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Oriented towards Greatness

2016

SHUN TAK HOLDINGS LIMITED
ANNUAL REPORT
信德集團有限公司年報

STOCK CODE 股份代號 : 242

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Past Performance and Forward Looking Statements

The performance and the results of operation of the Group as set out in this Annual Report are historical in nature and past performance is not a guarantee of future performance. This Annual Report may contain forward-looking statements and opinions that involve risks and uncertainties. Actual result may also differ materially from expectations discussed in such forward-looking statements and opinions. Neither the Group nor the Directors, employees or agents of the Group assume any obligations or liabilities in the event that any of the forward-looking statements or opinions does not materialise or turns out to be incorrect.



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Oriented towards Greatness

With a well-established foundation of diversified businesses, we are extending our vision to pursue emerging prospects across Greater China and Asia. We are taking a strategic and disciplined approach to instill new vitality into our portfolio in order to drive for long-term growth. As years of careful planning lead us to the cusp of more exciting chapters, we look forward to sharing a brighter future with all our stakeholders.

Corporate Information

Board of Directors

Dr. Stanley Ho

Group Executive Chairman

Mr. Norman Ho

Independent Non-Executive Director

Mr. Charles Ho

Independent Non-Executive Director

Mr. Michael Ng

Independent Non-Executive Director

Mr. Kevin Yip

Independent Non-Executive Director

Ms. Pansy Ho

Managing Director

Ms. Daisy Ho

Deputy Managing Director

Ms. Maisy Ho

Executive Director

Mr. David Shum

Executive Director

Mr. Rogier Verhoeven

Executive Director

Audit Committee

Mr. Norman Ho (Chairman)

Mr. Michael Ng

Mr. Kevin Yip

Remuneration Committee

Mr. Michael Ng (Chairman)

Mr. Norman Ho

Mr. Charles Ho

Ms. Pansy Ho

Ms. Daisy Ho

Nomination Committee

Mr. Charles Ho (Chairman)

Mr. Norman Ho

Mr. Michael Ng

Ms. Pansy Ho

Ms. Daisy Ho

Company Secretary

Ms. Angela Tsang

Registered Office

Penthouse 39th Floor, West Tower

Shun Tak Centre

200 Connaught Road Central

Hong Kong

Tel: (852) 2859 3111

Fax: (852) 2857 7181

Website: www.shuntakgroup.com

E-mail: enquiry@shuntakgroup.com

Auditor

PricewaterhouseCoopers

Solicitor

Norton Rose Fulbright

Principal Bankers

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking
Corporation Limited

Bank of China, Macau Branch

Hang Seng Bank Limited

China Construction Bank (Asia)

Corporation Ltd

Crédit Agricole Corporate &

Investment Bank

The Bank of Nova Scotia

Nanyang Commercial Bank, Ltd.

Share Registrar

Computershare Hong Kong Investor

Services Limited

Shops 1712-1716

17th Floor, Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

ADR Depository

The Bank of New York Mellon

Share Listing

The Company's shares are listed on The Stock Exchange of Hong Kong Limited and traded in the form of American Depositary Receipts on the OTC market in the United States of America.

Corporate Profile



Shun Tak Holdings Limited (the "Company") and its subsidiaries (the "Group") is a leading listed conglomerate with core businesses in property, transportation, hospitality and investment sectors. Established in 1972, the Company (HKSE 242) has been listed on the Hong Kong Stock Exchange since 1973.

Corporate Profile

Property

The Group has a prominent and successful track record in the Macau and Hong Kong property markets. The Group owns one of the largest developable floor areas in Macau among Hong Kong listed companies. It is an important player in Macau's property market with a host of property development projects, and has growing presence in the Greater China real estate market with investments in Tongzhou and Dong Zhi Men in Beijing, and Minhang and Qiantan in Shanghai, as well as Hengqin in Zhuhai. It has also recently made foray into Singapore through the acquisition of premium properties located at central business district.

One Central, the Group's joint venture with Hongkong Land Holdings Limited, is located on a prime waterfront site in Macau Peninsula. The project comprises 7 prestigious residential towers, a luxurious flagship shopping mall, a five-star Mandarin Oriental Hotel and serviced apartments managed by the same hotel group.

Nova City in Taipa is one of the largest luxury developments in Macau. The project comprises upscale residential units, world-class landscaping and clubhouse facilities. Sales of the first four phases have generated strong public response. Joint development partner, China State Construction International Holdings Limited, has been introduced to co-develop the residential portion of Phase 5, which will sit above a large-scale lifestyle shopping centre with a gross floor area over 655,000 square feet. In 2016, the Group formed a joint venture with HIP Company Limited, a wholly-owned subsidiary of the Abu Dhabi Investment Authority to co-invest in the shopping centre. It will become an activity hub serving the Taipa community upon completion.

The Group plays a prominent role in the Hong Kong property market with a portfolio comprising commercial,

residential and retail property ventures. The Group's signature residential projects in Hong Kong include The Belcher's, Liberté and Chatham Gate.

Its property management branch currently offers professional management services to residential, commercial and industrial properties across Hong Kong and Macau.

The Group made its foray into the Northern China property market through an investment in the Beijing Tongzhou Integrated Development. The complex will be developed into an iconic landmark comprising retail, office and serviced apartments all amalgamated under one prime address along the famous Grand Canal.

Shun Tak Tower, the Group's wholly-owned property in Beijing Dong Zhi Men near East 2nd Ring Road, is located next to the airport highway, serviced by a convenient network of major metro lines and bus routes. The 63,000-square-foot site comprises both office and hospitality components and is close to Beijing downtown, embassy area, and YanSha district.

Hengqin Integrated Development is a joint development between the Group and Perennial Hengqin Investment Group Pte. Ltd.. The site boasts unparalleled connectivity, with direct access to the port and commercial facilities at the border to Macau, to be serviced by an extension of the Guangzhou-Zhuhai Intercity Rail as well as the Hengqin and Macau light rails in the future. It is set to be developed into an integrated landmark which comprises office, retail, hotel and serviced apartments.

In 2015, the Group agreed to acquire a hotel property in Shanghai as part of the Shanghai MixC integrated commercial development project. The property will be developed into an 8-storey hotel building spanning 29,200 square meters

of gross floor area. 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.

In 2016, the Group formed a 50:50 joint venture with Shanghai Lujiazui (Group) Company Limited, and has successfully bid the land use rights of a 26,707 square meters site in Qiantan. It will be developed into a mixed-use project encompassing office, retail, hotel and cultural centre.

Strategically extending its footprint to Southeast Asia, the Group entered Singapore's property market through the acquisition of a prime freehold site located at No. 9 Cuscaden Road. Situated within the central business district, the land parcel is surrounded by a number of tourist attractions and renowned hotels, and is within walking distance to the Orchard MRT station where major shopping complexes stand. The Group will consider redeveloping the property for hotel purpose.

Transportation

The Group's origin dates back to 1962 with the inauguration of a passenger ferry service between Hong Kong and Macau. In a strategic move in 1999 to strengthen its shipping business and expand its market share, the Group successfully merged its shipping operation with that of China Travel International Investment Hong Kong Limited to create a combined entity under the brand name "TurboJET". TurboJET, operated and managed by Shun Tak – China Travel Shipping Investments Limited and its subsidiaries, offers passengers speedy, reliable and comfortable sea travel services across major destinations within the Pearl River Delta ("PRD"), developing a well-connected sea transportation network linking major cities and airports in the region such as Hong Kong, Macau, Shenzhen, Nansha and Shekou.

In 2003, TurboJET launched “TurboJET Airport Routes” (previously known as ‘TurboJET Sea Express’), a unique inter-regional multimodal connection of air-sea network comprising a ferry service that links major international airports in the PRD. The bonded service connects air transit passengers of the Hong Kong International Airport with Macau and various destinations in the PRD region, further strengthening connectivity amongst PRD cities and world destinations.

Today, the Group is involved in the operational management of four key ferry terminals in the region, namely Hong Kong SkyPier, Hong Kong Tuen Mun Ferry Terminal, Macau Maritime Ferry Terminal and Shenzhen Airport Fuyong Ferry Terminal. The management of passenger ports strategically anchors the multimodal transportation development within the region.

On land, the Group’s 55.1% owned joint venture, Shun Tak & CITS Coach (Macao) Limited, has an operating fleet of 155 vehicles, providing local and cross-boundary coach services between various mainland cities and Macau.

In building a comprehensive air-sea-land network, the Group creates a unique and strategic international multimodal transportation platform to capitalize upon passenger traffic in the PRD and other parts of Asia.

Hospitality

The Group was a pioneer in introducing top-tier hotel services to Macau through its investments in the former Mandarin Oriental Macau and former Westin Resort Macau in the late 1980s.

As part of the Group’s One Central development project, the new Mandarin Oriental Hotel comprising 213 guest rooms was opened in June 2010, boasting fine elegance and bespoke services. The 208-room Grand Coloane

Resort, formerly Westin Resort Macau, is a lavish boutique resort on the beautiful shores of Coloane Island overlooking the Hac Sa Wan and the South China Sea.

The Group holds a 70% interest in the Hong Kong SkyCity Marriott Hotel, a 658-room facility located minutes away from the Hong Kong International Airport and AsiaWorld-Expo.

The award-winning Macau Tower Convention & Entertainment Centre (“Macau Tower”) managed by the Group, is a major MICE venue and tourist destination in Macau. Apart from MICE business, it offers eclectic dining choices, the best observation spot in town, shopping attractions, as well as the world’s highest commercial Bungy Jump.

In 2013, the Group founded AHG to offer hotel management solutions to hotel owners and developers, as well as manage its own portfolio of luxury hotel brands, characterized by unique Asian art and cultural offerings. It has also partnered with the widely popular European citizenM hotel brand for its Asian launch. This strategic expansion not only strengthens the Group’s presence in hotel services, but also seizes the extensive opportunities in the burgeoning Asian tourism landscape, especially for the increasingly affluent, discerning and mobile travelers in China. AHG is currently providing non-branded hotel management solutions to two properties in Macau, namely, Grand Lapa hotel and Grand Coloane Resort. It has also signed management contracts with a number of properties, to operate under AHG’s brands. These include two citizenM hotels located respectively in Ximending Taipei and Kuala Lumpur; an Artyzen Habitat in Dongzhimen Beijing; an Artyzen Habitat hotel and a citizenM hotel in Shanghai MixC; an Artyzen Hotel and Resort, and an Artyzen Habitat hotel as part of Shanghai Lingang New City; as well as an Artyzen Hotel located at the Sifang Collective site outside of Nanjing.

Partnering with Shanghai International Port (Group) Co. Limited, the Group holds interest in the Sea Palace Floating Restaurant in Shanghai, the largest floating restaurant in the city with a capacity of 1,100 seats.

With a full China MICE license obtained in 2009, Shun Tak Travel manages to capture a variety of event hospitality opportunities in the mainland through providing one-stop and innovative travel and MICE solutions to corporate clients, travel partners as well as individual travelers. It has serviced many large enterprises and leading brands, and is making a name in tailored corporate hospitality solution in China.

Investment

The Group owns diversified valuable investment in Macau and Hong Kong. It possesses an effective interest in Sociedade de Turismo e Diversões de Macau, S.A. (“STDM”) of approximately 11.5%, which in turn owns approximately 54.89% of SJM Holdings Limited (“SJM Holdings”), a listed company in Hong Kong. SJM Holdings owns the entire shareholding interests of Sociedade de Jogos de Macau S.A., one of six gaming concessionaries licensed by the Macau SAR Government to operate casinos in Macau.

Macau Matters Company Limited, the Group’s retail arm, operates “Toys”R”Us” catering to the demand of local youngsters and tourists. “Toys”R”Us” operates a flagship store at Macau Tower and a second outlet in Macau’s city centre near Senado Square.

The Group, through a three-way consortium with business partners, was awarded a contract comprising of a 10-year tenancy agreement of the up-coming new Kai Tak Cruise Terminal. The facility is designed to accommodate the new class of mega-cruisers and instrumental in developing Hong Kong into an international cruise hub.

Management Profile

Dr. Stanley Ho

G.B.M., G.B.S.

Group Executive Chairman

aged 95

The Group's founder and executive chairman, Dr. Ho Hung Sun, Stanley ("Dr. Stanley Ho"), has been a director of the Company since its incorporation in 1972.

Dr. Stanley Ho is a director of Shun Tak Shipping Company, Limited*. He is also the chairman and an executive director of SJM Holdings Limited which is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and the chairman of the board of directors of Estoril-Sol, SGPS, S.A. which is listed on the Euronext Lisbon.

Dr. Stanley Ho is currently the honorary life president of The Real Estate Developers Association of Hong Kong. He is also the honorary lifetime chairman of The University of Hong Kong Foundation for Educational Development and Research, an honorary member of The Hong Kong Polytechnic University Court, as well as the honorary life chairman of The Hong Kong Polytechnic University Foundation.

Dr. Stanley Ho is a vice patron of The Community Chest of Hong Kong and a patron of The Society of the Academy for Performing Arts.

Dr. Stanley Ho was awarded the Grand Bauhinia Medal and the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region in 2010 and 2003 respectively.

In Macau, Dr. Stanley Ho is the managing director of Sociedade de Turismo e Diversões de Macau, S.A. and a director of Sociedade de Jogos de Macau, S.A. ("SJM SA"). He was the Managing Director of SJM SA from 2001 to 2010. Dr. Stanley Ho is the co-chairman of the Advisory Committee of Industrial and Commercial Bank of China (Macau) Limited, and the chairman of the board of directors of Macau Horse Racing Company, Limited. He is also a consultant to the Economic Development Council of the Government of the Macau Special Administrative Region, a member of the University Assembly of the University of Macau and an honourable patron of the University of Macau Development Foundation.

Dr. Stanley Ho was awarded the Grand Lotus Medal of Honour and the Golden Lotus Medal of Honour by the Government of the Macau Special Administrative Region in 2007 and 2001 respectively.

Dr. Stanley Ho was a Standing Committee member of the 9th, 10th and 11th National Committee of the Chinese People's Political Consultative Conference.

Dr. Stanley Ho is the father of Ms. Pansy Ho, the managing director of the Company, Ms. Daisy Ho, the deputy managing director of the Company, and Ms. Maisy Ho, an executive director of the Company.

* *Shun Tak Shipping Company, Limited is a company which has an interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.*

Mr. Norman Ho

F.C.P.A., B.A., A.C.A.

Independent Non-Executive Director
aged 61

Mr. Ho Hau Chong, Norman ("Mr. Norman Ho") has been an independent non-executive director of the Company since 2004. He is also the chairman of the audit committee and a member of the remuneration committee and nomination committee of the Company. He is also an independent non-executive director of a subsidiary of the Company.

Mr. Norman Ho is an executive director of Honorway Investments Limited and Tak Hung (Holding) Company, Limited and has over 30 years of experience in management and property development.

Mr. Norman Ho is also an independent non-executive director of Hong Kong Ferry (Holdings) Company Limited and Lee Hing Development Limited and an executive director of Miramar Hotel and Investment Company, Limited and Vision Values Holdings Limited, which are listed on the Main Board of the Stock Exchange.

He is a member of the Institute of Chartered Accountants in England and Wales, and a fellow member of the Hong Kong Institute of Certified Public Accountants.

Mr. Charles Ho

Independent Non-Executive Director
aged 67

Mr. Ho Tsu Kwok, Charles ("Mr. Charles Ho") has been an independent non-executive director of the Company since 2006. He is also the chairman of the nomination committee and a member of the remuneration committee of the Company.

Mr. Charles Ho is the chairman and an executive director of Sing Tao News Corporation Limited (which is listed on the Main Board of the Stock Exchange). Mr. Charles Ho contributes much to public affairs. He is a member of the Standing Committee of the Chinese People's Political Consultative Conference National Committee and an economic consultant of Shandong Provincial Government of the PRC. He is an honorary trustee of Peking University and a trustee of University of International Business and Economics in the PRC. He is also an honorary general committee member of The Chinese Manufacturers' Association of Hong Kong.

Mr. Charles Ho was awarded the Grand Bauhinia Medal by the Government of the Hong Kong Special Administrative Region on 1 July 2014.

Management Profile

Mr. Michael Ng

Independent Non-Executive Director
aged 58

Mr. Ng Chi Man, Michael ("Mr. Michael Ng") was appointed as an executive director of the Company in 2009 and was then re-designated as a non-executive director of the Company in July 2010. Mr. Michael Ng has been re-designated as an independent non-executive director of the Company and appointed as a member of the audit committee of the Company both with effect from 20 December 2012. He has also been appointed as the chairman of the remuneration committee and a member of the nomination committee of the Company, both with effect from 25 August 2015.

Mr. Michael Ng is a fellow member of the Hong Kong Institute of Certified Public Accountants. He holds a Master's degree in business administration from St. John's University in New York, the U.S.A.

Mr. Michael Ng has substantial experience in corporate and financial management of listed companies in Hong Kong. In the past, he was an executive director and chief executive officer of Viva China Holdings Limited, which is listed on the Growth Enterprise Market of the Stock Exchange. Mr. Michael Ng was also an executive director of HKC (Holdings) Limited and China Travel International Investment Hong Kong Limited, which are listed on the Main Board of the Stock Exchange.

Mr. Kevin Yip

Independent Non-Executive Director
aged 52

Mr. Yip Ka Kay, Kevin ("Mr. Kevin Yip") was appointed as an independent non-executive director of the Company in October 2015. He has been appointed as a member of the audit committee of the Company with effect from 11 January 2017.

Mr. Kevin Yip is the managing director and responsible officer of GRE Investment Advisors Limited, a Hong Kong Securities and Futures Commission licensed advisor to NM Strategic Management, LLC. He is also a managing director of General Oriental Investments (HK) Limited, a wholly owned subsidiary of General Oriental Investments S.A., the investment manager of the Cavenham Group of Funds.

Mr. Kevin Yip has extensive experience in private equity, alternative and portfolio investment. He was previously managing director and responsible officer of Bosera Asset Management (International) Co., Limited in Hong Kong. Prior to that he was a founding and senior partner of General Enterprise Management Services (HK) Limited, a private equity management company. He was previously a vice president of JP Morgan International Capital Corporation.

Mr. Kevin Yip is currently a member of the Investment Advisory Committee of EQT Partners, a leading private equity group in Europe, which works with portfolio companies to achieve sustainable growth, operational excellence and market leadership.

Mr. Kevin Yip holds an A.B. Degree in Economics (magna cum laude) from Harvard University. He sits as a non-scientific member of the Institutional Review Board of the University of Hong Kong/Hospital Authority Hong Kong West Cluster and is also a member of the board of trustees of Milton Academy, Massachusetts, USA. He was chairman emeritus of the Hong Kong Venture Capital and Private Equity Association. He had also served on the Financial Services Advisory Committee of the Trade Development Council of the Hong Kong Special Administrative Region of the People's Republic of China.

Ms. Pansy Ho

JP

Managing Director
aged 54

Ms. Ho Chiu King, Pansy Catilina ("Ms. Pansy Ho") joined the Group as an executive director in 1995, and was appointed the managing director in 1999 to oversee the Group's overall strategic development and management. She is also the chairman of the executive committee, a member of the remuneration committee and nomination committee of the Company; and a director of a number of subsidiaries of the Company.

Ms. Pansy Ho is the chairman, chief executive officer and a director of Shun Tak – China Travel Shipping Investments Limited and is directly in charge of the Group's shipping business. She is a director of Shun Tak Shipping Company, Limited*, Renita Investments Limited*, Oakmount Holdings Limited*, Beeston Profits Limited*, Classic Time Developments Limited* and Megaprosper Investments Limited*, the chairman of Macau Tower Convention & Entertainment Centre, an executive director of Air Macau Company Limited and vice-chairman of the board of directors of Macau International Airport Co. Ltd. She is also the co-chairperson and an executive director of MGM China Holdings Limited and an independent non-executive director of Sing Tao News Corporation Limited (both of which are listed on the Main Board of the Stock Exchange).

Ms. Pansy Ho was appointed as a Justice of the Peace by the Government of the Hong Kong Special Administrative Region on 1 July 2015.

In China, Ms. Pansy Ho is a standing committee member of Beijing Municipal Committee of the Chinese People's Political Consultative Conference, Vice President of China Women's Chamber of Commerce of All-China Federation of Industry & Commerce, a standing committee member of All-China Federation of Industry & Commerce and a vice president of its Chamber of Tourism. In Macau, she is Vice

President of the Board of Directors of Macao Chamber of Commerce, the Vice Chairperson of Macao Convention & Exhibition Association, a member of the Government of Macau SAR Tourism Development Committee, a member of the Government of Macau SAR Committee of Cultural Industries, the Chairperson of Global Tourism Economy Research Centre, and the Vice Chairman and Secretary-General of Global Tourism Economy Forum. Internationally, she is also an executive committee member of World Travel & Tourism Council.

Ms. Pansy Ho holds a Bachelor's degree in marketing and international business management from the University of Santa Clara in the United States. She received an Honorary Doctorate Degree in Business Administration from the Johnson and Wales University in May 2007. She was appointed as Honorary Professor of School of Political Communication by the School of Political Communication of Central China Normal University in November 2013. She received an honorary fellowship from The Hong Kong Academy for Performing Arts in June 2014 and an honorary university fellowship from the University of Hong Kong in September 2015.

Ms. Pansy Ho is a daughter of Dr. Stanley Ho, the Group Executive Chairman, as well as a sister of Ms. Daisy Ho and Ms. Maisy Ho, who are the deputy managing director and an executive director of the Company respectively.

* *Shun Tak Shipping Company, Limited, Renita Investments Limited, Oakmount Holdings Limited, Beeston Profits Limited, Classic Time Developments Limited and Megaprosper Investments Limited are companies which have an interest in the shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.*

Management Profile

Ms. Daisy Ho

Deputy Managing Director
aged 52

Ms. Ho Chiu Fung, Daisy ("Ms. Daisy Ho") joined the Group in 1994 and was appointed an executive director of the Company that year. She became the Group's deputy managing director and chief financial officer in 1999. Ms. Daisy Ho is a member of the executive committee, remuneration committee and nomination committee of the Company and a director of a number of the Company's subsidiaries.

In addition to participating in the Group's strategic planning and development, Ms. Daisy Ho is also responsible for the Group's overall financial activities, as well as property development, sales and investments.

Ms. Daisy Ho is a director of Shun Tak Shipping Company, Limited*, Renita Investments Limited*, Oakmount Holdings Limited* and Megaprosper Investments Limited*.

Ms. Daisy Ho is Vice President and an executive committee member of The Real Estate Developers Association of Hong Kong, a member of the Hong Kong Institute of Real Estate Administrators, a Vice President of Macao Association of Building Contractors and Developers, a member and member of Ladies Committee of The Chinese General Chamber of Commerce, a life member and member of Ladies Committee of Macao Chamber of Commerce, a fellow of The Hong Kong Institute of Directors, Governor of The Canadian Chamber of Commerce in Hong Kong, Chairman of Hong Kong Ballet, Chairman cum Director of University of Toronto (Hong Kong) Foundation Limited

and Chairman of its Scholarship Selection Committee, Vice-chairman of Po Leung Kuk, Deputy Chief Commissioner cum Honorary Vice President of the Hong Kong Girl Guides Association, World Fellow of The Duke of Edinburgh's Award World Fellowship, Dean's International Advisory Committee Member of Joseph L. Rotman School of Management – University of Toronto, Member of Advisory Council of the Canadian International School of Hong Kong and Director of Tianjin Education Foundation (Hong Kong) Ltd..

Ms. Daisy Ho has been appointed as a committee member of the Chinese People's Political Consultative Conference of Tianjin in 2008.

Ms. Daisy Ho holds a Master of business administration degree in finance from the University of Toronto and a Bachelor's degree in marketing from the University of Southern California.

Ms. Daisy Ho is a daughter of Dr. Stanley Ho, the Group Executive Chairman, and a sister of Ms. Pansy Ho, the managing director of the Company, and Ms. Maisy Ho, an executive director of the Company.

* *Shun Tak Shipping Company, Limited, Renita Investments Limited, Oakmount Holdings Limited and Megaprosper Investments Limited are companies which have an interest in the shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.*

Ms. Maisy Ho

B.B.S.

Executive Director

aged 49

Ms. Ho Chiu Ha, Maisy ("Ms. Maisy Ho") joined the Group in 1996 and has been an executive director of the Company since 2001. She is also a member of the executive committee of the Company and a director of a number of the Company's subsidiaries.

Since joining the Group, she has been responsible for overseeing the strategic planning and operations of the property management division, as well as retail and merchandising division of the Company.

Ms. Maisy Ho is the chairman and an executive director of Unitas Holdings Limited (formerly known as Chanceton Financial Group Limited), which is listed on the Growth Enterprise Market of the Stock Exchange.

In Hong Kong, Ms. Maisy Ho is an advisory board member of Tung Wah Group of Hospitals, member of Hospital Governing Committee of Tung Wah Hospital, Tung Wah Eastern Hospital, Fung Yiu King Hospital, Kwong Wah Hospital, Wong Tai Sin Hospital and Queen Elizabeth Hospital, immediate past president of Hong Kong Institute of Real Estate Administrators, committee member and vice chairman of Ladies' Committee of The Chinese General Chamber of Commerce, honorary vice president of The Hong Kong Girl Guides Association and member of board of trustees of New Asia College, The Chinese University of Hong Kong. Ms. Maisy Ho is also a holder of Estate Agent's Licence (Individual).

Ms. Maisy Ho was awarded the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region on 1 July 2016.

In Macau, Ms. Maisy Ho is an executive vice president of Property Management Business Association Macao, vice chairman of Macao International Brand Enterprise Commercial Association, deputy chief of Ladies Committee of Macao Chamber of Commerce and committee member of Kiang Wu Hospital Charitable Association.

In China, she is a standing committee member of the Chinese People's Political Consultative Conference of Liaoning Province and a standing committee member of Beijing Youth Federation.

Ms. Maisy Ho holds a Bachelor's degree in mass communication and psychology from Pepperdine University, the United States.

Ms. Maisy Ho is a daughter of Dr. Stanley Ho, the Group Executive Chairman, and a sister of Ms. Pansy Ho, the managing director of the Company, and Ms. Daisy Ho, the deputy managing director of the Company.

Management Profile

Mr. David Shum

Executive Director
aged 62

Mr. Shum Hong Kuen, David ("Mr. David Shum") joined the Group in 1992 and has been an executive director of the Company since 2004. He is also a member of the executive committee of the Company and a director of a number of the Company's subsidiaries. He is responsible for the investment activities of the Group.

Mr. David Shum is an executive director of SJM Holdings Limited (which is listed on the Main Board of the Stock Exchange).

Mr. David Shum holds a Master's degree in business administration from the University of California, Berkeley, the United States.

Mr. Rogier Verhoeven

Executive Director
aged 54

Mr. Rogier Johannes Maria Verhoeven ("Mr. Rogier Verhoeven") joined the Group as a consultant in 2000 and was appointed as an executive director of the Company in February 2012. He is also a member of the executive committee, the President of the Group Hospitality Division and a director of a number of the Company's subsidiaries.

Mr. Rogier Verhoeven has extensive experience in the hospitality industry and business consultancy. He is responsible for overseeing the strategic development, asset management and related real estate development of the Group's integrated hospitality management company (Artyzen Hospitality Group) as well as the Group's Hospitality Division which oversees the existing and related operations and new business development opportunities.

Mr. Rogier Verhoeven holds a Bachelor's degree in Hotel Management from the Hotel School The Hague, International University of Hospitality Management, in the Netherlands.

Financial Highlights and Book Closure Period

Financial Highlights

	2016	2015
	HK\$'000	HK\$'000
Revenue	3,851,931	4,405,312
(Loss)/profit attributable to owners of the Company	(587,137)	744,670
Total equity	30,557,567	31,424,147
(Loss)/earnings per share (HK cents)		
– basic	(19.3)	24.5
– diluted	(19.3)	24.5
Dividends per share (HK cents)	–	2.0
Net asset value per share (HK\$)	10.0	10.3

The calculation of basic (loss)/earnings per share is based on the weighted average number of 3,042,465,785 shares (2015: 3,042,465,785 shares) in issue during the year. Basic and fully diluted (loss)/earnings per share are the same as the share options of the Company have an anti-dilutive effect on the basic (loss)/earnings per share for the years ended 31 December 2016 and 2015 respectively.

Closure of Register of Members

Latest time to lodge transfer documents for registration	4:30 p.m. on 16 June 2017
Closure of register of members (for determining shareholders' eligibility to attend and vote at Annual General Meeting)	19 June 2017 to 23 June 2017, both days inclusive
Annual General Meeting	23 June 2017

Significant Events

2016

JANUARY



TurboJET commenced management of Tuen Mun Ferry Terminal, and launched ferry services connecting Tuen Mun to Macau and Shenzhen Airport Fuyong Ferry Terminal.

FEBRUARY



- The Group officially launched the "Chung Hom Kok Collection".



- Mandarin Oriental, Macau was conferred "Triple Five Star for Hotel, Restaurant and Spa" by Forbes Travel Guide two years in a row.

MARCH

The Group clinched "IR Manager of the Year" at IAIR Awards 2016.



APRIL

- TurboJET extended service coverage of Tuen Mun – Macau route to cover Taipa Temporary Ferry Terminal.
- TurboJET received "2015 Hong Kong Awards for Environmental Excellence, Transport and Logistics – Silver Award" from Environmental Campaign Committee and Environmental Protection Department.
- Grand Coloane Resort received "Guest Review Award" from Booking.com and Hotels.com respectively.



JUNE

- Formation of a 50:50 joint venture with HIP Company Limited, a wholly-owned subsidiary of the Abu Dhabi Investment Authority, to jointly invest in the retail portion of Phase 5 of the Nova City project.
- TurboJET doubled the sailing frequency to 16 trips daily for Tuen Mun – Macau route.

AUGUST

The Group successfully acquired a prime freehold site located at No. 9 Cuscaden Road, Singapore.

SEPTEMBER



TurboJET expanded its network in the PRD to operate ferry service between Tuen Mun and Zhuhai.

NOVEMBER

The Group entered into a 50:50 joint venture with Shanghai Lujiazui (Group) Company Limited and successfully bid the land use rights of a site in Qiantan, Shanghai.

DECEMBER



- The Group made the first-round launch for Nova Grand, Phase 5 of the Nova City project, receiving strong market response.

- Hong Kong SkyCity Marriott Hotel was named "Asia's Leading Airport Hotel" at World Travel Awards for the fourth consecutive year.



2017

JANUARY

- The Group agreed to acquire 70% interest in a premium commercial development located at 111 Somerset Road, Singapore.
- TurboJET further increased sailing frequency of Tuen Mun – Macau route to 22 trips daily.

Chairman's Statement



Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present our Annual Report for the financial year ended 31 December 2016 and the short term outlook for our Group.

Loss attributable to shareholders of the Group for the year ended 31 December 2016 was HK\$587 million (2015: HK\$745 million in profit). Basic loss per share was HK19.3 cents (2015: basic earnings per share HK24.5 cents). The Board has resolved not to declare any final dividend for the year (2015: HK2.0 cents per share).

Over the past twelve months, the Group has experienced formidable hurdles in our operating environment. It started on a bleak note for our hospitality business, attributable to heightening recessionary pressure in the Chinese economy, a strong local currency which discounted our destination appeal, and the effect of the "one trip per week" Individual Visit Endorsements. A notable fall-off in inbound tourism in the first eight months which underpinned a broad based decline in export of travel services and retail performance have resulted. The market has remained largely challenging over the first eight months, with tourist arrivals trailing year-on-year. Despite signs of recovery towards year end, our portfolio properties were met with yet another set of challenges. Keen competition and aggressive pricing, especially in Macau where new resorts have brought on a surge in room supplies, have significantly impacted our bottom line. During the year, our hospitality division has registered a loss for the first time since 2010.

In terms of real estates, although risks were skewed towards the downside given an anticipated interest hike and potential capital outflow, properties continued to outperform most other sectors, buttressed by strong end user demand and a resilient labour market. The Group has actively leveraged the opportunity to market a number of our properties with on target prices, including the Chung Hum Kok Collection, remaining inventory at Nova Park, and the pre-sale of Nova Grand. The latter was launched in December with solid response from the local community, bearing testimony to the consistent quality and value of our developments. Nonetheless, a time lag in profit booking, coupled with a substantial revaluation loss for One Central, have prevented our property division from contributing better results to our financial performance within this fiscal year.

Our transportation division has continued to perform on strong footing, benefiting from lower fuel price, effective yield management and expansion of its market catchment. It is evident that our foresights and investments made to build the capacity for a well-connected maritime system across the Pearl River Delta, as well as a state-of-the-art fleet and value-creating services, have paid off in recent years. In 2016, TurboJET commenced management of the Hong Kong Tuen Mun Ferry Terminal, with routes to Macau, Shenzhen, and Zhuhai progressively launched. We are fully aware of the significance of 2017, as TurboJET is set to embrace opportunities and challenges brought about by two pivotal developments. These include the arrival of the Hong Kong-Zhuhai-Macau Bridge, and the completion of the new Pac On Taipa Ferry Terminal. We are confident that sea transport

will continue to be an integral part of multi-modal transport connection, and we are well prepared to usher in a new era of an expanded one-hour living circle, with its ever-growing population, market size and purchasing power.

While it is encouraging to see improvements in Macau's gaming market since August 2016, our investment division has registered a significant decline in profit, underscored by receded dividend income from Sociedade de Turismo e Diversões de Macau, S.A. which was indicative of its performance at the trough of the market corrections in 2015.

Although we are not pleased with the set of financial results delivered, 2016 has been a solid year from the perspective of advancing our strategic initiatives. Since five years ago, the Group has started to gear for expansion beyond Hong Kong and Macau. Starting with our investments in Beijing, Hengqin, Shanghai, and leading up to our latest foray into Singapore, the Group has carefully built an exciting pipeline of projects that are progressing smoothly as planned, bringing catalysts for dynamic growth from 2018 and beyond. Tying in with this initiative is a parallel expansion of our hotel management subsidiary Artyzen Hospitality Group ("AHG"), which has enlarged its footprint into important gateway cities such as Taipei, Kuala Lumpur, Shanghai and Nanjing. Through leveraging our market knowledge and network resources, the diversification strategy was aimed at optimizing our position to capture new opportunities in some of the most promising economies, to create additional synergies that promote balanced growth across the Group's portfolio, as well as to generate recurring cash flow with secure and stable returns for the future.

Notwithstanding a number of external uncertainties weighing on the market's confidence, the Group has entered 2017 with relative optimism. Firstly, the economy has regained momentum, picking up successively upon the back of sustained improvements in the external economic environment. Secondly, ground works laid over the past years are progressively coming to fruition. Not only have we locked in profits from a number of property sales to be recognized in 2017, our hotel arm AHG is also set to launch its first hotels in Taipei and Beijing within the year and propel new organic growth for the Group. Finally, and underpinning the above, are the core strengths and solid foundations we have built into our businesses. As new policies and infrastructures accelerate cross-regional integration, we will be at the forefront to capitalize upon the powerful growth.

Shun Tak is a progressive business. Over the past years we have been actively consolidating our strengths in order to deliver for our clients and shareholders over the long term. The Board believes that our clear and focused strategy, together with our highly motivated and talented management team, have put us right on track. Taking this opportunity, I would like to thank our committed employees, business partners and shareholders for your unwavering support throughout the years. I look forward to a strong 2017 with you all.

By order of the Board

Stanley Ho

Group Executive Chairman
27 March 2017

Property

With acute foresight and innovation, we bring new living concepts to life. Apart from building houses, we build homes, communities and environments that blend in perfect harmony.



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Striving for
Perfection

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Review of Operations

Property

Despite underlying concerns in the global socioeconomic environment, including an impending interest hike and softened growth in Mainland China's economy, the real estate markets in Hong Kong and Macau have remained relatively active in 2016. The Group has capitalized upon the opportunity to launch a number of projects, including the Chung Hom Kok Collection and presale of Nova Grand.

Despite underlying concerns in the global socioeconomic environment, including an impending interest hike and softened growth in Mainland China's economy, the real estate markets in Hong Kong and Macau have remained relatively active in 2016. The Group has capitalized upon the opportunity to launch a number of projects, including the Chung Hom Kok Collection and presale of Nova Grand. All projects under development are progressing on schedule, while satisfactory rental reversion in renewals and new lettings have been achieved. Nonetheless, due to a lag time in revenue recognition from sale of properties, the division has recorded a decreased profit of HK\$124 million over the year (2015: HK\$383 million). Meanwhile, a substantial revaluation loss associated with One Central has also been registered which is non-cash in nature.

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 fitted with its own private pool and interior elevator, located in a premium and tranquil

neighborhood at Chung Hom Kok.

The development has been purchased by a PRC investor at a consideration of HK\$1,588 million, with the transaction completed in January 2017.

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 31 December 2016, 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. During the year, 7 residential units have been sold in November 2016 with an average price of around HK\$9,300 per square foot, bringing cumulative number of units sold to 99% of all available units. As of 31 December 2016, 83% of units have been handed over to homeowners.

PROJECTS UNDER DEVELOPMENT

IN MACAU

Nova Grand

(Group interest: residential – 71%; commercial – 100%)

Phase 5 of Nova City, Nova Grand, 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 is planned to 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 and fulfilling unmet demand in the entire Macau local community. In December, approximately 400 units of 2-bedroom and 3-bedroom apartments have been launched for presale, which were received with exceptional popularity. Foundation works have been completed and superstructure works are in progress with completion scheduled for late 2018.

The Group has entered into a sale and purchase agreement with HIP Company Limited ("HIP"), a wholly-owned subsidiary of the Abu Dhabi Investment Authority on 22 June 2016. Upon final completion of the transaction at a consideration of HK\$3,150 million, the Group will jointly hold the retail component of this property with HIP on a 50:50 basis.



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 is earmarked to become the new Central Business District and new municipal government administration office in Beijing. The development will comprise approximately 250,000 square meters of retail space, 211,000 square meters of office, and 117,000 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. Substructure works are in progress with project completion expected for 2019.

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 42,500 square meters of office, 39,300 square meters of retail, 16,500 square meters of hotel and 32,800 square meters of serviced apartments have been planned. This landmark will be serviced by the future extension of the Guangzhou-Zhuhai Intercity Rail and the planned Hengqin light rail. It is a few minutes' drive away from Cotai strip where ultra-luxurious gaming resorts thrive. Substructure works are in progress with project completion expected in 2019.

IN EASTERN CHINA

Hotel property at Shanghai MixC

(Group interest: 100%)

In April 2015, the Group acquired 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 29,200 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"), under the brands of citizenM and Artyzen Habitat. Operation is expected to commence in the first quarter of 2018.

Review of Operations

PROJECTS UNDER PLANNING

IN CHINA

Mixed Development at Qiantan, Shanghai

(Group interest: 50%)

In November 2016, the Group formed a 50:50 joint venture with Shanghai Lujiazui (Group) Company Limited to acquire the land use rights of a 26,707 square meters site in Qiantan at a consideration of approximately RMB1,950 million. Under the current plan, the site is to comprise approximately 70,000 square meters of office space, 13,500 square meters of retail space, 20,000 square meters of hotel component, and a 30,000 square meters art and cultural centre including auxiliary retail facilities. The total investment of the entire project is expected to be approximately RMB6,000 million (or approximately HK\$6,900 million) with project completion scheduled for 2022. Upon completion, the hotel is planned to be managed by the Group's hotel management subsidiary, AHG.

IN MACAU

Harbour Mile

(Group interest: 100%)

In consideration that the Macau SAR Government is continuing to review the Master Plan of Nam Van area, the Group has renegotiated its position with the original sellers of the site in November 2016, in order to facilitate future strategizing of its investment in accordance to the best interest of its shareholders.

IN SINGAPORE

No. 9 Cuscaden Road, Singapore

(Group interest: 100%)

In August 2016, the Group completed the acquisition of a prime freehold site located at No. 9 Cuscaden Road, at a consideration of SG\$145 million or approximately HK\$835.2 million. The 25,741 square feet land parcel is located within the central business district in Singapore, surrounded by a number of tourist attractions and renowned hotels. It is within walking distance to the Orchard MRT station where major shopping complexes stand. The Group is considering to redevelop the property for hotel purpose.

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 95% as at 31 December 2016.

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.

IN HONG KONG

Shun Tak Centre, Shop No. 402

(Group interest: 100%)

The premise has achieved 100% occupancy with two main anchor tenants, namely a 20,000 square feet upscale supermarket, the largest in Central and Sheung Wan districts, as well as a private indoor golf club. These lifestyle options have generated increased footfall and enhanced 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. It is home to a wide selection of dining and retail chains providing daily conveniences to West Island. Occupancy was maintained at 99% as at 31 December 2016.

liberté place

(Group interest: 64.56%)

liberté place, the shopping podium of liberté which connects directly to the Lai Chi Kok MTR Station, offers dining and household conveniences to residents of the West Kowloon community, including the neighboring Banyan Garden, The Pacifica and Aquamarine. The mall has achieved full occupancy as at 31 December 2016.

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 comprising restaurants, educational institutions and a supermarket to provide everyday conveniences to the neighboring community. The property registered 76% occupancy as at 31 December 2016, and is undergoing a process of tenancy review.

IN CHINA**Shun Tak Tower**

(Group interest: 100%)

This project, a wholly-owned property in Beijing Dong Zhi Men near East 2nd Ring Road, comprises both office and hospitality components. The site spans 63,000 square feet (5,832 square meters), with a developable gross floor area of approximately 419,000 square

feet (38,900 square meters) rising 21 levels aboveground, and 182,000 square feet (16,900 square meters) in 4 underground levels. It commands a prominent location next to the airport highway and enjoys close proximity to Beijing downtown, embassy area, and YanSha district. Office leasing is well underway with occupancy standing at 52% as of 31 December 2016. A 138-room Artyzen Habitat is slated for opening in mid-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 84% over the year.

Property Services

Shun Tak Property Management Limited, the Group's wholly-owned subsidiary, offers professional property management service of residential and retail developments, clubhouse, office tower and car park to Hong Kong and Macau clients. Its experience in providing higher education institutions with integrated facility management service has opened up business opportunities in similar markets. Being specialized in pre-management consultancy and asset enhancement projects, it has helped owners unlock substantial value for their properties and enhance the quality in the long run.

As part of its integrated approach, the company also operates complementary businesses including Shun Tak Macau Services Limited, which specializes in property cleaning; and Clean Living (Macau) Limited which offers both retail and institutional laundry services.



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Expanding
Our Network

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Transportation

Combining the wealth of experience from our team and extensive resources, we spearhead a seamless cross-modal transportation network for the region to bring people and business together.



Review of Operations

Transportation

Benefitting from stable fuel prices and innovative product differentiation strategies, the transportation division has maintained solid earnings. In particular, its Premier Grand class business has expanded remarkably in the last five years, providing major impetus of growth for the company.

Sluggishness persisted in the tourism industry over the first three quarters, with visitor arrivals curbed by a strong local currency and intensifying competition from other destinations vying to capture market share from Mainland visitors. As a result, TurboJET's flagship Hong Kong-Macau ferry routes have collectively registered 14 million passengers, representing a moderate decline of 4%. However, the company has been successful in weathering the downturn through disciplined yield management and strategic product diversification. In particular, its Premier Grand class has expanded by 270% in the last five years, providing major impetus of growth for the company. The market momentum improved towards year end and fuel price remained at low

level. The division concluded with 11% increase in profit at HK\$394 million (2015: HK\$356 million).

Shun Tak – China Travel Shipping Investments Limited

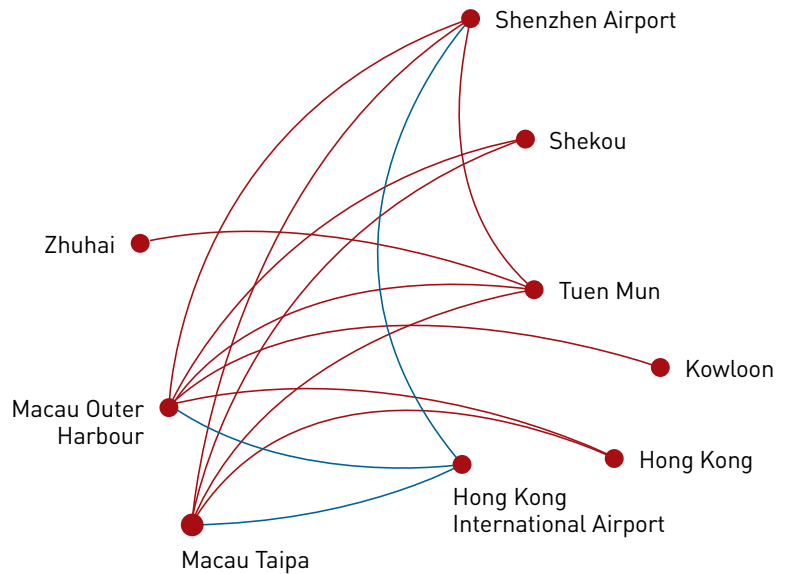
TurboJET has been at the forefront of revolutionizing maritime transportation, forging an extensive transport network in the Pearl River Delta region. Today, it runs one of the strongest ferry operations in the world, backed by over fifty years of management and engineering excellence. Embracing innovation and foreseeing changing demands, TurboJET pioneered the Premier Grand class, now available on 8 vessels running at 30-minute intervals, as well as all VIP cabins across its fleet. Subsequently,

Premier Plus was also launched, offering complimentary local land transfers in Macau for Premier Grand passengers. TurboJET continues to push the envelope in 2016 by introducing three new enhancements. Firstly, a brand new Premier Lounge was opened at Shun Tak Centre, extending more exclusive pre-boarding experiences to passengers which are particularly well-catered for modern and business travelers. Secondly, a new mobile application for Premier Grand passengers has been launched, allowing travelers to perform ticketing and add-on bookings with greater power in their hands. Thirdly, a Travel Planning Hotline Centre was established to provide comprehensive personalized concierge services for



Premier Grand passengers, where all travel arrangements can be fulfilled at one single stop.

Apart from enhancing its offers, TurboJET is constantly striving to expand its network. In January 2016, it commenced management of the Tuen Mun Ferry Terminal. Leveraging Tuen Mun's central location within the Pearl River Delta and its streamlined public transportation system, TurboJET launched services to Macau and Shenzhen Airport Fuyong Ferry Terminal, which quickly gained popularity. In April, a new route to Taipa was added, and later in September, another one to Zhuhai was introduced. Over the course of year, TurboJET has also rolled out the Macau Express Link and Tuen Mun Fly land connecting services at the new terminal, with both services aiming to facilitate intermodal transits for passengers using the two SAR airports. In the future, as new infrastructure projects such as the Tuen Mun-Chek Lap Kok Link, Tuen Mun Western Bypass and Tuen Mun South Extension come on line, the Tuen Mun Ferry



Terminal will further consolidate its role as an important node in regional cross-boundary travel.

TurboJET is consistently innovating to bring new convenience to this dynamic market. Its latest and future initiatives include a recently launched eBoarding service which enables paperless ticketing, minimizing hassle for passengers and carbon footprint for the environment. It also has plans

to extend its land connection service to Super Class and Economy Class passengers in the second quarter of 2017. Finally, in preparation for the impending launch of the permanent Taipa Ferry Terminal, TurboJET is set to enhance its sailing frequencies and capacities to meet new demands.

TurboJET was conferred a number of accolades within the year, including the "2015/16 Smiling Services Enterprises Award – Transportation Services" from Mystery Shopper Service Association, and the "2015 Hong Kong Awards for Environmental Excellence, Transport and Logistics – Silver Award" from Environmental Campaign Committee and Environmental Protection Department.

Shun Tak & CITS Coach (Macao) Limited

With a fleet of 155 vehicles, this 55.1% owned joint venture engages in cross-border and local coach rental business. With the opening of new hotels and resorts in the third quarter, the company has benefited from a surge in coach bus demand, registering HK\$167 million (2015: HK\$101 million) in revenue.



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Broadening
Our Horizons

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Hospitality

As a forerunner in hotel investments, hospitality and MICE businesses, the Group has built solid hotel management capacities and is rapidly expanding its footprint in major gateway cities across Asia.



Review of Operations

Hospitality

Hong Kong and Macau tourism continued to suffer from strong headwind and maintained the downward momentum from the preceding year. Our hotel portfolio in Macau was faced with intensified competition from new hotels and resorts pursuing aggressive pricing. However, our hotel management subsidiary has made significant strides in enlarging its footprint in China during the year.

Hong Kong and Macau tourism continued to suffer from strong headwind and maintained the downward momentum from the preceding year. Catalysts for this decline include a strong local currency, weakened growth in China's economy, and tightened visa policy for Mainland visitors. The dip was particularly significant in the first six months, with arrivals only picking up in the latter half of the year to narrow the gap. In Macau, as new integrated hotels and resorts vied for market share by pursuing aggressive pricing, independent hotels were faced with serious challenges. In 2016, the hospitality division registered a loss of HK\$263 million (2015: HK\$95 million in profit), mainly attributable to an impairment loss of HK\$344 million, representing a 378% year-on-year decline in return.

Hotels

In Hong Kong, the 658-room Hong Kong SkyCity Marriott Hotel located immediately adjacent to the AsiaWorld-Expo (AWE), and in close proximity to Hong Kong International Airport and SkyPier, has registered a yearly average occupancy rate of 86%. As the number of concerts and MICE events have reduced at AWE, the hotel experienced a decline in the FIT segment. Meanwhile, yield from group and crew bookings have weakened as city hotels offered substantial price slashes. The hotel is preparing to respond dynamically to a number of challenges in 2017 including the

opening of the third Disney Hotel in Lantau. It received a number of accolades in 2016, including "Asia's Leading Airport Hotel" by World Travel Awards 2016, "Luxury Hotel & Conference Centre (Country Winner)" by World Luxury Hotel Awards, and a number of recognition from leading online platforms.

Mandarin Oriental, Macau is one of the leading luxury hotels in Macau renowned for its bespoke services and fine elegance. Amid downward pressure on room rates, the hotel was able to maintain an average price above the MOP2,000 mark with a 45% occupancy. In order to improve business, the hotel focused on expanding its leisure and MICE business as a differentiation strategy through familiarization tours, roadshows and cross-promotion campaigns. It has actively grown its online presence, with the hotel and its Vida Rica restaurant taking third place on TripAdvisor's ranking. The hotel has won a number of respectable awards in 2016, including "Triple Five Star Hotel, Restaurant & Spa" by Forbes Travel Guide 2016, "Best Luxurious Hotels of China" from China Hotel Starlight Awards, "Grand Jury Award" by Spa China 2016 and "Macau Top Presidential Suite Award" from Hurun Presidential Awards 2016.

Grand Coloane Resort, 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 resort posted 68% in occupancy rate as it continues to be subject to direct competition from new hotels opening in the adjacent Cotai. During the year, it received the "Macau Green Hotel Award" from Macau Environmental Protection Bureau and "Guest Review Awards" by Hotels.com and Bookings.com.

Tourism Facility Management

The Group is renowned for providing integrated management solutions for tourism facilities with its top notch hospitality team and well established sales and marketing network. Under its management, Macau Tower Convention & Entertainment Centre ("Macau Tower") has become one of the most recognizable hotspots among Asian destinations. The number of patronized visitors to its observation levels has grown by 12%, outpacing growth in tourism arrivals in 2016.

Artyzen Hospitality Group

Over the course of the year, AHG, a subsidiary under the Group which specializes in hotel management solutions, has made significant strides expanding its footprint in China.

In 2016, AHG entered into a management contract with Shanghai Lujiazui Xinchun Investment Co. Ltd to manage two new hotels, Artyzen Hotels & Resorts and Artyzen Habitat,

co-located at the Shanghai Lingang New City with scheduled completion in 2021. Moreover, it will be managing a convention centre and a serviced apartment which form part of that vibrant community. In November, AHG further confirmed an estimated 160-room Artyzen Hotel located at the Sifang Collective site outside of Nanjing. These appointments reflect AHG's core values and product innovations are highly relevant to market needs.

2017 will be a milestone year for AHG as it debuts its first hotels. These include the 267-room citizenM Taipei at Ximending, and 138-room Artyzen Habitat Dongzhimen Beijing. It is anticipated that these openings will exemplify the culturally rewarding guest experiences embodied in the spirit of its brands, and provide the company with a foundation for accelerated expansion. Other pipeline projects include 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.

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.

Travel and MICE

With offices in Hong Kong, Macau, Beijing, Shanghai, Guangzhou and Shenzhen, Shun Tak Travel offers upscale concierge services to MICE organizers and corporate travelers, extending integrated ticketing and reservations, logistics handling, hospitality services and production expertise to clients.

2016 has been a challenging year for the division on two fronts; corporate clients continue to tighten budget on discretionary spending amid weakened sales, while service providers are increasingly reaching out to consumers directly by offering savings online. Nonetheless, with the division's trusted reputation and reliable services, its overseas business is gradually

gaining traction. It has secured a number of commissions outside of Hong Kong and Macau, with the market showing signs of medium term growth.

The division is well poised for new opportunities brought forth by two important catalysts in the near future. Upon the launch of Hong Kong-Zhuhai-Macau Bridge, inter-regional traffic is expected to experience a phenomenal surge, creating new pockets of growth in the entire spectrum of tourism products. At the same time, Hong Kong government is stepping up efforts to tackle substandard travel operators through legislation. It is expected that the Company, as a well-established operator, will benefit from the healthy and sustainable development of the industry after enactment of the new bill.

Combined revenue for the Group's travel and MICE business amounted to HK\$44 million in 2016 (2015: HK\$62 million).



Investment

At the pulse of dynamic growth across the Pearl River Delta, the Group is investing in a balanced business portfolio with sharp acumen and prudent strategies in contribution to the region's development.



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Diversifying
Our Investments

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Review of Operations

Investment

The investment division recorded a decline in profit as dividend payout from Sociedade de Turismo e Diversões de Macau, S.A. (“STDM”) continued to remain at low levels under the declined gaming performance and reduced visitor spending in year 2015.

The investment division recorded a profit of HK\$197 million (2015: HK\$278 million), representing a setback of 29%, as dividend payout from STDM continued to remain at low levels under the declined gaming performance and reduced visitor spending in year 2015, the effect of which is fully reflected in the Group's dividend received in 2016.

The Group owns an effective interest in STDM of approximately 11.5%, which turn owns approximately 54.89% 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. Following consecutive months of contraction, the market has started to stabilize with gaming revenue outperforming general forecasts in the last quarter of 2016. However, it remains to see how the market works to absorb the latest supply additions.

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 received 95 berthings and 372,946 visitors in year 2016, with

143 ship calls scheduled for year 2017, representing an encouraging increase of 1.5-fold. As of 31 December 2016, 87% of retail space has been leased.

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. Despite the economic downturn and fragile consumer confidence, the company was able to maintain its bottom line results through prudent cost control and inventory management.





Recent Developments and Prospect



Year 2016 has been characterized by mixed performance, as the economy overcame a sluggish first half of year and started to recover in the last quarter. Despite the upturn, uncertainties in the global environment continued to give reasons for the Group to remain cautious. The Group has made well-paced progress throughout the last 12 months, and shall build upon its well-balanced portfolio with focus and agility.

Underpinned by a low interest environment, healthy end-user demand and capital inflow in light of Renminbi devaluation, the property market has seen accelerated activities over the year, and the Group is satisfactorily on track with its property sales.

In September, the Chung Hom Kok Collection has been sold to a corporate investor at a consideration of HK\$1,588 million, with the transaction completed in January 2017. In December, the Group has rolled out the much anticipated Nova City Phase 5,

Nova Grand. As of 31 December 2016, approximately 400 units of 2-bedroom and 3-bedroom apartments have been launched with remarkable success. As Macau first hand properties are in short supply, on top of which Nova Grand is the only residential development that offers direct convenience to a large scale lifestyle shopping mall, it is expected that subsequent batches to be launched will continue to attract strong market support.

Year 2016 is marked by important strides made by the Group, with the objectives of capitalizing on growth opportunities in other key gateway cities beyond Hong Kong and Macau.

In May 2016, the Group made its foray into Singapore through the acquisition of a prime site located at No. 9 Cuscaden Road, within short walking distance to the burgeoning Orchard road tourism and business district and earmarked for hotel development purpose. In January 2017, the Group

has further agreed to purchase a 70% interest in a commercial complex within the same locale at 111 Somerset Road, comprising approximately a gross floor area of 766,550 square feet of office units, medical suites and 2 levels of retail podium. The property is currently undergoing a substantial asset enhancement program with anticipated completion in early 2019.

In China, the Group together with Shanghai Lujiazui (Group) Company Limited announced the joint development of a 26,707 square meters site in Qiantan with the vision of creating an integrated community comprising office, retail, hotel and an art and cultural centre. The total investment of the entire project is expected to be approximately RMB6,000 million (or approximately HK\$6,900 million). This is the second major investment made by the Group in Shanghai, following the acquisition of a hotel property as part of Shanghai MixC in 2015.



On the back of stable fuel prices and innovative product differentiation strategies, the transportation division has maintained solid earnings. Premier Grand class service has been a core driver in yield improvement, as its popularity grew alongside ever-improving services, including the introduction of Premier Plus (a land transfer service), Premier Lounge, and a dedicated mobile application.

Since January 2016, the Group has commenced operation at Tuen Mun Ferry Terminal as a pivotal anchor to its Pearl River Delta multimodal network. Another major initiative in 2017 will be a launch of service at the soon-to-be-completed permanent Taipa Ferry Terminal. With efficient resource allocation and operating experience, TurboJET will be significantly enhancing its capacity to meet new demands of travelers in association with Cotai expansion.

The Group's hotel management arm, AHG, has progressively expanded its footprint in year 2016. These include two hotels as part of Shanghai Lingang New City, scheduled for opening in 2021, as well as a 160-room hotel located at the Sifang Collective site outside of Nanjing. Furthermore, in March 2017, AHG announced a management appointment of citizenM Kuala Lumpur. With a total of 8 hotel management agreements signed under the various brands of AHG, these brand reflective hotels will be opening progressively, building exciting momentum for further growth.

The investment division posted a 29% year-on-year decline in profits attributable to constricted dividend payout from Sociedade de Turismo e Diversões de Macau, S.A. ("STDM"). Although it is anticipated that the gaming market has navigated out of its trough since August 2016 and

displayed signs of stabilization, it remains to be observed STDM's portfolio performance in light of intensified competition from new resorts and entertainment offers.

The Group has solid fundamentals and is firmly confident in the long term development potentials of its portfolio. It will remain disciplined, patient and committed to improving long term returns for its shareholders.

Corporate Social Responsibility

As a caring and responsible corporate citizen, the Group is active in community service and supports a wide range of charitable activities to improve the social well-being of the communities in Hong Kong and Macau.



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Creating
Lasting Value



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Corporate Social Responsibility

We believe financial performance is not the sole barometer to gauge success. Our CSR philosophy is to weave responsible social, environment and governance practices into our day-to-day operation, in a staunch commitment to enhancing community and environment well-being.

For a Brighter Tomorrow

In 2016, the Company continues to be one of the constituents of Hang Seng Corporate Sustainability Benchmark Index for the sixth consecutive year; and was awarded the “HKQAA CSR Plus Mark” in the “HKQAA CSR Index Plus” scheme by Hong Kong Quality Assurance Agency three years in a row.

Our Employees

Employees are our most valuable assets. Therefore, we place great emphasis on cultivating a safe, healthy and inclusive environment in which everyone can thrive at work and achieve work-life balance. In 2016, the Group organized a number of seminars covering topics including stress management, self-understanding, healthy eating, food waste reduction, MPF investment strategies; as well as various interest classes and outings to enhance staff’s quality of life. The Group values continued investment in our staff to equip them with different skill sets. Over the year, it contributed towards the training fund and sponsored staff to undertake various work-related courses. TurboJET continued to offer a wide range of training workshops for its managerial and general staff, focusing on occupational safety, quality management, regulatory compliances as well as professional development. These courses have enhanced their leadership capability and technical skills, providing opportunities for professional growth.

Our Community

Giving back to the community behind the success of the Group is an integral part of our corporate culture. With the full support of the Group, our employees take every opportunity to reach out to our community and serve the needy.

On the Group level, our staff shared the festive spirit with those in need by paying visits to singleton elders and brought gifts including mooncakes, hand-knitted scarves and other necessities around Mid-Autumn Festival and Christmas period. In support of the Group’s “Green Month” campaign, themed “Think Green Live Green”, a series of green workshops were arranged in November for our employees and senior volunteers from Hong Kong Aged Concern to prepare handmade gifts for the Elderly at the St James’ Settlement’s Evergreen Day Care Centre. This year, Macau Tower continued to take part in the annual “World Autism Awareness Day”, sponsoring an exhibition that showcased artworks created by children with Autism, as well as a concert orchestrated by Macau Autism Association. Besides, the Company has made donations totaling over HK\$1.2 million to Tung Wah Group of Hospitals (TWGHs), Po Leung Kuk and Hong Kong Aged Concern to support their fundraising activities and philanthropic services, such as the “Tung Wah Charity Carnival Charity Day” and “Po Leung Kuk Chinese New Year Charity Walk”. We have also participated in other fundraising events including Community Chest “Walks for Millions”, “Dress Casual Day” and

“Love Teeth Day”, “Orbis Raffle Charity Sale” and “TWGHs Corporate Flag Day”, as well as the “Central Rat Race” for the MINDSET.

TurboJET carried on its charitable spirit to partake in a myriad of welfare works in 2016. In January, it organized a two-day trip to Hong Kong for more than 70 underprivileged children from Macau. In June, a lunch gathering at Macau Tower was held for children with mental disabilities together with their families. From July to August, TurboJET teamed up with The Friends of Scouting to provide free tutorial services, and organized a one-day Macau tour for ethnic minority children. In addition, our volunteer staff held a barbeque gathering and delivered daily necessities to over 100 senior citizens living in Tak Ku Ling in celebration of Easter and Christmas. Apart from making donations to support Special Olympics Hong Kong, St. James’ Settlement and Zonta Club of Macau, TurboJET sponsored a number of fund-raising campaigns by Orbis, Yan Oi Tong, Hong Kong Playground Association and Caritas Macau.

The Group’s unwavering commitment in promoting social well-being has won it a number of accolades, including “The 7th Hong Kong Outstanding Corporate Citizenship Logo – Enterprise and Volunteer Category” by Hong Kong Productivity Council, “10 Years Plus Caring Company” Logo by The Hong Kong Council of Social Service, “Caridade Social 2015-2016” Award by Macao Chamber of Commerce, and “Better World Company” Logo by Junior Chamber International Hong Kong.

Our Environment

Our CSR activities for the community go beyond volunteer works and sponsorships. Recognizing the importance of building sustainability into business, each operational division has established a list of environmental objectives. Apart from guiding internal processes, these policies also set standards for external contractors and suppliers. Working with various external consultants, the Group implemented changes to reduce carbon footprint, save resources and promote eco-friendly practices. Responding to calls for environmental conservation, the Group launched in 2016 the “Green Month” campaign to unify cross-departmental efforts in building a greener workplace and community. It garnered wide support from our staff with a number of green initiatives successfully held. These included Planting Workshops with Hong Kong Aged Concern, Green Talk in collaboration with Food Angel and Volunteering Day at its community kitchen, Coastal CleanUp at Wu Kai Sha, as well as Nam Sang Wai Eco Tour. In Macau, the corporate office held several recycling campaigns in which second-hand computers and clothes were collected and donated to welfare organizations.

Following its sponsorship and support to “Arctic Expedition 2015”, TurboJET joined forces with the Scout Association of Hong Kong to organize seven school seminars in year 2016, educating over 4,000 students on climate change and environmental protection through post-trip sharing. Meanwhile, it continued to sponsor the Ta Ku Ling Organic Farm, as well as further expanded the “Green Roof Planting” area at the penthouse of shipyards for organic farming. For the 8th consecutive year, TurboJET and other divisions under the group participated in the Earth Hour campaign organized by World Wide Fund for Nature



to promote energy conservation. Our property management arm, meanwhile, signed up to the “Energy Saving Charter” launched by Energy Efficiency Office, Electrical and Mechanical Services Department, making a pledge to conserve energy across all business operations.

Green efforts dedicated by different divisions have been well recognized by professional bodies. In 2016, the Group was awarded four environmental certificates including “Energywi\$e Certificate (Excellence Level)”, “Wastewi\$e Certificate (Excellence Level)” and “IAQwi\$e Certificate (Good Level)” by Hong Kong Green Organization Certification, as well as the “Good Class Indoor Air Quality (IAQ) Certificate” by the Environmental Protection Department. It also attained World Green Organization’s “Green Office” Label.

The shipping division was conferred “2015 Hong Kong Awards for Environmental Excellence, Transport and Logistics – Silver Award” by Environmental Campaign Committee and Environmental Protection Department. Property management division has also clinched several green awards in properties within its portfolio, including “Excellent Class Indoor Air Quality (IAQ) Certificate”, “Certificate of Merit in Commendation Scheme on Source Separation of

Domestic Waste 2015/16”, “Certificate of Quality Water Supply Scheme for Buildings”, “FoodEver Award – Gold Award”, “Hong Kong Green Awards 2016 – Environmental, Health and Safety Award (SME) – Bronze Award”, to name just a few.

Our Future

Marking the 10th year of collaboration with Young Entrepreneurs Development Council, the Group continued to support its “Life Planning Cooperation Program” in 2016. Our corporate ambassadors guided nearly 50 secondary school students on their career planning through experience-sharing and counselling. In Macau, the Group arranged for students in tourism-related studies a company tour to its hospitality facilities, allowing them to understand first-hand the industry’s operations. Meanwhile, TurboJET continued to organize school visits to its shipyard and placement programs for students in mechanical engineering, maritime and tourism studies, strengthening their knowledge on the development of the industry. It also offered its annual scholarship to support and encourage young talents to pursue their goals in maritime and transportation fields.

Please refer to the Group’s soon-to-be published Sustainability Report to find out more about our commitment to uphold Corporate Social Responsibility.



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