信德集團

SHUN TAK HOLDINGS

SHUN TAK HOLDINGS LIMITED

信 德 集 團 有 限 公 司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 242)

Website: http://www.shuntakgroup.com

2017 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 2017 of the Company and its subsidiaries (the "Group").

Consolidated profit attributable to owners of the Company for the year was HK$1,450 million (2016: loss of HK$587 million). Underlying profit attributable to the owners which was principally adjusted for unrealised fair value changes on investment properties would be HK$1,242 million (2016: HK$30 million). Basic earnings per share was HK47.7 cents (2016: basic loss per share was HK19.3 cents).

DIVIDENDS

The Board has recommended a final dividend of HK6.0 cents per share (2016: nil) for the year ended 31 December 2017. An interim dividend of HK6.0 cents per share (2016: nil) for the six months ended 30 June 2017 was paid during the year. The total dividends for the year amounted to HK12.0 cents per share (2016: nil).

Subject to shareholders' approval at the forthcoming annual general meeting of the Company, the proposed final dividend is expected to be paid on 19 July 2018 to shareholders of the Company whose names appear on the register of members of the Company on 10 July 2018.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	**2017** *HK$'000*	2016 *HK$'000*
Revenue	2	**6,388,505**	3,851,931
Other income		**252,944**	255,248
		6,641,449	4,107,179
Other gains/(losses), net	3	**24,753**	(4,916)
Cost of inventories sold and services provided		**(2,753,760)**	(1,116,839)
Staff costs		**(1,412,886)**	(1,342,255)
Depreciation and amortisation		**(155,631)**	(146,981)
Other costs		**(603,735)**	(1,039,740)
Fair value changes on investment properties		**178,165**	72,457
Operating profit	2, 4	**1,918,355**	528,905
Finance costs	5	**(226,562)**	(141,380)
Share of results of joint ventures		**200,629**	(502,756)
Share of results of associates		**8,966**	1,065
Profit/(loss) before taxation		**1,901,388**	(114,166)
Taxation	6	**(203,243)**	(118,689)
Profit/(loss) for the year		**1,698,145**	(232,855)
Attributable to:			
Owners of the Company		**1,450,160**	(587,137)
Non-controlling interests		**247,985**	354,282
Profit/(loss) for the year		**1,698,145**	(232,855)
Earnings/(loss) per share (HK cents)	8		
- basic		**47.7**	(19.3)
- diluted		**47.7**	(19.3)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	HK$'000	*HK$'000*
Profit/(loss) for the year	**1,698,145**	(232,855)
Other comprehensive income/(loss)		
Items that may be reclassified to profit or loss:		
Available-for-sale investments:		
Changes in fair value	**29,367**	14,188
Cash flow hedges:		
Changes in fair value, net of tax	**(5,427)**	72,767
Transfer to profit or loss	**(36,556)**	50,217
Reversal of asset revaluation reserve upon sales of properties, net of tax	**(20,515)**	(1,594)
Currency translation differences	**444,676**	(262,148)
Share of currency translation difference of joint ventures	**92,336**	(1,674)
Share of currency translation difference of associates	**79,428**	(72,471)
Other comprehensive income/(loss) for the year, net of tax	**583,309**	(200,715)
Total comprehensive income/(loss) for the year	**2,281,454**	(433,570)
Attributable to:		
Owners of the Company	**1,964,815**	(791,515)
Non-controlling interests	**316,639**	357,945
Total comprehensive income/(loss) for the year	**2,281,454**	(433,570)

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2017

	Note	**2017**	2016
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**2,836,564**	2,671,944
Investment properties		**8,232,314**	7,898,202
Prepaid premium for land lease and land use rights		**302,841**	290,840
Joint ventures		**6,887,540**	5,265,386
Associates		**1,476,977**	1,378,462
Intangible assets		**36,427**	37,553
Available-for-sale investments		**1,021,729**	995,263
Derivative financial instruments		**107**	22,903
Mortgage loans receivable		**3,914**	4,919
Deferred tax assets		**2,476**	6,683
Other non-current assets		**704,067**	1,014,993
		21,504,956	19,587,148
Current assets			
Properties for or under development		**13,872,138**	10,549,594
Inventories		**7,626,127**	1,918,437
Trade and other receivables, deposits paid and prepayments	9	**1,141,722**	979,413
Derivative financial instruments		**16,927**	11,416
Taxation recoverable		**11,356**	5,468
Cash and bank balances		**12,665,880**	13,275,396
		35,334,150	26,739,724
Current liabilities			
Trade and other payables, and deposits received	9	**2,473,841**	1,636,839
Deposits received from sale of properties		**3,453,424**	1,469,358
Bank borrowings		**5,212,254**	533,571
Provision for employee benefits		**13,010**	13,332
Taxation payable		**141,131**	28,282
Loans from non-controlling interests		**1,215,733**	775,089
		12,509,393	4,456,471
Net current assets		**22,824,757**	22,283,253
Total assets less current liabilities		**44,329,713**	41,870,401

	2017	2016
	HK$'000	*HK$'000*
Non-current liabilities		
Bank borrowings	**6,829,789**	7,095,775
Medium term notes	**3,172,788**	3,144,979
Deferred tax liabilities	**1,308,380**	1,072,080
	11,310,957	11,312,834
Net assets	**33,018,756**	30,557,567
Equity		
Share capital	**9,858,250**	9,858,250
Other reserves	**17,372,796**	15,772,528
Proposed dividends	**181,864**	—
Equity attributable to owners of the Company	**27,412,910**	25,630,778
Non-controlling interests	**5,605,846**	4,926,789
Total equity	**33,018,756**	30,557,567

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.

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 the subsidiary undertakings (within the meanings 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 provision 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 policies in notes to the financial statements. Those excluded subsidiary undertakings of the Group are disclosed in the 2017 annual consolidated financial statements.

The financial information relating to the years ended 31 December 2017 and 31 December 2016 included in this preliminary announcement of annual results for the year ended 31 December 2017 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those consolidated financial statements. Further information relating to these statutory consolidated 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 consolidated financial statements for the year ended 31 December 2016 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).

The Company's auditor had reported on those consolidated 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 2017 annual consolidated 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 2017:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvement to HKFRSs 2014-2016 Cycle	

The adoption of the above does not have any significant impact to the Group's results for the year ended 31 December 2017 and the Group's financial position as at 31 December 2017.

New standards and amendments and interpretations to standards 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 2017, and have not been applied in preparing these consolidated financial statements.

Amendments to HKFRS 2(1)	Share-based Payment
HKFRS 9 (2014)(1)	Financial Instruments
HKFRS 15(1)	Revenue from Contracts with Customers
Amendments to HKFRS 15(1)	Revenue from Contracts with Customers
Amendments to HKAS 40(1)	Transfers of Investment Property
HK (IFRIC) Interpretation 22(1)	Foreign Currency Transactions and Advance Consideration
Annual Improvement to HKFRSs 2014-2016 Cycle(1)	
Annual Improvement to HKFRSs 2015-2017 Cycle(2)	
HK (IFRIC) Interpretation 23(2)	Uncertainty over Income Tax Treatments
HKFRS 16(2)	Leases
Amendments to HKFRS 10 and HKAS 28(3)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

(1) Effective for annual periods beginning 1 January 2018

(2) Effective for annual periods beginning 1 January 2019

(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, annual improvement and interpretations. The Group's assessment of the impact is set out below.

HKFRS 9, "Financial instruments"

Nature of change

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

Impact

The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 January 2018:

The Group's debt investments that are currently classified as available-for-sale ("AFS") at fair value will satisfy the conditions for classification as at fair value through other comprehensive income ("FVOCI") and hence there will be no change to the measurement of these assets.

All of the Group's equity investments would be required to be measured at fair value under the new standard and management has elected the FVOCI model for all of its AFS equity investments. Under FVOCI model, any gains or losses realised on the sale of financial assets at FVOCI will no longer be transferred to the consolidated income statement, but instead reclassify from "investment revaluation reserve" to "retained earnings". In addition, there will be no more impairment losses required to be charged to the consolidated income statement under the new guidance. Previously accumulated impairment losses from prior years would require a reclassification from "retained profits" to "investment revaluation reserve" for the relevant FVOCI equity investments at the date of adoption of this new standard.

Unlisted AFS investments which were stated at cost less impairment amounting to HK$816 million as at 31 December 2017 would then be carried at fair value at the date of adoption of this standard. Accordingly, a fair value gain would be recognised for the increase in the carrying amount of these unlisted AFS investments and the investment revaluation reserve on 1 January 2018.

The Group's equity investments that are currently classified as AFS at fair value would have no change to their measurement except for changes on disposal and elimination of impairment requirement as mentioned above.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 "Financial Instruments: Recognition and Measurement" and have not been changed.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. However, the Group does not expect to identify any new hedge relationships and the Group's existing hedge relationships are qualified as continuing hedges upon the adoption of HKFRS 9.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 "Revenue from Contracts with Customers", lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, it is not expected that the new model would significantly affect the impairment provisions of the Group.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

Date of adoption by Group

HKFRS 9 must be applied for financial years commencing on or after 1 January 2018. The Group will generally apply the changes in accounting policies resulting from the adoption of HKFRS 9 retrospectively from 1 January 2018, with certain practical expedients permitted under the new standard. Comparative information for prior periods with respect to classification and measurement (including impairment) changes is not restated and any differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 will generally be recognised as an adjustment to the opening balance of retained profit (or other component of equity, as appropriate) in the year of adoption.

HKFRS 15, "Revenue from contracts with customers"

Nature of change

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Impact

Management is currently assessing the effects of applying the new standard on the Group's consolidated financial statements and has identified the following areas that are likely to be affected:

- Revenue from pre-sales of properties under development is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the properties under development may transfer over time or at a point in time. Control of the properties under development is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

When control of the property transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the completed property.

The progress towards complete satisfaction of the performance obligation is measured based on the property development costs incurred as a percentage of total estimated costs for complete satisfaction as allocated to the contract.

Revenue from the Group's existing pre-sale properties contracts will remain unchanged and recognised at a single point in time. Revenue from pre-sale properties contracts entered in the future might be recognised at a single point in time or over a period depending on the terms of contract and laws that apply to the contract.

- The timing of revenue recognition for sale of completed properties, which is currently based on whether significant risk and reward of ownership of properties is transferred, will be recognised at a later point in time when the underlying property is legally or physically transferred to the customer under the control transfer model.

- The Group currently offers different payment schemes to customers. The transaction price and the amount of revenue for the sale of property will be adjusted when significant financial component exists in that contract; and

- Revenue from service - the application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue.

Date of adoption by Group

The Group intends to adopt the standard on all uncompleted contracts as at 1 January 2018 using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained profits as of 1 January 2018 and that comparatives will not be restated.

The Group estimates the above impact does not have a material overall effect to the Group's retained earnings on 1 January 2018.

HKFRS 16, "Leases"

Nature of change

HKFRS 16 will result in almost all leases being recognised on the consolidated balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

Impact

The standard will affect primarily the accounting for the Group's operating leases as a lessee. As at the reporting date, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases under HKFRS 16.

Date of adoption by Group

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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 2016.

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.

2017

	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)	3,094,133	2,342,388	782,682	169,302	—	6,388,505
Inter-segment revenue	2,644	1,689	47,359	—	(51,692)	—
Other income (external and excluding interest income)	16,282	43,159	9,231	4,274	—	72,946
	3,113,059	2,387,236	839,272	173,576	(51,692)	6,461,451
Segment results	1,188,900	307,538	46,267	134,546	—	1,677,251
Fair value changes on investment properties	178,165	—	—	—	—	178,165
Interest income						179,998
Unallocated expense						(117,059)
Operating profit						1,918,355
Finance costs						(226,562)
Share of results of joint ventures	222,717	10,155	(32,243)	—	—	200,629
Share of results of associates	(1,470)	378	1,131	8,927	—	8,966
Profit before taxation						1,901,388
Taxation						(203,243)
Profit for the year						1,698,145

	Property *HK$'000*	Transportation *HK$'000*	Hospitality *HK$'000*	Investment *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Assets						
Segment assets	33,074,086	4,825,742	3,816,313	1,060,130	(51,277)	42,724,994
Joint ventures	7,043,026	69,395	(224,881)	—	—	6,887,540
Associates	1,248,764	28,600	193,878	5,735	—	1,476,977
Unallocated assets						5,749,595
Total assets						56,839,106
Liabilities						
Segment liabilities	5,284,672	448,832	213,842	4,599	(51,277)	5,900,668
Unallocated liabilities						17,919,682
Total liabilities						23,820,350
Other information						
Additions to non-current assets (other than financial instruments and deferred tax assets)	1,439,547	74,088	443,593	129	—	1,957,357
Depreciation	18,036	81,626	41,719	1,042	—	142,423
Amortisation						
- prepaid premium for land lease and land use rights	—	—	7,572	—	—	7,572
- intangible assets	—	—	1,036	90	—	1,126
Impairment losses						
- trade receivables, net	1,482	—	(23)	—	—	1,459

2016

	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)	495,025	2,330,707	787,363	238,836	—	3,851,931
Inter-segment revenue	3,523	625	47,717	—	(51,865)	—
Other income (external and excluding interest income)	4,899	30,903	7,512	1,458	—	44,772
	503,447	2,362,235	842,592	240,294	(51,865)	3,896,703
Segment results	124,297	394,027	(262,841)	196,504	—	451,987
Fair value changes on investment properties	72,457	—	—	—	—	72,457
Interest income						210,476
Unallocated expense						(206,015)
Operating profit						528,905
Finance costs						(141,380)
Share of results of joint ventures	(476,204)	11,563	(38,115)	—	—	(502,756)
Share of results of associates	(2,758)	490	(1,841)	5,174	—	1,065
Loss before taxation						(114,166)
Taxation						(118,689)
Loss for the year						(232,855)

	Property *HK$'000*	Transportation *HK$'000*	Hospitality *HK$'000*	Investment *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Assets						
Segment assets	24,220,033	4,509,860	2,178,933	1,028,729	(40,479)	31,897,076
Joint ventures	5,399,741	60,320	(194,675)	—	—	5,265,386
Associates	1,170,806	3,902	195,447	8,307	—	1,378,462
Unallocated assets						7,785,948
Total assets						46,326,872
Liabilities						
Segment liabilities	2,565,389	420,023	142,063	4,157	(40,479)	3,091,153
Unallocated liabilities						12,678,152
Total liabilities						15,769,305
Other information						
Additions to non-current assets (other than financial instruments and deferred tax assets)	875,357	81,169	924,071	62	—	1,880,659
Depreciation	9,028	87,664	46,103	1,439	—	144,234
Amortisation						
- prepaid premium for land lease and land use rights	—	—	244	—	—	244
- intangible assets	—	—	639	89	—	728
Impairment losses						
- trade and other receivables, deposits paid and prepayment, net	—	—	4,079	—	—	4,079
- property, plant and equipment	—	—	343,750	—	—	343,750

(b) Geographical information

	Hong Kong HK$'000	Macau HK$'000	Mainland China HK$'000	Others HK$'000	Consolidated HK$'000
2017					
Revenue and other income from external customers	**3,614,446**	**2,417,718**	**148,763**	**280,524**	**6,461,451**
Non-current assets	**6,508,460**	**1,180,750**	**2,846,058**	**872,878**	**11,408,146**
2016					
Revenue and other income from external customers	1,972,886	1,804,951	116,310	2,556	3,896,703
Non-current assets	6,359,486	1,157,510	2,581,881	799,662	10,898,539

(c) External revenue

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

3 Other gains/(losses), net

	2017 ***HK$'000***	2016 *HK$'000*
Gain on disposal of a subsidiary	**322**	—
Net loss on disposal of joint ventures	**—**	(3,323)
Net loss on disposal of property, plant and equipment	**(7,645)**	(1,593)
Gain on bargain purchase	**32,076**	—
	24,753	(4,916)

4 Operating profit

	2017	2016
	HK$'000	*HK$'000*
After crediting:		
Rental income from investment properties	**294,905**	273,562
Less: Direct operating expenses arising from investment properties	**(17,084)**	(21,000)
	277,821	252,562
Dividend income from listed investments	**7,405**	7,217
Dividend income from unlisted investments	**134,358**	199,550
After charging:		
Cost of inventories sold		
- properties	**1,497,436**	22,394
- fuel	**537,336**	508,303
- others	**152,974**	156,961
	2,187,746	687,658
Impairment losses recognised		
- property, plant and equipment	**—**	343,750
- trade receivables, net	**1,459**	544
- other receivables, deposits and prepayments	**—**	3,535

5 Finance costs

	2017	2016
	HK$'000	*HK$'000*
Interest on bank borrowings and overdrafts	**214,601**	135,490
Interest on medium term notes	**181,241**	180,475
Interest on loans from non-controlling interests	**8,569**	—
Other finance costs	**34,481**	16,938
Total finance costs	**438,892**	332,903
Less: Amount capitalised in properties for or under development, inventories and hotel building under construction	**(212,330)**	(191,523)
	226,562	141,380

During the year, finance costs have been capitalised at weighted average rate of its general borrowings of 2.89% (2016: 2.93%) per annum for properties for or under development.

6 Taxation

	2017	2016
	HK$'000	*HK$'000*
Hong Kong profits tax	**84,953**	49,085
Overseas taxation	**94,766**	25,126
Deferred taxation	**23,524**	44,478
	203,243	118,689

Hong Kong profits tax is calculated at 16.5% (2016: 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

	2017	2016
	HK$'000	*HK$'000*
Interim dividend of HK6 cents on 3,042,465,785 shares (2016: nil)	**182,548**	—
Proposed final dividend of HK6 cents on 3,031,065,785 shares (2016: nil)	**181,864**	—
	364,412	—

Note: The amount of proposed final dividend is based on the number of issued shares at the date of approval of these financial statements.

8 Earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on profit attributable to owners of the Company of HK$1,450,160,000 (2016: loss of HK$587,137,000) and the weighted average number of 3,042,465,785 shares (2016: 3,042,465,785 shares) in issue during the year.

Basic and fully diluted earnings/(loss) per share are the same as the share options of the Company has an anti-dilutive effect on the basic earnings/(loss) per share for the year ended 31 December 2017 (2016: same).

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:

	2017	2016
	HK$'000	*HK$'000*
0 - 30 days	**133,200**	91,314
31 - 60 days	**30,577**	20,065
61 - 90 days	**2,046**	6,287
over 90 days	**5,767**	5,412
	171,590	123,078

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

	2017	2016
	HK$'000	*HK$'000*
0 - 30 days	**1,485,720**	959,758
31 - 60 days	**29,804**	47,720
61 - 90 days	**1,910**	786
over 90 days	**1,248**	835
	1,518,682	1,009,099

10 Event after balance sheet date

On 3 January 2018, Wise Horizon Developments Limited ("WHDL"), an indirect wholly-owned subsidiary of the Company, entered into an agreement with other partners to jointly invest in Perennial HC Holdings Pte. Ltd. ("HC Co"), which will invest in potential real estate projects in the PRC predominantly for healthcare usage, with hotel and/or retails components, complemented by healthcare-related amenities and mixed use properties.

The total committed capital for HC Co is US$500 million (equivalent to approximately HK$3,908 million). WHDL will hold 30% equity interest in HC Co with its share of commitment at US$150 million (equivalent to approximately HK$1,172 million).

BUSINESS REVIEW

PROPERTY

Hong Kong and Macau real estate markets have continued their uptrend throughout year 2017, recording new heights in both transaction prices and volume propelled by earnest local demands and affordable mortgage rates. Riding on this strong growth, the Group has continued to roll out Nova Grand and received overwhelming market response. Revenue from previously contracted sales of Nova Park and income from the disposal of the Chung Hom Kok Collection were recognized within the financial year. Overseas, the Group also recorded office unit sales at its 111 Somerset property. All in all, the property division is posting an exceptional year-on-year growth at HK$1,189 million (2016: HK$124 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 fitted with its own private pool and interior elevator, located in a premium and tranquil neighborhood at Chung Hom Kok. The whole development has been purchased by a PRC-based listed company at a consideration of HK$1,588 million, with the transaction completed in January 2017.

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. 99% of all available units have been sold and 75 units of previously contracted sales have been recognized during the year. 1 unit has been sold within the year, and 95% of units have been handed over to homeowners as at 31 December 2017.

In Singapore

111 Somerset Road, Singapore (Group interest: 70%)

In March 2017, the Group acquired a 70% interest in a premium commercial development located at 111 Somerset Road comprising about 766,550 square feet of gross floor area. Total consideration of the transaction amounts to approximately SG$347 million or HK$1,915 million. The property is in close proximity to Orchard Road, surrounded by a prime shopping, entertainment and tourism belt with direct MRT access. It is currently undergoing a substantial asset enhancement program, upon the completion of which, will comprise a total net strata area of approximately 572,000 square feet of offices, medical suites and retail units. During the year, 11 office units have been sold with profits recognized. As at 31 December 2017, 75% of the office units held have been leased, with the remaining vacated for renovation or being marketed for sale or lease. Renovation of medical suites and retail portions are expected to be completed by the second and third quarter of 2018 respectively. Leasing of retail space is currently underway and is expected to comprise a supermarket, a diverse range of dining choices as well as lifestyle and wellness brands.

Projects Under Development With Recent Sales

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, the Nova Mall, which spans over 655,000 square feet. It is planned to house a diverse range of tenants including a cineplex, a supermarket, a flagship international furniture store 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. During the year, 596 units have been sold during presale, bringing cumulative number of units sold to 56% out of all available units. Topping out of the tower blocks was conducted in June 2017 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 for the sale of Nova Mall. Upon final completion of the transaction at a consideration of HK$3,150 million, the Group will jointly hold Nova Mall with HIP on a 50:50 basis.

Projects Under Development

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 247,000 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 and superstructure works have commenced with project completion expected in 2019 and 2020 by phases.

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, 39,300 square meters of retail, 16,700 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 also connected to the Lotus Bridge border facilities by a footbridge. Substructure works have been substantially completed and superstructure works have commenced with project completion expected in 2020.

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 office, retail space, hotel component, and an 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. Site works will commence in the second quarter of 2018. Upon completion, the hotel is planned to be managed by the Group's hotel management subsidiary, Artyzen Hospitality Group, offering approximately 210 rooms.

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.

Property Investments

In Macau

Nova Mall (Group interest: 100%)

Directly connected to Nova Grand, Nova Mall is the largest lifestyle shopping centre in Macau spanning over 655,000 square feet. It is planned to house a diverse range of tenants including a cineplex, a supermarket, a flagship international furniture store and an exciting array of differentiated lifestyle brands and dining options, providing daily conveniences to the Nova neighbourhood and the larger Macau community. Leasing of the mall is currently in progress with target opening by the latter half of year 2019.

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 92% as at 31 December 2017.

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

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 96% as at 31 December 2017.

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 51% occupancy as at 31 December 2017. A major kindergarten will commence operation in the third quarter of 2018, upon which, a new tenant mix will also be introduced.

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 maintained full occupancy for most parts of the year.

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.

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 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. Occupancy for the offices has substantially increased to 90% as of 31 December 2017 with improved rental rates. A 138-room Artyzen Habitat has commenced operation in September 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 89% over the year.

Property Services

Shun Tak Property Management Limited ("STPML"), the Group's wholly-owned subsidiary, has been providing Hong Kong and Macau clients with professional property and facility management service for residential developments, clubhouse, office tower, retail complexes and car park. Recently, it has extended the same integrated offers to China, including consultancy on operations, financial management, human resources and facility maintenance. The Company expects to continue expanding its China portfolio in forthcoming years.

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.

STPML Group of Companies (Hong Kong and Macau) has achieved both internationally recognized certification of ISO9001:2015 in Quality Management and ISO14001:2015 in Environmental Management. Amongst which, Clean Living (Macau) Limited leads its industry as the first company to obtain both recognitions in Macau.

TRANSPORTATION

In 2017, Hong Kong and Macau tourism rebounded with new vitality in terms of both tourist arrivals and expenditure. The transportation division has capitalized upon the heightened demand for travel and achieved top line growth in gross revenue, with TurboJET's Hong Kong-Macau flagship routes collectively posting 14 million annual passengers, representing a 2% increase. However, under the pressure of inflating fuel and operating costs, profit narrowed to HK$307 million (2016: HK$394 million), translating into a decline of 22% year-on-year.

Shun Tak - China Travel Shipping Investments Limited

Under the company's efforts to diversify products and harness new market potentials, Premier Grand class was launched in 2009 and has continued to lead volume growth, achieving a 13% year-on-year increase in 2017. New enhancements have been introduced, including Premier Plus, Premier Lounge and Travel Planning Hotline Centre, leading the industry in setting new benchmarks for luxury sea travel. In 2017, the Company received "Hong Kong Awards for Industries — Productivity and Quality Award" from Trade and Industry Department and Hong Kong Productivity Council for its achievements in service excellence and product innovation.

In January 2016, Tuen Mun Ferry Terminal commenced service with 9 daily sailings and two routes, which has since doubled its sailings and grown to three routes. Meanwhile, passenger throughput has recorded an annual increase of 16%. With its strategic location within the Pearl River Delta and well-connected public transportation system, Tuen Mun is transforming into a multi-modal transportation hub and will serve as a gateway to Hong Kong in the Guangdong-Hong Kong-Macau Greater Bay Area. It is set to increasingly become the axis in evolving traffic demands within the region.

In June 2017, the new and permanent Taipa Ferry Terminal has officially launched service. In the initial phase of operation, TurboJET was allotted two berths out of eight in service. TurboJET is committed to expand its sailing frequencies and capacity at Taipa; upon availability of increased terminal resources, the company plans to gradually increase sailings in order to complement growing demands destining for new resorts and attractions in Taipa, Coloane and Hengqin.

As a devoted investor committed to supporting sustainable development in regional transportation, the company has participated in a consortium, via its subsidiary, which has succeeded in the tender of the sole right to operate cross-border shuttle bus services traversing the soon-to-be-opened Hong Kong-Zhuhai-Macau Bridge ("HZM Bridge"). Enhanced connectivity is a precondition to the materialization of successful Guangdong-Hong Kong-Macau Greater Bay Area regional integration. As such, the Group looks forward to contributing its profound experience and market insights in local regional travel, and supporting the building of traffic, economic and cultural exchanges.

In 2017, TurboJET has also been conferred a number of respectable awards in honor of its efforts in social responsibility. These include the "Manpower Developer Award Scheme — Manpower Developer Award", "Eco-Brand Awards 2017" and "10 Years Plus Caring Company Logo Certificate" organized by various credible organizations.

Shun Tak & CITS Coach (Macao) Limited

The land transportation arm continued to deliver strong returns on the back of robust growth in corporate bookings from new hotels and resorts. It currently operates a fleet of 157 vehicles, and posted HK$165 million in revenue in 2017 (2016: HK$167 million), representing a year-on-year decrease of 1%.

The company is one of the parties participating in the HZM Bridge cross-border shuttle bus consortium. It is expected that the company's development will benefit from the onset of new infrastructures in the region.

HOSPITALITY

In general, tourism has revived for both Hong Kong and Macau in 2017, seeing a positive boost across most performance metrics including visitor traffic, hotel occupancy and consumer propensity to spend. Despite so, hotel prices have not improved due to fierce competition in the market. In particular, Macau's encouraging rebound in gaming performance was outpaced by hotel supply growth. In August, Macau suffered devastating damages from Typhoon Hato, with the entire tourism industry heavily hit by its aftereffects. Artyzen Hospitality Group ("AHG") made milestone progress in the year, as it opened its first two branded hotels for business. However, pre-opening expenditures have increased as four additional properties are scheduled for launch next year. As a result, the hospitality division has posted HK$46 million in profit (2016: HK$263 million in loss).

Hotels in Operation

Hong Kong SkyCity Marriott Hotel

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, suffered marked declines in special groups, corporate and MICE bookings, as airlines scaled back on spending and AWE events dropped in number. Although FIT segment remained on par with last year, its average occupancy rate weakened to 85%. The hotel received a number of accolades in 2017, including "Best Luxury Fitness Spa in China" from the World Luxury Spa Awards, "Best Airport Hotel" from the 28th Annual TTG Travel Awards, "2017 Luxury Airport Hotel" and "2017 Luxury Hotel & Conference Centre" from the World Luxury Hotel Awards.

Mandarin Oriental, Macau

Mandarin Oriental, Macau is one of the leading luxury hotels in Macau renowned for its bespoke services and fine elegance. Amid strong competition from large scale resort hotels, it has diligently reinforced partnerships with corporates and travel agents to improve performance, registering an average room rate above the MOP2,000 mark and achieving an average occupancy of 58% in 2017. Mandarin Oriental, Macau has been awarded "Triple Five Star for Hotel, Restaurant and Spa" from Forbes Travel Guide Star Awards for 3 consecutive years, and clinched important recognitions such as "Best Hotel in Macau" in DestinAsian Readers' Choice Awards 2017, "Asian Awards of Excellence 2017" by Jetsetter Magazine Asia Pacific, and "Travel and Leisure Awards Best Hotel 2017".

Grand Coloane Resort

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 has dramatically improved its room occupancy rate to 81%, as well as brought in solid F&B revenue. In 2017, the hotel was named "Luxury Resort of year 2017" by Luxury Travel Guide, and "Best Resort Hotel-Ctrip Travelers' Top Spot Award" with its high recommendation rating.

Hotels under Planning and Development

Hotel properties at Shanghai MixC

Two hotel properties within the Shanghai MixC integrated commercial development project, comprising the 303-room citizenM Hongqiao and the 188-room Artyzen Habitat Hongqiao, are in their final stage of fit-out works and slated for opening in the second half of 2018. Other portions of the development have opened for operation and have garnered popular market response.

No. 9 Cuscaden Road, Singapore

In August 2016, the Group completed the acquisition of a 25,741 square feet land parcel at No. 9 Cuscaden Road Singapore, close to the local central business district and arterial tourist belt. The Group has submitted development plans to the government to build a five-star hotel property with no fewer than 140 room keys. It is expected that site works can begin in the second half of 2018, with completion scheduled for year 2021.

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 successfully harnessed potentials from fast growing markets in Asia, and registered a solid 6.5% growth in patronage to its observation decks, outpacing general tourism performance in Macau. Although faced with intense competition from mega hotel and MICE resorts in the city, Macau Tower remained resilient with its unique positioning and solid reputation, with F&B and Banquet sales on par with the previous year.

The Group is appointed by Shenzhen Ping An Financial Centre Construction and Development Company Ltd. as the sole and exclusive manager to manage the observation deck located at Ping An Finance Centre at Futian District, Shenzhen. This observation deck is expected to commence operation in the first quarter of 2018.

Artyzen Hospitality Group

AHG, a hotel management solutions provider under the Group, has made significant headway in 2017. Two Artyzen branded properties made their debuts in the fourth quarter, including a 138-room Artyzen Habitat in Dongzhimen Beijing and a 267-room citizenM in Taipei North Gate, both of which have achieved satisfactory occupancy since their openings. AHG is excitedly engaged with the pre-opening of four new properties scheduled to be launched in year 2018, including a 188-room Artyzen Habitat Hongqiao, a 303-room citizenM Hongqiao, a 160-room Artyzen Sifang Nanjing and a 198-key citizenM in Bukit Bintang Kuala Lumpur. Along with two non-branded hotel management contracts in Macau, AHG will be operating 8 hotels with approximately 1,900 keys by the end of 2018.

AHG is proactively identifying key Asian metropolitans to expand its footprint through third party management opportunities. With its unique value propositions, brand differentiation strategies and compelling track record, AHG expects to gain accelerated traction as more of its properties open for business.

Membership Club

The Group is expanding its realm of hospitality services and is developing a private business membership club "Artyzen Club", slated for opening in the second quarter of 2018. Located on the 4th floor of the Shun Tak Centre, the Artyzen Club is a lifestyle-driven, urban business club complete with extensive recreational facilities and an array of dining options. The Club is operated by Shun Tak Club Management Services Limited, a subsidiary of the Group, and is serviced by a team of the Club's ambassadors with professional business concierge services.

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.

Driven by an upturn in tourism performance, Shun Tak Travel reported increased sales of traditional tourism products. In terms of MICE services, the company has secured a number of significant projects, especially from the luxury consumer segment, which have been instrumental to revenue growth. It is expected that MICE businesses will continue to be a key growth driver in the coming years.

Through disciplined cost control and efficient resource allocation, combined revenue for the Group's travel and MICE business amounted to HK$53 million in 2017 (2016: HK$44 million). Some notable events handled include 2017 Guangdong & Macao Branded Products Fair, IPIM mission to Portugal and Brazil, Versace Flagship Store Opening and Hermes Fall Fashion Show 2017.

INVESTMENT

With gaming revenue in Macau trending optimistically in 2017, driven by a more diversified market base and growing affluence in Asia, the division is expecting to see improving prospects ahead. Yet, as dividend payout from Sociedade de Turismo e Diversões de Macau, S.A. ("STDM") recognized by the Group in 2017 reflected the trough of performance by SJM Holdings Limited ("SJM") from a year ago, the division has posted a decline in profits at HK$135 million (2016: HK$197 million).

The Group owns an effective interest in STDM of approximately 11.5%, which in turn owns approximately 54.12% effective shareholding in SJM, a listed company in Hong Kong. SJM 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 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 a total of 190 berthings in 2017, which represented a significant 100% increase year-on-year.

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. The first half of year has been sluggish, but the business gained its footing in the second half, rounding off the year with satisfactory profit that outperformed budget. With stronger tourism arrivals and locals' growing discretionary income, it is anticipated that retail will improve further in 2018.

RECENT DEVELOPMENTS AND PROSPECT

2018 began on an exceptionally upbeat note with all key economic indicators looking solid, reflecting strong corporate earnings, buoyant stock market and positive investment sentiment. The housing market continued to achieve new heights as homebuyers' confidence are reaffirmed by the low-interest environment and low unemployment rate. Tourism has also rebounded on the back of growing wealth. As a result, the Group has registered top-line growth from most of its core businesses within the year.

Since its first reveal in year end of 2016, Nova Grand has been launched to market by phases, with each batch achieving progressively higher average prices. Following the presale of 596 units in 2017, another batch of 119 units was sold in February 2018. As of date of report publication, 63% of total units available have been sold, with the remaining units expected to roll out for sale in 2018. Large scale top quality residential developments are in short supply in Macau and Nova Grand offers the rare convenience of a lifestyle mall that serves the everyday essentials of residents. Leasing for Nova Mall is making good progress with most anchor tenants signed on. Target opening of Nova Mall is scheduled for end of 2019.

In January 2018, the Group announced a strategic partnership with a consortium of investors led by Perennial Real Estate Holdings Limited, to make its foray into China's healthcare scene. The consortium will be developing predominantly healthcare integrated mixed-use developments with close proximity to high speed railway stations, housing specialized hospitals, elderly homes and medical centers which are to be further supplemented by real estate components including hotels, retail, offices and serviced apartments. The investment will comprise a capital investment of up to US$1.2 billion with first tranche close at US$500 million. With the Group holding a 30% stake, it will be contributing US$150 million for the first investment tranche. Leveraging its experience in integrated property developments and hospitality services, the Group expects to capitalize upon China's fast-growing healthcare sector through this synergistic partnership.

The transportation division led two milestone developments over the year. In June, TurboJET relocated its Taipa service to the new Taipa Ferry Terminal. The company plans to increase its daily sailings in phases to support growing demand to Taipa when more terminal facilities can become available. In August, the division participated in a consortium which has succeeded in obtaining the concession right to operate cross-border shuttle buses on the Hong Kong-Zhuhai-Macau Bridge. The company seeks to contribute its experience in operating cross-regional transportation within the Pearl River Delta, and join its partners in facilitating people-to-people exchanges under the government's vision of a fully integrated Guangdong- Hong Kong-Macau Greater Bay Region.

After years of diligent efforts, a number of projects under AHG are coming to fruition. Following the opening of its first two properties in 2017, AHG is engaged with the pre-opening preparation of four additional hotels scheduled to be launched in year 2018, including a 188-room Artyzen Habitat Hongqiao, a 303-room citizenM Hongqiao, a 160-room Artyzen Sifang Nanjing and a 198-key citizenM in Bukit Bintang Kuala Lumpur. Along with two non-branded hotel management contracts in Macau, AHG will be operating 8 hotels with approximately 1,900 keys by the end of 2018. As the Group continues to strengthen its portfolio and showcase its brand values, it is expected that AHG will power its brand into new markets with greater successes.

Not only has the Group built a solid foundation for its pillar businesses over the years, it is also harnessing new realms and new markets on the back of established experience and networks. As its business portfolio continues to expand and take shape, the Group is confident that it is well poised to capitalize upon the potentials of some of the fastest growing regions in Asia.

GROUP FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group's bank balances and deposits amounted to HK$12,666 million as at 31 December 2017, representing a decrease of HK$610 million as compared with the position as at 31 December 2016. 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 2017 amounted to HK$21,063 million, of which HK$9,021 million remained undrawn. The Group's bank borrowings outstanding at the year end amounted to HK$12,042 million. The Group's borrowings also comprised the medium term notes ("MTN") of HK$3,173 million.

Based on a net borrowings of HK$2,549 million at the year end, the Group's gearing ratio (expressed as a ratio of net borrowings to equity attributable to owners of the Company) was 9.3%. As at 31 December 2016, no gearing ratio is presented as the Group had a net cash balance. The Group will continue with its financial strategy of maintaining a healthy gearing ratio and consider steps to reduce its finance costs.

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

Maturity Profile

Within 1 year	1-2 years	2-5 years	over 5 years	Total
34%	27%	39%	—	100%

Material acquisition and commitments

In January 2017, Simply Swift Limited, a wholly-owned subsidiary of the Group, entered into sale and purchase agreements for the acquisition of 70% interest in Perennial Somerset Investors Pte. Ltd. The principal asset of which is a 17-storey commercial landmark development known as TripleOne Somerset located near Orchard Road in Singapore. The acquisition was completed on 31 March 2017 at a cash consideration of SGD347 million (approximately HK$1,915 million).

In November 2016, the Group succeeded in the bid of the land use right of a land located in Shanghai Qiantan at RMB1,950 million with a joint venture partner ("JV partner"). A joint venture agreement was formed with the JV Partner to jointly develop the land.

As at 31 December 2017, the Group has an outstanding commitment to contribute capital of RMB250 million to the joint venture.

In April 2015, the Group entered into a framework agreement to agree to acquire a hotel property in Shanghai as a part of Shanghai MixC integrated development project at a consideration of RMB700 million subject to adjustments. The framework agreement was replaced by a sale and purchase agreement which contains substantially the same principal terms as those in the framework agreement. The property will be developed into a hotel building with fit-out works. The Group had paid RMB455 million and had an outstanding commitment amounted to RMB245 million (equivalent to approximately HK$294 million) at the year end.

Charges on Assets

At the year end, bank loans to the extent of approximately HK$6,807 million (2016: HK$2,544 million) were secured with charges on certain assets of the Group amounting to an aggregate carrying value of HK$25,729 million (2016: HK$13,437 million). Out of the above secured bank loans, an aggregate amount of HK$997 million (2016: HK$865 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 prudent approach in financial risk management to minimize 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 RMB504 million and SGD689 million, the Group's outstanding borrowings were not denominated in foreign currency at the year end. Approximately 91% of the bank deposits, cash and bank balances are denominated in Hong Kong dollar ("HKD"), Macau pataca ("MOP") and US dollar ("USD") and the remaining balance mainly in Renminbi ("RMB"), whereby MOP and USD are pegged to HKD. The Group's principal operations are primarily conducted in HKD while it has financial assets and liabilities denominated in the USD, MOP, Singapore dollar and RMB. The Group will, from time to time review its foreign exchange condition and market condition to determine if any hedging is required. The Group currently 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 2018 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 2018 annual general meeting of the Company:

Latest time to lodge transfer documents for registration	4:30 p.m. on Wednesday, 20 June 2018
Closure of register of members	Thursday, 21 June 2018 to Wednesday, 27 June 2018 (both days inclusive)
Record date	Wednesday, 27 June 2018

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

Latest time to lodge transfer documents for registration	4:30 p.m. on Thursday, 5 July 2018
Closure of register of members	Friday, 6 July 2018 to Tuesday, 10 July 2018 (both days inclusive)
Record date	Tuesday, 10 July 2018

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the 2018 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 Wednesday, 27 June 2018. 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 2017, 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 ensure compliance 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 2017, except for:

1. code provision E.1.2 which requires the chairman of the Board to attend the annual general meeting. The then Group Executive Chairman was absent from the Company's annual general meeting held on 23 June 2017 ("2017 AGM") due to health reasons. The Managing Director who was appointed as the Group Executive Chairman after the conclusion of the 2017 AGM (also Chairman of the executive committee ("Executive Committee")), the Deputy Managing Director and other Directors, together with the chairmen/members of the audit committee, nomination committee, remuneration committee and Executive Committee, were present during the meeting to answer any shareholders' questions regarding activities of the Company and its Board committees; and

2. code provision A.2.1 which requires the roles of chairman and chief executive to be separate and not to be performed by the same individual. The Board is of the view that there is adequate balance of power and authority in place as all major decisions have been made in discussion among Board members and appropriate Board Committees. In addition, there are four independent non-executive Directors on the Board offering their experiences, expertise, independent advice and views to the Board's affairs from different perspectives. Therefore, it is in the best interest of the Company that Ms. Pansy Ho, with her in-depth knowledge in the businesses and extensive experience of the operations of the Group, shall assume her dual capacity as the Group Executive Chairman and Managing Director.

REVIEW BY AUDIT COMMITTEE

The Group's consolidated financial statements for the year ended 31 December 2017 have been reviewed by the audit committee of the Company. The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2017, as set out in the preliminary announcement, 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
Group Executive Chairman and Managing Director

Hong Kong, 27 March 2018

As at the date of this announcement, the executive directors of the Company are Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho, Mr. David Shum and Mr. Rogier Verhoeven; and the independent non-executive directors are Mr. Norman Ho, Mr. Charles Ho, Mr. Michael Wu and Mr. Kevin Yip.