CSCI”) as a joint venture partner for the residential portion of Nova City Phase 5. CSCI has been the appointed main contractor for all previous phases under the Nova branded projects, and is widely resourceful in the Macau construction market. This alliance will allow for better cost control and time management.

In January 2014, the Group further introduced Perennial Hengqin Investment Group Pte. Ltd. as a joint venture partner to develop the Hengqin Integrated Development on a 70:30 basis. One of the shareholders of this new partner, Perennial Real Estate Holdings Pte. Ltd. (“PREH”), is also a major investor in the Beijing Tongzhou Integrated Development. PREH currently manages an extensive portfolio in China specializing in large mixed-use developments.

In 2013, TurboJET serviced 15 million passengers on the Hong Kong-Macau routes including Kowloon and Airport sailings, recording an increase of 2% as compared to last year. At the same time, SkyPier continued to show encouraging growth, setting record numbers again in terms of passenger throughput at 2.7 million, representing a 3% year-on-year growth.

In January 2014, the Group has commenced the management of ferry services at Shenzhen Airport Fuyong Ferry Terminal for an 8-year contractual period. This marks the third cross-boundary passenger ferry terminal management appointment for the Group, and attests to the division’s strong operational capabilities and leadership role in the industry.

In June 2013, the Group has taken an equal third share in Jetstar Hong Kong Airways Limited (“Jetstar Hong Kong”) with Qantas Group and China Eastern Airlines as its partners. The launch of Jetstar Hong Kong is subject to regulatory approvals.

The Group is determinedly focused on forging a well-rounded tourism brand under the umbrella of Shun Tak. Over the past years, this blueprint has gradually solidified with the expansion of services in areas such as retail ticketing, corporate travel, MICE and destination management. In July 2013, a significant stride has been made to consummate its vision with the establishment of Artyzen Hospitality Group to offer hotel management solutions to hotel owners and developers. Its offerings are to carry a uniquely oriental flavor designed to cater to the needs of increasingly discriminating business and leisure travelers from China.

Leasing efforts at the new Kai Tak Cruise Terminal is progressing well, with 40% of its 5,600 square meters commercial space successfully leased in 2013. The momentum continued into 2014, with a total of 81% of space leased as of the end of first quarter 2014.

The new financial year of 2014 has started in a positive vein and encouraging progress is already being made on some of the Group's key initiatives. Combining solidarity with a pragmatic approach, the Group will continue to create shareholders value by reinventing itself to capitalize upon the many exciting transformations in the region's economy.

## GROUP FINANCIAL REVIEW

### Liquidity, Financial Resources and Capital Structure

The Group's bank balances and deposits stood at HK$8,138 million as at 31 December 2013. It is the Group's policy to secure adequate funding to match with cash flows required for working capital and investing activities. At 31 December 2013, total bank loan facilities available to the Group was HK$14,088 million, of which HK$9,173 million remained undrawn. The Group's bank borrowings outstanding at the year end amounted to HK$4,915 million. Apart from the bank borrowings, the Group's borrowings also comprised the medium term notes ("MTN") of HK$3,134 million and the liability component of guaranteed convertible bonds of HK$827 million.

On 20 February 2013, the Group's wholly owned subsidiary (the "issuer") established a US$1,000 million (equivalent to approximately HK$7,750 million) medium term note programme. The MTN may be issued by the issuer from time to time and will be unconditionally and irrevocably guaranteed by the Company. On 7 March 2013, the Group has drawn down US$400 million under the programme by issuing MTN to professional investors at an annual coupon of 5.7% for financing new investment opportunities and for general working capital purposes. The note will mature on 7 March 2020.

Based on a net borrowings of HK$738 million at the year end, the Group's gearing ratio (expressed as a ratio of net borrowings to equity attributable to owners of the Company) was 3.5%. At 31 December 2012, no gearing ratio is presented as the Group had a net cash balance. The Group will continue with its financial strategy of maintaining a healthy gearing ratio and consider steps to reduce its finance costs.

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

**Maturity Profile**

| Within 1 year | 1-2 years | 2-5 years | over 5 years | Total |
|---|---|---|---|---|
| 17% | 20% | 28% | 35% | 100% |

During the year, 10,000,000 new shares were issued upon exercise of share options granted by the Company.

**Material Acquisitions and Commitments**

In January 2013, the Group completed the acquisition of a property located at Shop No.402, 4th floor of the retail podium of Shun Tak Centre at a price of HK$770 million. The transaction was financed by internal resources of the Group and bank loans.

In April 2013, the Group further acquired a 19.35% effective interests in Beijing Tongzhou Integrated Development Phase 2 for approximately SGD96 million (equivalent to approximately HK$599 million) which is an extension of the same project of Tongzhou Phase 1 announced by the Group earlier in October 2012.

In April 2013, the Group agreed to acquire a wholly-owned property project in the Beijing Dong Cheng District near East 2nd Ring Road, comprising both office and hospitality components at a consideration of RMB1,290 million subject to adjustments. The maximum outstanding commitment amounted to approximately RMB990 million (equivalent to approximately HK$1,266 million) at the year end.

In July 2013, the Group has successfully bid for a piece of land located in Hengqin New Area, Zhuhai, the PRC at the land price of approximately RMB721 million (equivalent to approximately HK$922 million) through listing-for-sale held by the Zhuhai Land and House Property Exchange Center. In accordance with the listing-for-sale documents, the Group entered into the land contract with the Land and Resources Bureau of Zhuhai in relation to the said acquisition on 2 August 2013. A mixed-used complex comprising office, hotel, commercial and serviced apartments will be developed.

In May 2008, the Group agreed to acquire the land development right of Nam Van site in Macau at a consideration of HK$3,145 million. The outstanding commitment of which at the year end amounted to about HK$2,830 million.

### Charges on Assets

At the year end, bank loans to the extent of approximately HK$1,865 million (2012: HK$1,610 million) were secured with charges on certain assets of the Group amounting to an aggregate carrying value of HK$10,794 million (2012: HK$9,479 million). Out of the above secured bank loans, an aggregate amount of HK$1,770 million (2012: HK$1,449 million) was also secured by pledges of shares in certain subsidiaries.

### Contingent Liabilities

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

### Financial Risk

The Group adopts a conservative policy in financial risk management with minimal exposure to currency and interest rate risks. Except for the guaranteed convertible bonds and MTN, all the funds raised by the Group are on a floating rate basis. Except for the MTN of US$400 million, none of the Group's outstanding borrowings was denominated in foreign currency at the year end. Approximately 81% of the bank deposits, cash and bank balances are denominated in Hong Kong dollar and United States dollar with the remaining balance mainly in Renminbi and Macau pataca. The Group's principal operations are primarily conducted in Hong Kong dollar so that the exposure to foreign exchange fluctuations is minimal. While the Group has financial assets and liabilities denominated in the United States dollar and Macau pataca, they are continuously pegged to Hong Kong dollar and the exposure to currency risk for such currencies is minimal to the Group. The Group engages in fuel hedging and currency swap activities to minimise its exposure to fluctuations in fuel prices and foreign exchange rate in accordance with the Group's approved treasury policies.

### Human Resources

The Group, including subsidiaries but excluding associates and joint ventures, employed approximately 3,390 employees at the year end. The Group adopts competitive remuneration packages for its employees. Promotion and salary increments are based on performance. Social activities are organised to foster team spirit amongst employees and they are encouraged to attend training classes that are related to the Group's businesses and developments.

## CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining shareholders' eligibility to attend and vote at the 2014 annual general meeting of the Company, the register of members of the Company will be closed. Details of such closure are set out below:

| | |
|---|---|
| Latest time to lodge transfer documents for registration | 4:30 p.m. on Tuesday, 3 June 2014 |
| Closure of register of members | Wednesday, 4 June 2014 to Tuesday, 10 June 2014 (both days inclusive) |
| Record date | Tuesday, 10 June 2014 |

During the above closure period, no transfer of shares will be registered. To be eligible to attend and vote at the 2014 annual general meeting of the Company, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than the aforementioned latest time.

## ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Tuesday, 10 June 2014. The notice of annual general meeting will be published on the websites of the Company and The Stock Exchange of Hong Kong Limited and despatched to the shareholders of the Company in due course.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2013.

## CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance. As corporate governance requirements change from time to time, the Board periodically reviews the corporate governance practices of the Company to meet rising expectations of the shareholders of the Company and comply with the increasingly stringent regulatory requirements. The Board is of the opinion that the Company has applied the principles and complied with all code provisions in the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2013, except for deviation from the first part of code provision E.1.2, which states that the chairman of the Board should attend annual general meeting. In the absence of the Group Executive Chairman at the Company's annual general meeting, the Managing Director (who is also the chairman of the executive committee) took the chair and, together with the chairmen of the audit committee, remuneration committee and nomination committee and other directors, made themselves available to answer the shareholders' questions regarding the activities of the Company and various Board committees.

## REVIEW BY AUDIT COMMITTEE

The Group's consolidated financial statements for the year ended 31 December 2013 have been reviewed by the audit committee of the Company. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2013 have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.

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

Hong Kong, 28 March 2014

*As at the date of this announcement, the executive directors of the Company are Dr. Stanley Ho, Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho, Mr. David Shum and Mr. Rogier Verhoeven; the non-executive directors are Dato' Dr. Cheng Yu Tung and Mrs. Louise Mok; and the independent non-executive directors are Sir Roger Lobo, Mr. Norman Ho, Mr. Charles Ho and Mr. Michael Ng.*