

信德集團
SHUN TAK HOLDINGS

Stock Code 股份代號: 242

INTERIM
REPORT
2014
中期業績報告



SHUN TAK HOLDINGS LIMITED
信德集團有限公司



With a strong foothold in Pearl River Delta, Shun Tak Group has expanded rapidly in Greater China over recent years. The cover design features the chopsticks, a Chinese household icon, to symbolize the Group's effort to grow in unison with the nation, investing in highly efficient win-win collaborations and partnerships. Its jadeite material further highlights the excellence in quality underpinning all businesses and services in its portfolio. Shun Tak is poised to expand in parallel with the dynamic spirit of China and to drive a new era of robust growth in the international scene.

信德集團的業務覆蓋珠三角區域，近年更拓展至大中華地區，與中國內地一脈相承、息息相關。封面設計以中國人的傳統生活用品－筷子寓意集團配合國家發展，積極互動，以創造高效益和多贏局面。翡翠玉石筷子，更凸顯信德的優質業務和服務，將協助促進中國產業邁向國際，開創發展新紀元。

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GROUP RESULTS

The board of directors (the "Board") of Shun Tak Holdings Limited (the "Company") announces the unaudited consolidated interim results for the six months ended 30 June 2014 of the Company and its subsidiaries (the "Group").

The unaudited profit attributable to owners of the Company for the period amounted to HK\$1,102 million, as compared with the profit of HK\$672 million for the same period last year. Basic earnings per share was HK36.5 cents (2013: HK22.5 cents).

The unaudited profit attributable to owners of the Company for the period would be HK\$534 million (2013: HK\$164 million), after excluding the effect of attributable revaluation surplus and related tax arising on investment properties held by the Group and a joint venture (holding 51% interest in One Central).

INTERIM DIVIDEND

The Board has declared an interim dividend of HK5.0 cents (2013: nil) per share in respect of the six months ended 30 June 2014, payable on or around 26 September 2014 to shareholders of the Company whose names appear on the register of members of the Company on 19 September 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 17 September 2014 to Friday, 19 September 2014, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged 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, for registration not later than 4:30 p.m. on Tuesday, 16 September 2014.

Business Review

BUSINESS REVIEW

Property

The real estate market has regained traction over the first half of 2014 evident through accelerated activities in the first-hand property market. Over the period, the Group registered an operating profit of HK\$563 million (1H 2013: HK\$34 million), mainly attributable to the sales of Chatham Gate, as well as HK\$551 million (1H 2013: HK\$499 million) share of profits from joint ventures and associates primarily derived from the One Central project, with HK\$351 million (1H 2013: HK\$331 million) revaluation surplus arising from investment properties. A pipeline of new projects remains solidly on track, with sales and leasing expected to commence in the latter half of year.

Property Developments

Projects Completed with Recent Sales

In Macau

One Central (Group interest: 51%)

One Central is a prominent architectural feature on the Macau Peninsula waterfront jointly developed with Hongkong Land Holdings Limited. All residential units at One Central Residences and The Residences and Apartments at Mandarin Oriental, Macau have been sold. Two units were handed over in the first half of 2014, while the last 3 units will be handed over in the second half of 2014. For the latter, the last triplex unit was sold in February 2014 at record breaking market price.

Business Review

In Hong Kong

Chatham Gate (Group interest: 51%)

The development comprises two grand residential towers offering units from studio to four-bedroom configurations, and an appending shopping arcade covering a total gross floor area of approximately 370,000 square feet. Over the first six months of 2014, 87 units have been sold at satisfactory prices, which represents close to 90% of the remaining inventory, bringing the total number of residential units sold to 324 out of 334 as of 30 June 2014. The shopping arcade opened in January 2014 to support the underserved neighborhood with supermarkets and dining options to provide everyday conveniences. The shopping arcade registers 87% occupancy as of 30 June 2014.

Disposal of Asset

In Macau

Taipa Hills Memorial Garden (Group interest: 79%)

This contemporary columbarium was launched in 2011 and offers approximately 40,000 niches with themed halls and concierge memorial arrangements. On 31 July 2014, the Group and its joint venture partner has completed the respective sales agreements with a third party to dispose the entire property, along with its value-adding services developed by the Group, for a total consideration of HK\$793 million, subject to completion adjustment. The third party undertakes to continue with the operation of Taipa Hills Memorial Garden, while the Group has successfully monetized the assets with favorable returns during the investment period.

Project Under Development with Recent Sales

In Macau

Nova Park (Group interest: 100%)

Nova Park, Phase 4 of Nova City, is a striking urban park-side residential development set at the heart of the thriving Taipa community with an unimpeded view of the stunning Taipa Central Park. Its three residential towers cover a gross floor area of approximately 680,000 square feet and offers 620 residential units in total. Superstructure works have been completed and fitting out works are in progress. As of 30 June 2014, a total of 76% of units have been sold. Sales launch for the remaining units is scheduled for the second half of 2014.

Projects Under Development

In Macau

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

A joint development with China State Construction International Holdings Limited, this next phase of Nova City will comprise over 2.3 million square feet of residential units in eight towers. These towers will sit above a large-scale lifestyle shopping centre spanning over 650,000 square feet to provide unparalleled convenience to the Taipa neighborhood. Foundation works are in progress with substructure works expected to commence in the third quarter of 2014.

Business Review

Harbour Mile (Group interest: 100%)

The premium residential site in Nam Van adjoining the Macau Tower Convention & Entertainment Centre ("Macau Tower") is under planning. The Macau SAR Government is continuing to review the Master Plan of Nam Van area, and is anticipated to need more time to finalize the Master Plan.

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

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

In Hong Kong

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

This development comprises five luxury residential houses in a premium and tranquil location at Chung Hom Kok. Superstructure works are completed and fitting out works are in progress. Two show houses will be available for viewing before the end of 2014.

In China

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

An iconic landmark in Tongzhou, a new business district of Beijing, this integrated development will comprise retail, office and serviced apartments in one prime address along the famous Grand Canal and enjoys direct connectivity to future subway and bus interchange stations. The project has a combined gross floor area of approximately 6.8 million square feet (634,200 square meters), and is slated for completion in 2016.

Shun Tak Tower (Group interest: 100%)

The project is a wholly-owned property in the Beijing Dong Zhi Men near East 2nd Ring Road, comprising 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 approximately 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. Handover of the property was completed in June 2014 and fitting out works are in progress. It is expected that leasing of units will commence in upcoming months.

Hengqin Integrated Development (Group interest: 70%)

In January 2014, the Group entered into a strategic partnership with Perennial Hengqin Investment Group Pte. Ltd. to develop an integrated landmark in Hengqin that will comprise office, hotel, commercial, and serviced apartments in the future. The 23,834 square meter site boasts unparalleled connectivity, adjacent to the port and commercial facilities at the border to Macau, to be serviced by the Hengqin and Macau light rails as well as the extension of Guangzhou-Zhuhai Intercity Rail in the future. It is a few minutes' drive away from Cotai strip where ultra-luxurious gaming resorts thrive. Site works are underway with foundation works anticipated to commence in the second half of 2014.

Business Review

Property Investments

In Macau

One Central Shopping Mall (Group interest: 51%)

One of the defining hallmarks of One Central is a 400,000 square feet premium shopping mall, which houses a supreme collection of international designer brands. Its popularity demonstrates the Group's vision and strength in creating projects appealing to top quality tenants. The retail mall maintained an occupancy rate of around 96% as at 30 June 2014, and encouraging fee revisions have been achieved.

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. As tourism in Macau develops rapidly, the property has achieved substantial revaluation gain and has attained promising rental revisions upon lease renewal.

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. As of 30 June 2014, occupancy rate stood above 94%. Accessibility to The Westwood will be further improved when construction work of the MTR West Island Line is completed in 2014, promoting cross-district visitor numbers and generating positive income for both the tenants and The Westwood.

Liberté Place (Group interest: 64.56%)

Liberté Place, the shopping podium of Liberté which connects directly to the Lai Chi Kok MTR Station, offers a wide variety of dining and household conveniences to residents of the West Kowloon community, including the neighboring Banyan Garden and The Pacifica. Occupancy consistently stands over 90%.

In China

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

The Guangzhou Shun Tak Business Centre, a 32-storey office tower on a 6-storey shopping arcade, recorded satisfactory leasing revenue and an occupancy rate of around 89%.

Property Services

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

In March 2013, STPML was awarded an Integrated Facility Management Services contract for the University of Macau, Hengqin Campus, with a scheduled in-take of over 10,000 students in the third quarter of 2014. The premise spans over 10.8 million square feet (1 kilometer square) in size and covers a gross floor area of around 10 million square feet. With this appointment, the management portfolio of STPML is extended to cover over 26 million square feet of gross floor area.

Business Review

Transportation

Following six months of solid execution in 2014, the transportation division posted a profit of HK\$99 million (1H 2013: HK\$48 million) across its land and sea operations. TurboJET's flagship routes which link multiple ports across Hong Kong and Macau serviced over 7 million passengers over the period, edging up by 2% year-on-year. This is the eighth consecutive quarter of positive growth and enables the company to continuously reinvest in asset quality improvements, paving way to fulfill future demand growth in anticipation of passenger needs.

Shun Tak - China Travel Shipping Investments Limited

TurboJET is squarely focused on enhancing cost efficiency as well as product stratification to drive higher yield and profitability. The fleet currently comprises four refurbished Premier Jetfoil vessels and expects to launch the fifth one in the second half of 2014. Premier Grand class exhibited a 41% year-on-year surge over the first half of 2014, reaffirming TurboJET's foresight in developing products closely aligned with market pulses. At the same time, TurboJET continues to innovate and strengthen its electronic sales channels to enhance passenger convenience and cater for the needs of the evolving tech-savvy generation. In the first half of 2014, sales through such channels, including online platform, mobile apps, e-tickets and stored value cards, collectively registered more than 40% year-on-year growth.

In the first half of 2014, SkyPier air-sea connection continued to be well received by international travelers and has serviced 1.3 million passengers over the period. In January 2014, Shun Tak - China Travel started to manage Shenzhen Airport Ferry Terminal for a term of 8 years. Together with the ferry terminals in Hong Kong and Macau, the company is running a network of ports that are strategic anchors to the multi-modal transportation development within the Pearl River Delta region.

Shun Tak & CITS Coach (Macao) Limited

The land transportation arm, Shun Tak & CITS Coach (Macao) Limited, continued to deliver strong returns through its cross-border and local rental business. As of 30 June 2014, it operates a fleet of 154 vehicles, and recorded HK\$49 million in revenue over the first half of 2014.

Hospitality

Macau tourism experienced yet another record-setting first half of 2014 in terms of visitor arrivals. Riding on this uptrend, the hospitality division experienced comprehensive growth across its portfolio. The division posted HK\$42 million in operating profit (1H 2013: HK\$35 million), with Hong Kong SkyCity Marriott Hotel and Mandarin Oriental, Macau exhibiting remarkable growth. The overall profitability of the division is partially offset by pre-operational expenses in relation to the establishment of Artyzen Hospitality Group.

Hotels

In Hong Kong, the 658-room Hong Kong SkyCity Marriott Hotel located close to the Asia World-Expo, the Hong Kong International Airport and the SkyPier, attained an average occupancy rate of 84% and a 10% year-on-year growth in revenue. Its spa facility received a number of accolades from “World Luxury Spa Awards” in 2014.

Mandarin Oriental, Macau leveraged upon its convenient location and strong brand loyalty from customers to lead the room rate of non-gaming properties, and attained an average occupancy rate of 81%. Over the first half of 2014, the hotel posted MOP125 million (equivalent to HK\$121 million) in revenue. The hotel was conferred a number of prestigious awards including “Five Star Hotel & Five Star Spa” by Forbes Travel Guide 2014, and “Best Luxurious Hotels of China” from China Hotel Starlight Awards.

Business Review

Westin Resort Macau has recently been rebranded as the Grand Coloane Resort. It continues to be a favorite among holidaymakers who prefer an idyllic and leisurely resort experience in a non-gaming environment. The property maintained an occupancy rate of 65% albeit going through a room upgrade program in the first half of 2014.

Hotel Management

In July 2013, the Group established Artyzen Hospitality Group (“AHG”) to provide property owners with hotel management solutions and create asset values. Under AHG is a portfolio of originally created luxury hotel brands characterized by distinctive Asian offerings, and will also be managing the rollout of a popular European brand in Asia - citizenM.

Tourism Facility Management

The Group is renowned for providing integrated management solutions for tourism facilities. It is instrumental to placing Macau Tower as a prominent destination on the world map with its international management and expansive sales and marketing network. AJ Hackett Macau Tower continues to fare well especially in capturing international markets.

Travel and MICE

With offices in Hong Kong, Macau, Beijing, Shanghai, Guangzhou and Shenzhen, Shun Tak Travel is fast becoming a popular hospitality brand offering concierge services to MICE groups and corporate travelers. Its service scope includes ticket reservation, baggage logistics, local transportation and meet and greet. It is named an official agent for APEC — Tourism Ministerial Meeting, a top-level event to be held in Macau in September 2014. Total revenue for Shun Tak Travel and MICE over the period amounted to HK\$26 million (1H 2013: HK\$28 million).

Investments

The investment division recorded a gain of HK\$216 million (1H 2013: HK\$100 million) over the first half of 2014, with the outstanding performance attributable to strong dividend income from Sociedade de Turismo e Diversões de Macau, S.A. (“STDM”) on the back of another period of robust growth in gaming revenue.

The Group partnered with Worldwide Flight Services Holding SA and Royal Caribbean Cruises Ltd. to operate and manage the new Kai Tak Cruise Terminal, designed to accommodate a new generation of mega-cruisers. The terminal’s two largest commercial spaces are expected to be operational in the second half of 2014, which are expected to drive promising growth to its MICE business. As of 30 June 2014, the terminal is outperforming forecast, with 87% of retail space leased and a total of 27 berth bookings received for the full calendar year of 2014.

Macau Matters Company Limited (“MMCL”), the Group’s retail divisional arm which operates the internationally renowned toy brand, Toys “R” Us. MMCL continues to generate double-digit growth returns, and is planning to expand into a new store in the heart of the Macau Peninsula by the end of 2014.

Prospects and Recent Developments

PROSPECTS AND RECENT DEVELOPMENTS

The first six months of 2014 sees strong earnings as the Group capitalized upon a solid portfolio of businesses amidst positive market sentiment and tourism demand. All divisions registered favorable results and are well-positioned to enter the second half of year with an encouraging start.

The real estate market turned active after Chinese New Year, most evidently in first-hand property sales. Chatham Gate is popularly received by homebuyers with 87 units sold, contributing significantly to the first half of 2014 financial results. Furthermore, 4 additional units have been sold in the month of July 2014.

Taipa Hills Memorial Garden and its value-adding services were sold to a third party for a total consideration of HK\$793 million subject to the completion adjustment. Sale of this project has been completed on 31 July 2014.

Currently, construction for all projects across Hong Kong, Macau and China are progressing as scheduled. For the second half of year, sales and leasing efforts will be channeled to a number of developments approaching completion, including Shun Tak Tower in Beijing, luxury mansions at Chung Hom Kok in Hong Kong and the remainder of Nova Park in Macau. These projects are expected to generate a promising revenue stream for the Group over the medium term.

Transportation division benefitted from the sustained strength in regional tourism performance. It is committed to upgrading its offerings in anticipation of a new phase of rapid growth with the opening of new resorts in Cotai in year 2015, as well as to meet the evolving needs from passengers. Reinvestments are being made to increase its Premier fleet size, while new ticketing counters and check-in facilities are introduced in phases to the Macau Maritime Ferry Terminal. The company is also planning ahead for introduction of services upon the completion of the future permanent Taipa Ferry Terminal.

Hospitality division went from strength to strength, led by remarkable performance from the Group's hotel portfolio. In particular, Hong Kong SkyCity Marriott Hotel and Mandarin Oriental Macau both registered significant increase in revenue. During the period, the former Westin Resort Macau has been renamed Grand Coloane Resort, which also coincided with the completion of a room upgrade program.

It is expected that growing affluence among the Chinese middle class visitors will continue to drive expansion in Macau's premium mass market, bringing direct and broad-based benefits to all four pillars of business under the Group.

Financial Review

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group's bank balances and deposits amounted to HK\$12,849 million (excluding bank balances in assets of disposal group classified as held for sale) at 30 June 2014, representing an increase of HK\$4,711 million as compared with the position as at 31 December 2013. 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 30 June 2014 amounted to HK\$15,974 million, of which HK\$9,120 million remained undrawn. The Group's bank borrowings outstanding at the period end amounted to HK\$6,854 million. The Group's borrowings also comprised the medium term notes ("MTN") of HK\$3,135 million and the liability component of guaranteed convertible bonds of HK\$834 million.

As the Group had a net cash balance at the period end, no gearing ratio is presented (at 31 December 2013: a gearing ratio of 3.5% expressed as a ratio of net borrowings to equity attributable to owners of the Company). 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 as at 30 June 2014 is set out below:

Maturity Profile

Within 1 year	1-2 years	2-5 years	Over 5 years	Total
15%	33%	23%	29%	100%

During the period, 39,924,689 new shares were issued upon exercise of share options granted by the Company.

Material Acquisitions, Disposal and Commitments

In January 2014, the Group issued class B share to City Universe Limited (“CUL”), an indirect wholly-owned subsidiary of China State Construction International Holdings Limited at a consideration of HK\$2,066 million. Upon the share subscription, CUL entitled to or bear 29% of the economic benefits in or losses arising from the residential portion of Nova City Phase V development. The Group recognised a gain of HK\$1,056 million directly in retained profits of the Group.

In June 2014, the Group completed the acquisition of a wholly-owned property project in the Beijing Dong Cheng District near East 2nd Ring Road, comprising both office and hospitality components at a consideration of RMB1,290 million subject to adjustments.

In May 2014, the Group agreed to dispose its interests in the business of columbarium operation and the funeral service. Related assets and liabilities were reclassified as disposal group held for sale at the balance sheet date. The sale transaction was completed on 31 July 2014. Further details are described under note on event after the balance sheet date.

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

Financial Review

Charges on Assets

At the period end, bank loans to the extent of approximately HK\$2,614 million (31 December 2013: HK\$1,865 million) were secured with charges on certain assets of the Group amounting to an aggregate carrying value of HK\$13,715 million (31 December 2013: HK\$10,794 million). Out of the above secured bank loans, an aggregate amount of HK\$2,283 million (31 December 2013: HK\$1,770 million) was also secured by pledges of shares in certain subsidiaries.

Contingent Liabilities

There were no material contingent liabilities of the Group at the period end.

Financial Risk

The Group adopts a conservative policy in financial risk management with insignificant exposure to currency and interest rate risks. Except for the guaranteed convertible bonds and MTN, all the funds raised by the Group are on a floating rate basis. Except for the MTN of US\$400 million and RMB200 million bank loan, none of the Group's outstanding borrowings was denominated in foreign currency at the period end. Approximately 81% of the bank deposits, cash and bank balances were denominated in Hong Kong dollar and United States dollar with the remaining balance mainly in Renminbi and Macau Pataca. The Group's principal operations are primarily conducted in Hong Kong dollar so that the exposure to foreign exchange fluctuations is insignificant. While the Group has financial assets and liabilities denominated in the United States dollar and Macau pataca, they are continuously pegged to Hong Kong dollar and the exposure to currency risk for such currencies is minimal to the Group. The Group engages in fuel hedging and currency swap activities to minimise its exposure to fluctuations in fuel prices and foreign exchange rate in accordance with the Group's approved treasury policies.

Human Resources

The Group, including subsidiaries but excluding associates and joint ventures, employed approximately 3,340 employees at the period 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.

Condensed Consolidated Income Statement

For the six months ended 30 June

		(Unaudited) 2014 HK\$'000	(Unaudited) 2013 HK\$'000
	Note		
Turnover	3	3,726,314	1,690,979
Other income		100,147	60,918
		3,826,461	1,751,897
Other (loss)/gains, net	4	(26)	213
Cost of inventories sold and services provided		(2,035,697)	(740,798)
Staff costs		(560,804)	(511,393)
Depreciation and amortisation		(77,522)	(99,001)
Other costs		(258,646)	(210,413)
Fair value changes on investment properties		264,282	213,303
Operating profit	3, 5	1,158,048	403,808
Finance costs	6	(50,867)	(103,299)
Share of results of joint ventures		466,500	489,614
Share of results of associates		38,656	9,035
Profit before taxation		1,612,337	799,158
Taxation	7	(146,762)	(49,472)
Profit for the period		1,465,575	749,686

		(Unaudited)	(Unaudited)
		2014	2013
	Note	HK\$'000	HK\$'000
Attributable to:			
Owners of the Company		1,102,051	671,626
Non-controlling interests		363,524	78,060
Profit for the period		1,465,575	749,686
Earnings per share (HK cents)	9		
– basic		36.5	22.5
– diluted		35.7	22.2

Details of interim dividend to shareholders of the Company are set out in note 8.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June

	(Unaudited) 2014 HK\$'000	(Unaudited) 2013 HK\$'000
Profit for the period	1,465,575	749,686
Other comprehensive loss		
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale investments:		
Changes in fair value	1,371	(22,652)
Reversal of reserve upon disposal of available-for-sale investments	—	(787)
Cash flow hedges:		
Changes in fair value, net of tax	(34)	(5,033)
Transfer to profit or loss	(2,504)	(3,075)
Currency translation differences	(51,746)	(17,427)
Other comprehensive loss for the period, net of tax	(52,913)	(48,974)
Total comprehensive income for the period	1,412,662	700,712

	(Unaudited)	(Unaudited)
	2014	2013
	HK\$'000	HK\$'000
Attributable to:		
Owners of the Company	1,068,735	618,122
Non-controlling interests	343,927	82,590
Total comprehensive income for the period	1,412,662	700,712

Condensed Consolidated Balance Sheet

		(Unaudited) 30 June 2014 HK\$'000	(Audited) 31 December 2013 HK\$'000
	Note		
Non-current assets			
Property, plant and equipment	10	2,233,138	2,067,927
Investment properties	11	7,778,034	6,471,180
Prepaid premium for land lease and land use rights		354,710	8,170
Joint ventures		4,872,710	4,738,077
Associates		1,560,676	1,519,039
Intangible assets		399,375	399,500
Available-for-sale investments	12	999,932	999,070
Mortgage loans receivable		12,248	14,480
Deferred tax assets		10,929	12,890
Other non-current assets		313,427	813,042
		18,535,179	17,043,375

		(Unaudited)	(Audited)
		30 June	31 December
		2014	2013
	Note	HK\$'000	HK\$'000
Current assets			
Properties for or under development		9,243,272	8,880,551
Inventories		1,627,378	2,136,386
Trade and other receivables, and deposits paid	13	1,696,831	2,170,633
Derivative financial instruments		—	8,113
Taxation recoverable		2,567	3,498
Cash and bank balances		12,849,225	8,138,435
		25,419,273	21,337,616
Assets of disposal group classified as held for sale	14	943,248	—
		26,362,521	21,337,616

Condensed Consolidated Balance Sheet

		(Unaudited)	(Audited)
		30 June	31 December
		2014	2013
	Note	HK\$'000	HK\$'000
Current liabilities			
Trade and other payables, and receipts in advance	13	2,097,203	1,943,117
Derivative financial instruments		2,390	—
Deposits received from sale of properties		1,395,056	730,529
Bank borrowings		806,000	670,000
Convertible bonds	15	834,323	827,279
Provision for employee benefits		15,674	17,059
Taxation payable		102,134	17,861
Loans from non-controlling shareholders		1,403,318	1,158,114
		6,656,098	5,363,959
Liabilities of disposal group classified as held for sale	14	157,683	—
		6,813,781	5,363,959
Net current assets		19,548,740	15,973,657
Total assets less current liabilities		38,083,919	33,017,032

		(Unaudited)	(Audited)
		30 June	31 December
		2014	2013
	Note	HK\$'000	HK\$'000
Non-current liabilities			
Receipts in advance		—	49,435
Bank borrowings		6,047,750	4,245,000
Medium term notes	16	3,134,720	3,134,161
Derivative financial instruments		363	4,556
Deferred tax liabilities		1,036,192	1,067,807
		10,219,025	8,500,959
Net assets		27,864,894	24,516,073

Condensed Consolidated Balance Sheet

		(Unaudited) 30 June 2014 HK\$'000	(Audited) 31 December 2013 HK\$'000
	Note		
Equity			
Share capital: nominal value	17	—	749,220
Other statutory capital reserves	17	—	8,977,057
Share capital and other statutory capital reserves	17	9,837,268	9,726,277
Other reserves		13,388,572	11,411,830
Proposed dividends		151,840	—
Equity attributable to owners of the Company		23,377,680	21,138,107
Non-controlling interests		4,487,214	3,377,966
Total equity		27,864,894	24,516,073

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014 (unaudited)

	Equity attributable to owners of the Company											Non-controlling interests	Total equity			
	Share capital	Share premium	Capital redemption reserve	Capital reserve	Convertible bonds equity reserve	Legal reserve	Special reserve	Investment revaluation reserve	Hedging reserve	Asset revaluation reserve	Exchange reserve			Retained profits	Proposed dividends	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2014	749,220	8,876,887	100,170	28,048	43,248	10,550	(151,413)	83,213	(1,672)	1,179,553	49,752	10,164,531	—	21,138,107	3,377,566	24,515,673
Profit for the period	—	—	—	—	—	—	—	—	—	—	—	1,102,051	—	1,102,051	363,524	1,465,575
Items that may be classified subsequently to profit or loss:																
Available-for-sale investments	—	—	—	—	—	—	—	1,371	—	—	—	—	—	1,371	—	1,371
Changes in fair value	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Cash flow hedges	—	—	—	—	—	—	—	—	2,383	—	—	—	—	2,383	(2,427)	(14)
Changes in fair value, net of tax	—	—	—	—	—	—	—	—	101	—	—	—	—	101	(2,94)	(2,84)
Transfer to profit or loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(14,316)	(14,316)
Currency translation differences	—	—	—	—	—	—	—	—	—	—	—	—	—	(37,181)	—	(37,181)
Other comprehensive income/(loss) for the period, net of tax	—	—	—	—	—	—	—	1,371	2,484	—	(37,181)	—	—	(33,316)	(19,597)	(52,913)
Total comprehensive income/(loss) for the period	—	—	—	—	—	—	—	1,371	2,484	—	(37,181)	1,102,051	—	1,088,725	343,927	1,432,652
Exercise of share options	110,391	—	—	—	—	—	—	—	—	—	—	—	—	110,391	—	110,391
2014 interim dividend	—	—	—	—	—	—	—	—	—	—	—	151,940	—	151,940	—	151,940
Transfer of reserve	—	—	—	—	—	12	—	—	—	—	—	(12)	—	—	—	—
Transition to tender value regime on 3 March 2014	8,377,057	(8,376,887)	(100,170)	—	—	—	—	—	—	—	—	—	—	—	—	—
Sale of interests in subsidiaries without change of control (Note 2)	—	—	—	—	—	—	—	—	—	—	—	1,059,897	—	1,059,897	765,321	1,825,168
At 30 June 2014	9,089,048	(8,376,887)	(100,170)	—	—	12	—	—	—	—	—	907,995	151,940	1,170,838	765,321	1,936,159
	9,837,258	—	—	28,048	43,248	10,572	(151,413)	90,594	822	1,179,553	12,571	12,174,577	151,940	23,377,680	4,487,714	27,865,394

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013 (unaudited)

	Equity attributable to owners of the Company															
	Share capital	Share premium	Share redemption reserve	Capital reserve	Convertible bonds equity reserve	Legal reserve	Special reserve	Investment revaluation reserve	Hedging reserve	Asset revaluation reserve	Exchange reserve	Retained profits	Proposed dividends	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2013	749,720	8,651,867	100,170	26,048	42,248	9,958	(151,413)	102,020	—	1,179,963	73,149	8,769,793	253,886	9,996,728	3,061,199	23,027,927
Profit for the period	—	—	—	—	—	—	—	—	—	—	—	671,026	—	671,026	78,000	749,026
Items that may be reclassified subsequently to profit or loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Available-for-sale investments	—	—	—	—	—	—	—	(2,652)	—	—	—	—	—	(2,652)	—	(2,652)
Changes in fair value	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Reversal of reserve upon disposal of available-for-sale investments	—	—	—	—	—	—	—	(787)	—	—	—	—	—	(787)	—	(787)
Cash flow hedges	—	—	—	—	—	—	—	—	(7,870)	—	—	—	—	(7,870)	2,837	(5,033)
Changes in fair value, net of tax	—	—	—	—	—	—	—	—	(1,310)	—	—	—	—	(1,310)	(1,766)	(3,076)
Transfer to profit or loss	—	—	—	—	—	—	—	—	—	—	(20,866)	—	—	(20,866)	3,469	(17,407)
Currency translation differences	—	—	—	—	—	—	—	—	—	—	(20,866)	—	—	(20,866)	—	(17,407)
Other comprehensive income/(loss) for the period, net of tax	—	—	—	—	—	—	—	(23,439)	(9,180)	—	(20,866)	—	—	(53,304)	4,530	(48,774)
Total comprehensive income/(loss) for the period	—	—	—	—	—	—	—	(23,439)	(9,180)	—	(20,866)	671,026	—	618,122	82,530	700,652
Exercise of share options	2,500	25,300	—	—	—	—	—	—	—	—	—	—	—	27,800	—	27,800
2012 final dividend	—	—	—	—	—	—	—	—	—	—	—	(850)	(253,886)	(254,736)	—	(254,736)
Transfer of reserve	—	—	—	—	—	88	—	—	—	—	—	(143)	—	(55)	55	—
Share of reserve of an associate	—	—	—	—	—	(8)	—	—	—	—	—	8	—	—	—	—
	2,500	25,300	—	—	—	80	—	—	—	—	—	(965)	(253,886)	(226,900)	55	(226,905)
At 30 June 2013	749,220	8,676,867	100,170	26,048	42,248	10,038	(151,413)	78,581	(9,180)	1,179,963	52,284	9,430,634	—	20,387,860	3,113,944	23,501,704

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June

	(Unaudited) 2014 HK\$'000	(Unaudited) 2013 HK\$'000
Operating activities		
Cash generated from operations	1,466,092	1,107,133
Income tax paid	(4,061)	(5,707)
Net cash from operating activities	1,462,031	1,101,426
Investing activities		
Purchase of property, plant and equipment	(12,753)	(6,175)
Purchase of investment properties	—	(729,575)
Purchase of a property	(219,407)	—
Deposits paid for acquisition of properties	—	(372,320)
Repayments from joint ventures	75,547	204,235
Capital contributions to joint ventures	—	(248,540)
Capital contributions to associates	(12,740)	(578,762)
(Increase)/decrease in bank deposits with maturities over three months	(3,181,896)	543,738
Interest received	72,326	64,164
Dividends received from available-for-sale investments	214,298	101,121
Cash inflows from other investing activities	3,632	30,225
Net cash used in investing activities	(3,060,993)	(991,889)

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June

	(Unaudited) 2014 HK\$'000	(Unaudited) 2013 HK\$'000
Financing activities		
Drawdown of new loans	2,568,352	1,485,000
Repayments of loans	(620,127)	(2,708,837)
Net proceeds from issue of shares	110,991	27,800
Net proceeds from issue of medium term notes	—	3,076,415
Proceeds from partial disposal of subsidiaries	1,325,168	—
Finance costs (including interests and bank charges) paid	(146,215)	(55,736)
Dividends paid to shareholders	—	(223,443)
Net cash from financing activities	3,238,169	1,601,199
Net increase in cash and cash equivalents	1,639,207	1,710,736
Effect of foreign exchange rates changes	(2,386)	1,464
Cash and cash equivalents at 1 January	7,210,813	5,577,984
Cash and cash equivalents at 30 June	8,847,634	7,290,184
Cash and cash equivalents included in assets of disposal group classified as held for sale at 30 June	(107,927)	—
	8,739,707	7,290,184
Analysis of cash and cash equivalents		
Cash and bank balances	12,849,225	8,850,341
Bank deposits with a maturity over three months	(4,109,518)	(1,560,157)
	8,739,707	7,290,184

Notes to the Condensed Financial Statements

1 Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial statements are prepared in accordance with the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The accounting policies and methods of computation and presentation used in the preparation of the condensed consolidated interim financial statements are consistent with those described in the 2013 annual financial statements except as stated in note 2 below.

The preparation of the condensed consolidated interim financial statements in conformity with HKFRSs 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. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the consolidated financial statements for the year ended 31 December 2013. Those areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates were significant to the Group’s consolidated financial statements were detailed in the 2013 annual financial statements.

Notes to the Condensed Financial Statements

2 Impact of revised HKFRSs

The following amendments and interpretation that are relevant to its operations and first effective for the Group's financial year beginning on 1 January 2014:

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
HK(IFRIC) – Int 21	Levies

The adoption of the above does not have any significant impact to the Group's results for the six months ended 30 June 2014 and the Group's financial position as at 30 June 2014.

2 Impact of revised HKFRSs (Continued)

The HKICPA has issued new and revised standards, amendments to standards which are relevant to the Group's operations but are not yet effective for the Group's financial year beginning on 1 January 2014 and have not been early adopted:

Amendments to HKAS 19 (2011) ⁽¹⁾	Defined Benefit Plans: Employee Contribution
Annual improvement to HKFRSs 2010 – 2012 Cycle ⁽¹⁾	
Annual improvement to HKFRSs 2011 – 2013 Cycle ⁽¹⁾	
Amendments to HKFRS 11 ⁽²⁾	Accounting for Acquisitions of Interests in Joint Operation
Amendments to HKAS 16 and HKAS 38 ⁽²⁾	Clarification of Acceptable Methods of Depreciation and Amortisation
HKFRS 15 ⁽³⁾	Revenue from Contracts with Customers
HKFRS 9 ⁽⁴⁾	Financial Instruments (Hedge Accounting and Amendments to HKFRS 7, HKFRS 9 and HKAS 39)

⁽¹⁾ Effective for annual periods beginning 1 July 2014

⁽²⁾ Effective for annual periods beginning 1 January 2016

⁽³⁾ Effective for annual periods beginning 1 January 2017

⁽⁴⁾ The original effective date of 1 January 2015 is removed and it will be set once the other phase of HKFRS 9 is completed and finalised

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

Notes to the Condensed Financial Statements

3 Segment information

- (a) The Group's reportable segments are strategic business units that operate different activities. They are managed separately because each business has different products or services and requires different marketing strategies.

The Group currently has four reportable segments namely, property, transportation, hospitality and investment. The segmentations are based on the internal reporting information about the operations of the Group that management reviews regularly to make decisions on allocation of resources between segments and to assess segment performance.

The principal activities of each reportable segment are as follows:

Property	–	property development and sales, leasing and management services
Transportation	–	passenger transportation services
Hospitality	–	hotel operation and travel agency services
Investment	–	investment holding and others

(b) 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 net corporate expense. 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 2013.

The revenues from external parties reported to management are measured in a manner consistent with that in this condensed consolidated interim income statement.

3 Segment information (Continued)

(b) Segment results, assets and liabilities (Continued)

For the six months ended	Property	Transportation	Hospitality	Investment	Eliminations	Total
30 June 2014	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
Turnover and other income						
External turnover	1,965,409	1,174,054	353,206	233,645	—	3,726,314
Inter-segment turnover	611	325	23,748	—	(24,684)	—
Other income (external and excluding interest income)	2,716	16,261	965	20	—	19,962
	1,968,736	1,190,640	377,919	233,665	(24,684)	3,746,276
Segment results	562,465	99,345	41,666	216,271	—	919,747
Fair value changes on investment properties	264,282	—	—	—	—	264,282
Interest income						80,185
Unallocated net corporate expense						(106,166)
Operating profit						1,158,048
Finance costs						(50,867)
Share of results of joint ventures	520,985	(52,521)	(1,964)	—	—	466,500
Share of results of associates	30,129	400	4,194	3,933	—	38,656
Profit before taxation						1,612,337
Taxation						(146,762)
Profit for the period						1,465,575

Notes to the Condensed Financial Statements

3 Segment information (Continued)

(b) Segment results, assets and liabilities (Continued)

For the six months ended 30 June 2013	Property HK\$'000	Transportation HK\$'000	Hospitality HK\$'000	Investment HK\$'000	Eliminations HK\$'000	Total HK\$'000
Turnover and other income						
External turnover	161,929	1,073,738	336,787	118,525	—	1,690,979
Inter-segment turnover	335	181	23,987	—	(24,503)	—
Other income (external and excluding interest income)	1,673	14,331	876	572	—	17,452
	163,937	1,088,250	361,650	119,097	(24,503)	1,708,431
Segment results	34,162	48,032	34,793	100,096	—	217,083
Fair value changes on investment properties	213,303	—	—	—	—	213,303
Interest income						43,466
Unallocated net corporate expense						(70,044)
Operating profit						403,808
Finance costs						(103,299)
Share of results of joint ventures	492,405	7,309	(10,100)	—	—	489,614
Share of results of associates	6,465	183	860	1,537	—	9,035
Profit before taxation						799,158
Taxation						(49,472)
Profit for the period						749,686

3 Segment information (Continued)

(b) Segment results, assets and liabilities (Continued)

As at 30 June 2014	Property	Transportation	Hospitality	Investment	Eliminations	Total
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
Assets						
Segment assets	24,610,744	3,413,788	1,502,948	1,088,130	(24,033)	30,591,577
Joint ventures	4,765,644	209,233	(102,167)	—	—	4,872,710
Associates	1,352,662	4,036	198,059	5,919	—	1,560,676
Unallocated assets						7,872,737
Total assets						44,897,700
Liabilities						
Segment liabilities	3,195,981	347,955	118,859	5,446	(24,033)	3,644,208
Unallocated liabilities						13,388,598
Total liabilities						17,032,806

Notes to the Condensed Financial Statements

3 Segment information (Continued)

(b) Segment results, assets and liabilities (Continued)

	Property	Transportation	Hospitality	Investment	Eliminations	Total
As at 31 December 2013	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets						
Segment assets	21,801,225	3,178,485	1,444,536	1,038,154	(21,103)	27,441,297
Joint ventures	4,575,778	261,754	(99,455)	—	—	4,738,077
Associates	1,318,893	4,296	193,864	1,986	—	1,519,039
Unallocated assets						4,682,578
Total assets						38,380,991
Liabilities						
Segment liabilities	2,257,217	341,518	122,310	5,419	(21,103)	2,705,361
Unallocated liabilities						11,159,557
Total liabilities						13,864,918

4 Other (loss)/gains, net

	2014	2013
For the six months ended 30 June	HK\$'000	HK\$'000
Net loss on disposal of property, plant and equipment	(342)	(928)
Net gain on disposal of available-for-sale investments	—	779
Others	316	362
	(26)	213

5 Operating profit

	2014	2013
For the six months ended 30 June	HK\$'000	HK\$'000
After crediting:		
Interest income from bank deposits and others	80,588	43,920
Rental income from investment properties	95,822	95,102
Dividend income from listed investments	9,159	10,132
Dividend income from unlisted investments	211,541	96,673
After charging:		
Cost of inventories		
– properties	1,178,692	7,352
– fuel	464,016	475,622
– others	57,046	34,010
	1,699,754	516,984

Notes to the Condensed Financial Statements

6 Finance costs

	2014	2013
	HK\$'000	HK\$'000
For the six months ended 30 June		
Total finance costs incurred	156,361	126,150
Less: Amount capitalised in properties under development	(105,494)	(22,851)
	50,867	103,299

7 Taxation

	2014	2013
	HK\$'000	HK\$'000
For the six months ended 30 June		
Hong Kong profits tax	86,319	9,160
Overseas taxation	6,363	5,529
Deferred taxation	54,080	34,783
	146,762	49,472

Hong Kong profits tax is provided for at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits for the period. Overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

8 Interim dividend

	2014	2013
For the six months ended 30 June	HK\$'000	HK\$'000
Interim dividend of HK5.0 cents per share (2013: nil)	151,840	—

9 Earnings per share

The calculation of basic earnings per share is based on profit attributable to owners of the Company of HK\$1,102,051,000 (2013: HK\$671,626,000) and the weighted average number of 3,015,909,499 (2013: 2,988,814,421) shares in issue during the period.

The calculation of diluted earnings per share is based on profit attributable to owners of the Company of HK\$1,122,853,000 (2013: HK\$692,076,000) and the weighted average number of 3,142,910,268 (2013: 3,122,223,305) shares in issue during the period after adjusting for the effects of all dilutive potential ordinary shares.

Notes to the Condensed Financial Statements

9 Earnings per share (Continued)

Reconciliations of profit attributable to owners of the Company and the weighted average number of shares used in calculating the basic earnings per share and the diluted earnings per share are as follows:

	Profit attributable to owners of the Company		Weighted average number of shares	
	2014 HK\$'000	2013 HK\$'000	2014	2013
For the six months ended 30 June				
Profit/number of shares for the purpose of basic earnings per share	1,102,051	671,626	3,015,909,499	2,988,814,421
Effect of dilutive potential ordinary shares				
– share options	—	—	9,232,407	16,955,442
– convertible bonds	20,802	20,450	117,768,362	116,453,442
Profit/number of shares for the purpose of diluted earnings per share	1,122,853	692,076	3,142,910,268	3,122,223,305

10 Property, plant and equipment

During the period, additions to property, plant and equipment mainly comprised property of HK\$231,107,000 (2013: furniture, fixtures and equipment of HK\$6,175,000). In the same period, net book value of property, plant and equipment disposed of amounted to HK\$354,000 (2013: HK\$29,328,000).

11 Investment properties

A revaluation of all investment properties was performed on 30 June 2014 by reference to sales evidence as available on the market and where appropriate on the basis of capitalisation of net income. The revaluation was conducted by Savills Valuation and Professional Services Limited, an independent professional valuer, in accordance with the Hong Kong Institute of Surveyors Valuation Standards issued by the Hong Kong Institute of Surveyors.

Notes to the Condensed Financial Statements

12 Available-for-sale investments

Certain available-for-sale investments of the Group, including an unlisted equity investment in Sociedade de Turismo e Diversões de Macau, S.A. ("STDM"), do not have quoted market prices in an active market and other methods of reasonably estimating fair value are clearly unworkable as the variability in the range of various reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed. These available-for-sale investments are therefore stated at cost and are subject to review for impairment loss.

13 Trade receivables and payables

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 to 60 days to its customers, except for sale 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:

	30 June 2014 HK\$'000	31 December 2013 HK\$'000
0 - 30 days	326,290	103,504
31 - 60 days	4,857	23,208
61 - 90 days	2,126	4,327
over 90 days	3,513	4,793
	336,786	135,832

13 Trade receivables and payables (Continued)

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

	30 June 2014 HK\$'000	31 December 2013 HK\$'000
0 - 30 days	909,160	698,852
31 - 60 days	3,179	3,735
61 - 90 days	1,325	1,367
over 90 days	9,139	7,918
	922,803	711,872

14 Assets/liabilities of disposal group classified as held for sale

The assets and liabilities related to the disposal of Tin Wai Development Company, Limited and Joyous Park International Limited (collectively "disposal group") have been presented as held for sale. Details are disclosed in note 24. The major assets in the disposal group comprise of inventories of HK\$474,348,000 and properties for or under development of HK\$359,585,000.

15 Convertible bonds

There has been no conversion of the convertible bonds into shares of the Company by the bondholders since the issue date. During the period, there was no redemption of the convertible bonds. Details of the convertible bonds can be found in the annual financial statements for the year ended 31 December 2013.

16 Medium term notes

On 7 March 2013, the Company through a wholly-owned subsidiary issued guaranteed notes (the "Notes") with principal amounts of US\$400,000,000 with an annual coupon rate of 5.7% per annum. The Notes are guaranteed by the Company and will mature on 7 March 2020. At 30 June 2014, the market value of the notes was HK\$3,210,795,000.

Notes to the Condensed Financial Statements

17 Share capital

	Note	30 June 2014		31 December 2013	
		Number of shares	HK\$'000	Number of shares	HK\$'000
Authorised	(i)				
Ordinary shares of HK\$0.25 each	(ii)	—	—	6,000,000,000	1,500,000
Issued and fully paid					
Ordinary shares of HK\$0.25 each					
At beginning of the period		2,996,880,719	749,220	2,986,880,719	746,720
Exercise of share options	(iii)	39,924,689	110,991	10,000,000	2,500
Transition to no-par value regime on 3 March 2014	(iv)	—	8,977,057	—	—
		3,036,805,408	9,837,268	2,996,880,719	749,220

Notes:

- (i) Under the Hong Kong Companies Ordinance (Cap. 622), which came into effect on 3 March 2014, the concept of authorised share capital no longer exists.
- (ii) In accordance with section 135 of the Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the shareholders of the Company as a result of this transition.
- (iii) During the period, share options were exercised to subscribe for 39,924,689 (2013: 10,000,000) ordinary shares in the Company at a consideration of HK\$110,991,000 (2013: HK\$27,800,000).
- (iv) In accordance with the transitional provisions set out in section 37 of Schedule 11 to Hong Kong Companies Ordinance (Cap. 622) on 3 March 2014, any amount standing to the credit of the share premium account and the capital redemption reserve has become part of the Company's share capital.

18 Charges on assets

At 30 June 2014, bank loans to the extent of approximately HK\$2,613,750,000 (31 December 2013: HK\$1,865,000,000) were secured with charges on certain assets of the Group amounting to an aggregate carrying value of HK\$13,715,057,000 (31 December 2013: HK\$10,793,833,000). Out of the above secured bank loans, an aggregate amount of HK\$2,283,250,000 (31 December 2013: HK\$1,770,000,000) was also secured by pledges of shares of certain subsidiaries.

Notes to the Condensed Financial Statements

19 Significant related party transactions

(a) Details of significant related party transactions during the period were as follows:

For the six months ended 30 June	Note	2014 HK\$'000	2013 HK\$'000
STDM Group	(i)		
Dividend income from STDM		211,541	96,673
Ferry tickets sold (after discount) to STDM Group		65,831	58,564
Fees received from STDM Group for provision of property related services		6,802	6,798
Rental and related expenses paid to STDM Group		9,337	8,407
Fuel purchased from STDM Group for Macau shipping operations		192,589	213,924
Amount reimbursed by STDM Group for staff expenses and administrative resources shared		14,699	11,197
Revenue of duty free goods sold on board collected for STDM		6,524	5,722

19 Significant related party transactions (Continued)

(a) Details of significant related party transactions during the period were as follows: (Continued)

		2014	2013
For the six months ended 30 June	Note	HK\$'000	HK\$'000
Shun Tak Centre Limited ("STC")	(ii)		
Rental and related expenses paid to STC		3,831	3,817
Joint ventures	(iii)		
Interest income from joint ventures		5,997	9,058
Ferry passengers handling fees received on behalf of a joint venture		15,925	16,909
Amounts paid to a joint venture in respect of the Chatham Gate redevelopment project for			
– Related construction cost and preliminary works		54,502	47,048
Associates			
Insurance premium paid to an associate		21,727	18,202
Fuel costs paid to an associate		50,306	30,066
Key management personnel			
Directors' emoluments			
– Salaries and other short-term employee benefits		14,078	13,467
– Post-employment benefits		679	652

Notes to the Condensed Financial Statements

19 Significant related party transactions (Continued)

(b) At the balance sheet date, the Group had the following balances with related parties:

	Note	30 June 2014 HK\$'000	31 December 2013 HK\$'000
STDM Group	(i)		
Net receivable from STDM Group	(iv)	12,054	25,265
Joint ventures			
Amounts due by joint ventures	(iii)	290,004	370,706
Amount due to a joint venture	(iii)	576	331,695
Construction costs payable to a joint venture		20,932	17,556
Associates			
Amounts due by associates	(v)	188,507	24,014
Key management personnel			
Non-controlling shareholder's loan from a company in which Dr. Stanley Ho has beneficial interests	(vi)	52,118	52,118
Deposit paid by a subsidiary to Sai Wu Investment Limited ("Sai Wu")	(vii)	500,000	500,000

19 Significant related party transactions (Continued)

Notes:

- (i) Dr. Stanley Ho, Dato' Dr. Cheng Yu Tung, Mrs. Louise Mok, Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho and Mr. David Shum, Directors of the Company, have beneficial interests in STDM. Dr. Stanley Ho and Ms. Pansy Ho are directors of STDM. Ms. Daisy Ho is an appointed representative of Lanceford Company Limited, which is a corporate director of STDM. Mr. David Shum is an appointed representative of the Company, which is a corporate director of STDM.
- (ii) Dr. Stanley Ho is a director of and has beneficial interests in STC. Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho and Mr. David Shum are also directors of STC.
- (iii) Amount due to a joint venture is unsecured, non-interest bearing and with no fixed term of repayment.

Amounts due by joint ventures are unsecured. Amount of HK\$1,070,000 (31 December 2013: HK\$1,070,000) is repayable on demand. The remaining balances of HK\$288,933,000 (31 December 2013: HK\$369,636,000) have no fixed term of repayment.

Amounts of HK\$286,091,000 (31 December 2013: HK\$360,568,000) and HK\$1,070,000 (31 December 2013: HK\$1,070,000) carry interest at HIBOR plus 3% (31 December 2013: HIBOR plus 3%) per annum and LIBOR plus 2% (31 December 2013: LIBOR plus 2%) per annum respectively. The remaining balances are non-interest bearing. The related interest income for the first half of 2014 amounted to HK\$5,997,000 (2013: HK\$9,058,000).

- (iv) Net receivable from STDM Group comprises trade and other receivables and payables.

Notes to the Condensed Financial Statements

19 Significant related party transactions (Continued)

Notes: (Continued)

- (v) Amounts due by associates are unsecured, non-interest bearing and with no fixed term of repayment.
- (vi) The subsidiary, Shun Tak Cultural Centre Limited, holds 100% interest in Shun Tak Business Centre in Guangzhou and is owned as to 60% by the Group and 40% by a company in which Dr. Stanley Ho has beneficial interests. The subsidiary received loans from both shareholders. Shareholder's loan is unsecured, non-interest bearing and with no fixed term of repayment.
- (vii) The subsidiary, Shun Tak Nam Van Investment Limited ("Shun Tak Nam Van"), entered into a conditional sale and purchase agreement with Sai Wu, a company beneficially owned as to 60% by Dr. Stanley Ho and 40% by independent third parties, to acquire the interest in the land development right in respect of the property sites adjacent to the Macau Tower in Nam Van, Macau. The refundable deposit of HK\$500,000,000 was paid by Shun Tak Nam Van to Sai Wu in order to further extend the completion date of the acquisition without changing the consideration or other terms of the acquisition. The completion date of the acquisition was further extended to on or before 31 December 2014.

20 Commitments

(a) Capital commitments

	Note	30 June 2014 HK\$'000	31 December 2013 HK\$'000
Contracted but not provided for			
Property, plant and equipment		22,884	23,990
Building		—	1,266,111
		22,884	1,290,101
Capital contribution to			
Joint ventures	(i)	297,781	268,699
An Associate		20,412	20,134
		318,193	288,833

Note:

- (i) The Group has an outstanding commitment to contribute capital of approximately HK\$269 million to a joint venture subject to the obtaining of all relevant applicable government and regulatory approvals for operating a Hong Kong airline.

(b) Property development commitments

The Group had outstanding commitments of HK\$5,821 million (31 December 2013: HK\$1,071 million) under various contracts for property development projects.

In addition to the above, the Group had commitments of payment of HK\$3,080 million (31 December 2013: HK\$3,080 million) in cash and issue of 148,883,374 (31 December 2013: 148,883,374) ordinary shares of the Company for the acquisitions of the interests in the land development rights in respect of the property sites adjacent to the Macau Tower in Nam Van, Macau.

Notes to the Condensed Financial Statements

21 Contingent liabilities

There are no material changes in contingent liabilities of the Group since 31 December 2013.

22 Financial instruments

Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including foreign exchange risk, interest rate risk and price risk).

The interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2013 annual financial statements.

There have been no changes in any risk management policies since year end.

Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

22 Financial instruments (Continued)

Fair value estimation (Continued)

At 30 June 2014	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets				
Available-for sale investments				
– equity securities	168,543	—	—	168,543
– investment funds	14	15,754	—	15,768
Total assets	168,557	15,754	—	184,311
Liabilities				
Derivatives used for hedging	—	2,753	—	2,753
Total liabilities	—	2,753	—	2,753

Notes to the Condensed Financial Statements

22 Financial instruments (Continued)

Fair value estimation (Continued)

	Level 1	Level 2	Level 3	Total
At 31 December 2013	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets				
Derivatives used				
for hedging	—	8,113	—	8,113
Available-for sale				
investments				
– equity securities	168,316	—	—	168,316
– investment funds	14	15,119	—	15,133
Total assets	168,330	23,232	—	191,562

Level 2 derivatives used for hedging comprise fuel swap contracts and cross currency swaps. The fuel swap contracts have been fair valued using forward fuel prices that are quoted in an active market. The cross currency swaps are fair valued using forward interest rates extracted from observable yield curves and foreign exchange rates that are quoted in an active market. The effects of discounting are generally insignificant for Level 2 derivatives.

Level 2 investment funds are fair valued using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market prices of other quoted debt instruments of the counterparties.

22 Financial instruments (Continued)

Fair value estimation (Continued)

There were no other changes in valuation techniques during the period.

During the six months ended 30 June 2014, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements. There were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities and there were no reclassifications of financial assets during the same period.

23 Sale of interests in subsidiaries without change of control

- (a) On 3 January 2014, Fast Shift Investments Limited ("Fast Shift"), an indirect wholly-owned subsidiary of the Company, issued a class B share (representing 100% class B share) to City Universe Limited ("CUL"), an indirect wholly-owned subsidiary of China State Construction International Holdings Limited. The total consideration for the share subscription and the transfer of shareholder loan by Ace Wonder Limited, the holding company of Fast Shift, was HK\$2,066 million of which HK\$500 million was received as deposit in 2013. Pursuant to the share subscription, CUL entitled to or bear 29% of the economic benefits in or losses arising from the residential portion of Nova City Phase V development. The transaction results in an increase in non-controlling interests of HK\$765 million and an increase in retained profits of HK\$1,056 million.

Notes to the Condensed Financial Statements

23 Sale of interests in subsidiaries without change of control (Continued)

(b) On 8 January 2014, Shun Tak Development (China) Limited (“STDCL”), an indirect wholly-owned subsidiary of the Company, entered into a joint venture agreement with Perennial Hengqin Investment Group Pte. Ltd. (“Investor”) and Nation Mind Development Limited (“NMDL”), a wholly-owned subsidiary of STDCL, pursuant to which NMDL has allotted 300 shares to the Investor on 14 January 2014. According to the joint venture agreement, the Investor has paid an amount equivalent to approximately RMB263 million comprising (a) the share allotment to the Investor; and (b) the assignment to the Investor of 30% of the shareholder loan advanced by STDCL to NMDL, resulting in the Investor holding 30% of the equity interests in NMDL to develop a site located in Hengqin New Area, Zhuhai, the PRC. The transaction results in a decrease in non-controlling interests of HK\$0.1 million and an increase in retained profits of HK\$4 million.

24 Event after the Balance Sheet Date

On 22 May 2014, Oriental Pride Group Limited (“Oriental Pride”), an indirect wholly-owned subsidiary of the Company and Excel Smart Venture Limited (“Excel Smart”), an independent third party, entered into a sale and purchase agreement. Pursuant to the agreement, Oriental Pride agreed to dispose 79% issued share capital of and the shareholder loan due from Tin Wai Development Company, Limited to Excel Smart, at a consideration of HK\$624 million (subject to adjustment). On the same day, the Company also entered into a sale and purchase agreement to dispose the entire issued share capital of Joyous Park International Limited to Excel Smart, at a consideration of HK\$3 million. Further details of the said transactions are described in the Company’s announcement dated 22 May 2014.

24 Event after the Balance Sheet Date (Continued)

The above transactions are completed on 31 July 2014 and a gain (net of transaction costs) of approximately HK\$19 million is recorded. The Group will no longer has any interest in the business of columbarium operation and the funeral service.

Other Information

(1) Disclosure of Directors' Interests

As at 30 June 2014, the interests or short positions of the directors ("Directors") and chief executive of the Company and their respective associates in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

(a) Interests of the Directors in Shares and Underlying Shares of the Company

Name of Director	Nature of interests	Number of shares held				Approximate percentage of total issued shares Note (i)
		Personal interests	Note	Corporate interests	Note	
Dr. Stanley Ho	Interests in issued shares	1,798,559		—		0.06%
	Interests in unissued shares	—		148,883,374	(iv)	4.90%
Sir Roger Lobo	Interests in underlying shares	1,132,124	(ii)	—		0.04%
Mr. Norman Ho	Interests in underlying shares	1,132,124	(ii)	—		0.04%
Mr. Charles Ho	Interests in underlying shares	1,132,124	(ii)	—		0.04%
Mr. Michael Ng	Interests in underlying shares	11,315,577	(iii)	—		0.37%
Dato' Dr. Cheng Yu Tung	Interests in underlying shares	1,132,124	(ii)	—		0.04%
Mrs. Louise Mok	Interests in issued shares	471,112		—		0.02%
	Interests in underlying shares	1,132,124	(ii)	—		0.04%
Ms. Pansy Ho	Interests in issued shares	154,257,937		363,798,627	(v)	17.06%
	Interests in issued shares	—		65,040,000	(vii)	2.14%
	Interests in unissued shares	—		148,883,374	(iv)	4.90%
Ms. Daisy Ho	Interests in issued shares	80,636,345		134,503,471	(vi)	7.08%
	Interests in issued shares	—		65,040,000	(vii)	2.14%
	Interests in unissued shares	—		148,883,374	(iv)	4.90%
Ms. Maisy Ho	Interests in issued shares	38,901,203		31,717,012	(viii)	2.33%
Mr. David Shum	Interests in underlying shares	5,660,377	(ii)	—		0.19%

Notes:

- (i) *As at 30 June 2014, the total number of issued shares of the Company was 3,036,805,408.*
- (ii) *These represented the interests in underlying shares in respect of share options granted by the Company, details of which are disclosed in sub-paragraph (2) headed "Share Options" below.*
- (iii) *These interests in underlying shares comprised (a) 5,665,860 underlying shares in respect of share options granted by the Company, details of which are disclosed in sub-paragraph (2) headed "Share Options" below; and (b) 5,649,717 shares issuable to Mr. Michael Ng upon conversion of the Convertible Bonds (as defined hereunder in sub-paragraph (1)(d) headed "Interests of the Directors in Debentures of Other Associated Corporations of the Company") for an aggregate nominal amount of HK\$40,000,000 held by him as at 30 June 2014 and based on the adjusted conversion price of HK\$7.08 (with effect from 11 June 2013) per share, details of which are disclosed in sub-paragraph (1)(d) headed "Interests of the Directors in Debentures of Other Associated Corporations of the Company" below.*
- (iv) *These 148,883,374 unissued shares, in which Dr. Stanley Ho, Ms. Pansy Ho and Ms. Daisy Ho were deemed to be interested by virtue of the SFO, were the same parcel of shares, and represented shares to be issued to Alpha Davis Investments Limited ("ADIL") upon completion of the acquisition as described in the Company's circular dated 17 December 2004. ADIL is owned as to 47% by Innowell Investments Limited ("IIL") and 53% by Megaprosper Investments Limited ("MIL"). IIL is wholly-owned by Dr. Stanley Ho. MIL is owned as to 51% by Ms. Pansy Ho and 39% by Ms. Daisy Ho.*
- (v) *These 363,798,627 shares, in which Ms. Pansy Ho was deemed to be interested by virtue of the SFO, comprised 184,396,066 shares held by Beeston Profits Limited ("BPL"); and 179,402,561 shares held by Classic Time Developments Limited ("CTDL"). Both BPL and CTDL are wholly-owned by Ms. Pansy Ho.*
- (vi) *These 134,503,471 shares, in which Ms. Daisy Ho was deemed to be interested by virtue of the SFO, were held by St. Lukes Investments Limited, which is wholly-owned by Ms. Daisy Ho.*
- (vii) *These 65,040,000 shares, in which Ms. Pansy Ho and Ms. Daisy Ho were deemed to be interested by virtue of the SFO, were the same parcel of shares, held by MIL through its wholly-owned subsidiary, Business Dragon Limited.*
- (viii) *These 31,717,012 shares, in which Ms. Maisy Ho was deemed to be interested by virtue of the SFO, were held by LionKing Offshore Limited, which is wholly-owned by Ms. Maisy Ho.*

Other Information

(b) Interests of the Directors in Shares and Underlying Shares of Subsidiaries of the Company

Name of Director	Name of company	Corporate interests	Percentage of total issued shares Note (i)
Dr. Stanley Ho	Shun Tak Cultural Centre Limited	4 ordinary shares	40.00%

Note:

(i) As at 30 June 2014, there was a total of 10 ordinary shares of Shun Tak Cultural Centre Limited in issue.

(c) Interests of the Directors in Shares and Underlying Shares of Other Associated Corporations of the Company

Name of Director	Name of company	Corporate interests	Note	Approximate percentage of total issued shares
Ms. Pansy Ho	Shun Tak & CITS Coach (Macao) Limited	750 shares	(i)	15.00%
Mr. Rogier Verhoeven	Shun Tak Magsaysay China Recruitment and Training Limited	1,900 shares	(ii)	9.86%

Notes:

(i) As at 30 June 2014, there was a total of 5,000 shares of Shun Tak & CITS Coach (Macao) Limited in issue.

(ii) As at 30 June 2014, there was a total of 19,273 shares of Shun Tak Magsaysay China Recruitment and Training Limited in issue.

(d) Interests of the Directors in Debentures of Other Associated Corporations of the Company

Name of Director	Name of company	Personal interests	Approximate percentage of aggregate nominal amount of the Convertible Bonds in issue Note (i)
Mr. Michael Ng	Joyous King Group Limited	HK\$40,000,000 Note (ii)	4.80%

Notes:

- (i) *As at 30 June 2014, the remaining outstanding aggregate principal amount of the 3.3% guaranteed convertible bonds due 2014 (stock code: 4313) were HK\$833,800,000 in issue by Joyous King Group Limited, an indirect wholly-owned subsidiary of the Company (the "Convertible Bonds").*
- (ii) *These Convertible Bonds for an aggregate nominal amount of HK\$40,000,000 held by Mr. Michael Ng as at 30 June 2014 would be convertible into 5,649,717 shares of the Company, representing approximately 0.19% of the total issued shares of the Company as at 30 June 2014, at the adjusted conversion price of HK\$7.08 (with effect from 11 June 2013) per share during the conversion period from 22 October 2010 to 15 October 2014 subject to the terms and conditions of the Convertible Bonds. These interests duplicate Mr. Michael Ng's interests in underlying shares of the Company as disclosed in subparagraph (1)(a) headed "Interests of the Directors in Shares and Underlying Shares of the Company" above.*

Other Information

All the interests disclosed in sub-paragraphs (1)(a) to (1)(d) above represented long position interests in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

Save as disclosed in sub-paragraphs (1)(a) to (1)(d) above, none of the Directors or chief executive of the Company or any of their associates had or were deemed to have any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 June 2014.

(2) Share Options

At the annual general meeting of the Company held on 6 June 2012, the shareholders of the Company passed a resolution for the adoption of a new share option scheme (the "2012 Share Option Scheme") under which the Directors may grant options to eligible persons to subscribe for the Company's shares subject to the terms and conditions as stipulated therein.

The share option scheme approved by the shareholders of the Company on 31 May 2002 (the "2002 Share Option Scheme") expired on 30 May 2012. The share options granted prior to its expiration will continue to be valid and exercisable in accordance with the terms therein.

No share options was granted under the 2012 Share Option Scheme. Details of share options granted to the Directors under the 2002 Share Option Scheme and outstanding share options as at the beginning and end of the period were as follows:

Name of Director	Note	Date of grant	Exercise period	Exercise price per share HK\$	Number of share options outstanding	
					At 1 January 2014	At 30 June 2014
Dr. Stanley Ho	(i) & (vi)	25 May 2004	25 May 2004 to 24 May 2014	2.78	1,798,559	—
Sir Roger Lobo	(ii)	29 March 2011	29 March 2011 to 27 March 2021	3.86	1,132,124	1,132,124
Mr. Norman Ho	(ii)	29 March 2011	29 March 2011 to 27 March 2021	3.86	1,132,124	1,132,124
Mr. Charles Ho	(ii)	29 March 2011	29 March 2011 to 27 March 2021	3.86	1,132,124	1,132,124
Mr. Michael Ng	(iii)	1 February 2010	1 April 2010 to 31 January 2015	4.13	2,832,930	2,832,930
	(iv)	1 February 2010	1 April 2011 to 31 January 2015	4.13	2,832,930	2,832,930
Dato' Dr. Cheng Yu Tung	(ii)	29 March 2011	29 March 2011 to 27 March 2021	3.86	1,132,124	1,132,124
Mrs. Louise Mok	(ii)	29 March 2011	29 March 2011 to 27 March 2021	3.86	1,132,124	1,132,124
Ms. Pansy Ho	(i) & (vii)	25 May 2004	25 May 2004 to 24 May 2014	2.78	11,509,669	—
Ms. Daisy Ho	(i) & (viii)	25 May 2004	25 May 2004 to 24 May 2014	2.78	13,775,856	—
Ms. Maisy Ho	(i) & (ix)	25 May 2004	25 May 2004 to 24 May 2014	2.78	12,840,605	—
Mr. David Shum	(v)	22 September 2004	22 September 2004 to 21 September 2014	3.71	5,660,377	5,660,377

Other Information

Notes:

- (i) These share options at the respective exercise price were exercised by the Directors.*
- (ii) These share options were vested on 29 March 2011.*
- (iii) These share options were vested on 1 April 2010.*
- (iv) These share options were vested on 1 April 2011.*
- (v) These share options were vested on 22 September 2004.*
- (vi) The weighted average closing price of the shares of the Company immediately before the date on which the share options were exercised was HK\$3.70.*
- (vii) The weighted average closing price of the shares of the Company immediately before the date on which the share options were exercised was HK\$4.37.*
- (viii) The weighted average closing price of the shares of the Company immediately before the date on which the share options were exercised was HK\$4.36.*
- (ix) The weighted average closing price of the shares of the Company immediately before the date on which the share options were exercised was HK\$3.98.*
- (x) During the period, no share options under the 2012 Share Option Scheme and the 2002 Share Option Scheme were cancelled or lapsed.*

Save as disclosed above, as at 30 June 2014, none of the Directors or their spouses or children under 18 years of age were granted any rights to subscribe for any equity or debt securities of the Company or any of its associated corporations under the 2012 Share Option Scheme and 2002 Share Option Scheme.

(3) Substantial Shareholders' and Other Persons' Interests

As at 30 June 2014, according to the register of interests or short positions in shares required to be kept by the Company under Section 336 of the SFO, other than the interests of the Directors and chief executive of the Company, the following shareholders were interested in 5% or more of the issued share capital of the Company:

Name of shareholder	Note	Nature of interests	Capacity	Long position/ short position	Number of shares/ underlying shares held	Approximate percentage of total issued shares Note (i)
Renita Investments Limited ("Renita") and its subsidiary	(ii)	Interests in issued shares	Beneficial owner and interests of controlled corporation	Long position	500,658,864	16.49%
Oakmount Holdings Limited ("Oakmount")	(ii)	Interests in issued shares	Beneficial owner	Long position	396,522,735	13.06%
Shun Tak Shipping Company, Limited ("STS") and its subsidiaries	(iii)	Interests in issued shares	Beneficial owner and interests of controlled corporations	Long position	373,578,668	12.30%
Beeston Profits Limited	(iv)	Interests in issued shares	Beneficial owner	Long position	184,396,066	6.07%
Classic Time Developments Limited	(iv)	Interests in issued shares	Beneficial owner	Long position	179,402,561	5.91%
Megaprospere Investment Limited ("MIL")	(v)	Interests in issued shares	Interests of controlled corporation	Long position	65,040,000	2.14%
	(vi)	Interests in unissued shares	Interests of controlled corporation	Long position	148,883,374	4.90%

Other Information

Notes:

- (i) As at 30 June 2014, the total number of issued shares of the Company was 3,036,805,408.*
- (ii) These 500,658,864 shares comprised 396,522,735 shares held by Oakmount, which is wholly-owned by Renita. Accordingly, part of the interests of Renita in the Company duplicate the interests of Oakmount in the Company. Ms. Pansy Ho, Ms. Daisy Ho and Ms. Maisy Ho have beneficial interests in Renita and Oakmount. Both Ms. Pansy Ho and Ms. Daisy Ho are directors of Renita and Oakmount.*
- (iii) Dr. Stanley Ho is a director of STS, Dato' Dr. Cheng Yu Tung, Ms. Pansy Ho and Ms. Daisy Ho have beneficial interests in and are directors of STS. Mrs. Louise Mok, Ms. Maisy Ho and Mr. David Shum have beneficial interests in STS.*
- (iv) Ms. Pansy Ho has 100% interests and is a director.*
- (v) MIL is owned as to 51% by Ms. Pansy Ho and 39% by Ms. Daisy Ho. Ms. Pansy Ho and Ms. Daisy Ho are directors of MIL. These 65,040,000 shares were held by Business Dragon Limited ("BDL"), a wholly-owned subsidiary of MIL. Ms. Pansy Ho is the director of BDL.*
- (vi) These 148,883,374 unissued shares represented shares to be issued to Alpha Davis Investments Limited ("ADIL") upon completion of the acquisition as described in the Company's circular dated 17 December 2004, ADIL is owned as to 47% by Innowell Investments Limited ("IIL") and 53% by MIL. IIL is wholly-owned by Dr. Stanley Ho. Ms. Pansy Ho and Ms. Daisy Ho are directors of ADIL and IIL.*

Save as disclosed above, no other person (other than the Directors and the chief executive of the Company) had any interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO as at 30 June 2014.

Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 June 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Corporate Governance Code

In the opinion of the Board of the Company, the Company has complied with the code provisions in the Corporate Governance Code (the "Code") set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2014, except for deviation from the first part of code provision E.1.2 in the Code, which states that the chairman of the board should attend the annual general meeting. In the absence of the Group Executive Chairman of the Company at the annual general meeting of the Company held on 10 June 2014, the Managing Director (who is also the chairman of the executive committee) and Deputy Managing Director, together with the chairmen of the audit committee, remuneration committee and nomination committee and other Directors of the Company, made themselves available to answer shareholders' questions regarding the activities of the Company and various board committees.

Save as aforesaid, the corporate governance practices adopted by the Company during the period were generally in line with those disclosed in the corporate governance report set out in 2013 annual report of the Company.

Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. All the Directors have confirmed, following specific enquiry by the Company on each of them, that they had fully complied with the Model Code throughout the six months ended 30 June 2014.

Other Information

Disclosure of Changes in Directors' Information

Changes in Directors' biographical details and information since 28 March 2014, the date to which the 2013 annual report of the Company was made up, that are required to be disclosed pursuant to Rule 13.51(2) and Rule 13.51B(1) of the Listing Rules, are set out below:

Name of Director	Changes in Directors' biographical details and information
Dr. Stanley Ho	<ul style="list-style-type: none">• Dr. Stanley Ho became the honorary life chairman of The Hong Kong Polytechnic University Foundation ("PolyU Foundation") on 1 July 2014 and ceased to be the founding honorary life chairman and a member of the board of directors of The Hong Kong Polytechnic University Development Foundation following its merger with the PolyU Foundation.
Sir Roger Lobo	<ul style="list-style-type: none">• Sir Roger Lobo, as an independent non-executive director, retired from the board of directors of HKT Trust and HKT Limited ("HKT") with effect from the conclusion of HKT's annual general meeting held on 8 May 2014.
Mr. Charles Ho	<ul style="list-style-type: none">• Mr. Charles Ho was awarded the Grand Bauhinia Medal by the Government of the Hong Kong Special Administrative Region on 1 July 2014.
Ms. Pansy Ho	<ul style="list-style-type: none">• Ms. Pansy Ho received an honorary fellowship from The Hong Kong Academy for Performing Arts in June 2014.

Name of Director	Changes in Directors' biographical details and information
Ms. Daisy Ho	<ul style="list-style-type: none"> Ms. Daisy Ho was elected as the Chief Commissioner of the Hong Kong Girl Guides Association in April 2014 and ceased to be its Deputy Chief Commissioner.
Ms. Maisy Ho	<ul style="list-style-type: none"> Ms. Maisy Ho was appointed as the 1st vice-chairman of Tung Wah Group of Hospitals and ceased to be its 3rd vice-chairman with effect from 1 April 2014. Ms. Ho was appointed as the Deputy Chief of Ladies Committee of Macao Chamber of Commerce in February 2014.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Other Information

Review by Audit Committee

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2014 of the Group have been reviewed by the audit committee of the Company. At the request of the Directors, the Company's external auditor, PricewaterhouseCoopers, has carried out a review of the said unaudited condensed consolidated interim financial statements in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

By order of the Board

Pansy Ho

Managing Director

Hong Kong, 29 August 2014

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



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