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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>

2015 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 2015 of the Company and its subsidiaries (the “Group”).

Our consolidated profit attributable to the owners of the Company for the year was HK\$745 million (2014: HK\$4,453 million). Underlying profit attributable to the owners which principally adjusted for unrealized revaluation surplus on investment properties would be HK\$548 million (2014: HK\$2,577 million). Basic earnings per share were HK24.5 cents (2014: HK147.0 cents).

DIVIDENDS

The Board has recommended a final dividend of HK2.0 cents per share (2014: a final dividend of HK2.0 cents per share and a special dividend of HK14.5 cents per share) for the year ended 31 December 2015. No interim dividend was declared by the Directors during the year (2014: HK5.0 cents per share). The total dividends for the year amounted to HK2.0 cents per share (2014: HK21.5 cents per share).

Subject to shareholders’ approval at the forthcoming annual general meeting of the Company, the proposed final dividend is expected to be paid on 27 June 2016 to shareholders of the Company whose names appear on the register of members of the Company on 16 June 2016.

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015**

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue	2	4,405,312	9,538,561
Other income		<u>290,496</u>	<u>257,198</u>
		4,695,808	9,795,759
Other gains, net	3	23,123	22,713
Cost of inventories sold and services provided		(1,494,894)	(4,669,794)
Staff costs		(1,288,973)	(1,234,493)
Depreciation and amortisation		(153,820)	(155,387)
Other costs		(636,183)	(528,003)
Fair value changes on investment properties		<u>257,508</u>	<u>941,420</u>
Operating profit	2, 4	1,402,569	4,172,215
Finance costs	5	(170,089)	(135,408)
Share of results of joint ventures		122,611	1,581,224
Share of results of associates		<u>(43,753)</u>	<u>50,801</u>
Profit before taxation		1,311,338	5,668,832
Taxation	6	<u>(138,371)</u>	<u>(404,999)</u>
Profit for the year		<u>1,172,967</u>	<u>5,263,833</u>
Attributable to:			
Owners of the Company		744,670	4,452,909
Non-controlling interests		<u>428,297</u>	<u>810,924</u>
Profit for the year		<u>1,172,967</u>	<u>5,263,833</u>
Earnings per share (HK cents)	8		
- basic		<u>24.5</u>	<u>147.0</u>
- diluted		<u>24.5</u>	<u>143.5</u>

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	<u>1,172,967</u>	<u>5,263,833</u>
Other comprehensive (loss)/income		
Items that may be reclassified to profit or loss:		
Available-for-sale investments:		
Changes in fair value	(30,516)	(570)
Reversal of reserve upon disposal of available-for-sale investments	—	11
Impairment losses charged to profit or loss	485	—
Cash flow hedges:		
Changes in fair value, net of tax	(118,567)	(138,539)
Transfer to profit or loss	117,769	47,590
Reversal of asset revaluation reserve upon sales of properties, net of tax	(4,764)	(164,288)
Currency translation differences	(197,523)	(44,629)
Share of currency translation difference of joint ventures	(1,665)	842
Share of currency translation difference of associated companies	<u>(82,777)</u>	<u>7,224</u>
Other comprehensive loss for the year, net of tax	<u>(317,558)</u>	<u>(292,359)</u>
Total comprehensive income for the year	<u>855,409</u>	<u>4,971,474</u>
Attributable to:		
Owners of the Company	446,887	4,234,592
Non-controlling interests	<u>408,522</u>	<u>736,882</u>
Total comprehensive income for the year	<u>855,409</u>	<u>4,971,474</u>

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2015**

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		2,118,012	2,197,556
Investment properties		7,909,799	7,686,004
Prepaid premium for land lease and land use rights		318,562	347,784
Joint ventures		5,896,945	5,990,068
Associates		1,453,652	1,583,049
Intangible assets		38,281	37,270
Available-for-sale investments		965,552	996,367
Derivative financial instruments		—	8,133
Mortgage loans receivable		7,155	9,640
Deferred tax assets		19,295	26,753
Other non-current assets		384,375	240,908
		<u>19,111,628</u>	<u>19,123,532</u>
Current assets			
Properties for or under development		9,085,668	7,930,387
Inventories		1,939,039	2,090,492
Trade and other receivables, deposits paid and prepayments	9	1,388,777	2,500,969
Taxation recoverable		3,441	1,142
Cash and bank balances		15,857,945	15,808,605
		<u>28,274,870</u>	<u>28,331,595</u>
Current liabilities			
Trade and other payables, and deposits received	9	1,433,304	1,802,281
Deposits received from sale of properties		157,665	—
Bank borrowings		4,359,495	2,887,000
Derivative financial instruments		75,026	115,871
Provision for employee benefits		14,250	15,166
Taxation payable		72,622	384,610
Loans from non-controlling interests		760,888	681,719
		<u>6,873,250</u>	<u>5,886,647</u>
Net current assets		<u>21,401,620</u>	<u>22,444,948</u>
Total assets less current liabilities		<u>40,513,248</u>	<u>41,568,480</u>

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Non-current liabilities		
Bank borrowings	4,883,030	6,304,045
Medium term notes	3,140,170	3,138,755
Derivative financial instruments	29,115	—
Deferred tax liabilities	<u>1,036,786</u>	<u>1,014,014</u>
	<u>9,089,101</u>	<u>10,456,814</u>
Net assets	<u><u>31,424,147</u></u>	<u><u>31,111,666</u></u>
Equity		
Share capital	9,858,250	9,858,250
Other reserves	16,437,957	16,051,919
Proposed dividends	<u>60,849</u>	<u>502,007</u>
Equity attributable to owners of the Company	<u>26,357,056</u>	<u>26,412,176</u>
Non-controlling interests	<u>5,067,091</u>	<u>4,699,490</u>
Total equity	<u><u>31,424,147</u></u>	<u><u>31,111,666</u></u>

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 financial information relating to the years ended 31 December 2015 and 31 December 2014 included in this preliminary announcement of annual results for the year ended 31 December 2015 do not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company had delivered the financial statements for the year ended 31 December 2014 to the Registrar of Companies as required by section 109(3) of the predecessor Hong Kong Companies Ordinance (Cap. 32). The Company will deliver the financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622) in due course.

The Company’s auditor had reported on those financial statements of the Group for both years. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance (Cap. 622).

The preparation of consolidated 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 2015 annual financial statements.

Impact of new or revised Hong Kong Financial Reporting Standards

New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2015:

Amendments to HKAS 19 (2011) Defined Benefit Plans: Employee Contributions

Annual improvement to HKFRSs

2010 — 2012 Cycle

Annual improvement to HKFRSs

2011 — 2013 Cycle

The adoption of the above does not have any significant impact to the Group's results for the year ended 31 December 2015 and the Group's financial position as at 31 December 2015.

New Standards and interpretations not yet adopted

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 2015, and have not been applied in preparing these consolidated financial statements.

Amendment to HKAS 1 ⁽¹⁾	Presentation of Financial Statements
Amendments to HKAS 27 (2011) ⁽¹⁾	Equity Method in Separate Financial Statements
Amendments to HKFRS 10 and HKAS 28 ⁽³⁾	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 ⁽¹⁾	Investment Entities: Applying the Consolidation Exception
Annual improvement to HKFRSs 2012 — 2014 Cycle ⁽¹⁾	
Amendments to HKFRS 11 ⁽¹⁾	Accounting for Acquisitions of Interest in Joint Operations
Amendments to HKAS 16 and HKAS 38 ⁽¹⁾	Clarification of Acceptable Methods of Depreciation and Amortisation
HKFRS 14 ⁽¹⁾	Regulatory Deferral Accounts
HKFRS 15 ⁽²⁾	Revenue from Contracts with Customers
HKFRS 9 (2014) ⁽²⁾	Financial Instruments

⁽¹⁾ Effective for annual periods beginning 1 January 2016

⁽²⁾ Effective for annual periods beginning 1 January 2018

⁽³⁾ Effective date to be determined

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

Other than the new or revised HKFRS explained below, other new and revised HKFRS 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. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different from that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess HKFRS 9's full impact.

HKFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 'Revenue' and HKAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group is assessing the impact of HKFRS 15.

New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

These consolidated financial statements comply with the applicable requirements of Hong Kong Companies Ordinance (Cap. 622), with the exception of Section 381 which requires a company to include all its subsidiary undertakings (within the meaning of Schedule 1 to Cap. 622) in the company’s annual consolidated financial statements. Section 381 is inconsistent with the requirements of HKFRS 10 Consolidated Financial Statements so far as Section 381 applies to subsidiary undertakings which are not controlled by the Group in accordance with HKFRS 10. For this reason, under the provisions of Section 380(6), the Company has departed from Section 381 and has not treated such companies as subsidiaries but they are accounted for in accordance with the accounting policy. Those excluded subsidiary undertakings of the Group are disclosed in the 2015 annual financial statements.

2 Segment information

(a) Segment results, assets and liabilities

Management evaluates performance of the reportable segments on the basis of operating profit or loss before fair value changes on investment properties, non-recurring gains and losses, interest income and unallocated corporate net expenses.

Inter-segment transactions have been entered into on terms agreed by the parties concerned. The Group’s measurement methods used to determine reported segment profit or loss remain unchanged from 2014.

Segment assets principally comprise all tangible assets, intangible assets and current assets directly attributable to each segment with the exception of interests in joint ventures and associates, taxation recoverable, deferred tax assets and other corporate assets.

Segment liabilities include all liabilities and borrowings directly attributable to and managed by each segment with the exception of taxation payable, deferred tax liabilities and other corporate liabilities.

2015

	Property HK\$'000	Transportation HK\$'000	Hospitality HK\$'000	Investment HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Revenue and other income						
External revenue (note c)	868,840	2,406,098	801,889	328,485	—	4,405,312
Inter-segment revenue	1,474	647	50,227	—	(52,348)	—
Other income (external and excluding interest income)	5,817	33,956	11,024	779	—	51,576
	<u>876,131</u>	<u>2,440,701</u>	<u>863,140</u>	<u>329,264</u>	<u>(52,348)</u>	<u>4,456,888</u>
Segment results	382,764	356,497	94,723	278,416	—	1,112,400
Fair value changes on investment properties	257,508	—	—	—	—	257,508
Interest income						238,920
Unallocated income						411
Unallocated expense						(206,670)
Operating profit						1,402,569
Finance costs						(170,089)
Share of results of joint ventures	194,793	(36,517)	(35,665)	—	—	122,611
Share of results of associates	(44,892)	776	(2,649)	3,012	—	(43,753)
Profit before taxation						1,311,338
Taxation						(138,371)
Profit for the year						<u>1,172,967</u>

	Property HK\$'000	Transportation HK\$'000	Hospitality HK\$'000	Investment HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Assets						
Segment assets	24,793,283	4,089,082	1,489,375	1,002,264	(45,966)	31,328,038
Joint ventures	5,970,013	74,804	(147,872)	—	—	5,896,945
Associates	1,246,035	4,072	198,288	5,257	—	1,453,652
Unallocated assets						8,707,863
Total assets						<u>47,386,498</u>
Liabilities						
Segment liabilities	1,047,877	483,789	154,375	7,163	(45,966)	1,647,238
Unallocated liabilities						14,315,113
Total liabilities						<u>15,962,351</u>
Other information						
Additions to non-current assets (other than financial instruments and deferred tax assets)	363,494	20,189	11,727	169	—	395,579
Depreciation	6,640	98,858	42,101	1,519	—	149,118
Amortisation						
- prepaid premium for land lease and land use rights	—	—	244	—	—	244
- intangible assets	—	—	2,830	90	—	2,920
Impairment losses						
- trade receivables	3,324	—	33	—	—	3,357
- available-for-sale investments	—	—	—	485	—	485

2014

	Property HK\$'000	Transportation HK\$'000	Hospitality HK\$'000	Investment HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Revenue and other income						
External revenue (note c)	5,909,420	2,437,768	772,758	418,615	—	9,538,561
Inter-segment revenue	1,458	708	50,002	—	(52,168)	—
Other income (external and excluding interest income)	12,053	43,142	3,359	1,981	—	60,535
	<u>5,922,931</u>	<u>2,481,618</u>	<u>826,119</u>	<u>420,596</u>	<u>(52,168)</u>	<u>9,599,096</u>
Segment results						
Segment results	2,486,554	236,263	91,893	379,102	—	3,193,812
Fair value changes on investment properties	941,420	—	—	—	—	941,420
Interest income						196,663
Unallocated income						543
Unallocated expense						(160,223)
Operating profit						4,172,215
Finance costs						(135,408)
Share of results of joint ventures	1,722,322	(135,713)	(5,385)	—	—	1,581,224
Share of results of associates	37,440	715	6,886	5,760	—	50,801
Profit before taxation						5,668,832
Taxation						(404,999)
Profit for the year						<u>5,263,833</u>
Assets						
Segment assets	23,523,399	3,668,478	1,425,358	1,049,256	(21,845)	29,644,646
Joint ventures	5,986,743	111,681	(108,356)	—	—	5,990,068
Associates	1,373,451	4,351	200,751	4,496	—	1,583,049
Unallocated assets						10,237,364
Total assets						<u>47,455,127</u>
Liabilities						
Segment liabilities	1,279,044	380,521	133,146	12,044	(21,845)	1,782,910
Unallocated liabilities						14,560,551
Total liabilities						<u>16,343,461</u>
Other information						
Additions to non-current assets (other than financial instruments and deferred tax assets)	1,692,300	19,008	23,267	4,198	—	1,738,773
Depreciation	6,223	109,204	37,459	541	—	153,427
Amortisation						
- prepaid premium for land lease and land use rights	—	—	244	—	—	244
- intangible assets	—	—	173	89	—	262
Impairment losses						
- trade receivables	—	—	44	—	—	44

(b) **Geographical information**

	Hong Kong <i>HK\$'000</i>	Macau <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
2015				
Revenue and other income from external customers	<u>2,063,610</u>	<u>2,289,735</u>	<u>103,543</u>	<u>4,456,888</u>
Non-current assets	<u>6,375,527</u>	<u>1,533,000</u>	<u>2,476,127</u>	<u>10,384,654</u>
2014				
Revenue and other income from external customers	<u>4,045,334</u>	<u>5,439,177</u>	<u>114,585</u>	<u>9,599,096</u>
Non-current assets	<u>6,289,255</u>	<u>1,503,860</u>	<u>2,475,499</u>	<u>10,268,614</u>

(c) **External revenue**

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

3 Other gains, net

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Net gain on disposal of subsidiaries	—	18,351
Net gain on disposal of an associate	25,472	—
Net loss on disposal of property, plant and equipment	(2,762)	(408)
Net gain on disposal of investment properties	—	4,239
Net loss on disposal of available-for-sale investments	—	(12)
Others	<u>413</u>	<u>543</u>
	<u>23,123</u>	<u>22,713</u>

4 Operating profit

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
After crediting:		
Rental income from investment properties	203,412	195,517
Less: Direct operating expenses arising from investment properties	<u>(21,754)</u>	<u>(20,089)</u>
	181,658	175,428
Dividend income from listed investments	8,574	8,802
Dividend income from unlisted investments	<u>280,302</u>	<u>377,575</u>
After charging:		
Cost of inventories sold		
- properties	154,107	2,983,509
- fuel	685,282	929,463
- others	<u>155,318</u>	<u>137,912</u>
	994,707	4,050,884
Impairment losses/(write-back of impairment)		
- amounts due by associates	—	(339)
- available-for-sale investments	485	—
- trade receivables, net	<u>3,357</u>	<u>(45)</u>

5 Finance costs

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interest on bank borrowings and overdraft	143,490	109,732
Interest on convertible bonds	—	34,036
Interest on medium term notes	180,042	180,036
Interest on loans from non-controlling interests	—	1,377
Other finance costs	<u>13,975</u>	<u>9,195</u>
Total interest expenses	337,507	334,376
Less: Amount capitalised in properties for or under development and hotel building under construction	<u>(167,418)</u>	<u>(198,968)</u>
	<u>170,089</u>	<u>135,408</u>

During the year, finance costs have been capitalised at weighted average rate of its general borrowings of 2.97% (2014: 3.26%) per annum for properties for or under development.

6 Taxation

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Hong Kong profits tax	45,384	99,571
Overseas taxation	60,410	297,676
Deferred taxation	<u>32,577</u>	<u>7,752</u>
	<u>138,371</u>	<u>404,999</u>

Hong Kong profits tax is calculated at 16.5% (2014: 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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interim dividend: nil (2014: HK5.0 cents on 3,042,465,785 shares)	—	152,123
Proposed final dividend of HK2.0 cents on 3,042,465,785 shares (2014: HK2.0 cents on 3,042,465,785 shares)	60,849	60,849
Proposed special dividend: nil (2014: HK14.5 cents on 3,042,465,785 shares)	<u>—</u>	<u>441,158</u>
	<u>60,849</u>	<u>654,130</u>

8 Earnings per share

The calculation of basic earnings per share is based on profit attributable to owners of the Company of HK\$744,670,000 (2014: HK\$4,452,909,000) and the weighted average number of 3,042,465,785 shares (2014: 3,028,195,718 shares) in issue during the year.

Basic and fully diluted earnings per share are the same as the Company did not have any dilutive potential shares outstanding throughout the year ended 31 December 2015. In 2014, the calculation of diluted earnings per share is based on profit attributable to owners of the Company of HK\$4,486,946,000 and the weighted average number of 3,127,695,419 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:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 - 30 days	100,286	1,323,516
31 - 60 days	108,182	22,151
61 - 90 days	3,700	5,140
over 90 days	<u>7,275</u>	<u>3,021</u>
	<u>219,443</u>	<u>1,353,828</u>

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

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 - 30 days	742,406	821,829
31 - 60 days	4,246	2,864
61 - 90 days	3,117	2,498
over 90 days	<u>3,033</u>	<u>281</u>
	<u>752,802</u>	<u>827,472</u>

BUSINESS REVIEW

PROPERTY

Considerable downside risks have loomed over the property market in 2015, as China's economy decelerated and dampened investment confidence. Other concerns, which include hiking interest rates and stock market fluctuations, also affected outlook for the real estate sector. Amid such challenges, the Group managed to lock in encouraging selling prices for Nova Park, outperforming market expectations. The majority of these units will be recognized in 2017. In 2015, the profit was mainly contributed by the bookings of Nova Park's carparks, which amounted to around 150 units. The division as a whole, recorded a profit of HK\$383 million (2014: HK\$2,487 million).

Property Developments

Projects Completed with Recent Sales

In Hong Kong

Chung Hom Kok Collection (Group interest: 100%)

This development comprises five luxury residential houses each with its standalone street number in a premium and tranquil location at Chung Hom Kok. The houses range from 4,374 to 6,615 square feet in saleable area, and are all equipped with private pools and interior elevators. All fitting out works have been completed and the occupation permit was issued in February 2014. The Group has launched the property in February 2016.

Chatham Gate (Group interest: 51%)

The development comprises two grand residential towers offering units from studio to four-bedroom configurations with an appended shopping arcade, covering a total gross floor area of approximately 370,000 square feet. As of December 2015, 332 units out of 334 residential units have been sold.

In Macau

Nova Park (Group interest: 100%)

Nova Park, Phase 4 of Nova City, is a striking urban park-side residential development with an unimpeded view of the stunning Taipa Central Park, set in the heart of the thriving Taipa community. Its three residential towers cover a gross floor area of approximately 680,000 square feet and offer 620 residential units in total. 118

residential units have been sold in the year, bringing cumulative number of units sold to 98% of all available units. The majority of units sold within the year will be recognized in 2017. The last recorded average selling price for the batch launched in June 2015, based on gross floor area, reached around HK\$11,300 per square foot. Occupation permit was issued in December 2014 and over 81% of units have been handed over to homeowners since April 2015.

Projects Under Development

In Macau

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

The next phase of Nova City will comprise over 2.3 million square feet of residential units in eight towers. The towers will sit above a large-scale lifestyle shopping centre spanning over 655,000 square feet. It will house a diverse range of tenants including a cineplex, a supermarket, and an exciting array of differentiated lifestyle brands and dining options, bringing a new dimension of convenience to residents of Nova City and fulfilling unmet demand in the entire Macau local community. Foundation works have been completed and superstructure works have commenced with project completion scheduled for late 2018.

In Northern China

Beijing Tongzhou Integrated Development (Group interest: Phase 1 - 24%; Phase 2 - 19.35%)

This project is set to become an iconic landmark in Tongzhou, as the city transforms into the new Central Business District and municipal government administration office in Beijing by the end of 2017. Under the current plan, the development will comprise approximately 288,800 square meters of retail space, 200,000 square meters of office, and 130,000 square meters of serviced apartments, all amalgamated under one prime address along the famous Grand Canal. It will enjoy direct connectivity to future subway and bus interchange stations. Foundation works are in progress with project completion expected for 2018.

In Southern China

Hengqin Integrated Development (Group interest: 70%)

This integrated project located immediately at the border connecting Hengqin and Macau, has a site area of 23,834 square meters, atop of which approximately 42,300 square meters of office, 39,000 square meters of retail, 16,600 square meters of hotel and 32,700 square meters of serviced apartments have been planned. This landmark

will be serviced by an extension of the Guangzhou-Zhuhai Intercity Rail as well as the Hengqin and Macau light rails. It is a few minutes' drive away from Cotai strip where ultra-luxurious gaming resorts thrive. Foundation works are in progress and the occupation permit is expected to be obtained in 2019.

In Eastern China

Hotel property at Shanghai MixC (Group interest: 100%)

In April 2015, the Group agreed to acquire a hotel property in Shanghai as part of the Shanghai MixC integrated commercial development project, at a consideration of approximately RMB700 million. The property is currently under construction and will be developed into an 8-storey hotel building spanning 30,000 square meters of gross floor area and 491 rooms, scheduled for completion by the third quarter of 2017. When completed, the hotel property will be operated by the Group's hotel management subsidiary, Artyzen Hospitality Group ("AHG"), to extend two hotel product offerings. Operation is expected to commence in the first quarter of 2018.

Projects Under Planning

In Macau

Harbour Mile (Group interest: 100%)

The Macau SAR Government is continuing to review the land issues and the Master Plan of Nam Van area. Our development scheme has been submitted pending government approval.

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.

Property Investments

In Macau

One Central Shopping Mall (Group interest: 51%)

One of the defining hallmarks of One Central is a 400,000 square feet premium shopping mall, which houses a supreme collection of international designer brands. Its popularity demonstrates the Group's vision and strength in creating projects appealing to top quality tenants. The retail mall maintained an occupancy rate of

around 96% as at 31 December 2015. However, challenging market conditions has led to a decrease in sales-based rental income and an 8% drop in revenue, with the decrease partially offset by the significant increase in fixed rents over the past two years.

Shun Tak House (Group interest: 100%)

The property, situated in a busy tourist locale at 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. Lease renewal has been completed with encouraging improvement in rental rate, reflecting long term optimism in Macau's retail market.

In Hong Kong

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

The Group introduced into this property an upscale supermarket spanning over 20,000 square feet in June 2015, the largest in Central and Sheung Wan districts. For the remaining space, the Group is planning to introduce more lifestyle options in order to attract footfall and enhance the overall value of the mall.

The Westwood (Group interest: 51%)

Home to a myriad of chain retailers, The Westwood, a 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. With the launch of the MTR West Island Line in December 2014, visitor numbers have continued to improve and occupancy rate has achieved 98% as of 31 December 2015.

liberté place (Group interest: 64.56%)

liberté place, the shopping podium of liberté which connects directly to the Lai Chi Kok MTR Station, offers a wide variety of dining and household conveniences to residents of the West Kowloon community, including the neighboring Banyan Garden and The Pacifica. The mall has achieved full occupancy as of December 2015.

Chatham Place (Group interest: 51%)

Chatham Place is a 3-storey shopping arcade below Chatham Gate with approximately 50,000 square feet of leasable area. It opened in January 2014 with restaurants, educational institutions and a supermarket to provide everyday conveniences to the neighboring community. Average occupancy stood at 90% as of December 2015.

In China

Shun Tak Tower (Group interest: 100%)

This project, a wholly-owned property in Beijing Dong Zhi Men near East 2nd Ring Road, rises 21 storeys aboveground with 4 underground levels. The site spans approximately 5,832 square meters, comprising approximately 21,400 square meters of office space and 17,500 square meters of hotel. It commands a prominent location next to the airport highway and enjoys close proximity to Beijing downtown, embassy area, and YanSha district. Handover of the property was completed in June 2014 and fitting out works are in progress. Office leasing is well underway, while the hospitality component is scheduled for completion in the first half of 2017.

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 an occupancy rate of approximately 83% over the period.

Property Services

Shun Tak Property Management Limited, the Group's wholly-owned subsidiary, offers professional property management service in Hong Kong and Macau, with a management portfolio of 22 million square feet of gross floor area, including the 10 million square-foot campus of University of Macau attended by over 9,400 students. It also operates complementary businesses including Shun Tak Macau Services Limited, a property cleaning service company; and Clean Living (Macau) Limited which offers both retail and institutional laundry services.

TRANSPORTATION

During the course of 2015, the transportation division generated consistent earnings despite lackluster tourism performance across Hong Kong and Macau, affected by strong local currency and relaxed visa policies from neighboring destinations. While TurboJET's flagship Hong Kong-Macau ferry routes recorded a marginal 2% decline in total passenger throughput at 14 million, the business was able to reap improved yield, as a result of lower fuel costs and enhanced product diversification. The division concluded the year with an encouraging gain of 51% in profit at HK\$356 million (2014: HK\$236 million).

Shun Tak - China Travel Shipping Investments Limited

TurboJET has long set its sight on reinventing luxury sea travel. In 2009, it debuted its Premier Grand service, and completed its ferry fleet upgrade in February 2015. The Premier fleet now consists of 8 vessels running at 30-minute intervals. At the same time, major enhancements to its land offers have been introduced. In February 2015, a new vehicle fleet that extends complimentary land transfer for its Premier Grand class passengers, branded Premier Plus, was launched. This value-adding service connects passengers between Hong Kong Macau Ferry Terminal and Hong Kong International Airport, as well as between Macau Maritime Ferry Terminal and any destination within Macau. In early 2016, a brand new Premier Lounge at Shun Tak Centre commenced service, to extend a more exclusive pre-boarding experience for Premier Grand passengers. The Premier Grand business has grown by 26% in 2015, representing the best-performing segment.

In October 2015, TurboJET was awarded the management contract of Hong Kong Tuen Mun Ferry Terminal through an open tender, the fourth port operation under its management. The facility commenced operation in January 2016 with routes to Macau and Shenzhen Airport. Lying at the heart of the Pearl River Delta maritime network and supported by a well-established local transportation system, Tuen Mun Ferry Terminal is poised to become an important transportation centre in the area, especially with the greatly improved and enhanced transportation infrastructure in the immediate future.

As part of TurboJET's strategic vision to build a multimodal network that seamlessly connect passengers between ferries and flights, the company currently manages operations at both the Shenzhen Airport Fuyong Ferry Terminal and Hong Kong SkyPier. Traffic at SkyPier is expected to be affected next year, as new speed control and route detour will be imposed to accommodate the construction of the third runway at Hong Kong International Airport. In view of the impact of re-routing and vessel speed restriction imposed on SkyPier service, TurboJET continues to provide seamless land connection at Tuen Mun Ferry Terminal, enabling greater convenience and flexibility for passengers to travel between Macau and Hong Kong International Airport. In addition, TurboJET has extended its upstream airline check-in service for flights departing from airports in Macau, Shenzhen and Hong Kong. SkyPier recorded a passenger throughput of 2.9 million in 2015, representing a 3.7% year-on-year growth.

TurboJET continues to strengthen its strategic alliances with mainland ferry operators to improve sea connectivity within the Pearl River Delta. Its service ports include Shenzhen, Shekou and Nansha.

TurboJET was conferred a number of accolades within the year, including the “Hang Seng Pan Pearl River Delta Environmental Awards 2013/14 - Green Medal” awarded by the Federation of Hong Kong Industries, and the “Hong Kong Premier Service Brand Award” from Hong Kong Brand Development Council and The Chinese Manufacturers’ Association of Hong Kong.

Shun Tak & CITS Coach (Macao) Limited

With a fleet of 136 vehicles, the company engages in cross-border and local coach rental business. It maintained satisfactory earnings in 2015 despite a setback in tourism performance, registering HK\$101 million (2014: HK\$100 million) in revenue.

HOSPITALITY

After years of robust growth in Hong Kong and Macau’s tourism industry, the trend reverted in 2015 with the subdued performance attributable to a decline of Mainland visitors under the effect of depreciating Renminbi and intense competition from rival destinations. While tourism arrivals has only declined modestly as compared with 2014, the impact is more evident from other indicators, including average hotel room rate and occupancy rate. In Macau, the situation is exacerbated by a spike of more than 4,000 new hotel room supply. Despite the challenging environment, the hospitality division registered HK\$95 million (2014: HK\$92 million) in profit, representing a 3% year-on-year increase, as AHG began to move beyond planning stage and took on new hotel management contracts.

Hotels

In Hong Kong, the 658-room Hong Kong SkyCity Marriott Hotel located immediately adjacent to the AsiaWorld-Expo, and in close proximity to Hong Kong International Airport and SkyPier, has registered a yearly average occupancy rate of 85%. Business was affected by weakened MICE performance as well as price slashes offered by city hotels. The hotel received a number of accolades in 2015, including “World Luxury Spa Awards” — “Best Luxury Fitness Spa in Asia”, “Best Luxury Boutique Spa in Hong Kong” and “Best Spa Manager in Hong Kong”. It was also selected the “Best Airport Hotel in China 2014” by The 10th China Hotel Starlight Awards, and “Winner Certificate of Excellence 2015” by TripAdvisor and TripAdvisor China.

Mandarin Oriental, Macau is one of the leading luxury hotels in Macau renowned for its bespoke services and fine elegance. Its average occupancy rate suffered substantially at 44% amid weakened tourist arrivals to Macau. On the other hand, its average room rate managed to stand as one of the highest in the market. The hotel will focus on expanding its corporate and MICE business as a differentiation strategy.

It received a number of respectable awards in 2015, including “Triple Five Star Hotel, Restaurant & Spa” by Forbes Travel Guide 2015, “Best Luxurious Hotels of China” from China Hotel Starlight Awards, enlisted on “The Hall of Fame” by TripAdvisor, and “Top Presidential Suite” at Hurun Presidential Awards 2015.

Grand Coloane Resort, formerly Westin Resort Macau and currently managed by AHG, offers 208 rooms and suites each opening to a private and spacious terrace with an uninterrupted picturesque view of the beach. It continues to occupy a niche market popular among holidaymakers, who prefer a green resort at a short drive away from Macau’s action. The freshly painted seaside property recorded 62% in occupancy rate in 2015. It received the “Macau Green Hotel Award” from Macau Environmental Protection Bureau and “Certificate of Excellence 2015” by TripAdvisor.

Artyzen Hospitality Group

Since 2013, the Group has started to provide property owners with hotel management solutions via its subsidiary AHG. AHG currently offers four originally created lifestyle hotel brands which emphasize culturally rewarding guest experiences. The first citizenM hotel announced last year, located in Ximending Taipei, is expected to come online in 2017. This year, AHG further announced the plan to manage a hotel property as part of Shanghai MixC integrated development under two of its brands, including a 303-room citizenM hotel and a 188-room Artyzen Habitat hotel, scheduled for launch in the first quarter of 2018. The company will continue to pursue branded opportunities in key gateway cities and capitalize upon the sustaining growth in Asian source markets.

In addition to branded hotels, the company extends non-branded hotel management to hotel owners with properties that may not meet all the required brand criteria. It currently manages two hotel properties in Macau, namely the Grand Lapa hotel and Grand Coloane Resort, under such service.

Tourism Facility Management

The Group has a reputable track record in the creation and management of top notch tourism facilities, distinguished by its international offerings and expansive sales and marketing network. Under the Group’s management, Macau Tower Convention & Entertainment Centre (“Macau Tower”) is one of the most popularly visited landmarks in Macau, and has maintained solid performance in 2015 against a backdrop of operating headwinds to post a 8% year-on-year growth in revenue, underpinned by improved Food & Beverage, MICE and banquet businesses. Paid visitors to the observation levels have remained on par with 2014 despite decreased tourists at 2.6%, a positive sign that direct sales through partnerships with mainland online travel platforms have paid off.

Travel and MICE

With offices in Hong Kong, Macau, Beijing, Shanghai, Guangzhou and Shenzhen, Shun Tak Travel offers upscale concierge services to MICE groups and corporate travelers, extending integrated ticket reservation, baggage logistics, local transportation and meet-and-greet services. In 2015, despite a weakened general economic outlook and contraction in corporate budget, Shun Tak Travel managed to turn in satisfactory results on par with last year and has secured a number of major projects, including a tender for the production of Pavilion exhibitions for Macau Trade and Investment Promotion Institute in 5 overseas cities including Melbourne, Shanghai, Frankfurt, Beijing and Las Vegas. Furthermore, its customer outlet has also reopened within the year to capture direct retail sales. Combined revenue for Shun Tak Travel and MICE amounted to HK\$62 million in 2015 (2014: HK\$60 million).

INVESTMENTS

The investment division recorded a profit of HK\$278 million (2014: HK\$379 million), dragged by an anticipated decline in dividend payout from Sociedade de Turismo e Diversões de Macau, S.A. (“STDM”), as Macau’s gaming performance has been eroded by a drop in PRC visitors spending.

The Group owns an effective interest in STDM of approximately 11.5%, which in turn owns approximately 54.13% 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. The correctional slide has started in June 2014, and its financial impact on the Group has begun to reflect through dividend received in this fiscal year.

The Group partnered with Worldwide Flight Services Holding SA and Royal Caribbean Cruises Ltd. to operate and manage the new Kai Tak Cruise Terminal, designed to accommodate a new generation of mega-cruisers. The terminal’s two largest commercial spaces have become operational by early 2015 to complement the development of cruise business. As of 31 December 2015, 87% of retail space has been successfully leased and a total of 90 berth bookings have been received for year 2016 as of March 2016.

Macau Matters Company Limited, the Group’s retail divisional arm, is the largest single brand toys business in Macau and operates the internationally renowned toy brand, Toys “R” US. It has a flagship store at Macau Tower and a second outlet near Senado Square.

RECENT DEVELOPMENTS AND PROSPECT

Year 2015 concluded on a downbeat note as various macroeconomic indicators point to a slowdown in China's growth, curbing consumer spending and hampering investment confidence, putting an extra pinch on Hong Kong and Macau's tourism economies which are still grappling with the nation's austerity drive. Despite shrouded with downside macro risks, the Group has posted resilient results generated from a well balanced portfolio. It is also in a strong financial position, allowing it to readily capture potential opportunities which may arise in the future. Under the current economic environment, the Group shall continue to stay vigilant and adopt a pragmatic approach in our core businesses, while executing new projects along the pipeline to build new impetus for growth into the future.

In terms of property sales, the Group launched the last round of residential sales for Nova Park in June 2015. It was met with remarkable response from the market, underpinned by genuine demand from homebuyers in first-hand properties. 118 residential units have been sold over the year, bringing the cumulated number of sold flats to 98% of all available units. The average transacted price on gross floor area was HK\$11,300 per square foot.

In 2016, the Group will be directing its resources to the sales of Chung Hom Kok Collection and pre-sale preparation of Nova City Phase 5. Chung Hom Kok Collection features five exclusive premium houses and has been launched to market in February 2016. Its unique features are expected to attract considerable interest from high net-worth buyers. Moreover, the much anticipated Nova City Phase 5, the last phase of the Nova City collection with direct connection to Macau's biggest lifestyle shopping mall, is currently planned for sale within 2016.

The transportation division benefitted from lower fuel prices and successful product differentiation strategies to turn in solid earnings despite a modest decline in passenger volume. Premier Grand class service has proven its initial popularity among passengers, and is expected to grow further as more comprehensive bundled values are introduced, such as the additions of Premier Plus, a land transit service, and Premier Lounge, a brand new pre-boarding experience, which have been launched this year. The company has plans to further reinvest in its assets in 2016. Amongst which is a fleet-wide refurbishment plan for economy cabins, as well as adding new ports of operation.

Tuen Mun Ferry Terminal, managed and operated by the Group since January 2016, is one of the aforementioned strategies to expand TurboJET's service network. Launching with routes to Macau and Shenzhen Airport, the division is in close talks with mainland ferry partners to add new routes. Nansha service is planned to commence operation by this April upon approval from authority. The company

currently manages a network of ports that are important anchors to a multimodal transportation system within the Pearl River Delta. Apart from Tuen Mun Ferry Terminal which has strong potentials to grow into a transportation centre, the Group also participates in managing SkyPier, Shenzhen Airport Fuyong Ferry Terminal and Macau Maritime Ferry Terminal.

In April 2015, the Group agreed to acquire a hotel property with gross floor area of approximately 30,000 square metres at Shanghai MixC integrated commercial development project, at a consideration of approximately RMB700 million. The hotel property will be operated by Artyzen Hospitality Group (“AHG”), introducing a 303-room citizenM hotel and a 188-room Artyzen Habitat hotel, slated for 2018 opening. This investment has also brought about a strategic cooperation with China Resources Land (Shanghai) Limited, with the latter providing AHG the first rights for any upcoming hotel management projects in Eastern China.

In March 2016, AHG further announced the signing of two additional hotel management contracts. These include a 300-room Artyzen Hotel and Resort, and a 350-room Artyzen Habitat hotel, both scheduled to open in 2021 as part of Shanghai Lingang New City.

The investment division posted a 27% year-on-year decline in profits attributable to a marked contraction in gaming revenue, which resulted in decreased dividend payout from Sociedade de Turismo e Diversões de Macau, S.A.. The operating environment is expected to remain challenging in the horizon until new stimulus is introduced.

The Group has solid fundamentals and proven experience in navigating through market cycles. It remains firmly confident in the long term development potentials of its portfolio, and will continue to optimize returns for investors through foresight and diligence.

GROUP FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group's bank balances and deposits amounted to HK\$15,858 million at 31 December 2015, representing an increase of HK\$49 million as compared with the position as at 31 December 2014. It is the Group's policy to secure adequate funding to satisfy cash flows required for working capital and investing activities. Total bank loan facilities available to the Group as at 31 December 2015 amounted to HK\$18,332 million, of which HK\$9,089 million remained undrawn. The Group's bank borrowings outstanding at the year end amounted to HK\$9,243 million. The Group's borrowings also comprised the medium term notes ("MTN") of HK\$3,140 million.

As the Group had a net cash balance at 31 December 2015 and 31 December 2014, no gearing ratio (expressed as a ratio of net borrowings to equity attributable to equity holders of the Company) is presented. 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

<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>over 5 years</u>	<u>Total</u>
35%	6%	58%	1%	100%

In April 2015, the Group entered into a framework agreement to agree to acquire a property in Shanghai Hongqiao Town, Minhang District at a consideration of RMB700 million subject to adjustments. The framework agreement will subsequently be replaced by a sale and purchase agreement which contains substantially the same principal terms as those in the framework agreement upon fulfillment of certain conditions. The property will be developed into a hotel building with fit-out works. The Group had paid RMB175 million and had an outstanding commitment amounted to approximately RMB525 million (equivalent to approximately HK\$620 million) at year end.

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\$3,293 million (2014: HK\$2,941 million) were secured with charges on certain assets of the Group amounting to an aggregate carrying value of HK\$15,396 million (2014: HK\$13,426 million). Out of the above secured bank loans, an aggregate amount of HK\$2,637 million (2014: HK\$2,245 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 insignificant exposure to currency and interest rate risks. Except for the guaranteed MTN, all funds raised by the Group are on a floating rate basis. Except for the MTN of US\$400 million and bank loan of RMB200 million, the Group's outstanding borrowings were not denominated in foreign currency as at the year end. Approximately 90% of the bank deposits, cash and bank balances are denominated in Hong Kong dollar, Macau Pataca and US dollar and the remaining balance mainly in Renminbi. The Group's principal operations are primarily conducted in Hong Kong dollar so the exposure to foreign exchange fluctuations is insignificant. While the Group has financial assets and liabilities denominated in the US dollar and Macau Pataca, both have long been pegged to Hong Kong dollar and exposure to currency risk is therefore insignificant to the Group. The Group engages in fuel hedging and currency swap activities to minimise 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 joint ventures and associates, 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 2016 annual general meeting of the Company, and entitlement to the final dividend, the register of members of the Company will be closed. Details of such closures are set out below:

- (i) For determining shareholders' eligibility to attend and vote at the 2016 annual general meeting of the Company:

Latest time to lodge transfer documents
for registration 4:30 p.m. on
Tuesday, 31 May 2016

Closure of register of members Wednesday, 1 June 2016
to Tuesday, 7 June 2016
(both days inclusive)

Record date Tuesday, 7 June 2016

- (ii) For determining shareholders' entitlement to the final dividend:

Latest time to lodge transfer documents
for registration 4:30 p.m. on
Monday, 13 June 2016

Closure of register of members Tuesday, 14 June 2016
to Thursday, 16 June 2016
(both days inclusive)

Record date Thursday, 16 June 2016

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the 2016 annual general meeting of the Company, and to qualify for the final dividend, 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, 7 June 2016. The notice of annual general meeting will be published on the websites of the Company and The Stock Exchange of Hong Kong Limited and despatched to the shareholders of the Company in due course.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance. The Board periodically reviews the Company's practices to comply with the increasingly stringent requirements and to meet rising expectations of the shareholders of the Company. The Board is of the opinion that the Company has complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2015, except for:

1. Code provision E.1.2 which requires the chairman of the Board to attend the annual general meeting. The Group Executive Chairman was absent from the Company's annual general meeting on 19 June 2015. The Managing Director (also Chairman of the executive committee), the Deputy Managing Director and other Directors, together with the chairmen and members of the audit committee, nomination committee, remuneration committee and executive committee, were available during the meeting to answer shareholders' questions regarding activities of the Company and its Board committees; and
2. Code provision A.5.1 which requires the nomination committee to comprise a majority of Independent Non-Executive Directors ("INED"). Late Sir Rogerio Hyndman Lobo had been an INED, chairman of the remuneration committee ("Remuneration Committee") and member of the audit committee and nomination committee ("Nomination Committee"). He passed away on 18 April 2015. As a result, the Company was non-compliant until it appointed another INED in his place.

Following appointment of Mr. Michael Ng (an INED), effective 25 August 2015, as Chairman of the Remuneration Committee and member of the Nomination Committee, the Company was in compliance with the code provision A.5.1. The Company also complied with Rule 3.25 of the Listing Rules which requires the Remuneration Committee to comprise a majority of INEDs.

The Company also became non-compliant with Rule 3.10A of the Listing Rules which requires the Company to appoint INEDs representing at least one-third of the Board after 18 April 2015 when Sir Rogerio Hyndman Lobo passed away. When Mr. Kevin Yip was appointed as an INED effective 16 October 2015, the Company became compliant.

REVIEW BY AUDIT COMMITTEE

The Group's consolidated financial statements for the year ended 31 December 2015 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 2015 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, 23 March 2016

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 director is Mrs. Louise Mok; and the independent non-executive directors are Mr. Norman Ho, Mr. Charles Ho, Mr. Michael Ng and Mr. Kevin Yip.