

2016

SHUN TAK HOLDINGS LIMITED  
INTERIM REPORT

信德集團有限公司  
中期業績報告

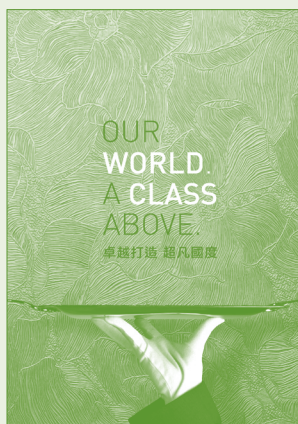
OUR  
WORLD.  
A CLASS  
ABOVE.

卓越打造 超凡國度

信德集團

SHUN TAK HOLDINGS

STOCK CODE 股份代號: 242



For over 50 years, we have built a solid business that spans across different industries. Our customers mean the world to us. Therefore, we return our appreciation by creating distinctive products and services delivered with world-class finesse. As we forge ahead on this journey, we will continue to strive for perfection, break new grounds, capitalize on opportunities and maximize profits for a better future.

五十年來，我們秉持以客為本的理念，致力創建一個跨行業的綜合企業；以卓越精工、嶄新意念為客戶帶來超群拔類的產品及服務。為未來更好的發展，我們將繼續精益求精、超越突破，並把握機遇，創新拓展，令業務更臻完善。

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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 2016 of the Company and its subsidiaries (the "Group").

The unaudited loss attributable to owners of the Company for the period was HK\$53 million (2015: profit of HK\$387 million). Underlying profit attributable to the owners which principally adjusted for unrealised fair value changes on investment properties would be HK\$239 million (2015: HK\$273 million). Basic loss per share was HK1.7 cents (2015: basic earnings per share HK12.7 cents).

## **INTERIM DIVIDEND**

The Board has resolved not to declare an interim dividend in respect of the six months ended 30 June 2016 (2015: nil).

# Business Review

## BUSINESS REVIEW

### Property

Over the first half of 2016, the property division experienced a significant year-on-year decline in revenue. Despite rental income remained satisfactory, the combined impacts of a time lag in revenue recognition from property sales and a revaluation on investment properties contributed to a weakened profit at HK\$55 million (1H 2015: HK\$151 million). Operating under a number of headwinds including looming concerns over major world markets, a general slowdown in China's economy and weaker economic fundamentals, the Group will exercise prudence in promoting its inventory over the rest of year.

### Property Developments

#### *Projects Completed For Sale*

##### **In Hong Kong**

##### *Chung Hom Kok Collection (Group interest: 100%)*

This development comprises five luxury residential houses each with standalone street numbers in a premium and tranquil location at Chung Hom Kok. The mansions range from 4,374 to 6,615 square feet in saleable area, and are all equipped with private pools and interior elevators. Fitting out works of House 2 and House 5 have been completed. The property was officially launched in February 2016.

##### *Chatham Gate (Group interest: 51%)*

The development comprises two grand residential towers offering units from studio to four-bedroom configurations with an appended shopping arcade, covering a total gross floor area of approximately 370,000 square feet. There has been no sale during the period. As of 30 June 2016, 332 units out of 334 residential units have been sold.

## Business Review

### 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. 98% of all available units have been sold and there has been no sale during the period. As of June 2016, 82% of units have been handed over to homeowners.

### *Projects Under Development*

#### In Macau

#### *Nova City Phase 5*

*(Group interest: residential - 71%; commercial - 100%)*

The next phase of Nova City will comprise over 2.3 million square feet of residential units in eight towers. The towers will sit above a large-scale lifestyle shopping centre spanning over 655,000 square feet. It will house a diverse range of tenants including a cineplex, a supermarket, and an exciting array of differentiated lifestyle brands and dining options, bringing a new dimension of convenience to residents of Nova and fulfilling unmet demand in the entire Macau local community. Foundation works have been completed and superstructure works have commenced with completion scheduled for late 2018. In June 2016, the Group entered into a sale and purchase agreement with HIP Company Limited, a wholly-owned subsidiary of the Abu Dhabi Investment Authority, with the objective of establishing a 50:50 joint venture partnership to jointly invest in the retail project at a consideration of approximately HK\$3,150 million. Final completion of the transaction is estimated to be in late 2018.

## **In Northern China**

### *Beijing Tongzhou Integrated Development*

*(Group interest: Phase 1 - 24%; Phase 2 - 19.35%)*

This project is set to become an iconic landmark in Tongzhou, as the city is earmarked to become the new Central Business District and new municipal government administration office in Beijing. The development will comprise approximately 250,000 square meters of retail space, 210,000 square meters of office, and 120,000 square meters of serviced apartments, all amalgamated under one prime address along the famous Grand Canal. It will enjoy direct connectivity to future subway and bus interchange stations. Foundation work is in progress with project completion expected for 2018.

## **In Southern China**

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

This integrated project located immediately at the border connecting Hengqin and Macau, has a site area of 23,834 square meters, atop of which approximately 42,300 square meters of office, 39,000 square meters of retail, 16,600 square meters of hotel and 32,700 square meters of serviced apartments have been planned. This landmark will be serviced by an extension of the Guangzhou-Zhuhai Intercity Rail as well as the Hengqin and Macau light rails. It is a few minutes' drive away from Cotai strip where ultra-luxurious gaming resorts thrive. Substructure works are in progress and the occupation permit is expected to be obtained in 2019.

## **Business Review**

### **In Eastern China**

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

In April 2015, the Group agreed to acquire a hotel property in Shanghai as part of the Shanghai MixC integrated commercial development project, at a consideration of approximately RMB700 million. The property is currently under construction and will be developed into an 8-storey hotel building spanning 29,200 square meters of gross floor area and 491 rooms, scheduled for completion by the third quarter of 2017. When completed, the hotel property will be operated by the Group's hotel management subsidiary, Artyzen Hospitality Group ("AHG"), to extend two hotel product offerings. Operation is expected to commence in the first quarter of 2018.

### **Projects Under Planning**

#### **In Macau**

*Harbour Mile (Group interest: 100%)*

The Macau SAR Government is continuing to review the land issue of Nam Van area.

#### **In Singapore**

*No. 9 Cuscaden Road, Singapore (Group interest: 100%)*

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



## Property Investments

### In Macau

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

One of the defining hallmarks of One Central is a 400,000 square feet premium shopping mall, which houses a supreme collection of international designer brands. Its popularity demonstrates the Group's vision and strength in creating projects appealing to top quality tenants. The retail mall maintained an occupancy rate of around 96% as at 30 June 2016.

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

The property, situated in a busy tourist locale at the heart of the Macau Peninsula, covers over 28,000 square feet of leasable area and consistently maintains 100% occupancy with two major retail anchor tenants. Lease renewal has been completed with encouraging improvement in rental rate, reflecting long term optimism in Macau's retail market.

### In Hong Kong

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

The property achieved 98% occupancy as of 30 June 2016 with two major anchor tenants, namely the largest upscale supermarket in Central and Sheung Wan districts and a private Golf Club. These lifestyle offerings are expected to attract footfall and enhance the overall value of the mall.

#### *The Westwood (Group interest: 51%)*

Home to a myriad of chain retailers, The Westwood, a 5-storey shopping centre at The Belcher's with approximately 158,000 square feet of leasable area, is the largest shopping destination in the Western Mid-Levels. It houses a wide selection of dining and retail chains providing daily conveniences to the West Island. The mall has achieved 99% occupancy as of 30 June 2016.

## Business Review

### *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 and The Pacifica. The mall has achieved full occupancy as of 30 June 2016.

### *Chatham Place (Group interest: 51%)*

Chatham Place is a 3-storey shopping arcade below Chatham Gate with approximately 50,000 square feet of leasable area, housing restaurants, educational institutions and a supermarket to provide everyday conveniences to the neighboring community. Average occupancy stood at 82% as of 30 June 2016.

## In China

### *Shun Tak Tower (Group interest: 100%)*

This project, a wholly-owned property in Beijing Dong Zhi Men near East 2nd Ring Road, rises 21 storeys aboveground with 4 underground levels. The site spans approximately 5,832 square meters, comprising approximately 21,400 square meters of office space and 17,500 square meters of hotel. It commands a prominent location next to the airport highway and enjoys close proximity to Beijing downtown, embassy area, and YanSha district. Office leasing is well underway with occupancy standing at 34% as of 30 June 2016. The hospitality component is scheduled for completion in the first half of 2017.

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

The Guangzhou Shun Tak Business Centre, a 32-storey office tower on a 6-storey shopping arcade, recorded satisfactory leasing revenue and an occupancy rate of approximately 84% over the period.

## Property Services

Shun Tak Property Management Limited, the Group's wholly-owned subsidiary, offers professional property management service to Hong Kong and Macau clients, with a mixed portfolio of residential estate, clubhouse, shopping mall, office tower and car park. It is also providing integrated facility management service to University of Macau. The company's current management portfolio spans 23.5 million square feet of gross floor area. It also operates complementary businesses including Shun Tak Macau Services Limited, a property cleaning service company; and Clean Living (Macau) Limited which offers both retail and institutional laundry services.

## Transportation

The transportation division operated against considerable headwinds in the first six months of 2016, underscored by a contraction in tourist arrivals to Hong Kong and Macau, as well as a setback in domestic spending clouded by economic uncertainties.

TurboJET's Hong Kong-Macau flagship routes collectively serviced 6.4 million passengers during the first half of 2016, representing a moderate 8% year-on-year decline, as tourists' interests were dampened by a strong local currency as well as heightened competition from other Asian destinations.

Nonetheless, lower fuel cost, effective yield management and successful product differentiation strategies have allowed the division to offset the adverse impact and registered a profit of HK\$213 million (1H 2015: HK\$174 million) or a 22% growth as compared with the same period last year.

## Business Review

### Shun Tak - China Travel Shipping Investments Limited

In January 2016, the company started managing and operating Tuen Mun Ferry Terminal as a strategic step towards reinforcing its cross-boundary maritime network. The new service is also in response to a shift in travel pattern, with growing travel demands to and from the Northwest New Territories. As of 30 June 2016, the terminal has sailings to three ports in the western Pearl River Delta, including Macau, Pac On in Taipa and Shenzhen. As major land infrastructures complete by phases, including Tuen Mun-Chek Lap Kok Link, Tuen Mun Western Bypass and Tuen Mun South Extension, this new terminal is expected to become an important anchor point for Hong Kong in the future.

The vision of creating a seamless Pearl River Delta maritime network continues to lie at the heart of the division's development strategy. In addition to Tuen Mun Ferry Terminal, Shun Tak - China Travel Ship Management Limited currently manages ferry operations at three other terminals, including SkyPier, Shenzhen Airport Fuyong Ferry Terminal, and Macau Maritime Ferry Terminal. It also maintains strong alliances with mainland ferry operators to strengthen connectivity between Macau and Shenzhen, Shekou and Nansha. Moreover, with the forthcoming launch of the permanent Taipa Ferry Terminal, TurboJET is excitedly engaged with resource allocation and service expansions.

Through product innovation and value-adding programs, TurboJET has fostered unprecedented demand in luxury sea travel through its Premier Grand service. Its upgraded fleet comprises eight Premier vessels running at 30-minute intervals. VIP cabins on other sailings have also launched the same service. Premier Grand passengers can enjoy exclusive services such as Premier Plus, a complimentary land transfer between Hong Kong Macau Ferry Terminal and Hong Kong International Airport, as well as between Macau Maritime Ferry Terminal and any destination within Macau. They can also take advantage of a brand-new Premier Lounge opened in February 2016 for a more exclusive pre-boarding experience. During the first half of 2016, Premier Grand class registered a 2% year-on-year growth.

During the period, SkyPier was affected by accommodative measures imposed by the Airport Authority of Hong Kong for the construction of the third runway at the Hong Kong International Airport. These restrictions include speed control and changes in sailing route which resulted in extended journey time. As a result, total passenger throughput at SkyPier decreased by 6% year-on-year to 1.3 million. At the same time, the company has introduced a land transfer alternative to connect passengers between Hong Kong International Airport and Tuen Mun Ferry Terminal as a travel option to enhance flexibility.

TurboJET was conferred a number of accolades to recognize its efforts in environmental protection and service excellence, among which are the “2015/16 Smiling Services Enterprises Award — Transportation Services” from Mystery Shopper Service Association and “2015 Hong Kong Awards for Environmental Excellence, Transport and Logistics — Silver Award” from Environmental Campaign Committee & Environmental Protection Department.

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

The land transportation arm, Shun Tak & CITS Coach (Macao) Limited, continued to deliver strong returns, primarily due to a growth in long-term rental commitments from newly opened hotels and resorts. As of 30 June 2016, it operates a fleet of 139 vehicles, and recorded HK\$65 million in revenue over the first half of 2016.

## Business Review

### Hospitality

The operating environments for tourism businesses across Hong Kong and Macau have remained challenging in the first half of 2016, as Mainland visitor arrivals continued to dwindle due to weakened Renminbi and intense competition from neighboring destinations. New hotel launches in Macau have further driven prices downwards as properties compete for customers. However, signs of a potentially stabilizing market have started to emerge. Meanwhile, the Group also looks to overseas opportunities to explore new platforms of growth. The hospitality division registered HK\$44 million in profit (1H 2015: HK\$49 million), representing a 11% year-on-year decline.

### Hotels

In Hong Kong, the 658-room Hong Kong SkyCity Marriott Hotel located immediately adjacent to the AsiaWorld-Expo, and in close proximity to Hong Kong International Airport and SkyPier, registered an average occupancy rate of 84% during the first half of 2016. Under the current economic downturn which resulted in aggressive rate pressure, all segments of business have been affected, including MICE, FIT and crew. In response, the hotel has shifted gear to target direct customers from overseas markets and adjusted its strategy to secure higher volume. During the period, the hotel was crowned “Best Airport Hotel in China 2015” in the 11th China Hotel Starlight Awards, received a “Certificate of Excellence 2016” from TripAdvisor, and a “Loved by Guests Awards 2016” from Hotels.com.

Mandarin Oriental, Macau is a top luxury hotel in Macau renowned for its bespoke services and fine elegance. Its average occupancy rate for the first half of 2016 stands at 38% as it faced fierce competition from newly opened integrated resorts. The hotel has been actively reinforcing its brand position through joint partnerships and roadshows. It has received a number of respectable awards in 2016, including “Triple Five Star Hotel, Restaurant & Spa” by Forbes Travel Guide, “Best Luxurious Hotels of China” from China Hotel Starlight Awards, and “Macau Top Presidential Suite Award” from Hurun Presidential Awards.

Grand Coloane Resort features 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 hotel recorded 53% in occupancy rate during the first half of 2016. In recognition of its efforts to transform into an eco-friendly hotel, the Macau Environmental Protection Bureau has awarded the property with the "Macau Green Hotel Award".

### **Artyzen Hospitality Group**

Artyzen Hospitality Group is a hotel management company which provides property owners with branded and non-branded management services to enhance the value of hospitality assets. Its current portfolio comprises two hotel properties in Macau, namely Grand Lapa hotel and Grand Coloane Resort. The company also offers four lifestyle brands, namely Zitan, Artyzen, Artyzen Habitat and citizenM, each with a unique suite of offers that embodies the philosophy of art, culture and emotional wisdom. Under these branded hotel concepts, an exciting pipeline of management agreements has been secured. These include a 303-room citizenM hotel and a 188-room Artyzen Habitat hotel as part of Shanghai MixC integrated development scheduled for launch in the first quarter of 2018, a 267-room citizenM in Taipei Ximending expected to open in 2017, a 300-room Artyzen Hotel and a 350-room Artyzen Habitat in Lingang Shanghai to open in 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 become one of the most recognizable hotspots among Asian destinations. In spite of fewer tourist arrivals, the number of patronized visitors to the observation levels have maintained at a stable level.

## Business Review

### Travel and MICE

With offices in Hong Kong, Macau, Beijing, Shanghai, Guangzhou and Shenzhen, Shun Tak Travel has gained a reputable foothold in the MICE and corporate fields, extending quality and reliable full-service solutions for the organization of events, including ticket reservation, baggage logistics, local transportation and meet-and-greet services.

During the period, Shun Tak Travel and MICE have collaborated closely with Trade and Investment Promotion Institute (IPIM) on a worldwide roadshow to promote Macau investments. It has also worked with a host of local tourism partners to launch an incentive campaign in Hong Kong to drive summer visitations to Macau. Under prevailing headwinds in the tourism market, Shun Tak Travel and MICE collectively posted HK\$20 million in revenue for the first half of 2016 (1H 2015: HK\$31 million), representing a moderate decline year-on-year.

### Investments

The investment division recorded a profit of HK\$167 million (1H 2015: HK\$169 million) over the first half of 2016, on par with performance over the same period last year. After two years of consolidation, the gaming market in Macau is still facing considerable challenges. As government continues to tighten policies on operation, and competing resort and entertainment facilities launching in the forthcoming quarters, it is expected that dividend income will remain constricted in the short to medium terms.

The Group owns an effective interest in Sociedade de Turismo e Diversões de Macau, S.A. ("STDM") of approximately 11.5%, which in turn owns approximately 54.13% effective shareholding in SJM Holdings Limited, a listed company in Hong Kong. SJM Holdings Limited owns the entire shareholding interests of Sociedade de Jogos de Macau, S.A., one of six gaming concessionaires licensed by the Macau SAR Government to operate casinos in Macau.



The 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 offers amenities such as MICE venue, restaurants and a rooftop garden to complement travelers' needs. As of 30 June 2016, a total of 93 berth bookings have been received for the calendar 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. Under prevailing retail headwinds, the company tightened its cost control and inventory management measures in order to improve profitability.

# Recent Developments and Prospect

## RECENT DEVELOPMENTS AND PROSPECT

The first six months of 2016 has been a difficult period for businesses. In Hong Kong, as the decline in tourist arrivals widened, retail receipts suffered a double-digit drag. Exports have also suffered. In Macau, the fragile economy is still grappling with the impact of China's austerity drive, and new hospitality facilities are entering the market with demand lagging behind. Externally, there was significant volatility in the global environment, as concerns over a slowing mainland economy and uncertainties in US and UK sociopolitical landscapes dampening consumer and investor confidence. Against this backdrop, with the market exposed to increasing risks, the Group shall exercise extra discipline in the second half of year to control costs and pace its investments to safeguard shareholders' interests.

During the period, property transactions have faltered significantly in Hong Kong and Macau as homebuyers turned conservative. Property sales have dropped markedly for the Group, as projects are still in development stages, and a time lag in profit realization exists. Nonetheless, leasing income has remained satisfactory. Entering summer, the first-hand real estate market has begun to pick up moderately. Riding on this momentum, the division will focus its efforts on the sales of Chung Hom Kok Collection, which features five ultra luxurious mansions launched in February. Moreover, pre-sale preparation for the final phase of the Nova collection, Nova City Phase 5, is also underway.

In May 2016, the Group announced the acquisition of a 25,741 square feet freehold site located at No. 9 Cuscaden Road, which stands at the heart of downtown business district and tourism cluster in Singapore. The Group will consider developing a hotel on the site. In June, the Group entered into a sale and purchase agreement with HIP Company Limited with the objective of establishing a 50:50 joint venture partnership in developing the shopping mall of Nova City. Final completion of the transaction is estimated to be in late 2018.

The transportation division benefitted from stable fuel prices, solid cost control, effective product differentiation and strategic network expansion plans to post stable profits despite difficult market conditions. In particular, TurboJET's Premier Grand class service continued to grow in popularity, as new value-adding services such as Premier Plus and new Premier lounges were introduced.

In January 2016, the group has commenced to manage and operate Tuen Mun Ferry Terminal. Along with SkyPier, Shenzhen Airport Fuyong Ferry Terminal and Macau Maritime Ferry Terminal, the company has cemented key foothold in a network of ports that are important anchors to a multimodal transportation system within the Pearl River Delta.

The company is solidifying plans to further enhance its products and service network in 2016. Amongst which is an expansion into the soon-to-be completed permanent Taipa Ferry Terminal. In addition to carrying over all existing routes from Pac On Temporary Ferry Terminal, TurboJET will increase sailing frequencies to enhance capacities, subject to government approval.

## Recent Developments and Prospect

Across the two SARs, hotels have been facing the same set of challenges, as tourist arrivals declined and price competition intensified. In Macau, the opening of a pipeline of integrated resorts further exacerbated the problem. In light of such, hotels under the Group have adjusted their sales strategy and target markets to drive new revenue sources.

The investment division posted a slight 2% year-on-year decline in profits attributable to lower dividends declared by Sociedade de Turismo e Diversões de Macau, S.A.. Performance for the division is expected to remain at similar level until new impetus for growth can be harnessed.

Throughout the years, management is committed to building a balanced portfolio with proven resistance to weather peaks and troughs in economic cycles. As the Group remains cautiously optimistic about its business performance, it will continue to focus on exploring opportunities with long term value potentials in generating optimal returns for its shareholders.

# Financial Review

## FINANCIAL REVIEW

### Liquidity, Financial Resources and Capital Structure

The Group's bank balances and deposits amounted to HK\$14,531 million at 30 June 2016, representing a decrease of HK\$1,327 million as compared with the position as at 31 December 2015. 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 2016 amounted to HK\$15,915 million, of which HK\$7,770 million remained undrawn. The Group's bank borrowings outstanding at the period end amounted to HK\$8,145 million. The Group's borrowings also comprised the medium term notes ("MTN") of HK\$3,145 million.

As the Group had a net cash balance at 30 June 2016 and 31 December 2015, no gearing ratio (expressed as a ratio of net borrowings to equity attributable to equity holders of the Company) is presented. The Group will continue with its financial strategy of maintaining a healthy gearing ratio and consider steps to reduce its finance costs.

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

### Maturity Profile

<b>Within 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>over 5 years</b>	<b>Total</b>
8%	12%	79%	1%	100%

In May 2016, the Group received the acceptance letter on the tender submitted to acquire the property located in Singapore for a consideration of SGD145 million (approximately HK\$835 million). At 30 June 2016, the Group had paid SGD14.5 million (approximately HK\$83 million) and had an outstanding commitment of SGD130.5 million (equivalent to approximately HK\$752 million).

## Financial Review

In April 2015, the Group entered into a framework agreement to agree to acquire a property in Shanghai Hongqiao Town, Minhang District at a consideration of RMB700 million subject to adjustments. The framework agreement will subsequently be replaced by a sale and purchase agreement which contains substantially the same principal terms as those in the framework agreement upon fulfillment of certain conditions. The property will be developed into a hotel building with fit-out works. The Group had paid RMB210 million and had an outstanding commitment amounted to RMB490 million (equivalent to approximately HK\$571 million) at period end.

In May 2008, the Group agreed to acquire the land development right of Nam Van site in Macau at a consideration of HK\$3,145 million. The outstanding commitment at 30 June 2016 amounted to about HK\$2,830 million.

### Charges on Assets

At the period end, bank loans to the extent of approximately HK\$2,535 million (31 December 2015: HK\$3,293 million) were secured with charges on certain assets of the Group amounting to an aggregate carrying value of HK\$13,210 million (31 December 2015: HK\$15,396 million). Out of the above secured bank loans, an aggregate amount of HK\$889 million (31 December 2015: HK\$2,637 million) was also secured by pledges of shares in certain subsidiaries.

### Contingent Liabilities

There was no material contingent liabilities of the Group at 30 June 2016.

## **Financial Risk**

The Group adopts a conservative policy in financial risk management with insignificant exposure to currency and interest rate risks. Except for the guaranteed MTN, all funds raised by the Group are on a floating rate basis. Except for the MTN of US\$400 million and bank loan of RMB230 million, the Group's outstanding borrowings were not denominated in foreign currency as at the period end. Approximately 90% of the bank deposits, cash and bank balances are denominated in Hong Kong dollar, Macau pataca and US dollar and the remaining balance mainly in Renminbi. The Group's principal operations are primarily conducted in Hong Kong dollar so the exposure to foreign exchange fluctuations is insignificant. While the Group has financial assets and liabilities denominated in the US dollar and Macau pataca, both have long been pegged to Hong Kong dollar and exposure to currency risk is therefore insignificant to the Group. The Group engages in fuel hedging and currency swap activities to minimise exposure to fluctuation 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 3,430 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

	Note	(Unaudited) 2016 HK\$'000	(Unaudited) 2015 HK\$'000
<b>Revenue</b>	3	<b>1,867,797</b>	2,127,789
Other income		<b>125,427</b>	146,643
		<b>1,993,224</b>	2,274,432
Other losses, net	4	<b>(150)</b>	(289)
Cost of inventories sold and services provided		<b>(502,481)</b>	(744,995)
Staff costs		<b>(616,451)</b>	(592,160)
Depreciation and amortisation		<b>(72,479)</b>	(77,647)
Other costs		<b>(306,470)</b>	(269,583)
Fair value changes on investment properties		<b>37,673</b>	159,035
<b>Operating profit</b>	3, 5	<b>532,866</b>	748,793
Finance costs	6	<b>(88,482)</b>	(78,177)
Share of results of joint ventures		<b>(231,949)</b>	52,269
Share of results of associates		<b>(3,704)</b>	(44,355)
<b>Profit before taxation</b>		<b>208,731</b>	678,530
Taxation	7	<b>(67,405)</b>	(60,127)
<b>Profit for the period</b>		<b>141,326</b>	618,403
<b>Attributable to:</b>			
Owners of the Company		<b>(53,027)</b>	387,190
Non-controlling interests		<b>194,353</b>	231,213
<b>Profit for the period</b>		<b>141,326</b>	618,403
<b>(Loss) /earnings per share (HK cents)</b>	9		
– basic		<b>(1.7)</b>	12.7
– diluted		<b>(1.7)</b>	12.7



# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June

	<b>(Unaudited)</b> <b>2016</b> <b>HK\$'000</b>	(Unaudited) 2015 HK\$'000
<b>Profit for the period</b>	<b>141,326</b>	618,403
<b>Other comprehensive income/(loss)</b>		
<b>Items that may be reclassified to profit or loss:</b>		
Available-for-sale investments:		
Changes in fair value	<b>(3,583)</b>	14,833
Cash flow hedges:		
Changes in fair value, net of tax	<b>57,440</b>	(24,727)
Transfer to profit or loss	<b>29,147</b>	49,479
Reversal of asset revaluation reserve upon sales of properties, net of tax	<b>(220)</b>	(4,252)
Currency translation differences	<b>(45,940)</b>	1,685
Share of currency translation differences of joint ventures	<b>(359)</b>	24
Share of currency translation differences of associated companies	<b>(15,593)</b>	(7,696)
<b>Other comprehensive income for the period, net of tax</b>	<b>20,892</b>	29,346
<b>Total comprehensive income for the period</b>	<b>162,218</b>	647,749
<b>Attributable to:</b>		
Owners of the Company	<b>(50,838)</b>	386,127
Non-controlling interests	<b>213,056</b>	261,622
<b>Total comprehensive income for the period</b>	<b>162,218</b>	647,749

## Condensed Consolidated Balance Sheet

		<b>(Unaudited)</b>	(Audited)
		<b>30 June</b>	31 December
		<b>2016</b>	2015
	Note	<b>HK\$'000</b>	HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	10	<b>2,092,791</b>	2,118,012
Investment properties	11	<b>7,925,737</b>	7,909,799
Prepaid premium for land lease and land use rights		<b>309,694</b>	318,562
Joint ventures		<b>5,570,208</b>	5,896,945
Associates		<b>1,432,696</b>	1,453,652
Intangible assets		<b>37,489</b>	38,281
Available-for-sale investments	12	<b>961,853</b>	965,552
Derivative financial instruments		<b>14,019</b>	—
Mortgage loans receivable		<b>5,231</b>	7,155
Deferred tax assets		<b>10,735</b>	19,295
Other non-current assets		<b>454,012</b>	384,375
		<b>18,814,465</b>	19,111,628
<b>Current assets</b>			
Properties for or under development		<b>9,615,251</b>	9,085,668
Inventories		<b>1,939,102</b>	1,939,039
Trade and other receivables, deposits paid and prepayments	13	<b>1,300,953</b>	1,388,777
Taxation recoverable		<b>1,257</b>	3,441
Cash and bank balances		<b>14,530,631</b>	15,857,945
		<b>27,387,194</b>	28,274,870

		<b>(Unaudited)</b>	(Audited)
		<b>30 June</b>	31 December
		<b>2016</b>	2015
	Note	<b>HK\$'000</b>	HK\$'000
<b>Current liabilities</b>			
Trade and other payables, and deposits received	13	<b>1,275,034</b>	1,433,304
Deposits received from sale of properties		<b>177,663</b>	157,665
Bank borrowings		<b>916,651</b>	4,359,495
Derivative financial instruments		<b>19,354</b>	75,026
Provision for employee benefits		<b>13,963</b>	14,250
Taxation payable		<b>109,428</b>	72,622
Loans from non-controlling interests		<b>818,253</b>	760,888
		<b>3,330,346</b>	6,873,250
<b>Net current assets</b>		<b>24,056,848</b>	21,401,620
<b>Total assets less current liabilities</b>		<b>42,871,313</b>	40,513,248
<b>Non-current liabilities</b>			
Bank borrowings		<b>7,227,973</b>	4,883,030
Medium term notes	14	<b>3,145,244</b>	3,140,170
Derivative financial instruments		—	29,115
Deferred tax liabilities		<b>1,060,974</b>	1,036,786
		<b>11,434,191</b>	9,089,101
<b>Net assets</b>		<b>31,437,122</b>	31,424,147

## Condensed Consolidated Balance Sheet

		<b>(Unaudited)</b>	(Audited)
		<b>30 June</b>	31 December
		<b>2016</b>	2015
	Note	<b>HK\$'000</b>	HK\$'000
<b>Equity</b>			
Share capital	15	<b>9,858,250</b>	9,858,250
Other reserves		<b>16,386,976</b>	16,437,957
Proposed dividends		—	60,849
<b>Equity attributable to owners of the Company</b>		<b>26,245,226</b>	26,357,056
Non-controlling interests		<b>5,191,896</b>	5,067,091
<b>Total equity</b>		<b>31,437,122</b>	31,424,147

# Condensed Consolidated Statement of Changes in Equity

## For the six months ended 30 June 2016 (unaudited)

	Equity attributable to owners of the Company										Total equity HK\$'000		
	Share capital HK\$'000	Capital reserve HK\$'000	Legal reserve HK\$'000	Special reserve HK\$'000	Investment revaluation reserve HK\$'000	Hedging reserve HK\$'000	Asset revaluation reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Proposed dividends HK\$'000		Total dividends HK\$'000	Non-controlling interests HK\$'000
At 1 January 2016	9,658,250	19,856	12,057	(151,413)	58,623	(53,575)	1,010,511	(214,600)	15,765,701	60,949	26,357,056	5,057,051	31,424,114
(Loss)/profit for the period	-	-	-	-	-	-	-	-	(53,027)	-	(53,027)	194,353	141,326
Items that may be reclassified to profit or loss:													
Available-for-sale investments:													
Changes in fair value	-	-	-	(3,393)	-	-	-	-	-	-	(3,393)	-	(3,393)
Cash flow hedges:													
Changes in fair value, net of tax	-	-	-	-	43,228	-	-	-	-	-	43,228	8,212	51,440
Transfer to profit or loss	-	-	-	-	10,676	-	-	-	-	-	10,676	18,471	29,147
Reversal of asset revaluation reserve upon sales of properties, net of tax	-	-	-	-	-	(220)	-	-	-	-	(220)	-	(220)
Currency translation differences	-	-	-	-	-	-	(37,980)	-	-	-	(37,980)	(7,980)	(45,960)
Share of currency translation differences of joint ventures	-	-	-	-	-	-	(359)	-	-	-	(359)	-	(359)
Share of currency translation differences of associate companies	-	-	-	-	-	-	(15,533)	-	-	-	(15,533)	-	(15,533)
Other comprehensive income/(loss) for the period, net of tax	-	-	-	-	(3,393)	59,904	(220)	(53,912)	-	-	2,189	18,703	20,392
Total comprehensive income/(loss) for the period	-	-	-	-	(3,393)	59,904	(220)	(53,912)	(53,027)	-	(60,338)	213,056	162,218
2015 final dividend	-	-	-	-	-	-	-	-	-	(60,949)	(60,949)	-	(60,949)
Dividend to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(87,000)	(87,000)
Transfer of reserve	-	-	12	-	-	-	-	-	(12)	-	-	-	-
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	(148)	-	(148)	(1,251)	(1,394)
	-	-	12	-	-	-	-	(155)	(60,949)	(60,949)	(60,949)	(88,251)	(149,200)
At 30 June 2016	9,658,250	19,856	12,069	(151,413)	55,040	6,229	1,010,291	(268,715)	15,703,519	-	26,245,226	5,191,695	31,437,172

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015 (unaudited)

	Equity attributable to owners of the Company										Total equity HK\$'000		
	Share capital HK\$'000	Capital reserve HK\$'000	Legal reserve HK\$'000	Special reserve HK\$'000	Investment revaluation reserve HK\$'000	Hedging reserve HK\$'000	Asset revaluation reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Proposed dividends HK\$'000		Total HK\$'000	Non-controlling interests HK\$'000
At 1 January 2015	9,668,260	28,048	10,972	(151,413)	88,054	(33,192)	1,015,275	27,802	15,055,773	502,007	26,472,176	4,689,490	31,111,666
Profit for the period	-	-	-	-	-	-	-	-	387,190	-	387,190	231,213	618,403
Items that may be reclassified to profit or loss:													
Available-for-sale investments:													
Changes in fair value	-	-	-	-	14,833	-	-	-	-	-	14,833	-	14,833
Cash flow hedges:													
Changes in fair value, net of tax	-	-	-	-	-	(26,187)	-	-	-	-	(26,187)	1,480	(24,707)
Transfer to profit or loss	-	-	-	-	-	21,078	-	-	-	-	21,078	28,401	49,479
Reversal of asset revaluation reserve upon sales of properties, net of tax	-	-	-	-	-	(4,292)	-	-	-	-	(4,292)	-	(4,292)
Currency transition differences	-	-	-	-	-	-	1,137	-	-	-	1,137	548	1,685
Share of currency transition differences of joint ventures	-	-	-	-	-	-	24	-	-	-	24	-	24
Share of currency transition differences of associated companies	-	-	-	-	-	-	(7,636)	-	-	-	(7,636)	-	(7,636)
Other comprehensive income/(loss) for the period, net of tax	-	-	-	-	14,833	(5,109)	(4,292)	(6,536)	-	-	(1,063)	30,409	29,346
Total comprehensive income/(loss) for the period	-	-	-	-	14,833	(5,109)	(4,292)	(6,536)	387,190	-	366,127	261,622	617,749
2014 final dividend	-	-	-	-	-	-	-	-	-	(60,949)	(60,949)	-	(60,949)
2014 special dividend	-	-	-	-	-	-	-	-	-	(441,158)	(441,158)	-	(441,158)
Lease of state option	-	(8,192)	-	-	-	-	-	-	8,192	-	-	-	-
Transfer of reserve	-	-	840	-	-	-	-	-	(840)	-	-	-	-
	-	(8,192)	840	-	-	-	-	-	7,352	(602,007)	(602,007)	-	(602,007)
At 30 June 2015	9,668,260	19,856	11,812	(151,413)	103,487	(38,301)	1,011,023	21,267	15,463,315	-	26,295,296	4,961,112	31,257,408

# Condensed Consolidated Cash Flow Statement

For the six months ended 30 June

	<b>(Unaudited)</b>	(Unaudited)
	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
<b>Operating activities</b>		
Cash (used in)/generated from operations	<b>(273,407)</b>	769,644
Income tax paid	<b>(2,508)</b>	(3,776)
<b>Net cash (used in)/generated from operating activities</b>	<b>(275,915)</b>	765,868
<b>Investing activities</b>		
Purchase of property, plant and equipment	<b>(57,238)</b>	(19,071)
Additions of investment properties	<b>(2,559)</b>	(67,546)
Payment for acquisition of properties	<b>(131,105)</b>	(175,000)
Repayments from joint ventures	<b>78,698</b>	75,764
Increase in bank deposits with maturities over three months	<b>(1,542,630)</b>	(2,971,731)
Interest received	<b>150,407</b>	114,117
Acquisition of additional interest in a subsidiary	<b>(1,430)</b>	–
Dividends received from available-for-sale investments	<b>166,594</b>	167,855
Dividends received from joint ventures	<b>360</b>	–
Dividends received from associates	<b>1,659</b>	–
Cash inflows from other investing activities	<b>2,840</b>	618
<b>Net cash used in investing activities</b>	<b>(1,334,404)</b>	(2,874,994)

## Condensed Consolidated Cash Flow Statement

For the six months ended 30 June

	(Unaudited) 2016 HK\$'000	(Unaudited) 2015 HK\$'000
<b>Financing activities</b>		
Drawdown of new loans	<b>3,010,341</b>	533,477
Repayments of loans	<b>(4,043,002)</b>	(1,310,864)
Finance costs (including interests and bank charges) paid	<b>(164,522)</b>	(166,899)
Dividends paid to shareholders	<b>(58,287)</b>	(15)
<b>Net cash used in financing activities</b>	<b>(1,255,470)</b>	(944,301)
<b>Net decrease in cash and cash equivalents</b>	<b>(2,865,789)</b>	(3,053,427)
<b>Effect of foreign exchange rates changes</b>	<b>(4,155)</b>	64
<b>Cash and cash equivalents at 1 January</b>	<b>7,645,644</b>	10,618,474
<b>Cash and cash equivalents at 30 June</b>	<b>4,775,700</b>	7,565,111
<b>Analysis of cash and cash equivalents</b>		
Cash and bank balances	<b>14,530,631</b>	15,726,973
Bank deposits with maturities over three months	<b>(9,754,931)</b>	(8,161,862)
<b>Cash and cash equivalents at 30 June</b>	<b>4,775,700</b>	7,565,111



# Notes to the Condensed Financial Statements

## 1 Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial statements of Shun Tak Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) 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 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

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 2015 annual financial statements except as stated in note 2 below.

The financial information relating to the year ended 31 December 2015 that is included in the consolidated interim financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

## Notes to the Condensed Financial Statements

### 1 Basis of preparation and accounting policies (Continued)

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

The Company's auditor had reported on the financial statements for the year ended 31 December 2015. 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 the condensed consolidated interim 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. 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 2015. 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 2015 annual financial statements.

## 2 Impact of new or revised HKFRS

The following amendments and interpretations that are relevant to its operations and first effective for the Group's financial year beginning on 1 January 2016:

Amendments to HKAS 1	Presentation of Financial Statements
Amendments to HKAS 27 (2011)	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
HKFRS 14	Regulatory Deferral Accounts
Annual improvement to HKFRS 2012 — 2014 Cycle	

The adoption of the above does not have any significant impact to the Group's results for the six months ended 30 June 2016 and the Group's financial position as at 30 June 2016.

## Notes to the Condensed Financial Statements

### 2 Impact of new or revised HKFRS (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 2016 and have not been early adopted:

Amendments to HKAS 7 <sup>(1)</sup>	Disclosure Initiative
Amendments to HKAS 12 <sup>(1)</sup>	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 2 <sup>(2)</sup>	Share-based Payment
HKFRS 9 (2014) <sup>(2)</sup>	Financial Instruments
HKFRS 15 <sup>(2)</sup>	Revenue from Contracts with Customers
Amendments to HKFRS 15 <sup>(2)</sup>	Revenue from Contracts with Customers
HKFRS 16 <sup>(3)</sup>	Leases
Amendments to HKFRS 10 and HKAS 28 <sup>(4)</sup>	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

<sup>(1)</sup> Effective for annual periods beginning 1 January 2017

<sup>(2)</sup> Effective for annual periods beginning 1 January 2018

<sup>(3)</sup> Effective for annual periods beginning 1 January 2019

<sup>(4)</sup> Effective date to be determined

The Group has already commenced an assessment of the impact of these new or revised HKFRS and amendments to standards, certain of them will give rise to change in presentation, disclosure and measurements of certain items in the 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, hotel management 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 2015.

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

## Notes to the Condensed Financial Statements

### 3 Segment information (Continued)

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

For the six months ended	Property	Transportation	Hospitality	Investment	Eliminations	Consolidated
30 June 2016	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue and other income</b>						
External revenue	217,730	1,100,381	362,613	187,073	—	1,867,797
Inter-segment revenue	1,955	391	22,855	—	(25,201)	—
Other income (external and excluding interest income)	1,973	13,284	953	276	—	16,486
	221,658	1,114,056	386,421	187,349	(25,201)	1,884,283
<b>Segment results</b>	54,893	213,146	43,728	166,649	—	478,416
Fair value changes on investment properties	37,673	—	—	—	—	37,673
Interest income						108,941
Unallocated net corporate expenses						(92,164)
Operating profit						532,866
Finance costs						(88,482)
Share of results of joint ventures	(218,113)	7,282	(21,118)	—	—	(231,949)
Share of results of associates	(2,559)	180	(3,520)	2,195	—	(3,704)
Profit before taxation						208,731
Taxation						(67,405)
Profit for the period						141,326

### 3 Segment information (Continued)

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

For the six months ended 30 June 2015	Property HK\$'000	Transportation HK\$'000	Hospitality HK\$'000	Investment HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
<b>Revenue and other income</b>						
External revenue	371,100	1,184,489	380,939	191,261	—	2,127,789
Inter-segment revenue	737	273	24,660	—	(25,670)	—
Other income (external and excluding interest income)	4,318	15,461	1,169	287	—	21,235
	376,155	1,200,223	406,768	191,548	(25,670)	2,149,024
<b>Segment results</b>	150,796	174,443	49,293	169,291	—	543,823
Fair value changes on investment properties	159,035	—	—	—	—	159,035
Interest income						125,408
Unallocated net corporate expenses						(79,473)
Operating profit						748,793
Finance costs						(78,177)
Share of results of joint ventures	106,078	(38,308)	(15,501)	—	—	52,269
Share of results of associates	(46,177)	410	(1,240)	2,652	—	(44,355)
Profit before taxation						678,530
Taxation						(60,127)
Profit for the period						618,403

## Notes to the Condensed Financial Statements

### 3 Segment information (Continued)

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

As at 30 June 2016	Property	Transportation	Hospitality	Investment	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Assets</b>						
Segment assets	23,315,907	4,310,492	1,731,671	1,002,311	(41,189)	30,319,192
Joint ventures	5,657,831	81,725	(169,348)	—	—	5,570,208
Associates	1,227,883	3,593	193,768	7,452	—	1,432,696
Unallocated assets						8,879,563
Total assets						46,201,659
<b>Liabilities</b>						
Segment liabilities	917,767	438,691	137,290	5,517	(41,189)	1,458,076
Unallocated liabilities						13,306,461
Total liabilities						14,764,537



### 3 Segment information (Continued)

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

As at 31 December 2015	Property HK\$'000	Transportation HK\$'000	Hospitality HK\$'000	Investment HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
<b>Assets</b>						
Segment assets	24,793,283	4,089,082	1,489,375	1,002,264	(45,966)	31,328,038
Joint ventures	5,970,013	74,804	(147,872)	—	—	5,896,945
Associates	1,246,035	4,072	198,288	5,257	—	1,453,652
Unallocated assets						8,707,863
Total assets						47,386,498
<b>Liabilities</b>						
Segment liabilities	1,047,877	483,789	154,375	7,163	(45,966)	1,647,238
Unallocated liabilities						14,315,113
Total liabilities						15,962,351

### 4 Other losses, net

For the six months ended 30 June	2016 HK\$'000	2015 HK\$'000
Net loss on disposal of property, plant and equipment	(150)	(509)
Others	—	220
	(150)	(289)

## Notes to the Condensed Financial Statements

### 5 Operating profit

	2016	2015
For the six months ended 30 June	HK\$'000	HK\$'000
<b>After crediting:</b>		
Interest income from bank deposits and others	<b>109,146</b>	125,689
Rental income from investment properties	<b>130,585</b>	94,224
Dividend income from listed investments	<b>6,577</b>	7,700
Dividend income from unlisted investments	<b>165,198</b>	166,351
<b>After charging:</b>		
Cost of inventories sold		
– properties	<b>2,786</b>	62,023
– fuel	<b>235,224</b>	360,322
– others	<b>72,435</b>	79,674
	<b>310,445</b>	502,019

## 6 Finance costs

	2016	2015
For the six months ended 30 June	HK\$'000	HK\$'000
Total finance costs incurred	166,433	169,968
Less: Amount capitalised in properties for or under development and hotel building under construction	(77,951)	(91,791)
	<b>88,482</b>	78,177

## 7 Taxation

	2016	2015
For the six months ended 30 June	HK\$'000	HK\$'000
<b>Current taxation</b>		
Hong Kong profits tax	34,358	24,868
Overseas taxation	7,159	18,264
	<b>41,517</b>	43,132
<b>Deferred taxation</b>		
Origination and reversal of temporary differences	25,888	16,995
	<b>67,405</b>	60,127

Hong Kong profits tax is provided for at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits for the period. Overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

## Notes to the Condensed Financial Statements

### 8 Interim dividend

The Board has resolved not to declare an interim dividend in respect of the six months ended 30 June 2016 (2015: nil).

### 9 (Loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on loss attributable to owners of the Company of HK\$53,027,000 (2015: profit of HK\$387,190,000) and the weighted average number of 3,042,465,785 shares (2015: 3,042,465,785 shares) in issue during the period.

The calculation of diluted (loss)/earnings per share is based on loss attributable to owners of the Company of HK\$53,027,000 (2015: profit of HK\$387,190,000) and the weighted average number of 3,042,465,785 shares (2015: 3,042,650,216 shares) in issue during the period after adjusting for the effects of all dilutive potential ordinary shares.

## 9 (Loss)/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 (loss)/earnings per share and the diluted (loss)/earnings per share are as follows:

	(Loss)/profit attributable to owners of the Company		Weighted average number of shares	
	2016 HK\$'000	2015 HK\$'000	2016	2015
For the six months ended 30 June				
(Loss)/profit/number of shares for the purpose of basic (loss)/earnings per share	(53,027)	387,190	3,042,465,785	3,042,465,785
Effect of dilutive potential ordinary shares – share options	—	—	—	184,431
(Loss)/profit/number of shares for the purpose of diluted (loss)/earnings per share	(53,027)	387,190	3,042,465,785	3,042,650,216

## Notes to the Condensed Financial Statements

### 10 Property, plant and equipment

During the period, additions to property, plant and equipment mainly comprised property of HK\$23,393,000 and repairable spare parts and engines of HK\$21,954,000 (2015: property of HK\$28,424,000). In the same period, net book value of property, plant and equipment disposed of amounted to HK\$168,000 (2015: HK\$592,000).

### 11 Investment properties

A revaluation of all investment properties was performed on 30 June 2016 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.

### 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 day 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 2016 HK\$'000	31 December 2015 HK\$'000
0 - 30 days	113,595	100,286
31 - 60 days	18,343	108,182
61 - 90 days	1,511	3,700
over 90 days	6,557	7,275
	<b>140,006</b>	219,443

## Notes to the Condensed Financial Statements

### 13 Trade receivables and payables (Continued)

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

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
0 - 30 days	699,402	742,406
31 - 60 days	4,357	4,246
61 - 90 days	4,861	3,117
over 90 days	1,193	3,033
	<b>709,813</b>	752,802

### 14 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 million (approximately HK\$3,103 million) 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 2016, the market value of the Notes was HK\$3,304,531,000 (31 December 2015: HK\$3,278,394,000).

The Group uses cross-currency swaps to hedge against the foreign currency risk in respect of medium term notes denominated in United State dollar ("US\$") with aggregate principal amount of US\$400 million at 30 June 2016.



## 15 Share capital

	30 June 2016		31 December 2015	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Issued and fully paid:				
Ordinary shares	3,042,465,785	9,858,250	3,042,465,785	9,858,250

## 16 Charges on assets

At 30 June 2016, bank borrowings to the extent of approximately HK\$2,534,625,000 (31 December 2015: HK\$3,292,526,000) were secured with charges on certain assets of the Group amounting to an aggregate carrying value of HK\$13,209,700,000 (31 December 2015: HK\$15,395,818,000). Out of the above secured bank borrowings, an aggregate amount of HK\$889,000,000 (31 December 2015: HK\$2,637,496,000) was also secured by pledges of shares of certain subsidiaries.

## Notes to the Condensed Financial Statements

### 17 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	2016 HK\$'000	2015 HK\$'000
<b>STDM Group</b>	(i)		
Dividend income from STDM		<b>164,557</b>	165,902
Ferry tickets sold (after discount) to STDM Group		<b>56,930</b>	64,754
Fees received from STDM Group for provision of hospitality management and related services		<b>15,940</b>	15,843
Fees received from STDM Group for provision of property related services		<b>2,361</b>	2,035
Fees received from STDM Group for provision of business support services		<b>2,481</b>	2,650
Rental and related expenses paid to STDM Group		<b>13,684</b>	13,500
Fuel purchased from STDM Group for Macau shipping operations		<b>94,820</b>	127,425
Amount reimbursed by STDM Group for staff expenses and administrative resources shared		<b>22,615</b>	17,178
Revenue of duty free goods sold on board collected for STDM		<b>5,867</b>	5,980

## 17 Significant related party transactions (Continued)

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

		2016	2015
For the six months ended 30 June	Note	HK\$'000	HK\$'000
<b>Shun Tak Centre Limited ("STC")</b>	(ii)		
Rental and related expenses paid to STC		5,145	4,126
<b>Joint ventures</b>	(iii)		
Interest income from a joint venture		2,287	3,428
Ferry passengers handling fees received on behalf of a joint venture		10,439	14,153
Amounts paid to a joint venture in respect of the Chatham Gate redevelopment project for related construction cost and preliminary works		115	115
<b>Associates</b>			
Insurance premium paid to an associate		23,314	22,667
Fuel costs paid to an associate		15,066	31,788
<b>Key management personnel</b>			
Directors' emoluments			
– Salaries and other short-term employee benefits		15,034	14,559
– Provident fund contributions		732	707

## Notes to the Condensed Financial Statements

### 17 Significant related party transactions (Continued)

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

		30 June 2016 HK\$'000	31 December 2015 HK\$'000
	Note		
<b>STDM Group</b>	(i)		
Net receivable from STDM Group	(iv)	<b>24,931</b>	30,328
<b>Joint ventures</b>			
Amount due by a joint venture	(iii)	<b>61,370</b>	140,683
Amounts due to joint ventures	(iii)	<b>15,908</b>	107,261
Construction costs payable to a joint venture		<b>6,015</b>	6,015
<b>Associates</b>			
Amounts due by associates	(v)	<b>35,301</b>	36,069
<b>Key management personnel</b>			
Loan from non-controlling interest in which Dr. Stanley Ho has beneficial interests	(vi)	<b>39,161</b>	39,161
Deposit paid by a subsidiary to Sai Wu Investment Limited ("Sai Wu")	(vii)	<b>500,000</b>	500,000

## 17 Significant related party transactions (Continued)

Notes:

- (i) Dr. Stanley Ho, Mrs. Louise Mok, Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho and Mr. David Shum, Directors of the Company, have beneficial interests in STD. Dr. Stanley Ho and Ms. Pansy Ho are directors of STD. Ms. Daisy Ho is an appointed representative of Lanceford Company Limited, which is a corporate director of STD. Mr. David Shum is an appointed representative of the Company, which is a corporate director of STD.
- (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) Amounts due to joint ventures are unsecured, non-interest bearing and with no fixed term of repayment.

Amount due by a joint venture is unsecured and has no fixed term of repayment. Amount of HK\$60,686,000 (31 December 2015: HK\$136,669,000) carries interest at HIBOR plus 3% (31 December 2015: HIBOR plus 3%) per annum. The related interest income for the first half of 2016 amounted to HK\$2,287,000 (2015: HK\$3,428,000).

- (iv) Net receivable from STD Group comprises trade and other receivables and payables.
- (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, holding 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. Shareholders' loans are 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 other independent third parties, to acquire the interest in the land development right in respect of the property sites adjoining the Macau Tower in Nam Van, Macau. The refundable deposit of HK\$500 million 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 extended to on or before 31 December 2016.

## Notes to the Condensed Financial Statements

### 18 Commitments

#### (a) Capital commitments

		30 June 2016 HK\$'000	31 December 2015 HK\$'000
	Note		
Contracted but not provided for			
Property, plant and equipment	(i)	982,730	49,959
Building	(ii)	578,999	631,253
Investment properties		910	2,313
		<b>1,562,639</b>	683,525
Capital contribution to			
Joint ventures		—	9,028
An associate		18,950	18,022
		<b>18,950</b>	27,050

#### Notes:

- (i) In May 2016, the Group received the acceptance letter on the tender submitted to acquire the property located in Singapore for a consideration of SGD145 million (approximately HK\$835 million). At 30 June 2016, the Group had paid SGD14.5 million (approximately HK\$83 million) and had an outstanding commitment of SGD130.5 million (equivalent to approximately HK\$752 million). The acquisition was completed on 22 August 2016.
- (ii) In April 2015, the Group entered into a framework agreement to agree to acquire a property in Shanghai Hongqiao Town, Minhang District at a consideration of RMB700 million subject to adjustments. The framework agreement will subsequently be replaced by a sale and purchase agreement which contains substantially the same principal terms as those in the framework agreement upon fulfillment of certain conditions. At 30 June 2016, the Group had paid RMB210 million and had an outstanding commitment of RMB490 million (equivalent to approximately HK\$571 million). The remaining outstanding commitment of HK\$8 million represents costs related to the property acquisition.

## **18 Commitments** (Continued)

### **(b) Property development commitments**

The Group had outstanding commitments of HK\$5,804 million (31 December 2015: HK\$4,701 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 2015: HK\$3,080 million) in cash and issue of 148,883,374 (31 December 2015: 148,883,374) ordinary shares of the Company for the conditional acquisitions of the interests in the land development rights in respect of the property sites adjoining the Macau Tower in Nam Van, Macau.

## **19 Contingent liabilities**

There are no material changes in contingent liabilities of the Group since 31 December 2015.

## **20 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 2015 annual financial statements.

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

## Notes to the Condensed Financial Statements

### 20 Financial instruments (Continued)

#### Financial risk management (Continued)

##### 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).

	Level 1	Level 2	Level 3	Total
At 30 June 2016	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Assets/(liabilities)</b>				
Derivatives used for hedging				
– cross-currency swaps	—	14,019	—	14,019
– fuel swap contracts	—	(19,354)	—	(19,354)
Available-for-sale investments				
– equity securities	135,073	—	—	135,073
– investment funds	14	11,169	—	11,183
<b>Total assets, net</b>	<b>135,087</b>	<b>5,834</b>	<b>—</b>	<b>140,921</b>



## 20 Financial instruments (Continued)

### Financial risk management (Continued)

#### Fair value estimation (Continued)

	Level 1	Level 2	Level 3	Total
At 31 December 2015	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Assets/(liabilities)</b>				
Derivatives used				
for hedging				
– cross-currency swaps	—	(29,115)	—	(29,115)
– fuel swap contracts	—	(75,026)	—	(75,026)
Available-for-sale				
investments				
– equity securities	137,927	—	—	137,927
– investment funds	14	12,014	—	12,028
<b>Total assets/ (liabilities), net</b>				
	137,941	(92,127)	—	45,814

## Notes to the Condensed Financial Statements

### 20 Financial instruments (Continued)

#### Financial risk management (Continued)

##### Fair value estimation (Continued)

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.

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

During the six months ended 30 June 2016, 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.

## Other Information

### (1) Disclosure of Directors' Interests

As at 30 June 2016, 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 of 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 (iii)	4.89%
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%
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	161,865,937	363,798,627 (iv)	17.28%
	Interests in issued shares	—	65,040,000 (vi)	2.14%
	Interests in unissued shares	—	148,883,374 (iii)	4.89%
Ms. Daisy Ho	Interests in issued shares	80,636,345	134,503,471 (v)	7.07%
	Interests in issued shares	—	65,040,000 (vi)	2.14%
	Interests in unissued shares	—	148,883,374 (iii)	4.89%
Ms. Maisy Ho	Interests in issued shares	38,901,203	31,717,012 (vii)	2.32%
Mr. David Shum	Interests in issued shares	5,660,377	—	0.19%

## Other Information

### Notes:

- (i) *As at 30 June 2016, the total number of issued shares of the Company was 3,042,465,785.*
- (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 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.*
- (iv) *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.*
- (v) *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.*
- (vi) *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.*
- (vii) *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.*

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

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

*Note:*

- (i) *As at 30 June 2016, 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**

<b>Name of Director</b>	<b>Name of company</b>	<b>Corporate interests</b>	<b>Percentage of total issued shares</b> Note (i)
Ms. Pansy Ho	Shun Tak & CITS Coach (Macao) Limited	1,500 shares	15.00%

*Note:*

- (i) *As at 30 June 2016, there was a total of 10,000 shares of Shun Tak & CITS Coach (Macao) Limited in issue.*

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

## Other Information

Save as disclosed in sub-paragraphs (1)(a) to (1)(c) 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 2016.

### (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. Thereafter, no further option has been granted under the 2002 Share Option Scheme but the subsisting options granted thereunder prior to the expiry date will continue to be valid and exercisable in accordance with the terms of the 2002 Share Option Scheme.

No share option was granted under the 2012 Share Option Scheme since its adoption. 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	
					At 1 January 2016	At 30 June 2016
Mr. Norman Ho	(i)	29 March 2011	29 March 2011 to 27 March 2021	3.86	1,132,124	1,132,124
Mr. Charles Ho	(i)	29 March 2011	29 March 2011 to 27 March 2021	3.86	1,132,124	1,132,124
Mrs. Louise Mok	(i)	29 March 2011	29 March 2011 to 27 March 2021	3.86	1,132,124	1,132,124
Total					3,396,372	3,396,372

Notes:

- (i) These share options were vested on 29 March 2011.
- (ii) During the period, no share options under the 2002 Share Option Scheme were exercised, cancelled or lapsed.

Save as disclosed above, as at 30 June 2016, 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.

## Other Information

### (3) Substantial Shareholders' and Other Persons' Interests

As at 30 June 2016, 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 shares 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	16.46%
Oakmount Holdings Limited ("Oakmount")	(ii)	Interests in issued shares	Beneficial owner	Long position	396,522,735	13.03%
Shun Tak Shipping Company, Limited ("STS") and its subsidiaries	(iii)	Interests in issued shares	Beneficial owner and interests of controlled corporation	Long position	373,578,668	12.28%
Beeston Profits Limited ("BPL")	(iv)	Interests in issued shares	Beneficial owner	Long position	184,396,066	6.06%
Classic Time Developments Limited ("CTDL")	(iv)	Interests in issued shares	Beneficial owner	Long position	179,402,561	5.90%
Megaprospere Investments Limited ("MIL")	(v)	Interests in issued shares	Interest of controlled corporation	Long position	65,040,000	2.14%
	(vi)	Interests in unissued shares	Interest of controlled corporation	Long position	148,883,374	4.89%



Notes:

- (i) As at 30 June 2016, the total number of issued shares of the Company was 3,042,465,785.
- (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. 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 in and is a director of BPL and CTDL.
- (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, a wholly-owned subsidiary of MIL.
- (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.

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 2016.

### **Purchase, Sale or Redemption of Listed Securities**

During the six months ended 30 June 2016, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## Other Information

### Corporate Governance Code

The Board of the Company 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 six months ended 30 June 2016, except for code provision E.1.2 which requires the chairman of the board to attend the annual general meeting. The Group Executive Chairman of the Company was absent from the Company's annual general meeting held on 7 June 2016. The Managing Director (also chairman of the executive committee), the Deputy Managing Director and other Directors, together with the chairmen and members of the audit, nomination, remuneration and executive committees, were available during the meeting to answer any shareholders' questions regarding activities of the Company and its Board committees.

### Model Code for Securities Transactions by Directors

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 2016.

## Changes in Directors' Information

Changes in Directors' information since 23 March 2016, the date to which the 2015 annual report of the Company was made up, that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Name of Director	Details of changes
Ms. Daisy Ho	<ul style="list-style-type: none"><li>Appointed as Governor of Council of The Canadian Chamber of Commerce in Hong Kong and ceased to be its Head of Governor in April 2016.</li></ul>
Ms. Maisy Ho	<ul style="list-style-type: none"><li>Awarded the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region on 1 July 2016.</li><li>Appointed as the advisory board member of Tung Wah Group of Hospitals and ceased to be its chairman on 1 April 2016.</li><li>Ceased to be the president of Hong Kong Institute of Real Estate Administrators with effect from 28 June 2016.</li><li>Ceased to be the honorary vice chairman of Hong Kong United Youth Association with effect from 30 June 2016.</li><li>Ceased to be the vice-chairman of Liaoning Youth Federation in 2016.</li></ul>

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 of the Group for the six months ended 30 June 2016 have been reviewed by the audit committee of the Company. At the request of the Directors of the Company, 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, 30 August 2016

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





信德集團

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