2015

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

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

CONTENTS

Past Performance and Forward Looking Statements

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

OUR WORLD. A CLASS ABOVE.

卓越打造 超凡國度

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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr. Stanley Ho
Group Executive Chairman

Mr. Norman Ho
Independent Non-Executive Director

Mr. Charles Ho
Independent Non-Executive Director

Mr. Michael Ng
Independent Non-Executive Director

Mr. Kevin Yip
Independent Non-Executive Director

Mrs. Louise Mok
Non-Executive Director

Ms. Pansy Ho
Managing Director

Ms. Daisy Ho
Deputy Managing Director

Ms. Maisy Ho
Executive Director

Mr. David Shum
Executive Director

Mr. Rogier Verhoeven
Executive Director

AUDIT COMMITTEE

Mr. Norman Ho *(Chairman)*
Mrs. Louise Mok
Mr. Michael Ng

REMUNERATION COMMITTEE

Mr. Michael Ng *(Chairman)*
Mr. Norman Ho
Mr. Charles Ho
Ms. Pansy Ho
Ms. Daisy Ho

NOMINATION COMMITTEE

Mr. Charles Ho *(Chairman)*
Mr. Norman Ho
Mr. Michael Ng
Ms. Pansy Ho
Ms. Daisy Ho

COMPANY SECRETARY

Ms. Angela Tsang

REGISTERED OFFICE

Penthouse 39th Floor, West Tower
Shun Tak Centre
200 Connaught Road Central
Hong Kong
Tel: (852) 2859 3111
Fax: (852) 2857 7181
Website: www.shuntakgroup.com
E-mail: enquiry@shuntakgroup.com

AUDITOR

PricewaterhouseCoopers

SOLICITOR

Norton Rose

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Bank of China, Macau Branch
Hang Seng Bank Limited
Crédit Agricole Corporate & Investment Bank
The Bank of Nova Scotia
Nanyang Commercial Bank, Ltd.

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

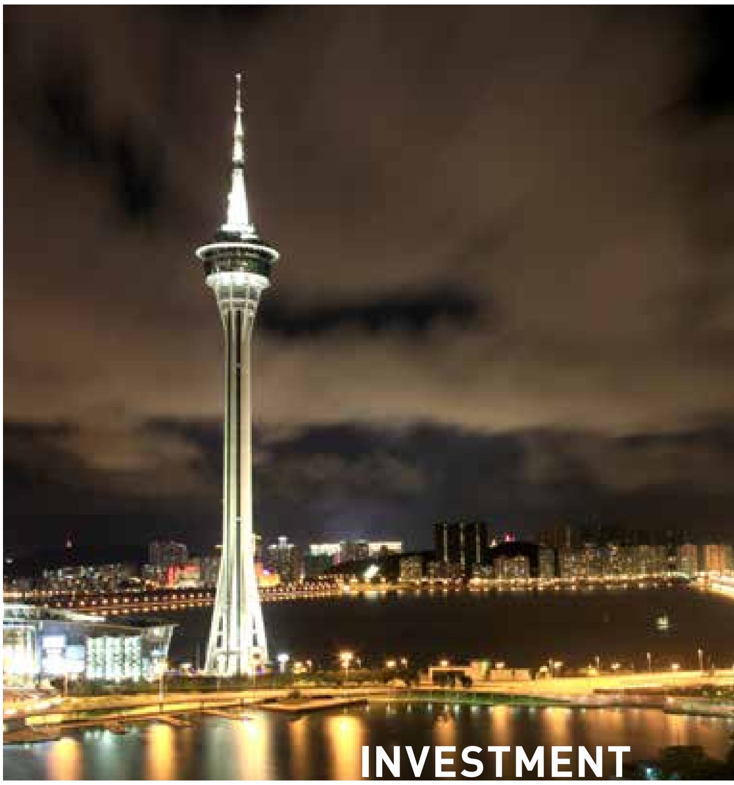
ADR DEPOSITARY

The Bank of New York Mellon

SHARE LISTING

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

CORPORATE PROFILE



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

PROPERTY

The Group has a prominent and successful track record in the Macau and Hong Kong property markets. The Group owns one of the largest developable floor areas in Macau among Hong Kong listed companies. It is an important player in Macau's property market with a host of property development projects, and has recently expanded its footprint in the Greater China real estate market through investments in Tongzhou and Dong Zhi Men in Beijing, Minhang and Lingang in Shanghai, as well as Hengqin in Zhuhai.

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

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

The Group plays a prominent role in the Hong Kong property market with a portfolio comprising commercial, residential and retail property ventures. The Group's signature residential projects in Hong Kong include The Belcher's, liberté and Chatham Gate.

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

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

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

In 2015, the Group agreed to acquire a hotel property in Shanghai as part of the Shanghai MixC integrated commercial development project. The property will be developed into an 8-storey hotel building spanning 30,000 square meters of gross floor area. When completed, the hotel property will be operated by the Group's hotel management subsidiary, Artyzen Hospitality Group ("AHG"), to extend two hotel product offerings.

The Group currently provides property management services to 22 million square feet of residential, commercial and industrial properties across Hong Kong and Macau.

TRANSPORTATION

The Group's origin dates back to 1961 with the inauguration of a passenger ferry service between Hong Kong and Macau. In a strategic move in 1999 to strengthen its shipping business and expand its market share, the Group successfully merged its shipping operation with that of CTS Parkview Holdings Limited to create a combined entity under the brand name "TurboJET". TurboJET, operated and managed by Shun Tak – China Travel Shipping Investments Limited, offers passengers speedy, reliable and comfortable sea travel services across major destinations within the Pearl River Delta ("PRD"), linking major cities such as Hong Kong, Macau, Shenzhen, Nansha and Shekou.

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

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

On land, the Group's joint venture company, Shun Tak & CITS Coach (Macao) Limited, has an operating fleet of 136 vehicles, providing local and cross-boundary coach services between various mainland cities and Macau.

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

HOSPITALITY

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

As part of the Group's One Central development project, the new Mandarin Oriental Hotel comprising 213 guest rooms was opened in June 2010, boasting fine elegance and bespoke services. The 208-room Grand Coloane Resort, formerly Westin Resort Macau, is a lavish boutique resort on the beautiful shores of Coloane Island overlooking the Hac Sa Wan (also known as Hac Sa Beach) and the South China Sea.

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

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

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

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

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

INVESTMENT

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

Macau Matters Company Limited, the Group's retail arm, operates the "Toys"R"Us" in Macau to match the demand from local youngsters and tourists. Apart from the flagship store at Macau Tower, it also runs a second outlet in the centre of the Macau Peninsular near Senado Square.

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

MANAGEMENT PROFILE

DR. STANLEY HO
G.B.M., G.B.S.
Group Executive Chairman
aged 94

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

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

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

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

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

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

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

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

Dr. Stanley Ho is the father of Ms. Pansy Ho, the managing director of the Company, Ms. Daisy Ho, the deputy managing director of the Company, and Ms. Maisy Ho, an executive director of the Company. He is also the brother of Mrs. Louise Mok, a non-executive director of the Company.

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

MR. NORMAN HO

F.C.P.A., B.A., A.C.A.
Independent Non-Executive Director
aged 60

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

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

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

In the past three years, he was also an independent non-executive director of Shihua Development Company Limited up to 25 August 2013, which is listed on the Main Board of the Stock Exchange.

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

MR. CHARLES HO

Independent Non-Executive Director
aged 66

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

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

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

MR. MICHAEL NG

Independent Non-Executive Director
aged 57

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

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

Mr. Michael Ng has substantial experience in corporate and financial management of listed companies in Hong Kong. In the past, he was an executive director and chief executive officer of Viva China Holdings Limited, which is listed on the Growth Enterprise Market of the Stock Exchange, up to 30 August 2012. Mr. Michael Ng was also an executive director of HKC (Holdings) Limited and China Travel International Investment Hong Kong Limited, which are listed on the Main Board of the Stock Exchange.

MR. KEVIN YIP

Independent Non-Executive Director
aged 51

Mr. Yip Ka Kay, Kevin ("Mr. Kevin Yip") was appointed as an independent non-executive director of the Company in October 2015.

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

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

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

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

MRS. LOUISE MOK

Non-Executive Director
aged 87

Mrs. Mok Ho Yuen Wing, Louise ("Mrs. Louise Mok") has been a non-executive director of the Company since 1999. She is also a member of the audit committee of the Company.

Mrs. Louise Mok is the sister of Dr. Stanley Ho, the Group Executive Chairman. She is also the aunt of Ms. Pansy Ho, the managing director of the Company, Ms. Daisy Ho, the deputy managing director of the Company, and Ms. Maisy Ho, an executive director of the Company.

MS. PANSY HO

JP
Managing Director
aged 53

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

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

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

In China, Ms. Pansy Ho is a standing committee member of Beijing Municipal Committee of the Chinese People's Political Consultative Conference, Vice President of Chamber of Women of All-China Federation of Industry & Commerce, a standing committee member of All-China Federation of Industry & Commerce and a vice president of its Chamber of Tourism. In Macau, she is Vice President of the Board of Directors of Macao Chamber of Commerce, the Vice Chairperson of Macao Convention & Exhibition Association, a member of the Government of Macau SAR Tourism Development Committee, the Chairperson of Global Tourism Economy Research Centre, and the Vice Chairman and Secretary-General of Global Tourism Economy Forum. Internationally, she is also an executive committee member of World Travel & Tourism Council.

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

Ms. Pansy Ho is the daughter of Dr. Stanley Ho, the Group Executive Chairman, as well as the sister of Ms. Daisy Ho and Ms. Maisy Ho, who are the deputy managing director and an executive director of the Company respectively. She is also a niece of Mrs. Louise Mok, a non-executive director of the Company.

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

MS. DAISY HO

Deputy Managing Director
aged 51

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

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

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

Ms. Daisy Ho is Vice President and an executive committee member of The Real Estate Developers Association of Hong Kong, a member of the Hong Kong Institute of Real Estate Administrators, a Vice President of Macao Association of Building Contractors and Developers, a life member of Macao Chamber of Commerce, a fellow of The Hong Kong Institute of Directors, Head of Governor of Council of The Canadian Chamber of Commerce in Hong Kong, Deputy Chief Commissioner cum Honorary Vice President of the Hong Kong Girl Guides Association, Chairman of The Hong Kong Ballet Ltd, Chairman cum Director of University of Toronto (Hong Kong) Foundation Limited and Chairman of its Scholarship Selection Committee, Vice-chairman of Po Leung Kuk, Dean's International Advisory Committee Member of Joseph L. Rotman School of Management - University of Toronto and Member of Advisory Council of the Canadian International School of Hong Kong.

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

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

Ms. Daisy Ho is the daughter of Dr. Stanley Ho, the Group Executive Chairman, and the sister of Ms. Pansy Ho, the managing director of the Company, and Ms. Maisy Ho, an executive director of the Company. She is also a niece of Mrs. Louise Mok, a non-executive director of the Company.

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MS. MAISY HO

Executive Director
aged 48

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

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

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

In Hong Kong, Ms. Maisy Ho is the chairman of Tung Wah Group of Hospitals, member of Hospital Governing Committee of Queen Elizabeth Hospital, honorary vice chairman of Hong Kong United Youth Association, president of Hong Kong Institute of Real Estate Administrators, committee member and vice chairman of Young Executive Committee of The Chinese General Chamber of Commerce, honorary vice president of The Hong Kong Girl Guides Association and member of board of trustees of New Asia College, The Chinese University of Hong Kong. Ms. Maisy Ho is also a holder of Estate Agent's Licence (Individual).

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

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

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

Ms. Maisy Ho is the daughter of Dr. Stanley Ho, the Group Executive Chairman, and the sister of Ms. Pansy Ho, the managing director of the Company, and Ms. Daisy Ho, the deputy managing director of the Company. She is also a niece of Mrs. Louise Mok, a non-executive director of the Company.

MR. DAVID SHUM

Executive Director
aged 61

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

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

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

MR. ROGIER VERHOEVEN

Executive Director
aged 53

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

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

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

FINANCIAL HIGHLIGHTS AND DIVIDEND SCHEDULE

FINANCIAL HIGHLIGHTS

	2015 (HK$'000)	2014 (HK$'000)
Revenue	**4,405,312**	9,538,561
Profit attributable to owners of the Company	**744,670**	4,452,909
Total equity	**31,424,147**	31,111,666
Earnings per share (HK cents)		
– basic	**24.5**	147.0
– diluted	**24.5**	143.5
Dividends per share (HK cents)	**2.0**	21.5
Net asset value per share (HK$)	**10.3**	10.2

The calculation of basic earnings per share is based on the weighted average number of 3,042,465,785 shares (2014: 3,028,195,718 shares) in issue during the year. The calculation of diluted earnings per share is based on the weighted average number of 3,042,465,785 shares (2014: 3,127,695,419 shares) in issue after adjusting for the effects of all dilutive potential ordinary shares.

DIVIDEND SCHEDULE

Announcement of final dividend	23 March 2016
Deadline for lodgement of all transfers	4:30 p.m. on 31 May 2016
Closure of register of members (for determining shareholders' eligibility to attend and vote at Annual General Meeting)	1 June 2016 to 7 June 2016, both days inclusive
Annual General Meeting	7 June 2016
Deadline for lodgement of all transfers	4:30 p.m. on 13 June 2016
Closure of register of members (for determining shareholders' entitlement to the final dividend)	14 June 2016 to 16 June 2016, both days inclusive
Expected posting date of dividend warrants to shareholders	27 June 2016

SIGNIFICANT EVENTS

2015

FEBRUARY

- TurboJET received "Hang Seng Pan Pearl River Delta Environmental Awards 2013/14 - Green Medal" from the Federation of Hong Kong Industries.
- Mandarin Oriental, Macau was awarded "Triple Five Star Hotel, Restaurant & Spa" by Forbes Travel Guide 2015.

MARCH

TurboJET received "Manpower Developer Award Scheme" – "Manpower Developer Award (2015-17)" from Employees Retraining Board.

APRIL

- The Group agreed to acquire a hotel property at Shanghai MixC integrated commercial development project, which will be operated and managed by Artyzen Hospitality Group under the brands of Artyzen Habitat and citizenM.
- Mandarin Oriental, Macau received "Best Luxurious Hotels of China" from China Hotel Starlight Awards 2015.

MAY

Grand Coloane Resort and Grand Lapa hotel received "Certificate of Excellence 2015" from TripAdvisor.

JUNE

The Group launched the last round of residential sale for Nova Park.

JULY

TurboJET spearheaded the organization of a six-month "Macau Port-Pourri" tourism promotion campaign in collaboration with Macau Government Tourist Office and trade partners, in a bid to drive visitor arrivals and revive Macau's tourism market.

AUGUST

TurboJET was conferred "Hong Kong Premier Service Brand Award" by Hong Kong Brand Development Council and The Chinese Manufacturers' Association of Hong Kong.

SEPTEMBER

The Group was selected as one of the constituents of Hang Seng Corporate Sustainability Benchmark Index for the fifth consecutive year.

OCTOBER

- Hong Kong SkyCity Marriott Hotel was named "Asia's Leading Airport Hotel 2015" by World Travel Awards.
- TurboJET was awarded tender to manage Tuen Mun Ferry Terminal and operate passenger ferry services between Tuen Mun and Macau, and ports in the Pearl River Delta.

NOVEMBER

Shun Tak Holdings (Macau) Limited was conferred "Corporate Social Responsibility - Excellence Award" in Business Awards of Macau 2015 by Charity Association of Macau Business Readers and media group De Ficção Multimedia Projects.

2016

JANUARY

- TurboJET launched ferry services between Tuen Mun and Macau Outer Harbour Ferry Terminal as well as Tuen Mun and Shenzhen Fuyong Airport, further expanding its service network in the Pearl River Delta region.
- TurboJET launched a land transfer service at Tuen Mun Ferry Terminal to connect passengers to Hong Kong International Airport (HKIA), enabling greater convenience and flexibility for passengers to travel between Macau and HKIA.

FEBRUARY

The Group announced the official launch of "The Chung Hom Kok Collection" comprising five luxury stand-alone houses.

CHAIRMAN'S STATEMENT

Dear Shareholders,

2015 has been a year clouded by operating headwinds and outlook uncertainties. A slate of external factors, including weakened economy in China, Renminbi devaluation, volatility in equity market and heightened competition from regional destinations, have all compounded pressure on the Group's businesses. Nonetheless, integral to our management philosophy is the commitment towards building operational fundamentals, brand appeal and customer loyalty, which have paid off well in such challenging periods. Profit attributable to shareholders of the Company for the year ended 31 December 2015 was HK745 million (2014: HK4,453 million). Basic earnings per share were HK24.5 cents (2014: HK147.0 cents). Subject to approval by our shareholders at the Annual General Meeting scheduled for 7 June 2016, the Directors recommend a final dividend of HK2.0 cents per share (2014: a final dividend of HK2.0 cents per share and a special dividend of HK14.5 cents per share); no interim dividend (2014: HK5.0 cents per share) was declared by the Directors during the year, bringing total dividend in respect of the year ended 31 December 2015 to HK2.0 cents per share (2014: HK21.5 cents) .

In Hong Kong, the property market began to show signs of fatigue from early 2015 followed by a more noticeable correction towards the end of year, reflected both in terms of transactional volume and prices. In Macau, the situation has been more pronounced against a backdrop of subdued gaming industry performance. In spite of the challenging environment, market's purchasing power has been maintained as economic fundamentals remain satisfactory. As a result, the Group has carefully paced its sales launches, and has successfully sold 118 units of Nova Park at encouraging prices, which is a clear testimony to homebuyers' confidence in the consistent quality delivered by our brand.

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 8-storey hotel property will comprise 491 rooms scheduled for completion by the third quarter of 2017, to be managed by the Group's hotel management subsidiary, Artyzen Hospitality Group. With the dynamic pipeline of tourism developments in Shanghai and the recognized strength of our partner, the Group perceives long term potential in this investment.

Looking ahead in 2016, the property division will be focusing its sales efforts on five ultra luxurious houses making up the Chung Hom Kok Collection in Hong Kong, as well as the pre-sale arrangements for Phase 5, the last phase, of our Nova City development in Taipa Macau. Although economic conditions are expected to remain trying, these properties possess unique features which are rarely available in the market. The Group will stay responsive to market sentiment in order to flexibly adjust its sales strategy accordingly.

In China, three major projects, namely Beijing Tongzhou Integrated Development Project, Hengqin Integrated Development Project and Shun Tak Tower, are progressing satisfactorily. These integrated properties will bear the signatures of our Group's well-rounded lifestyle offerings, extending our footprints in China and generating recurrent cash flow with secure and stable returns for the future.

Over the past decade, we have remained resolute in our commitment to build the capacity for a well-connected maritime system across Pearl River Delta as well as harnessing intermodal connectivity to facilitate economic integration within the region. We have also succeeded in redefining the standard of sea travel, always going the extra mile to offer unprecedented convenience and service excellence.

This year, TurboJET introduced a number of new upgrades to its services. We completed our Premier fleet upgrade in February 2015, now operating 8 vessels that run at 30-minute intervals. During the same month, we introduced a new vehicle fleet that extends land transfer service, known as Premier Plus, which is extended on a complimentary basis to Premier Grand class passengers. In early 2016, we have further launched a new Premier Lounge at Shun Tak Centre. As we strive to create added value for our passengers, we are delighted to report a 26% increase in Premier Grand business.

In October 2015, TurboJET was awarded through open tender the management contract of Hong Kong Tuen Mun Ferry Terminal, the fourth port operation under its management. The facility commenced operation in January 2016 with routes to Macau and Shenzhen Airport. Tuen Mun is centrally located within the Pearl River Delta maritime system, and will play a key role in the company's overall network expansion strategy. At the same time, TurboJET is solidifying operational plans for the future permanent Taipa Ferry Terminal.

Following years of rapid growth, the hospitality division has been burdened by a number of socioeconomic factors, predominantly from China's austerity drive and a weaker Renminbi. In Macau, the situation is compounded by price competitions resulting from a significant expansion in luxury hotel supply within the year. While visitor arrival number has only declined marginally as compared with 2014, the impact is more evidently seen in declining retail sales, average hotel room rate and occupancy rate.

Amid the challenging climate, our new hotel management arm, Artyzen Hospitality Group, has made

encouraging progress. It has started to provide non-branded management services to Grand Lapa hotel and Grand Coloane Resort, and has secured a number of hotel management contracts. These include the first citizenM hotel located in Ximending Taipei, which is expected to come online in 2017, a 303-room citizenM hotel and a 188-room Artyzen Habitat hotel as part of Shanghai MixC development, scheduled for launch in the first quarter of 2018, as well as a 300-room Artyzen Hotel and Resort, and a 350-room Artyzen Habitat hotel, both scheduled to open in 2021 as part of Shanghai Lingang New City.

In 2015, the investment division registered a significant decline in profit, underscored by receded dividend payments from Sociedade de Turismo e Diversões de Macau, S.A. While Macau's gaming performance has shown signs of stabilization in early 2016, the Group expects income to remain on par with the current level until new growth catalysts, such as cross-regional mega infrastructures, are launched to provide new stimulus for visitor arrivals.

As we enter 2016 facing considerable challenges, we remain firmly convinced that the Group will exercise prudence and solid judgment upon the back of its profound experience to navigate through cyclical troughs while finding opportunities along the way. On behalf of all directors, I would like to thank our management teams, all the staff, business partners and shareholders for your unwavering support and confidence throughout the years. I see that the Group is well on track to become a leading real estate and tourism brand in the region, and I look forward to expanding our presence in many more cities and beyond.

By order of the Board

Stanley Ho
Group Executive Chairman
23 March 2016

A WORLD WHERE **DREAMS COME TRUE**

PROPERTY

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

REVIEW OF OPERATIONS

PROPERTY

In 2015, the property market faced considerable downside risks as China's economy decelerated, coupled with other headwinds including hiking interest rates and stock market fluctuations. Amid such challenges, the division managed to lock in encouraging selling prices for Nova Park, outperforming market expectations.

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

PROPERTY DEVELOPMENTS

PROJECTS COMPLETED WITH RECENT SALES

<u>In Hong Kong</u>

Chung Hom Kok Collection
(Group interest: 100%)

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

Chatham Gate
(Group interest: 51%)

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

<u>In Macau</u>

Nova Park
(Group interest: 100%)

Nova Park, Phase 4 of Nova City, is a striking urban park-side residential development with an unimpeded view of the stunning Taipa Central Park, set in the heart of the thriving Taipa community. Its three residential towers cover a gross floor area of approximately 680,000 square feet and offer 620 residential units in total. 118 residential units have been sold in the year, bringing cumulative number of units sold to 98% of all available units. The majority of units sold within the year will be recognized in 2017. The last recorded average selling price for the batch launched in June 2015, based on gross floor area, reached around HK$11,300 per square foot. Occupation permit was issued in December 2014 and over 81% of units have been handed over to homeowners since April 2015.

PROJECTS UNDER DEVELOPMENT

<u>In Macau</u>

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

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

<u>In Northern China</u>

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

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

In Southern China

Hengqin Integrated Development
(Group interest: 70%)

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

In Eastern China

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

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

PROJECTS UNDER PLANNING

In Macau

Harbour Mile
(Group interest: 100%)

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

Hotel Development at Cotai Site
(Group interest: 100%)
The Group has made application for land grant and is in discussion with the Macau SAR Government on its plan to develop hospitality facilities on the site.

PROPERTY INVESTMENTS

In Macau

One Central Shopping Mall
(Group interest: 51%)

One of the defining hallmarks of One Central is a 400,000 square feet premium shopping mall, which houses a supreme collection of international designer brands. Its popularity demonstrates the Group's vision and strength in creating projects appealing to top quality tenants. The retail mall maintained an occupancy rate of around 96% as at 31 December 2015. However, challenging market conditions has led to a decrease in sales-based rental income and an 8% drop in revenue, with the decrease partially offset by the significant increase in fixed rents over the past two years.

Shun Tak House
(Group interest: 100%)

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

In Hong Kong

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

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

The Westwood
(Group interest: 51%)

Home to a myriad of chain retailers, The Westwood, a 5-storey shopping centre at The Belcher's with approximately 158,000 square feet of leasable area, is the largest shopping destination in the Western Mid-Levels. With the launch of the MTR West Island Line in December 2014, visitor numbers have continued to improve and occupancy rate has achieved 98% as of 31 December 2015.

liberté place
(Group interest: 64.56%)

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

Chatham Place
(Group interest: 51%)

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

In China

Shun Tak Tower
(Group interest: 100%)

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

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

The Guangzhou Shun Tak Business Centre, a 32-storey office tower on a 6-storey shopping arcade, recorded satisfactory leasing revenue and an occupancy rate of approximately 83% over the period.

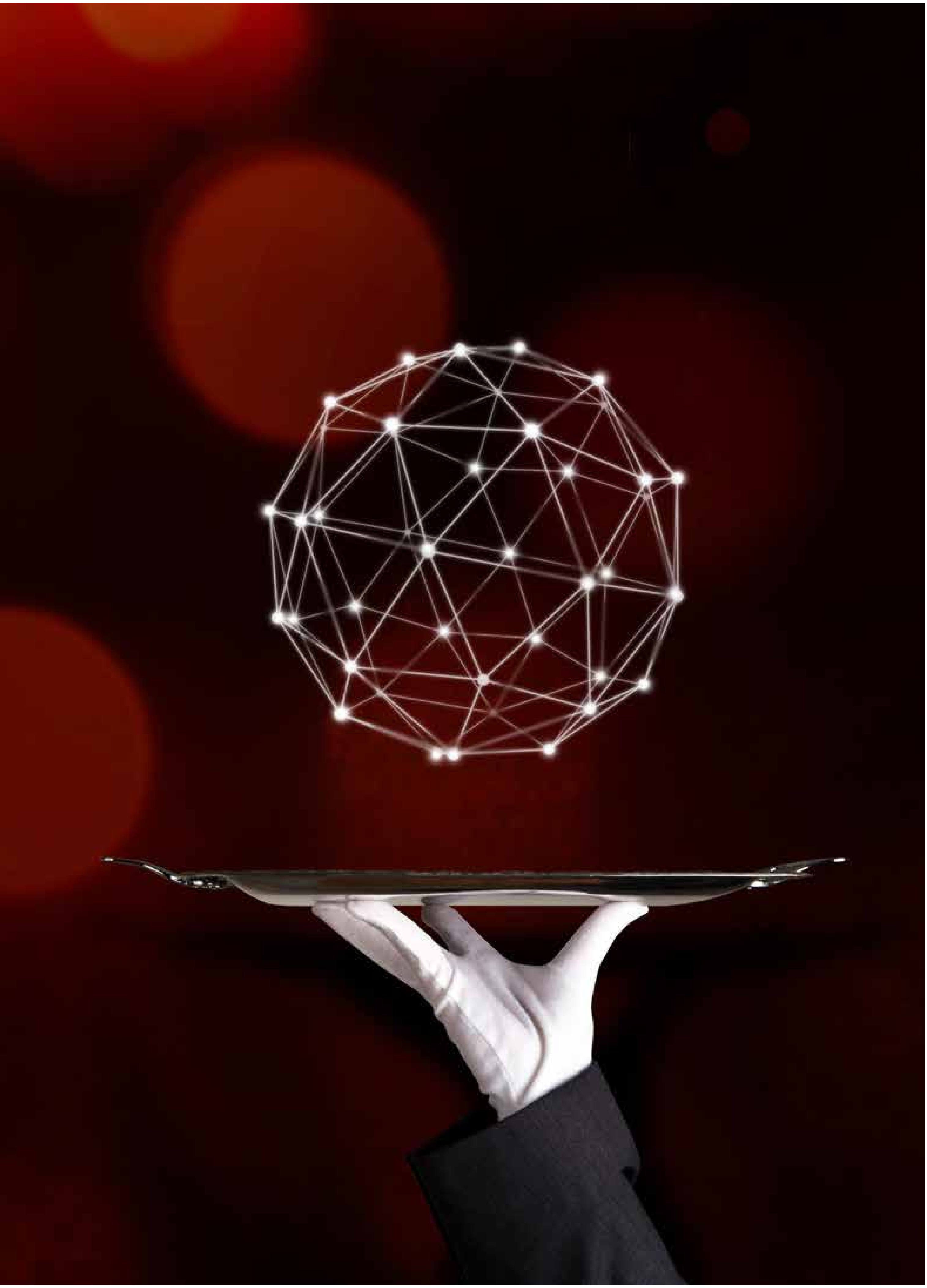
PROPERTY SERVICES

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

A
WORLD
WELL
CONNECTED

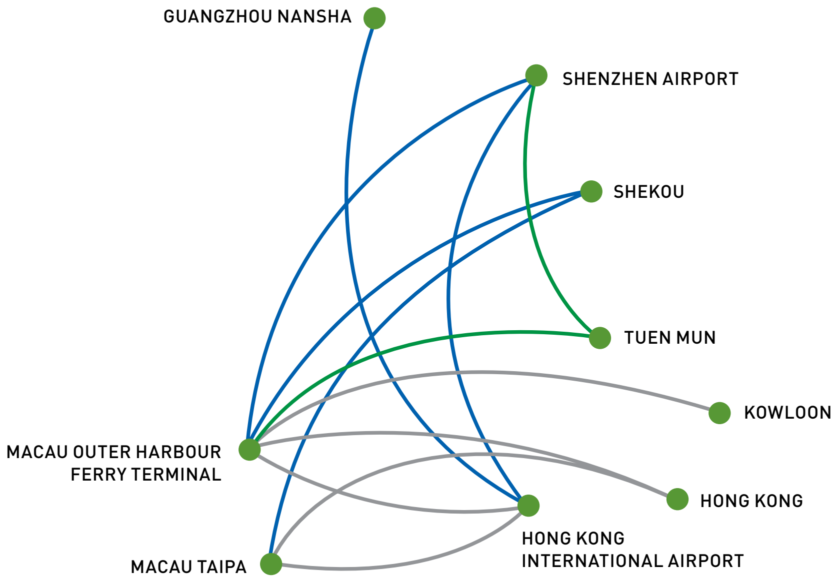
TRANSPORTATION

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



TRANSPORTATION

The transportation division achieved solid earnings in 2015 benefitting from lower fuel prices and enhanced product diversification. TurboJET continued to expand its service network in the PRD by taking up the management and operation of Tuen Mun Ferry Terminal, while introducing various value-adding services to elevate overall customer experience.



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

Shun Tak - China Travel Shipping Investments Limited

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

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

As part of TurboJET´s strategic vision to build a multimodal network that seamlessly connect passengers between ferries and flights, the company currently manages operations at both the Shenzhen Airport Fuyong Ferry Terminal and Hong Kong SkyPier. Traffic at SkyPier is expected to be affected next year, as new speed control and route detour will be imposed to accommodate the construction of the third runway at Hong Kong International Airport. In view of the impact of re-routing and vessel speed restriction imposed on SkyPier service, TurboJET continues to provide seamless land connection at Tuen Mun Ferry Terminal, enabling greater convenience and

flexibility for passengers to travel between Macau and Hong Kong International Airport. In addition, TurboJET has extended its upstream airline check-in service for flights departing from airports in Macau, Shenzhen and Hong Kong. SkyPier recorded a passenger throughput of 2.9 million in 2015, representing a 3.7% year-on-year growth.

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

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

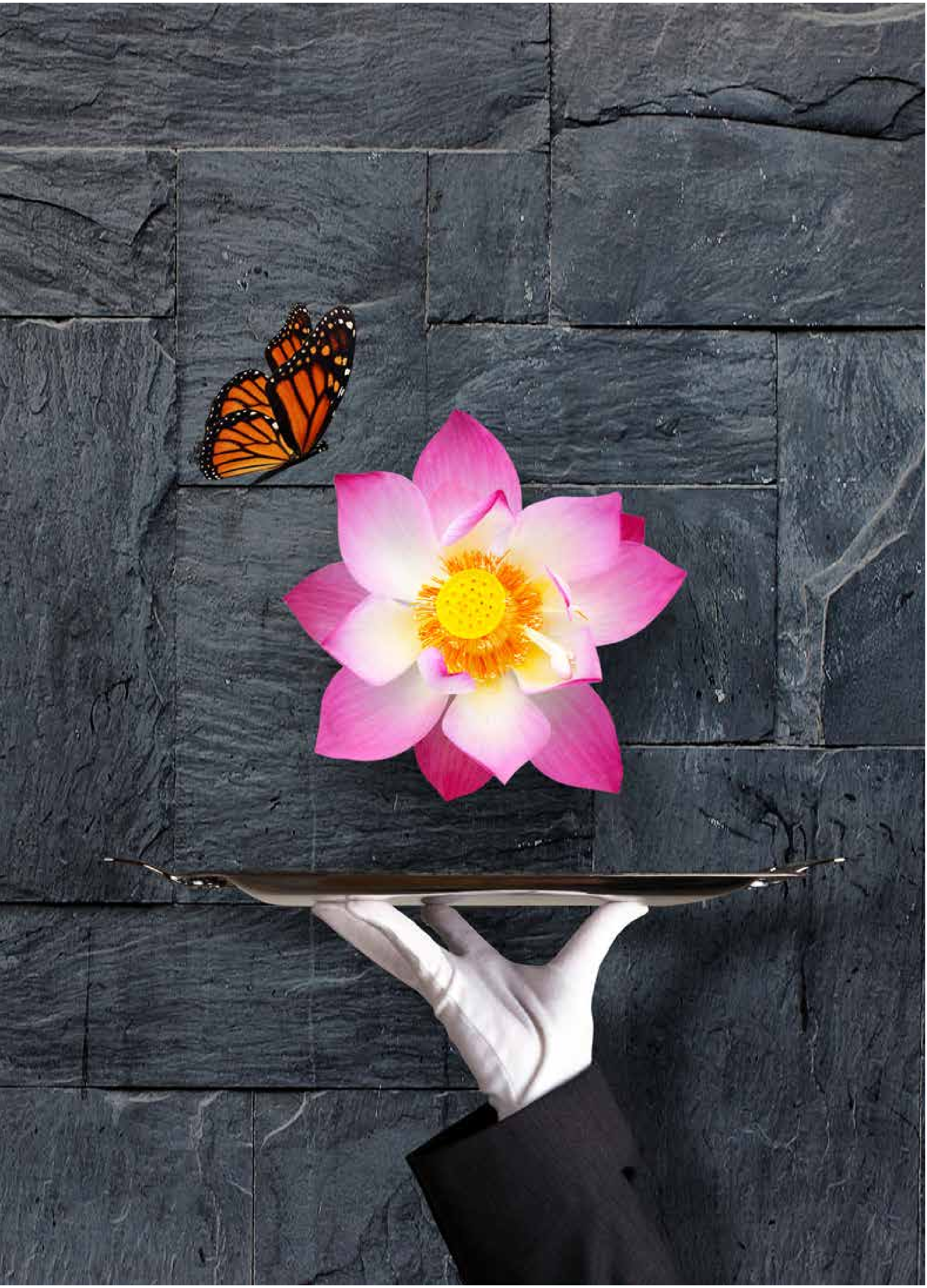
Shun Tak & CITS Coach (Macao) Limited

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

A WORLD OF TRUE DISTINCTION

HOSPITALITY

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



HOSPITALITY

After years of robust growth in Hong Kong and Macau's tourism industry, the trend reverted in 2015 with subdued performance. Despite the challenging environment, the hospitality division registered a modest gain in profit. Moreover, Artyzen Hospitality Group began to move beyond planning stage and took on new hotel management contracts.

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

HOTELS

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

Mandarin Oriental, Macau is one of the leading luxury hotels in Macau renowned for its bespoke services and fine elegance. Its average occupancy rate suffered substantially at 44% amid weakened tourist arrivals to Macau. On the other hand, its average room rate managed to stand as one of the highest in the market. The hotel will focus on expanding its corporate and MICE business as a differentiation strategy. It received a number of respectable awards in 2015, including "Triple Five Star Hotel, Restaurant & Spa" by Forbes Travel Guide 2015, "Best Luxurious Hotels of China" from China Hotel Starlight Awards, enlisted on "The Hall of Fame" by TripAdvisor, and "Top Presidential Suite" at Hurun Presidential Awards 2015.

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


ARTYZEN HOSPITALITY GROUP

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

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

TOURISM FACILITY MANAGEMENT

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

TRAVEL AND MICE

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

A WORLD THAT **FOSTERS GROWTH**

INVESTMENT

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

INVESTMENT

The investment division recorded a drop in profit for year 2015, dragged by an anticipated decline in dividend payout from STDM, as Macau´s gaming performance was eroded by lower PRC visitors spending.

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

The Group owns an effective interest in STDM of approximately 11.5%, which in turn owns approximately 54.13% effective shareholding in SJM Holdings Limited, a listed company in Hong Kong. SJM Holdings Limited owns the entire shareholding interests of Sociedade de Jogos de Macau, S.A., one of six gaming concessionaires licensed by the Macau SAR Government to operate casinos in Macau. The correctional slide has started in June 2014, and its financial impact on the Group has begun to reflect through dividend received in this fiscal year.

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

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

RECENT DEVELOPMENTS AND PROSPECT

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

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

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

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

Tuen Mun Ferry Terminal, managed and operated by the Group since January 2016, is one of the aforementioned strategies to expand TurboJET's service network. Launching with routes to Macau and Shenzhen Airport, the division is in close talks with mainland ferry partners to add new routes. Nansha service is planned to commence operation by this April upon approval from authority. The company currently manages a network of ports that are important anchors to a multimodal transportation system within the Pearl River Delta. Apart from Tuen Mun Ferry Terminal which has strong potentials to grow into a transportation centre, the Group also participates in managing SkyPier, Shenzhen Airport Fuyong Ferry Terminal and Macau Maritime Ferry Terminal.

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

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

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

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

A WORLD FOR FUTURE GENERATIONS

CORPORATE SOCIAL RESPONSIBILITY

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

CORPORATE SOCIAL RESPONSIBILITY

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

FOR A BRIGHTER TOMORROW

In 2015, the Company continues to be one of the constituents of Hang Seng Corporate Sustainability Benchmark Index for the fifth consecutive year; and was awarded the "HKQAA CSR Plus Mark" in the "HKQAA CSR Index Plus" scheme by Hong Kong Quality Assurance Agency two years in a row.

OUR EMPLOYEES

Employees are our greatest assets. They are the building blocks that define the company. It is therefore a priority to ensure that a safe, healthy and indiscriminating work environment can be offered, where our staff can perform to their best ability and maintain a good work-life balance. In 2015, the Group organized a number of health-related seminars and workshops on topics including stroke, common cancer, Chinese medicine theory and healthy eating to improve the well-being of our colleagues; as well as regular interest classes, hobby groups and outings in enhancing quality of life. The Group believes there is no end to learning and there is always room to grow. Over the year, the Group contributed towards the training fund and sponsored staff to attend various work-related courses. TurboJET also held a number of tailor-made workshops for its managerial and general staff to strengthen their leadership and team-building skills, as well as knowledge on the Company's development strategies.

OUR COMMUNITY

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

On the Group level, our staff shared the festive spirit with those in need by paying visits to singleton elders and brought gifts including mooncakes, hand-knitted scarves and other necessities around Mid-Autumn Festival and Christmas period. In October and November 2015, our volunteers organized a Fun Day for elders and accompanied 46 senior citizens to visit Hong Kong History Museum respectively. Besides, a joyful Christmas party was held in December for children from low-income families, where books, stationeries and daily amenities were delivered to the children. Other fund-raising activities we supported include Community Chest Walks for Millions, Dress Casual Day and Love Teeth Day, TWGHs Corporate Flag Day and charity tournaments, as well as the Central Rat Race for the MINDSET.

TurboJET carried on its charitable spirit to partake in a myriad of welfare works in 2015. It organized an outing to Noah's Ark Hong Kong for children with special needs in collaboration with Heep Hong Society in June; and a trip to Macau for children from Precious Blood Children's Village in November. In September and December, two gatherings were held for the elders at HKYWCA Wan Wah Care and Attention Home for the Elderly and Ta Kwu Ling Village respectively. Apart from contributing donations to support Special Olympics Hong Kong, Community Chest Walks for Millions in Macau and The Salvation Army Orienteering 2015, TurboJET sponsored a number of fund-raising campaigns by Orbis, Yan Oi Tong and Hong Kong Playground Association.

The Group's unwavering commitment in promoting social well-being has won it the "Outstanding Social Caring Organization Award" by the Social Enterprise Research Institution.

OUR ENVIRONMENT

Our CSR activities for community go beyond volunteer works and sponsorship. Recognizing the importance of building sustainability into business in order not to compromise the natural environment through our operations, each operational division is bound by a list of environmental objectives. Apart from guiding internal processes, these policies also set standards for external contractors and suppliers. Working with various external consultants, the Group implemented changes to reduce carbon footprint, save resources and promote eco-friendly practices. Responding to calls for environmental conservation, the Group supported a number of green initiatives including "The Youth Energy Saving Award" as part of the "Energy Saving for All Campaign", "No Air Con 2015" and "Order Less Waste Less, More Blessings Light Banquet Campaign 2014-2015". A team of representatives also joined the Business Environment Council's industrial visit to Hong Kong Disneyland Hotel to learn about environmental management of the resort.

In year 2015, TurboJET sponsored the "Artic Expedition 2015" organized by the Scout Association of Hong Kong New Territories East Region, in which a TurboJET representative headed to Norway as part of a youth ambassador team to learn about the pressing issue of climate change, and raised public awareness through school talks and exhibitions upon their return. It continued to join the International Coastal Cleanup event in 2015 held by Green Council, as well as sponsored the Ta Ku Ling Organic Farm. These divisions also participated in the Earth Hour campaign organized by World Wide Fund for Nature to promote energy conservation.

Green efforts dedicated by different divisions have been well recognized by professional bodies. In 2015, the Group has attained "Energywi$e Label - Class of Excellence" and" Wastewi$e Certicate – Excellence Level" . The shipping division was conferred the "Hang Seng Pan Pearl River Delta Environmental Awards 2013/14 – Green Medal" by the Federation of Hong Kong Industries. Property management division has also clinched numerous green awards in properties within its portfolio, including "Excellent Class Indoor Air Quality Certificate", "Source Separation of Domestic Waste 2014/15 - Cert of Diamond" and "Hong Kong Green Awards 2015 – Environmental, Health and Safety Award (SME) – Bronze Award", to name just a few. The corporate office in Hong Kong also received "Indoor Air Quality Certificate – Good Class" and "Carbon Footprint Repository for Listed Companies in Hong Kong - Certificate of Commendation".

OUR FUTURE

For the 9th consecutive year, the Group participated in the School-Company-Partnership program organized by the Young Entrepreneurs Development Council and supported its pilot program "Life Planning Cooperation Program" this year; under which our staff representatives helped 30 students on their career planning through workshops and a visit to TurboJET shipyard to gain first-hand insights on commercial operations. Additionally, TurboJET continued to offer its annual scholarship in support of students who have opted for maritime or transportation studies, in a commitment to nurturing the next generation of talents for these industries.

SCHEDULE OF MAJOR PROPERTIES

Properties for Development and/or Sale

	Approx. Total Gross Floor Area for the Project (Sq.m)	Approx. Total Site Area for the Project (Sq.m)	Primary Use	Group's Interest	Development Progress as of Dec 2015	Estimated Completion Date
Hong Kong						
Chatham Gate No. 388 Chatham Road North, Kowloon	571 (Note 1)	3,786	Residential	51%	Completed	–
	36 motor car parking spaces (Note 1)		Carpark		Completed	–
Nos. 44-50 Chung Hom Kok Road	2,449 (Note 1)	2,964	Residential	100%	Completed	–
Macau						
One Central One Central Residences	561 motor car parking spaces	18,344	Carpark	51%	Completed	–
	141 motorcycle parking spaces		Carpark		Completed	–
Nova City Phase IV - Nova Park (Taipa Lot BT35)	10,845 (Note 2)	5,426	Residential	100%	Completed	–
	96 motor car parking spaces (Note 2)		Carpark	100%	Completed	–
	51 Motorcycle parking spaces (Note 2)		Carpark	100%	Completed	–
Phase V (Taipa Lot BT2/3)	214,915	23,843	Residential	71%	Substructure works in progress	2018
	60,900		Commercial	100%	Substructure works in progress	2018
PRC						
Plots 13, 14-1 and 14-2 Tongzhou District, Beijing	334,065 (Note 3)	38,926	Commercial/ Office/Serviced Apartment	24%	Foundation works in progress	2018
Plots 10, 11 and 12 Tongzhou District, Beijing	300,120 (Note 3)	84,024	Commercial/ Office/Serviced Apartment	19.35%	Foundation works in progress	2018
Shun Tak Tower No.1, Xiangheyuan Road, Dongcheng District, Beijing	33,566	5,832	Hotel/Carpark	100%	Fitting out works in progress	2017
Plots Zhu Heng Guo Tu Chu No. 2013-04 Hengqin New District, Zhuhai	131,089 (Note 4)	23,834	Commercial/ Office/Serviced Apartment/Hotel	70%	Foundation works in progress	2019

Properties Under Acquisition

	Approx. Total Gross Floor Area for the Project (Sq.m)	Approx. Total Site Area for the Project (Sq.m)	Primary Use	Group's Interest	Development Progress as of Dec 2015	Estimated Completion Date
Macau						
Harbour Mile (Note 5)	401,166 (Note 6)	63,409 (Note 6)	Residential	100%	Land bank	—
PRC						
Inside MixC, Shanghai No. 3999-5, 3999-6 Hong Xin Road, Shanghai	30,000	5,694	Hotel	100%	Superstructure works in progress	2017

Properties Under Planning

	Approx. Total Gross Floor Area (Sq.m)	Approx. Total Site Area (Sq.m)	Primary Use	Group's Interest	Development Progress as of Dec 2015	Year of Lease Expiry
Macau						
Baia de Nossa Senhora de Esperança, Taipa, Macau (Notes 7 & 8)	200,000	80,656	Hotel	100%	Land bank	2049
Thailand						
Rawai Beach, Phuket, Thailand	—	36,800	Hotel	50%	Land bank	Freehold

Properties Held by the Group for Own Use

	Approx. Total Gross Floor Area (Sq.m)	Approx. Total Site Area (Sq.m)	Primary Use	Group's Interest	Development Progress as of Dec 2015	Year of Lease Expiry
Hong Kong						
Penthouse 39/F, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong	1,823	—	Office Premises	100%	—	2055 renewable to 2130
83 and 95 Hing Wah Street West, Kowloon	20,602	19,139	Shipyards	42.6%	—	2051
Macau						
Macau International Centre, Macau 2/F to 4/F (whole floor) and Flats A, B, C of 5/F, Block 12	2,894	—	Staff Quarters	100%	—	2016 renewable to 2049
Edificio Industrial Fu Tai, Macau Unit A4 on 4/F	350	—	Plant	100%	—	2023 renewable to 2049

SCHEDULE OF MAJOR PROPERTIES

Investment and Hotel Properties

	Approx. Total Gross Floor Area (Sq.m)	Approx. Total Site Area (Sq.m)	Primary Use	Group's Interest	Approx. Lettable Floor Area (Sq.m)	Year of Lease Expiry
Hong Kong						
The Westwood, 8 Belcher's Street, Hong Kong	20,616	—	Commercial	51%	14,682	2030
The Belcher's, 89 Pok Fu Lam Road, Hong Kong	315 motor car parking spaces	—	Carpark	51%	—	2030
	30 motorcycle parking spaces	—	Carpark	51%	—	2030
Chatham Place, 388 Chatham Road North, Kowloon	5,679	—	Commercial	51%	4,410	2030
Chatham Place, 388 Chatham Road North, Kowloon	24 motor car parking spaces	—	Carpark	51%	—	2030
	3 motorcycle parking spaces	—	Carpark	51%	—	2030
Liberté Place, 833 Lai Chi Kok Road, Kowloon	5,600	—	Commercial	64.56%	3,942	2049
Liberté, 833 Lai Chi Kok Road, Kowloon	515 motor car parking spaces	—	Carpark	64.56%	—	2049
	140 lorry parking spaces	—	Carpark	64.56%	—	2049
	45 motorcycle parking spaces	—	Carpark	64.56%	—	2049
Seymour Place, LG/F & G/F, 60 Robinson Road, Hong Kong	974	—	Commercial	100%	822	2858
Seymour Place, G/F, 1/F - 3/F, 60 Robinson Road, Hong Kong	26 parking spaces	—	Carpark	100%	—	2858
Monmouth Place, L1 - L4, 9L Kennedy Road, Hong Kong	18 parking spaces	—	Carpark	100%	—	2047
Shop 402, Shun Tak Centre, 200 Connaught Road Central, Hong Kong	3,102	—	Commercial	100%	—	2055

	Approx. Total Gross Floor Area (Sq.m)	Approx. Total Site Area (Sq.m)	Primary Use	Group's Interest	Approx. Lettable Floor Area (Sq.m)	Year of Lease Expiry
Hong Kong SkyCity Marriott Hotel 1 Sky City Road East, Hong Kong International Airport, Lantau, Hong Kong	42,616	13,776	Hotel	70%	—	2047
Macau						
Mandarin Oriental Macau	30,094	18,344	Hotel	51%	—	2031 Renewable to 2049
One Central Retail Complex, Macau	37,017	—	Commercial	51%	18,490	2031 Renewable to 2049
One Central Retail Carpark, Macau	243 motor car parking spaces	—	Carpark	51%	—	2031 Renewable to 2049
	102 motorcycle parking spaces	—	Carpark	51%	—	2031 Renewable to 2049
Shun Tak House, 11 Largo do Senado, Macau	2,731	—	Commercial	100%	2,673	Freehold
Grand Coloane Resort and Macau Golf & Country Club Hac Sa Beach, Coloane, Macau	42,285	767,373	Hotel/ Golf Course	34.9%	—	2023 renewable to 2049
PRC						
Shun Tak Business Centre, 246 Zhongshan Si Road, Guangzhou, PRC	28,453	—	Office	60%	28,453	2045
	5,801	—	Commercial Shopping Arcade	60%	5,801	2035
	51 motor car parking spaces	—	Carpark	60%	—	2035
Shun Tak Tower No. 1. Xiangheyuan Road, Dongcheng District, Beijing	22,273	5,832	Office	100%	22,273	2057

Notes:

(1) Remaining salesable area or number of car parking spaces for sales as at 31 December 2015.

(2) Remaining gross floor area or number of car parking spaces for sale as at 31 December 2015.

(3) The gross floor area, which includes basement area, shall be subject to the PRC Government approval and design development.

(4) The gross floor area, which excludes basement area, shall be subject to design development.

(5) Completion date of the acquisition is extended to on or before 31 December 2016 because the Macau SAR Government is still in process of reviewing the land issues and the Master Plan for the Nam Van District. Our development scheme has been submitted pending government approval.

(6) Subject to the finalization of the Master Plan for the Nam Van District by the Macau SAR Government, the site area and gross floor area of the project, to be approved, may be less than the area as stated.

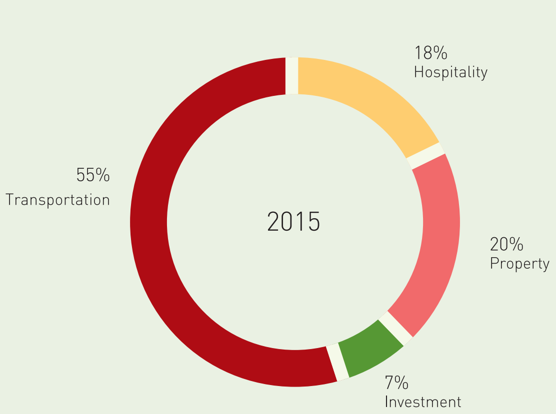
(7) Subject to agreement with the Macau SAR Government for replacement of another site having the same gross floor area in Macau.

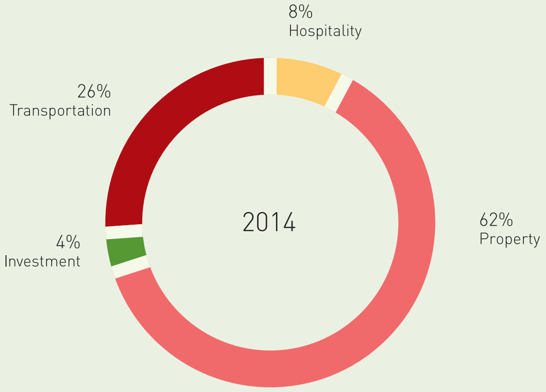
(8) The hotel development at Cotai Site with proposed gross floor area of approximately 248,488m^2 is under application and subject to the Macau SAR Government's approval. The gross floor area of the project may be less than the area as stated.

GROUP FINANCIAL REVIEW

Revenue Analysis

Revenue by Division





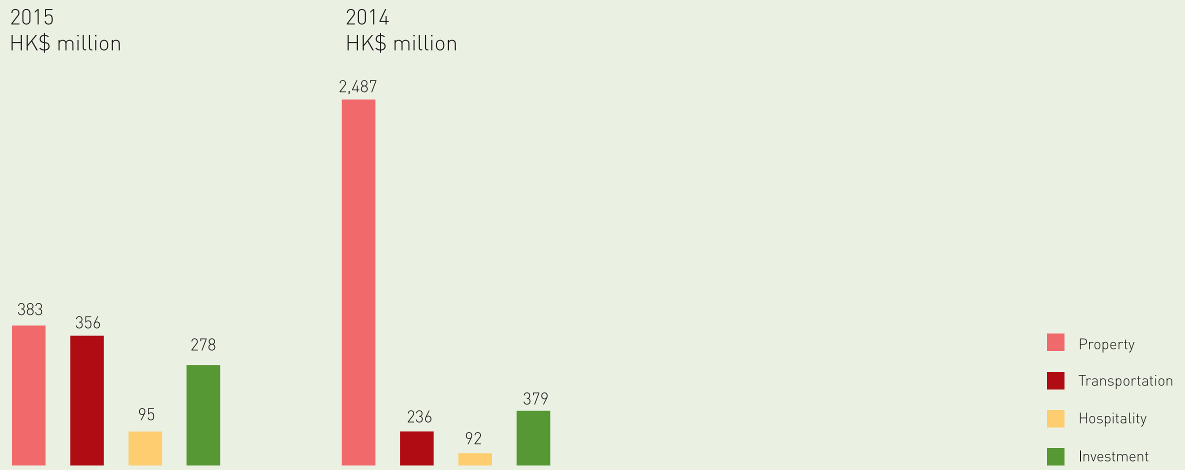
(HK$ million)	2015	2014	Variance	%	Remarks
Property	**869**	5,909	(5,040)	(85)	The decrease was mainly attributable to reduced property sales recognised in 2015 for Chatham Gate and and Nova City Phase 4.
Transportation	**2,406**	2,438	(32)	(1)	The decrease was mainly attributable to the marginal decrease in the number of passengers to Macau.
Hospitality	**802**	773	29	4	The increase was mainly attributable to increased sales of travel products and improved performance of bungy jump operation in Macau.
Investment	**328**	419	(91)	(22)	The decline was mainly attributable to the decrease in dividend income generated from STDM.
Total	**4,405**	9,539	(5,134)	(54)	

Revenue by Geographical Area

(HK$ million)	2015	2014	Variance	%	Remarks
Hong Kong	**2,043**	4,017	(1,974)	(49)	The decrease was mainly attributable to the less property sales recognised for Chatham Gate.
Macau	**2,262**	5,416	(3,154)	(58)	The decrease was mainly attributable to less property sales recognised for the Nova City Phase 4 and reduced dividend income from STDM.
Others	**100**	106	(6)	(6)	Revenue remained stable during the year.
Total	**4,405**	9,539	(5,134)	(54)	

Profit and Loss Analysis

Segment results by Division



(HK$ million)	**2015**	2014	Variance	%	Remarks
Property	**383**	2,487	(2,104)	(85)	The decrease was mainly attributable to reduced property sales recognised in 2015 for Chatham Gate and and Nova City Phase 4.
Transportation	**356**	236	120	51	The improvement was mainly attributable to lower fuel cost despite marginal decrease in the number of passengers.
Hospitality	**95**	92	3	3	Segment results remained stable during the year.
Investment	**278**	379	(101)	(27)	The decline was mainly attributable to the reduced dividend income generated from STDM.
Unallocated net income	**33**	37	(4)	(11)	The variance was mainly resulted from the combined effect of increased interest income of bank deposits and exchange difference during the year.
Fair value changes on investment properties	**257**	941	(684)	(73)	The fair value gain on investment properties reflected the performance of our portfolio in the property market.

GROUP FINANCIAL REVIEW

(HK$ million)	2015	2014	Variance	%	Remarks
Operating profit	**1,402**	4,172	(2,770)	(66)	
Finance costs	**(170)**	(135)	(35)	(26)	The variance was mainly attributable to decrease in capitalisation of borrowing cost during the year.
Share of results of joint ventures	**123**	1,581	(1,458)	(92)	The decrease was mainly due to reduced fair value gain from the 51% owned One Central shopping mall in Macau.
Share of results of associates	**(44)**	51	(95)	(186)	The variance was mainly attributable to adminsitrative expenses and reduced exchange gain for Tongzhou project
Profit before taxation	**1,311**	5,669	(4,358)	(77)	
Taxation	**(138)**	(405)	267	66	The decrease was mainly related to less taxable profit generated from property sales.
Profit for the year	**1,173**	5,264	(4,091)	(78)	
Profit attributable to non-controlling interests	**(428)**	(811)	383	47	The variance was mainly attributable to the combined effect on profit or loss shared by non-controlling shareholders in property and transportation divisions.
Profit attributable to owners of the Company	**745**	4,453	(3,708)	(83)	

Liquidity, Financial Resources and Capital Structure

At 31 December 2015, the Group's total net assets increased by $312 million over last year to HK$31,424 million. Cash and liquidity position remains strong and healthy. During the year, net cash generated from operating activities amounted to HK$431 million. Major cash inflow of investing activities included HK$289 million dividend received from available-for-sale investments, HK$207 million interest income and HK$182 million repayments from joint ventures. The major cash outflow of investing activities consisted of HK$225 million deposit for acquisition of a property located in Shanghai and HK$3,022 million from increase in bank deposits with a maturity over three months. Net cash used in financing activities of HK$716 million was mainly attributable to the composite effect from drawdown and repayment of loans, payment of finance cost and dividend paid to shareholders.

Cash Flow Variance Analysis (HK$ million)	2015	2014	Variance
Operating activities	**431**	2,602	(2,171)
Investing activities	**(2,667)**	(2,879)	212
Financing activities	**(716)**	3,687	(4,403)
Net (decrease)/increase in cash and cash equivalents	**(2,952)**	3,410	(6,362)

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

As the Group had a net cash balance at 31 December 2015 and 31 December 2014, no gearing ratio (expressed as a ratio of net borrowings to equity attributable to equity holders of the Company) is presented. The Group will continue with its financial strategy of maintaining a healthy gearing ratio and consider steps to reduce its finance costs.

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

Maturity Profile

Within 1 year	1-2 years	2-5 years	over 5 years	Total
35%	6%	58%	1%	100%

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

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

Charges on Assets

At the year end, bank loans to the extent of approximately HK$3,293 million (2014: HK$2,941 million) were secured with charges on certain assets of the Group amounting to an aggregate carrying value of HK$15,396 million (2014: HK$13,426 million). Out of the above secured bank loans, an aggregate amount of HK$2,637 million (2014: HK$2,245 million) was also secured by pledges of shares in certain subsidiaries.

Contingent Liabilities

There was no material contingent liabilities of the Group at the year end.

Human Resources

The Group, including subsidiaries but excluding joint ventures and associates, employed approximately 3,390 employees at the year end. The Group adopts competitive remuneration packages for its employees. Promotion and salary increments are based on performance. Social activities are organised to foster team spirit amongst employees and they are encouraged to attend training classes that are related to the Group's businesses and developments.

GROUP FINANCIAL REVIEW

Principal Risk Factors

The Group's financial performance, operations and prospects for growth may be affected by risks and uncertainties, both direct and indirect. Key risk factors are set out below but they are by no means exhaustive or comprehensive and there may be other additional risks which are not yet known to the Group or which may not be significant now but may turn out to be significant in the future:

Macroeconomic Environment

The Group derives a substantial portion of its revenue and operating profits from its property division, which includes property development, property investment business and property management services segments. Consequently, the performance of the Group is dependent on the general performance of the Hong Kong, Macau and PRC respective economies and property markets. Changes in domestic, regional or global economic conditions may also lead to fluctuations in property prices and affect the value of properties owned or being developed by the Group. Changes in local, regional and international economic environments may have significant impact on tourism and business spending patterns. Continuing negative conditions such as higher unemployment rates, depressed stock or property prices, reduced disposable income, exchange rates fluctuations would reduce demand for leisure and business travels and adversely impact the transportation business and its results of operations. The Group's hospitality division is dependent on the general performance of the economies of Hong Kong, Macau, Greater China and regionally. Sluggish growth puts downward pressure on room rates and occupancy levels of the Group's hotels and reduces demand for hospitality-related services such as restaurants, travel, tourism facilities, MICE and retail businesses which may lead to revenue decline.

Government Policies, Regulations and Approvals

Property, transportation and hospitality businesses are subject to extensive legal compliance, grant of licenses or concessions and their respective requirements, necessary government approvals, as well as safety, hygiene and environmental regulations. Any breaches, incidents, or failure to receive licences, concessions or approvals from relevant governments may cause suspensions of operations, loss of rights to operate or loss of rights to pursue development plans. Government policies and regulations may lead to fluctuations in property prices and affect the schedule of land sales and approvals for land use including, for example, the Special Stamp Duty imposed by the Hong Kong SAR Government to cool an overheated property market, the revision and introduction by the Macau SAR Government of the Land Law, Urban Planning Law and Cultural Heritage Protection Law. Ferry operations are subject to extensive compliance requirements and grant of permits and licenses. The renewal of certificates and approvals at various operational stages are often subject to fulfillment of conditions set by government authorities (such as minimum number of sailings and ticket prices) or shipping classification societies. Increases in departure tax or changes in visa approvals or entry restrictions may reduce passenger traffic. Hospitality operations are subject to a wide variety of laws and regulations and policies including those of healthcare, hygiene, taxation, environmental, safety, fire, food preparation, building and security etc. Further increases in minimum wages in Hong Kong and Macau could cause higher costs of operations.

Competition

The construction of the Hong Kong-Zhuhai-Macau Bridge is expected in several years to open up land transportation to Macau. This would directly compete with the Group's Hong Kong-Macau ferry service and may lead to a significant fall in the Group's ferry traffic and hence revenue. The Group's owned or managed hotels are subject to intense competition from other large, multi-branded hotel chains and emerging life style brands in the region.

Fuel Supply

Unpredictable events such as geo-political developments may drive actual or perceived fuel supply shortages and lead to rises in fuel prices thereby affecting adversely profitability of the Group's transportation business. While the Group's fuel hedging program remains in place, it may not be fully effective against highly volatile movements in fuel price. Also, it is the Group's policy to hedge a percentage of its projected consumption. Contamination of fuel supply may also cause damages to major machinery in vessels and undermine operations and the Group's reputation.

Reliance on Technology and Automated Systems

Our businesses demand the use of sophisticated technology and automated systems for its transportation business such as ticketing and reservation system, navigation and telecommunication system, payment systems and website. Failure of such systems, as well as those of the Group's property and hospitality-related operations may lead to disruption of operations, loss of important data, leakage of personal and payment information and result in breach of data privacy regulations, damage of reputation and loss of revenue and may give rise to uninsured liabilities.

Counterparty Risk

A potential failure on the part of the Group's bankers, joint venture partners, buyers, tenants, contractors, debtors, and suppliers to honour their financial or operational obligations or contractual or other disagreements could delay implementation of growth plans, products or service initiatives, make us liable, or result in loss of revenue, litigation costs or other liabilities. Termination of management or franchise agreements prematurely or inability to renew such agreements may lead to suspension of operations or loss of business. Counterparty may fail to enforce the standards required and contractual terms may also be subject to interpretation and will from time to time give rise to disagreements.

Availability of Labour, Resources and Materials

The Group needs to attract, retain and develop sufficiently skilled and experienced work forces to maintain high standards of quality and guest and customer services. The market in Hong Kong is short of licensed sea-masters, mariners and maintenance technicians for ferry operation while Macau SAR government's quota for non-resident labour also causes shortages of labour in Macau for hotels and drivers for coach operations respectively. Any labour disputes may also lead to industrial actions and disruptions to operations. Other factors which may increase the Group's cost, affect operations or cause construction delays include the untimely delivery, adverse quality, shortages or increased costs of material supplies, unavailability of contractor services, parts and components for maintenance of the fleet and our properties and hospitality facilities.

Outbreak of Contagious Disease, Disasters or Adverse Weather

Transportation, hospitality, tourism related and MICE businesses are adversely affected by factors beyond the Group's control such as continuous severe weather conditions, outbreak of contagious disease, natural disasters, civil unrest or travel security measures.

Strategic, Decision Making and Integration Risks

The results of the Group's strategic decisions or business plans may fall short of expectations due to lack of response capacity to changes in business conditions or poor implementations of plans. The Group may also face challenges arising from integrating newly established or acquired businesses with existing operations, managing them in markets where we have limited experience, failing to generate synergies, or undertaking a new business which become a drain on the Group's management and capital resources.

Financial Risk

The Group adopts a conservative policy in financial risk management with insignificant exposure to currency and interest rate risks. Except for the guaranteed MTN, all funds raised by the Group are on a floating rate basis. Except for the MTN of US$400 million and bank loan of RMB200 million, the Group's outstanding borrowings were not denominated in foreign currency as at the year end. Approximately 90% of the bank deposits, cash and bank balances are denominated in Hong Kong dollar, Macau pataca and US dollar and the remaining balance mainly in Renminbi. The Group's principal operations are primarily conducted in Hong Kong dollar so the exposure to foreign exchange fluctuations is insignificant. While the Group has financial assets and liabilities denominated in the US dollar and Macau pataca, both have long been pegged to Hong Kong dollar and exposure to currency risk is therefore insignificant to the Group. The Group engages in fuel hedging and currency swap activities to minimise exposure to fluctuations in fuel prices and foreign exchange rate in accordance with the Group's approved treasury policies.

The Executive Committee, together with a panel of senior management and number of committees and working groups for business development, management, fuel hedging, crisis management, safety, health and environmental, business continuity and information technology, are (i) closely monitoring the foregoing and other risks not hereinbefore mentioned to minimize the impact on the Group (if any such risks materialize); and (ii) explore ways to develop and enhance services, reduce cost and generate income for the Group.

REPORT OF THE DIRECTORS

The directors (the "Directors") of Shun Tak Holdings Limited (the "Company") have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2015.

Principal Activities

The principal activity of the Company is investment holding. The activities of its principal subsidiaries, joint ventures and associates are set out in note 44 to the financial statements.

The analysis of the performance of the Company and its subsidiaries (the "Group") for the year by reportable operating segments in business operation and geographical locations is set out in note 35 to the financial statements.

Group Financial Statements

The results of the Group for the year ended 31 December 2015 and the state of affairs of the Company and of the Group at that date are shown in the financial statements on pages 83 to 173.

Dividend

No interim dividend was declared by the board of Directors (the "Board") during the year ended 31 December 2015 (2014: HK5.0 cents per share).

The Board has recommended a final dividend of HK2.0 cents per share (2014: a final dividend of HK2.0 cents per share and a special dividend of HK14.5 cents per share) in respect of the year ended 31 December 2015. Subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on 7 June 2016, the proposed final dividend is expected to be paid on 27 June 2016 to shareholders of the Company whose names appear on the register of members of the Company on 16 June 2016.

Business Review

A review of the Group's business for the year ended 31 December 2015 and a discussion on the future development are provided in Chairman's Statement, Review of Operations, and Recent Developments and Prospect on pages 16 to 37.

In addition to the below sub-paragraphs, a description of the principal risks and uncertainties that the Group may be facing is provided in Group Financial Review on pages 46 to 51.

Sustainability

The Group is committed to the sustainable development of the environment and the society at large. Included in our Sustainability Policy is our policy on environment which underscores the promotion of environmental protection in our business activities, establishment of management practices and measures to minimize the impacts our business activities have on the environment, and integration of sustainable practices in our supply chain as far as practicable.

We have established different practices and measures to mitigate the environmental impacts of our activities, including reducing our carbon footprint, managing our energy use, reducing our waste generation, promoting resources conservation and maintaining indoor environmental quality. While we are in compliance with the relevant laws and regulations that have a significant impact on our Group, we also actively participate in prominent global environmental initiatives and initiatives launched by the governments of Hong Kong and Macau. Further information of our sustainability and environmental policies, performance, programs and initiatives can be found in the Company's annual Sustainability Report available on the Company's corporate website: www.shuntakgroup.com.

Relationships with stakeholders

The Group is committed to our employees, customers, suppliers, and others that have a significant impact on the Group and on which the Group's success depends.

Our employees are one of our most important assets. We provide our employees with a safe work environment and a healthy work-life balance atmosphere, together with a platform to develop and excel in their careers. We offer in-house training opportunities and subsidize external educational programs which are designed to enhance their knowledge, skills and qualifications. We believe our employees' continued education is essential to maintain a competent workforce that is ready and able to embrace new challenges.

Our customers hold the key to the success of our sustainable journey. As a service provider, we implement all reasonable measures to safeguard the safety of our customers according to the relevant laws and regulations. We place great value on their feedback, and have put in place various channels and mechanisms to facilitate communication with them and to collect their comments on how we can enhance our services, as well as a complaint handling procedure to ensure timely responses and appropriate follow-up actions.

We consider the stakeholders in our supply chain - suppliers and vendors - our crucial collaborators and share our core values with them, aiming at enhancing the overall experience for our customers. We impose environmental protection and safety requirements on all our suppliers and vendors, requiring that they comply with all relevant environmental laws and regulations whenever applicable, and also that they implement measures to ensure safety and minimize impacts throughout the projects.

Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group together with an analysis of the performance of the Group using key performance indicators for the last five financial years are set out on pages 174 to 175.

Particulars of Properties

Particulars regarding the properties and property interests held by the Group are shown in the Schedule of Major Properties on pages 42 to 45.

Shares Issued

No shares were issued during the year ended 31 December 2015.

Details of the share capital of the Company during the year are shown in note 32 to the financial statements.

Distributable Reserves

Distributable reserves of the Company as at 31 December 2015, calculated under Part 6 of the Hong Kong Companies Ordinance (Cap. 622), amounted to HK$4,192,939,000 (2014: HK$2,183,167,000).

Donations

During the year, the Group made donations for charitable and community purposes of HK$318,000 (2014: HK$128,000).

Debentures

No debentures were issued during the year ended 31 December 2015.

Details of medium term notes of the Group are shown in note 30 to the financial statements.

REPORT OF THE DIRECTORS

Equity-Linked Agreements

Save for the share option scheme of the Company disclosed in the below sub-paragraph headed "Share Options", no equity-linked agreements were entered into by the Group during the year or subsisted at the end of the year.

Bank Borrowings

Details of the Group's bank borrowings are shown in note 28 to the financial statements.

Major Customers and Suppliers

It is the policy of the Group to have several suppliers for particular materials so as to avoid over-reliance on a single source of supply. The Group maintains good relationships with its major suppliers and has not experienced any significant difficulties in sourcing essential materials.

During the year, less than 30% of the Group's total turnover was attributable to the Group's five largest customers. 70.8% of the Group's total purchases was attributable to the Group's five largest suppliers combined, with the largest supplier accounting for 35.7% of the Group's total purchases.

Dr. Stanley Ho, Dato' Dr. Cheng Yu Tung (who retired as a Non-Executive Director on 19 June 2015), Mrs. Louise Mok, Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho and Mr. David Shum have beneficial interests in Sociedade de Turismo e Diversões de Macau, S.A. ("STDM"), one of the five largest suppliers of the Group. Save as disclosed, no other Directors, their close associates (as defined in the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange")) or shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued shares) were interested, at any time during the year, in the Group's five largest suppliers.

Directors

(a) Directors of the Company

The Directors during the year and up to the date of this report are:

Executive Directors:

Dr. Stanley Ho *(Group Executive Chairman)*
Ms. Pansy Ho *(Managing Director)*
Ms. Daisy Ho *(Deputy Managing Director)*
Ms. Maisy Ho
Mr. David Shum
Mr. Rogier Verhoeven

Non-Executive Directors:

Dato' Dr. Cheng Yu Tung (retired on 19 June 2015)
Mrs. Louise Mok

Independent Non-Executive Directors:

Sir Rogerio Hyndman Lobo (passed away on 18 April 2015)
Mr. Norman Ho
Mr. Charles Ho
Mr. Michael Ng
Mr. Kevin Yip (appointed on 16 October 2015)

In accordance with Articles 83 and 84 of the Company's Articles of Association, Mr. Charles Ho, Ms. Daisy Ho and Mr. David Shum will retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, have offered themselves for re-election.

In accordance with Article 79 of the Company's Articles of Association, Mr. Kevin Yip, who was appointed as a Director by the Board to fill a casual vacancy, will hold office until the forthcoming annual general meeting of the Company and, being eligible, has offered himself for re-election.

The Company has received a confirmation of independence from each of the Independent Non-Executive Directors, namely Mr. Norman Ho, Mr. Charles Ho, Mr. Michael Ng and Mr. Kevin Yip, and considers them to be independent.

Brief biographical details of the Directors as at the date of this report are set out on pages 6 to 12.

(b) Directors of the Company's subsidiaries

The list of directors and alternate directors who have served on the boards of the Company's subsidiaries during the year and up to the date of this report is available on the Company's corporate website at www.shuntakgroup.com.

Directors' Service Contracts

None of the Directors proposed for re-election at the forthcoming annual general meeting of the Company has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Related Party Transactions

Details of significant related party transactions entered into by the Group in the normal course of business during the year ended 31 December 2015 are set out in note 36 to the financial statements. The transactions disclosed in the below sub-paragraphs 1 and 4 headed "Directors' Interests in Transactions, Arrangements or Contracts and Connected Transactions", fall into the definitions of continuing connected transactions or connected transactions under Chapter 14A of the Listing Rules, also constitute related party transactions under the Hong Kong Financial Reporting Standards.

Directors' Interests in Transactions, Arrangements or Contracts and Connected Transactions

1. Dr. Stanley Ho, Dato' Dr. Cheng Yu Tung (who retired as a Non-Executive Director on 19 June 2015), Mrs. Louise Mok, Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho and Mr. David Shum have beneficial interests in STDM. STDM is a substantial shareholder of Interdragon Limited, in which the Company indirectly owns 60% of the total issued shares. 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. During the year, Dr. Stanley Ho and Mr. David Shum are directors of SJM Holdings Limited ("SJM"), a non wholly-owned subsidiary of STDM. The shares of SJM are listed on the Main Board of the Stock Exchange. Dr. Stanley Ho, Ms. Maisy Ho and Mr. David Shum are directors of Sociedade de Jogos de Macau, S.A., a subsidiary of SJM and one of the gaming concessionaires, which has been granted a concession by the Macau SAR Government to operate casinos in Macau.

   During the year, the Group had the following transactions with STDM and its subsidiaries (the "STDM Group"):

   (a) Shun Tak - China Travel Shipping Investments Limited ("ST-CTSI"), a non wholly-owned subsidiary of the Company, purchased HK$236.4 million of fuel from the STDM Group in Macau for its shipping operations. ST-CTSI is effectively owned as to 42.6% by the Company, 28.4% by STDM and 29% by China Travel International Investment

REPORT OF THE DIRECTORS

Hong Kong Limited ("CTII"). Pursuant to a fuel arrangement agreement (the "Fuel Arrangement Agreement") between ST-CTSI and STDM, STDM supplied and loaded fuel into ST-CTSI vessels at the Macau Outer Harbour Terminal. The cost of fuel was its market price plus a small handling charge.

On 25 October 2013, ST-CTSI signed an extension agreement to the Fuel Arrangement Agreement with STDM to continue the arrangement for 3 years from 1 January 2014 to 31 December 2016, which is thereafter renewable for a further period of 3 years or such other period as may be mutually agreed, unless early terminated by either party giving specified period of prior written notice. Further details of the extension agreement were disclosed in the Company's circular dated 15 November 2013.

(b) On 25 October 2013, ST-CTSI and STDM entered into a ticketing agreement (the "Ticketing Agreement") to continue to sell to STDM Group the ferry tickets (the "Ferry Tickets Transactions") at a discount of 5% for a bulk purchase of ferry tickets by STDM Group for its own account (the "Discount") for a period of 3 years from 1 January 2014 until 31 December 2016, which is thereafter renewable for a further period of 3 years or such other period as may be mutually agreed, unless early terminated by either party giving specified period of prior written notice. Further details of the Ticketing Agreement were disclosed in the Company's announcement dated 25 October 2013.

During the year, HK$134.2 million of ferry tickets were sold to STDM. A total discount of HK$6.7 million was granted by ST-CTSI on bulk purchases of ferry tickets from STDM under the Ticketing Agreement.

(c) On 20 December 2012, the Company entered into a master property services agreement (the "Master Property Services Agreement") with STDM to set out a framework for the provision of property related services by the Group to the STDM Group on a non-exclusive basis, including without limitation, sales, leasing, property management, property cleaning and other property related services for the properties as designated by the STDM Group and agreed by the Group from time to time.

The Master Property Services Agreement was for a term of 3 years from 1 January 2013 to 31 December 2015.

The then existing agreements (including the management agreement dated 14 December 2001 entered into between Shun Tak Management Services Group Limited ("STMSG"), an indirect wholly-owned subsidiary of the Company, and STDM in relation to the provision of operational and property management service for the Macau Tower Convention & Entertainment Centre ("Macau Tower") by STMSG) shall remain in full force and effect notwithstanding the terms of the Master Property Services Agreement. New property services agreements made under the Master Property Services Agreement were for fixed terms of not more than 3 years. The property service fee was determined by reference to the prevailing market service fee.

During the year, the aggregate service fees received by the Group from the STDM Group under the Master Property Services Agreement (including service fees received for the operation and property management of the Macau Tower) amounted to HK$18.8 million.

On 14 December 2015, the Company and STDM entered into a master products and services agreement (the "Master Agreement") to set out a framework for the provision of the below products and services by the Group to the STDM Group, and vice versa, on a non-exclusive basis. The Master Agreement is for a term of 3 years from 1 January 2016 to 31 December 2018. Subject to compliance with the requirements of the Listing Rules, the Master Agreement may be renewed by the parties before its termination.

- Provision of the products and services by the Group to the STDM Group including the following:

  (i) Ferry Ticket Transactions;

  (ii) provision of management and operation services to hotels and other hospitality properties and business owned by the STDM Group such as hotels, Macau Tower and restaurants;

  (iii) sale of travel products and provision of travel agency services, such as hotel accommodation and ticketing;

  (iv) provision of other property-related services, such as property management, sale and leasing, project management and cleaning services to various properties owned by the STDM Group; and

  (v) provision of business support services such as laundry, company secretarial services, promotion and advertising, and office administrative service.

- Provision of the products and services by the STDM Group to the Group including the following:

  (vi) sale of travel products such as hotel accommodation and Macau Tower admission tickets to the Group; and

  (vii) provision of management services to properties owned by the Group.

As disclosed in the Company's announcement dated 14 December 2015, the annual caps for the Ferry Ticket Transactions (item (i) above) for the three years ending 31 December 2016, 2017 and 2018 are HK$167 million, HK$172 million and HK$180 million respectively; and no annual cap was set for the Discount under the Ferry Ticket Transactions (item (i) above) and other categories of transactions (items (ii) – (vii) above) since the applicable percentage ratios as defined in the Listing Rules (other than profit ratio) as determined with reference to their respective expected aggregate value of each of these categories of transactions are less than 1%.

2. On 20 December 2012, ST-CTSI entered into an agreement (the "CTSHK Agreement") for appointing China Travel Service (Hong Kong) Limited ("CTSHK") as a non-exclusive joint general sales agent for the sale of ferry tickets for ST-CTSI ferry services. CTSHK is a subsidiary of CTII, which is a substantial shareholder of ST-CTSI. CTSHK promotes and markets at its own costs the ST-CTSI ferry services.

   For the provision of sales agency and business development services by CTSHK under the CTSHK Agreement, ST-CTSI shall pay a monthly commission based on a rate of 2% of the total net ticket sales received on all ST-CTSI routes (less any discounts and concessions on ferry tickets agreed by ST-CTSI, and any taxes, fees and levies paid thereon to any government or ferry terminal operator).

   The CTSHK Agreement was for a term of 3 years from 1 January 2013 to 31 December 2015.

   During the year, ST-CTSI paid commission of HK$47.9 million under the CTSHK Agreement to CTSHK.

3. On 25 March 2013, Shun Tak Properties Limited ("STP"), a wholly-owned subsidiary of the Company, which manages Shun Tak Centre (a commercial property and shopping mall in Sheung Wan, Hong Kong), entered into a consultancy agreement (the "Consultancy Agreement") to continue to engage Kiu Lok Service Management Company Limited ("Kiu Lok"), as a consultant to advise and assist in the management of Shun Tak Centre. STP paid to Kiu Lok a consultancy fee based on 50% of its manager remuneration from Shun Tak Centre. Kiu Lok is beneficially owned as to more than 50% by Dato' Dr. Cheng Yu Tung (who retired as a Non-Executive Director on 19 June 2015) and his family members (including in-laws and descendants thereof) on an aggregate (direct or indirect) basis, and hence a connected person of the Company.

REPORT OF THE DIRECTORS

The Consultancy Agreement was for the period from 4 March 2013 to 3 March 2016.

During the year, the total consultancy fees paid by STP to Kiu Lok under the Consultancy Agreement amounted to HK$5.4 million.

Under Chapter 14A of the Listing Rules, the transactions mentioned in sub-paragraphs 1 to 3 above constituted continuing connected transactions of the Company for the year which require disclosures in the annual report of the Company. The price and terms of these continuing connected transactions have been determined in accordance with the pricing policies and guidelines set out in the relevant announcements and/or circular of the Company.

The aforesaid continuing connected transactions have been reviewed by the Independent Non-Executive Directors who have confirmed that the transactions were entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms or better; and

(c) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions mentioned in sub-paragraphs 1 to 3 above in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

4. The Group granted financial assistance to Shun Tak Cultural Centre Limited, a company owned as to 60% by the Group and 40% by a company in which Dr. Stanley Ho has beneficial interest. The shareholders' loan was granted by both shareholders in proportion to their respective shareholdings on an interest-free basis. As at 31 December 2015, the total outstanding sum of the shareholders' loan was HK$97.8 million.

Under Chapter 14A of the Listing Rules, the transaction mentioned in sub-paragraph 4 above constituted a connected transaction of the Company for the year which requires disclosure in the annual report of the Company.

5. On 11 November 2004, Shun Tak Nam Van Investment Limited ("Shun Tak Nam Van"), a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Sai Wu Investment Limited ("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 of property sites adjacent to the Macau Tower in Nam Van, Macau. A refundable deposit of HK$500 million was paid by Shun Tak Nam Van to Sai Wu to extend the completion date of the acquisition without changing the consideration or its other terms of the acquisition. On 31 December 2014, the completion date of the acquisition was further extended from 31 December 2014 to on or before 31 December 2016.

6. On 24 December 2013, the Company entered into a master service agreement (the "MGM Master Service Agreement") with MGM Grand Paradise Limited ("MGM"), a company in which Ms. Pansy Ho has indirect beneficial interest. The MGM Master Service Agreement set out a framework for products and/or services which may be provided/demanded by the Group to/from MGM and/or its subsidiaries (the "MGM Group") from time to time on a non-exclusive basis.

   The MGM Master Service Agreement is for a term of 3 years from 1 January 2014 to 31 December 2016 and is thereafter renewable for successive terms of 3 years by mutual agreement in writing.

Save for the transactions mentioned in sub-paragraphs 1 to 6 above, there were no other transactions, arrangements and contracts of significance in relation to the Group's business to which the Company's subsidiaries or its holding companies was a party and in which a Director or its connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Interests in Competing Businesses

The Directors named in the paragraphs below have interests in businesses, which are considered to compete or likely to compete, either directly or indirectly, with the businesses of the Group during the year.

Dr. Stanley Ho is a director of and has beneficial interests in Shun Tak Centre Limited ("STC") which is also engaged in the business of property investment. Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho and Mr. David Shum are also directors of STC.

Dr. Stanley Ho and Ms. Pansy Ho are directors of STDM which is also engaged in the businesses of property investment, property development and/or hospitality. Ms. Daisy Ho is an appointed representative of Lanceford Company Limited, a corporate director of STDM. Mr. David Shum is an appointed representative of the Company, a corporate director of STDM.

Dr. Stanley Ho is a director of Hong Kong Express Airways Limited which is engaged in the business of low cost airline.

Dato' Dr. Cheng Yu Tung (retired as a Non-Executive Director on 19 June 2015) is a director of Chow Tai Fook Enterprises Limited, Melbourne Enterprises Limited (resigned on 26 March 2015) and Lifestyle International Holdings Limited (retired on 4 May 2015) together with its respective group of companies, which are also engaged in the businesses of property investment, property development, transportation services and/or hospitality.

The above-mentioned competing businesses are managed by separate entities with independent management and administration. The Directors are of the view that the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of these entities. When making decisions, the relevant Directors, in performance of their duties as Directors of the Company, have acted and will continue to act in the best interests of the Group.

Save as disclosed above, none of the Directors had any interest in any company or business which competes or may compete with the business of the Group during the year.

REPORT OF THE DIRECTORS

Disclosure of Interests

(1) Directors' Interests

As at 31 December 2015, the interests or short positions of the Directors and chief executive of the Company 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 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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of 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: Personal interests	Note	Number of shares held: Corporate interests	Note	Approximate percentage of total issued shares Note (i)
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	155,623,937		363,798,627	(iv)	17.07%
	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%

Notes:

(i) As at 31 December 2015, 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

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 31 December 2015, 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	Approximate percentage of total issued shares
			Note (i)
Ms. Pansy Ho	Shun Tak & CITS Coach (Macao) Limited	750 shares	15.00%

Note:

(i) As at 31 December 2015, there was a total of 5,000 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).

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 31 December 2015.

REPORT OF THE DIRECTORS

(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 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. Details of the 2012 Share Option Scheme are set out below.

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 options were 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 year were as follows:

				Number of share options			
Name of director	**Date of grant**	**Exercise period**	**Exercise price per share**	**At 1 January 2015**	**Lapsed during the year**	**At 31 December 2015**	
			HK$				Note
Directors							
Mr. Norman Ho	29 March 2011	29 March 2011 to 27 March 2021	3.86	1,132,124	–	1,132,124	(i)
Mr. Charles Ho	29 March 2011	29 March 2011 to 27 March 2021	3.86	1,132,124	–	1,132,124	(i)
Mr. Michael Ng	1 February 2010	1 April 2010 to 31 January 2015	4.13	2,832,930	(2,832,930)	–	(ii)
	1 February 2010	1 April 2011 to 31 January 2015	4.13	2,832,930	(2,832,930)	–	(iii)
Mrs. Louise Mok	29 March 2011	29 March 2011 to 27 March 2021	3.86	1,132,124	–	1,132,124	(i)
Former Directors							
Sir Rogerio Hyndman Lobo	29 March 2011	29 March 2011 to 27 March 2021	3.86	1,132,124	–	1,132,124	(i) & (iv)
Dato' Dr. Cheng Yu Tung	29 March 2011	29 March 2011 to 27 March 2021	3.86	1,132,124	–	1,132,124	(i) & (v)
Total				11,326,480	(5,665,860)	5,660,620	

Notes:

(i) These share options were vested on 29 March 2011.

(ii) These share options were vested on 1 April 2010 and lapsed during the year.

(iii) These share options were vested on 1 April 2011 and lapsed during the year.

(iv) These share options were exercisable on or before 18 April 2016 since Sir Rogerio Hyndman Lobo, an Independent Non-Executive Director, passed away on 18 April 2015.

(v) These share options were exercisable on or before 19 June 2016 since Dato' Dr. Cheng Yu Tung, a Non-Executive Director, retired on 19 June 2015.

(vi) During the year, no share options under the 2002 Share Option Scheme were exercised or cancelled.

Save as disclosed above, as at 31 December 2015, 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.

A summary of the 2012 Share Option Scheme disclosed in accordance with the Listing Rules is set out below:

(i)	Purpose of the 2012 Share Option Scheme	To recognise, motivate and incentivise the participants whom the Board considers to have made contributions, or will make contributions, to the Company; attract, retain or maintain ongoing relationship with the participants who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Company's business.
(ii)	Participants of the 2012 Share Option Scheme	(a) any person employed by the Company or its affiliates; any officer or director of the Company or its affiliates; or a person seconded to work for the Company or its affiliates; (b) a consultant, business or joint venture partner, franchisee, contractor, agent or representative of the Company or its affiliates; (c) a person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to the Company or its affiliates; (d) any person who provides goods and services to the Company or its affiliates; (e) an associate of any of the foregoing persons; or (f) any supplier, customer, strategic alliance partner or adviser to the Company or its affiliates.
(iii)	Total number of shares available for issue under the 2012 Share Option Scheme and percentage on issued shares as at the date of this annual report	No share option has been granted under the 2012 Share Option Scheme as at the date of this annual report. The total number of shares available for issue under the 2012 Share Option Scheme is 298,688,071, representing approximately 10% of the Company's total number of issued shares as at the date of this annual report. The Company has 3,042,465,785 shares in issue as at the date of this annual report.
(iv)	Maximum entitlement of each participant under the 2012 Share Option Scheme	In any 12-month period: — 1% of the issued shares (excluding substantial shareholders and Independent Non-Executive Directors) — 0.1% of the issued shares and not exceeding HK$5 million in aggregate value (for substantial shareholders and Independent Non-Executive Directors)

REPORT OF THE DIRECTORS

(v)	The period within which the shares must be taken up under an option	The Board may at its absolute discretion determine save that such period shall not expire later than 10 years from the date of grant.
(vi)	The minimum period for which an option must be held before it can be exercised	There is no such minimum holding period prescribed in the 2012 Share Option Scheme, but the Board may at its absolute discretion impose a vesting period on an option.
(vii)	The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid	An offer for the grant of an option may be accepted within 15 business days from the date of the offer and HK$1.00 is payable on acceptance of the grant of an option.
(viii)	The basis of determining the subscription price	The subscription price is determined by the Board and shall be at least the highest of: — the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of offer; and — the average closing prices of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer.
(ix)	The remaining life of the 2012 Share Option Scheme	The 2012 Share Option Scheme shall remain in force until 7 June 2022.

(3) Substantial Shareholders' and Other Persons' Interests

As at 31 December 2015, 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%
Megaprosper 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 31 December 2015, 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.

(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 BPL and CTDL.

(v) MIL is owned as to 51% by Ms. Pansy Ho and 39% by Ms. Daisy Ho. 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 or 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 31 December 2015.

REPORT OF THE DIRECTORS

Purchase, Sale or Redemption of Listed Securities

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

Arrangement to Purchase Shares or Debentures

Save as disclosed in the above sub-paragraphs headed "Directors' Interests" and "Share Options", at no time during the year was the Company or any of its subsidiaries a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors or their nominees to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's issued shares was held by the public as at the date of this annual report.

Permitted Indemnity Provision

The Company's Articles of Association provides that every Director of the Company shall be entitled to be indemnified out of the assets of the Company against any liability incurred by them or any one of them as holder of any such office or appointment to a third party.

A permitted indemnity provision is in force as at the date of this report and was in force throughout the year for the benefit of all the Directors pursuant to the directors' and officers' liability insurance arranged by the Company.

Auditor

The financial statements for the year ended 31 December 2015 have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment as auditor at the forthcoming annual general meeting of the Company.

On behalf of the Board

Pansy Ho
Managing Director

Hong Kong, 23 March 2016

CORPORATE GOVERNANCE REPORT

Corporate Governance Practices

The board of directors ("Board" or "Directors") of Shun Tak Holdings Limited (the "Company") is committed to principles of good corporate governance standards and procedures. This report addresses the status of the Company in applying the principles and complying with the code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is committed to maintaining high standards of corporate governance. Since its first launch in 2011, the Company has been one of the constituent stocks of the Hang Seng Corporate Sustainability Benchmark Index, Asia's first benchmark series to track the performance of leading companies in corporate sustainability, with focus on environmental, social and corporate governance aspects. Hong Kong Quality Assurance Agency ("HKQAA"), the project partner with Hang Seng Indexes Company Limited since 2014, recognised the Company's sustainability achievement and awarded an "AA" grade to the Company. The Company has also been accredited the HKQAA CSR Plus Mark by HKQAA which showcases the Company's satisfactory sustainability performance.

The Listing Rules require every listed company to report how it applies CG Code principles and confirm that it complies with such provisions, or provide an explanation if it does not. The Board periodically reviews the Company's practices to comply with increasingly stringent requirements and to meet rising expectations of its shareholders ("Shareholders"). A corporate governance policy outlining the Company's corporate governance framework and practices was first adopted by the Board in 2012.

The Board is of the opinion that the Company has complied with CG Code principles and its provisions throughout the year ended 31 December 2015, except for:

1. Code provision E.1.2 which requires the chairman of the Board to attend the annual general meeting ("AGM"). The Group Executive Chairman was absent from the Company's AGM on 19 June 2015 ("2015 AGM"). The Managing Director (also Chairman of the executive committee), the Deputy Managing Director and other Directors, together with the chairmen and members of the audit committee ("Audit Committee"), nomination committee ("Nomination Committee"), remuneration committee ("Remuneration Committee") and executive committee ("Executive Committee"), were available during the meeting to answer Shareholders' questions regarding activities of the Company and its Board committees (the "Board Committee"); and

2. Code provision A.5.1 which requires the nomination committee to comprise a majority of Independent Non-Executive Directors ("INED"). Late Sir Rogerio Hyndman Lobo had been an INED, chairman of the Remuneration Committee and member of the Audit Committee and Nomination Committee. He passed away on 18 April 2015. As a result, the Company was non-compliant until it appointed another INED in his place.

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

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

CORPORATE GOVERNANCE REPORT

Model Code for Securities Transactions

Code provision A.6.4 requires directors to comply with the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules (the "Model Code").

The Model Code was adopted by the Company as its own code of conduct for Directors' securities transactions. All Directors expressly confirmed they had fully complied with this Code during the year ended 31 December 2015, except that the private investment office of Ms. Pansy Ho acquired 1,366,000 shares of the Company on 24 August 2015 which was within the black-out period for the Company's 2015 interim results (which ran from 26 July 2015 to 25 August 2015). This oversight was noted and reported immediately by the Company to the Stock Exchange. The Company has reinforced to Ms. Pansy Ho's private investment office the importance of compliance with the relevant rules and has further enhanced its internal processes on Directors' dealings in the Company's securities.

Board Composition

The key principles of good governance require the Company to have an effective Board which is collectively responsible for its success, setting the Company's values and enhancing Shareholders' value. Non-Executive Directors have particular responsibility to oversee the Company's development, scrutinise its management performance, and advise on critical business issues. The Board is satisfied that it has met these requirements.

The Company has a balanced Board of Executive and Non-Executive Directors so that no individual or small group can dominate its decision-making process. To help the Board to discharge its duties and make decisions on particular aspects of the Company's affairs, Board Committees, including Remuneration Committee, Nomination Committee, Executive Committee and Audit Committee, have been established under the Company's Articles of Association ("Articles"). Other Board Committees may be formed from time to time. Further details about Board Committees are discussed in later part of this report.

Changes in members of the Board and Board Committees during the year ended 31 December 2015 and up to the date of this report are set out below:

- Sir Rogerio Hyndman Lobo, an INED, chairman of the Remuneration Committee and member of the Audit and Nomination Committees, passed away on 18 April 2015;
- Dato' Dr. Cheng Yu Tung retired as Non-Executive Director with effect from the conclusion of the 2015 AGM on 19 June 2015;
- Mr. Michael Ng was appointed as member and chairman of the Remuneration Committee, and member of the Nomination Committee, effective 25 August 2015; and
- Mr. Kevin Yip was appointed as an INED with effect 16 October 2015.

As at the date of this report, the Board has 11 members composed as follows:-

Executive Directors (representing 54.55% of the total number of Directors)
Dr. Stanley Ho *(Chairman)*
Ms. Pansy Ho *(Managing Director)*
Ms. Daisy Ho *(Deputy Managing Director)*
Ms. Maisy Ho
Mr. David Shum
Mr. Rogier Verhoeven

Non-Executive Director (representing 9.09% of the total number of Directors)
Mrs. Louise Mok

Independent Non-Executive Directors (representing 36.36% of the total number of Directors)
Mr. Charles Ho
Mr. Norman Ho
Mr. Michael Ng
Mr. Kevin Yip

Brief biographies of Directors and relationship amongst them are set out in "Management Profile" in this annual report.

The Company has four INEDs representing more than one-third of the Board, of which two possess professional accounting qualifications. The Company received a confirmation from each of the INEDs confirming independence under Rule 3.13 of the Listing Rules. The Nomination Committee is of the view that all INEDs are independent under the Listing Rules criteria.

The roles of the Chairman and the Managing Director are separate. Dr. Stanley Ho is Chairman and mainly responsible for Board leadership; Ms. Pansy Ho, Managing Director, is responsible for overall performance of the Company and its subsidiaries (the "Group").

The Board is responsible for overseeing the Company's strategic development, setting appropriate policies to manage risks in pursuit of the Company's strategic objectives, and scrutinising operational and financial performance.

Management is delegated by the Board and is principally responsible for the Group's day-to-day operations. The Managing Director and Deputy Managing Director, working with other Executive Directors and executive management team, are responsible for managing the Group's business; formulating policies for Board consideration; carrying out strategies adopted by the Board; making recommendations on strategic planning, operating plans, major projects and business proposals; and assuming full accountability to the Board for the Group's operations. The Executive Directors conduct regular meetings with the management of the Group and associated companies during which operational issues and financial performance are reviewed. The Executive Directors regularly report back to the Board or on an ad hoc basis.

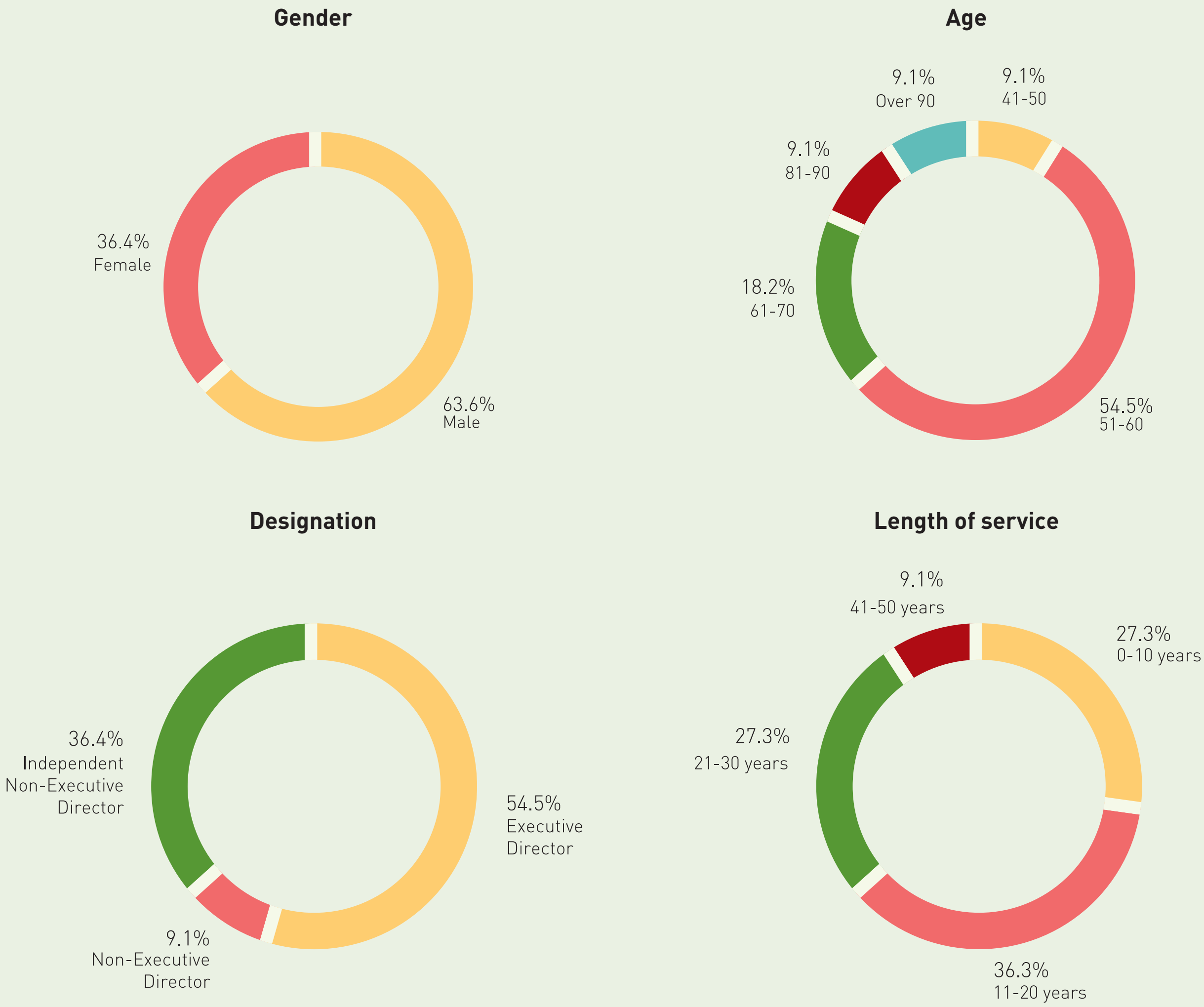
CORPORATE GOVERNANCE REPORT

Board Diversity

The Board adopted in 2013 a board diversity policy (the "Board Diversity Policy") which sets out the approach to achieve a diverse Board in order to enhance performance quality. "Diversity" would be considered from various aspects, including gender, age, cultural and educational background, professional experience, skills, knowledge and length of service etc. Board appointments are based on meritocracy and candidates will be assessed against objective criteria, having due regard for the benefits of diversity. The Nomination Committee will monitor the implementation of the Board Diversity Policy and, for the purpose of ensuring its effectiveness, the Nomination Committee will review this Board Diversity Policy and recommend any revisions to the Board for consideration and approval, when necessary.

Board diversity is shown below. Directors' biographical details are set out in "Management Profile" in this annual report.

Board Diversity



Board Practices

To ensure that the Board works effectively and discharges its responsibilities, its members are provided with monthly updates on Company's performance, financial position and prospects. Directors have full and timely access to relevant information and are properly briefed on issues considered at Board meetings. The duty of preparing the meeting agenda is delegated to the company secretary (the "Company Secretary"). Each Director may request inclusion of items on the agenda.

To make informed decisions, Directors are given information packages analysing and explaining agenda items not less than three days before a meeting. The Company Secretary keeps Directors informed of corporate governance issues and regulatory changes and ensures that Board procedures follow the CG Code and relevant legal requirements. The Board is provided with sufficient resources to discharge its duties and, if required, an individual Director may engage independent professional advisers at the Company's expenses to provide advice on specific matters.

If a Director has a conflict of interest in any matter under Board consideration, such matter will be dealt with by a physical Board meeting instead of written resolution. Such Director shall abstain from voting, and not be counted in the quorum, for any resolution in which he or she has a material interest.

An open atmosphere exists for Directors to contribute alternative views at meetings and major decisions are taken after full discussion. Minutes of Board and Board Committee meetings are recorded in detail with draft minutes circulated for comment before approval by Directors and Board Committee members, respectively. Minutes and written resolutions of the Board and Board Committees are kept by the Company Secretary and open for inspection by Directors. Such minutes and written resolutions are circulated to Directors at regular Board meetings.

The Company has appropriate directors' and officers' liability insurance for legal action against Directors.

Appointments and Re-election of Directors

All Non-Executive Directors (including INEDs) are appointed for a specific term of three years. Under the Articles, every Director, including those appointed for a specific term, is subject to retirement by rotation at least once every three years at the Company's AGM. Any Director appointed by the Board is subject to re-election by Shareholders at the next AGM following his or her appointment. Directors who are subject to retirement and re-election at the forthcoming AGM are set out in "Report of the Directors" in this annual report.

Directors' Induction, Business Development and Training

Each newly-appointed Director is offered training on the Company's key areas of business operations and practices. Newly-appointed Directors are offered orientation materials that set out the duties and responsibilities of directors under the Listing Rules and relevant ordinances and regulations. Directors are provided with "A Guide on Directors' Duties" issued by the Hong Kong Companies Registry and "Guidelines for Directors" issued by Hong Kong Institute of Directors ("HKIoD") which set out the general principles of directors' duties. All INEDs are given "Guide for Independent Non-Executive Directors" issued by HKIoD.

The Company encourages Directors to participate in continuing professional training and development courses to enhance their relevant knowledge and skills. The Company also updates Directors on the latest development of Listing Rules and applicable laws and regulations to facilitate awareness and ensure compliance. The Executive Committee is responsible for reviewing training and continuous professional developments of Directors and senior management. During the year, the Company provided materials on updates of laws and regulations and organised a training session on new CG Code requirements for risk management and internal controls.

CORPORATE GOVERNANCE REPORT

According to training records provided by Directors, a summary of their training during the year is shown below:

Directors	Type of Trainings
Group Executive Chairman	
Dr. Stanley Ho	A
Non-Executive Director	
Mrs. Louise Mok	A
Independent Non-Executive Directors	
Mr. Norman Ho	A, B, C
Mr. Charles Ho	A
Mr. Michael Ng	A
Mr. Kevin Yip	A, C
Managing Director	
Ms. Pansy Ho	A, B, C
Deputy Managing Director	
Ms. Daisy Ho	A, C
Executive Directors	
Ms. Maisy Ho	A, C
Mr. David Shum	A, B, C
Mr. Rogier Verhoeven	A

A: Reading materials and/or attending training session provided/organised by the Company in relation to updates of Listing Rules, latest development of the rules, regulations and corporate governance

B: Reading materials and/or attending training sessions provided/organised by other corporations relating to rules and regulations, economy, general business and corporate governance

C: Attending seminar and/or conference and/or forum

Board and Board Committee Meetings

Regular Board meetings are held at least four times every year at approximately quarterly intervals. Additional Board meetings are held if required. During the year ended 31 December 2015, five Board meetings were held.

Attendance by Directors at meetings of the Board, Audit Committee, Remuneration Committee, Nomination Committee and Annual General Meeting during the year is shown below:

Name of Director	Board	Audit Committee (Note 5)	Remuneration Committee	Nomination Committee	Annual General Meeting (Note 5)
	(Number of Meetings Attended/Entitled to Attend)				
Group Executive Chairman					
Dr. Stanley Ho	1/5	n/a	n/a	n/a	0/1
Non-Executive Directors					
Dato' Dr. Cheng Yu Tung (Note 1)	0/2	n/a	n/a	n/a	0/1
Mrs. Louise Mok	5/5	2/2	n/a	n/a	1/1
Independent Non-Executive Directors					
Sir Rogerio Hyndman Lobo (Note 2)	0/1	0/1	n/a	0/1	n/a
Mr. Norman Ho	4/5	2/2	1/1	2/2	1/1
Mr. Charles Ho	5/5	n/a	1/1	2/2	0/1
Mr. Michael Ng (Note 3)	3/5	2/2	1/1	1/1	1/1
Mr. Kevin Yip (Note 4)	2/2	n/a	n/a	n/a	n/a
Managing Director					
Ms. Pansy Ho	5/5	n/a	1/1	2/2	1/1
Deputy Managing Director					
Ms. Daisy Ho	5/5	n/a	1/1	2/2	1/1
Executive Directors					
Ms. Maisy Ho	5/5	n/a	n/a	n/a	1/1
Mr. David Shum	4/5	n/a	n/a	n/a	1/1
Mr. Rogier Verhoeven	5/5	n/a	n/a	n/a	1/1

Note 1: Dato' Dr. Cheng Yu Tung was unable to attend meetings due to health reason. He retired as a Non-Executive Director with effect from the conclusion of the 2015 AGM held on 19 June 2015.

Note 2: Sir Rogerio Hyndman Lobo was unable to attend meetings due to health reason and passed away on 18 April 2015.

Note 3: Mr. Michael Ng was appointed as a member and the chairman of the Remuneration Committee; and a member of the Nomination Committee, all with effect from 25 August 2015.

Note 4: Mr. Kevin Yip was appointed as an Independent Non-Executive Director with effect from 16 October 2015.

Note 5: Representatives of the external auditor participated in every Audit Committee Meeting and Annual General Meeting.

CORPORATE GOVERNANCE REPORT

Board Committees

Each of the Remuneration Committee, Nomination Committee, Executive Committee and Audit Committee has defined duties and responsibilities set out in its terms of reference which are no less exacting than those in the CG Code. Such terms will be regularly reviewed and updated in response to regulatory changes or Board direction. Other Board Committees for approving particular transaction, when formed, are delegated with specific duties and authorities by the Board. All Board Committees are provided with sufficient resources to discharge their duties.

Remuneration Committee

The Remuneration Committee consists of five members, namely, Mr. Norman Ho, Mr. Charles Ho and Mr. Michael Ng (all being INEDs), Ms. Pansy Ho (Managing Director) and Ms. Daisy Ho (Deputy Managing Director). Mr. Michael Ng is the chairman of the Remuneration Committee.

The principal role of the Remuneration Committee is to set the Company's remuneration and incentive policy as a whole, and review and approve remuneration proposals for Executive Directors and senior management. The emoluments of the Directors, including basic salary and performance bonus, are based on each Director's skills, knowledge and involvement in the Company's affairs, the Company's performance and profitability, remuneration benchmark in the industry and prevailing market conditions. No Director has taken part in setting his or her own remuneration.

According to its terms of reference (a copy of which is posted on the websites of the Company and the Stock Exchange), the Remuneration Committee shall meet at least once a year. Additional meetings may be held as required. Decisions may also be made by circulation of written resolutions accompanied by explanatory materials. During the year ended 31 December 2015, one Remuneration Committee meeting was held whereby it (i) reviewed and recommended to the Board (for INEDs) and approved (for Executive Directors, senior management and staff) their respective remuneration packages; and (ii) reviewed and recommended to the Board a draft remuneration policy (the "Remuneration Policy") for the Board's consideration and approval.

The Company has adopted the Remuneration Policy which establishes a formal and transparent procedure for determining remuneration of Directors and senior management. To achieve the Company's corporate goals and objectives, packages offered by the Group are competitive, adequate (but not excessive), in line with current market practices and able to attract, retain, motivate and reward Directors and senior management. To ensure the policy is effective, the Remuneration Committee will review the policy and recommend revisions to the Board when necessary.

Directors' interests in the Company's shares, underlying shares and debentures, along with interests in contracts, are set out in "Report of the Directors". Directors' emoluments are set out in "Notes to the Financial Statements" in this annual report.

Nomination Committee

The Nomination Committee consists of five members, namely, Mr. Norman Ho, Mr. Charles Ho and Mr. Michael Ng (all being INEDs), Ms. Pansy Ho (Managing Director) and Ms. Daisy Ho (Deputy Managing Director). Mr. Charles Ho is the chairman of the Nomination Committee.

The Nomination Committee is responsible for (i) formulating policy and making recommendations to the Board on nomination and appointment of Directors and the Board's succession planning; and (ii) monitoring the implementation of the Board Diversity Policy and reviewing the same and recommending any revision to the Board for consideration. The Nomination Committee develops selection procedures for candidates and will consider different criteria including appropriate professional knowledge, industry experience, and the standards set forth in Rules 3.08 and 3.09 of the Listing Rules. It reviews the structure, size and composition of the Board annually to ensure that it has balanced skills and expertise to provide effective leadership to the Company. It assesses the independence of INEDs under the criteria in Rule 3.13 of the Listing Rules.

According to its terms of reference (a copy of which is posted on the websites of the Company and the Stock Exchange), the Nomination Committee shall meet as required by its work. Decision may also be made by circulation of written resolutions accompanied by explanatory materials. During the year ended 31 December 2015, two Nomination Committee meetings were held at which the Nomination Committee had (i) reviewed the structure, size, composition and diversity of the Board; the Board Diversity Policy; the Directors' involvement in the Company's affair; and the independence of Independent Non-Executive Directors; and made recommendations to the Board for putting forward Directors, who were subject to retirement by rotation, for re-appointment at 2015 AGM; and (ii) recommended to the Board for approval of the appointment of Mr. Kevin Yip as an INED to fill the vacancy occasioned by the passing away of Sir Rogerio Hyndman Lobo on 18 April 2015.

Executive Committee

The Executive Committee consists of five members, namely, Ms. Pansy Ho (Managing Director), Ms. Daisy Ho (Deputy Managing Director) and Ms. Maisy Ho, Mr. David Shum and Mr. Rogier Verhoeven. Ms. Pansy Ho is the chairman of the Executive Committee. The duties and responsibilities of the Executive Committee are set out in its terms of reference. Meetings are held as required by its work.

For more efficient operation of the Board, the Executive Committee was established to make recommendations on the strategic aims, objectives and priorities of the Company and to consider and approve matters relating to the Group's day-to-day operations.

The Executive Committee was delegated by the Board to perform corporate governance functions set out in Code Provision D.3.1 including (i) developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board; (ii) reviewing and monitoring training and professional development of Directors and senior management; (iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and Directors; and (v) reviewing compliance with the Code and disclosure in the corporate governance report. As at the date of this report, the Executive Committee has reviewed (a) the Company's compliance with the CG Code and its disclosure in this report and (b) Directors' training records.

In light of the CG Code amendments, effective 1 January 2016, incorporating risk management in the CG Code, the Executive Committee was delegated by the Board to (i) assist the Board in evaluating and determining the nature and extent of risks the Board is willing to take to achieve the Group's strategic objectives; and (ii) oversee management in the design, implementation and ongoing monitoring of risk management and internal control systems and to ensure their appropriateness and effectiveness.

To oversee the Group's strategies and development of corporate sustainability, the Executive Committee was delegated by the Board to establish a sustainability steering committee (the "Sustainability Steering Committee"). After its establishment, the Sustainability Steering Committee prepared a sustainability policy on the Company's commitment to environmental, social and governance aspects for sustainable business growth and development. The policy was adopted by the Executive Committee in 2014 and the Company published its first sustainability report in June 2015.

The Company adopted a policy and procedure on disclosure of inside information (the "Inside Information Policy") setting out the Group's procedure in handling such information to ensure its equal and timely dissemination to comply with the requirements under Part XIVA of the Securities and Futures Ordinance and the Listing Rules in March 2015. The Executive Committee was delegated by the Board to monitor the Inside Information Policy and assess the nature and materiality of relevant information and determine the appropriate actions. In addition, an Inside Information Taskforce has been set up to assist the Executive Committee on disclosure matters. The Group will provide appropriate training to officers and employees likely to be in possession of inside information.

CORPORATE GOVERNANCE REPORT

Audit Committee

The Audit Committee consists of three members, namely, Mr. Norman Ho and Mr. Michael Ng (both being INEDs) and Mrs. Louise Mok (Non-Executive Director). Mr. Norman Ho is the chairman of the Audit Committee. The Board is satisfied that the Audit Committee members collectively possess adequate financial experience to properly discharge its duties and responsibilities. Mr. Norman Ho and Mr. Michael Ng have professional accounting qualifications required by Rule 3.10(2) of the Listing Rules, details of which are set out in their biographies in "Management Profile" in this annual report.

The Audit Committee's primary responsibilities include reviewing the Company's financial reports, risk management and internal control systems, and effectiveness and objectivity of the audit process.

According to its terms of reference (a copy of which is posted on the websites of the Company and the Stock Exchange), the Audit Committee shall meet at least twice a year. Decision may be made by circulating written resolutions accompanied by explanatory materials. During the year ended 31 December 2015, two Audit Committee meetings were held to review (i) the Company's interim and year-end financial reports, particularly judgemental areas before submission to the Board; (ii) the internal audit programme (including findings and management's responses); and (iii) PricewaterhouseCoopers' ("PwC") confirmation of independence, its report for the Audit Committee and management's letter of representation; and recommended the re-appointment of Company's external auditor. The Audit Committee also reviewed and approved PwC's annual audit and non-audit services fees for the year ended 31 December 2014, its terms of engagement as the Company's external auditor for the year ended 31 December 2015, and its further engagement to (a) review the Company's preliminary results announcement for the year ended 31 December 2015; and (b) report on continuing connected transactions as disclosed in this annual report. As at the date of this report, the Audit Committee also considered the annual audit and non-audit services fees for year ended 31 December 2015, and recommended the re-appointment of PwC (the retiring auditor at the forthcoming AGM) as the Company's external auditor.

The Group's whistleblowing policy was adopted by the Board in December 2011. With its introduction, employees are provided with a channel and guideline to report serious misconduct, malpractice or impropriety concerns internally without fear of reprisal. The Audit Committee was delegated with the overall responsibility for monitoring and reviewing the effectiveness of the Whistleblowing Policy.

Auditor's Remuneration

For the year ended 31 December 2015, the fees paid/payable by the Group to its external auditors in respect of audit and non-audit services provided by them amounted to approximately HK$9.7 million and HK$4.9 million respectively. The non-audit services mainly included interim review, taxation and other related services.

Accountability and Audit

The Directors acknowledge their responsibility for preparing for each financial year financial statements which give a true and fair view of the state of affairs of the Company and the Group; and the Group's profit and cash flow in accordance with Hong Kong Financial Reporting Standards, the Hong Kong Companies Ordinance and the Listing Rules. In preparing financial statements for the year ended 31 December 2015, the Directors have selected suitable accounting policies and applied them consistently. The Directors also made judgements and estimates that are prudent and reasonable and prepared the financial statements on a going concern basis. The Company announced its interim and annual results in a timely manner following the relevant periods as required by the Listing Rules.

The statement from the Company's external auditor about the auditor's reporting responsibilities on the Company's financial statements is set out in "Independent Auditor's Report" in this annual report.

Internal Control and Risk Management

The Board is responsible for ensuring the establishment of effective internal controls and risk management systems to safeguard the interests of stakeholders. These systems have been designed to ensure (i) effectiveness and efficiency of operations; (ii) proper identification and management of risks relating to the achievement of objectives; (iii) safeguarding of Group assets from misappropriation; (iv) proper maintenance of accounting records to provide reliable financial information; and (v) compliance with relevant legislation and regulations. Such systems are aimed at mitigating risks faced by the Group to an acceptable level, but not eliminating all risks. Hence, such systems can only provide reasonable but not absolute assurance that there will not be any material misstatement in the financial information and there will not be any financial loss or fraud.

The key procedures established by the Board to provide effective risk management and internal controls include (i) setting core values and beliefs which form the basis of the Group's overall risk philosophy and appetite; (ii) defining a management structure with clear lines of responsibility and authority limits which hold individuals accountable for their risk management and internal control responsibilities; (iii) imposing an organisational structure which provides necessary information flow for risk analysis and management decision-making; (iv) imposing budgetary and management accounting controls to efficiently allocate resources and providing timely financial and operational performance indicators to manage business activities and risks; (v) ensuring effective financial reporting control to record complete, accurate and timely accounting and management information; and (vi) assuring through the Audit Committee that appropriate risk management and internal control procedures are in place and functioning effectively.

Through the Audit Committee, the Board continues to review the effectiveness of risk management and internal control systems which include financial, operational, compliance, risk identification and assessment and risk response implementation controls. This process consists of (i) assessing such systems by the Group Internal Audit Department ("GIAD"); (ii) operational management's assurance of their maintenance of effective risk management systems and internal controls; and (iii) identifying control issues by the external auditor during statutory audit. The Audit Committee, supported by GIAD, reviews the adequacy of resources, qualifications, experiences and training requirements of staff responsible for accounting, financial reporting, treasury, financial analysis and internal audit functions.

The GIAD reports to the Audit Committee and has unrestricted access to the Group's records and personnel. To ensure systematic coverage of all auditable areas and effective deployment of resources, a four-year strategic audit plan adopting a risk ranking methodology has been formulated. This strategic plan, revised annually to reflect organisational changes and new business development, is submitted for the Audit Committee's approval. Ad hoc reviews will also be conducted for areas of concern identified by the Audit Committee and the management.

The GIAD reviews risk management and internal controls by (i) evaluating the control environment and risk identification and assessment processes; (ii) assessing the adequacy of risk response measures and internal controls; and (iii) testing the implementation of such measures and the functioning of key controls through audit sampling. During each audit, staff qualifications and experience as well as manpower plans and training budgets are reviewed to ensure sufficient competent staff to maintain effective risk management and internal control systems. In addition, management of key processes is required to review control framework with reference to the integrated framework of internal control recommended by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) and to confirm such systems are functioning as intended. An audit report incorporating control deficiencies and management's rectification plans is issued for each internal audit.

The GIAD reports quarterly to the Audit Committee on the results of its assessment of risk management and internal control systems and status of implementation of follow-up actions on control deficiencies. In addition, the head of GIAD attends Audit Committee meetings twice a year to report its progress in achieving the strategic audit plan and to give a summary of the results of audit activities during the period.

CORPORATE GOVERNANCE REPORT

For the year under review, the Board considers that the risk management and internal control systems of the Group are adequate and effective and the Company has complied with the relevant code provisions in the CG Code on internal control.

Proactive Investor Relations

The Company aims to maintain an ongoing dialogue and communication with its Shareholders. It is the Board's responsibility to ensure satisfactory dialogue takes place. The Board adopted a shareholder communication policy setting out the Company's principles in relation to Shareholders' communication, with the objective to ensure direct, open and timely communications. The primary channel between the Company and Shareholders is the publication of interim reports, annual reports, circulars and notices to Shareholders. The Company's share registrar, Computershare Hong Kong Investor Services Limited (the "Share Registrar"), serves Shareholders on all share registration matters. General meetings further provide the forum and opportunity for Shareholders to exchange views directly with the Board members.

The Company continues its proactive policy to promote investor relations by regular meetings with institutional Shareholders and research analysts. Our Investor Relations Department maintains open communications with the investment community. To ensure investors have an informed understanding of the Company's strategies, operations and management, our management engages in proactive investor relation activities. These include participating in regular one-on-one meetings, investor conferences and international non-deal roadshows.

The Company maintains a corporate website (www.shuntakgroup.com) which provides Shareholders, investors and the public with updated information on the Group's activities and development. Corporate information on the Group's businesses is distributed by email to the registered mailing list which can be joined by interested parties on the Company's website. The Company Secretary and the Investor Relations Department serve as the major channels of communication between Directors, Shareholders, investors and the public. The public is encouraged to contact the Group as appropriate.

Shareholders may at any time send their enquiries to the Board, addressed to the Company Secretarial Department or Investor Relations Department with contact details set out below:

Registered Office	:	Penthouse 39th Floor, West Tower, Shun Tak Centre 200 Connaught Road Central Hong Kong
Telephone	:	(852) 2859 3111
Facsimile	:	(852) 2857 7181
E-mail	:	enquiry@shuntakgroup.com ir@shuntakgroup.com

In relation to enquiries on the shareholding matters of the Company, Shareholders could send enquiries to the Share Registrar with their contact details set out below:

Address	:	Shops 1712-1716, 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong
Telephone	:	(852) 2862 8555
Facsimile	:	(852) 2865 0990
E-mail	:	hkinfo@computershare.com.hk

2015 Annual General Meeting

The notice of the 2015 AGM setting out details of each proposed resolution and other relevant information as set out in the circular were distributed to all Shareholders more than 20 clear business days before the date of the 2015 AGM. Separate resolutions were proposed on each substantially separate issue, including re-election of individual Directors. In strict compliance with Rule 13.39(4) of the Listing Rules, the Company's Articles stated that all resolutions proposed in a general meeting will be decided on poll except for procedural or administrative matters. The Share Registrar was appointed as scrutineer for vote-taking at the 2015 AGM. Procedures for conducting a poll were explained by the Share Registrar before commencement of poll voting at the 2015 AGM.

The 2015 AGM was held at Grand Ballroom, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Friday, 19 June 2015 at 3:00 p.m. at which all resolutions were duly passed including (i) receipt of the audited financial statements of the Company for the year ended 31 December 2014 and the reports of Directors and the independent auditor; (ii) declaration of 2014 final dividend and special dividend; (iii) re-election of Mr. Michael Ng, Mrs. Louise Mok, Ms. Maisy Ho and Mr. Rogier Verhoeven as Directors of the Company; (iv) approval of the directors' fees and authorisation to the Board to fix other directors' remuneration; (v) re-appointment of PwC as auditor of the Company and authorisation to the Board to fix its remuneration; (vi) granting of the general mandate to the Board to repurchase the Company's shares; (vii) granting of the general mandate to the Board to issue new shares of the Company; (viii) authorisation to the Board to extend the general mandate to issue new shares by adding the number of shares repurchased; and (ix) adoption of new Articles (the "New Articles") of the Company.

The poll results were posted on the websites of the Company and the Stock Exchange in accordance with the Listing Rules as soon as after the closure of the 2015 AGM.

Shareholders' Rights

Procedures for Shareholders to Convene a General Meeting

In accordance with section 566 of the Hong Kong Companies Ordinance (Chapter 622) (the "Ordinance"), Shareholders representing at least 5% of the total voting rights of all Shareholders having a right to vote at general meetings can make a requisition to convene a general meeting. The requisition must state the objects of the meeting, and must be signed by the Shareholders concerned and deposited at the registered office of the Company for the attention of the Company Secretary. The requisition must also (a) state the name(s) of the requisitionist(s), (b) the contact details of the requisitionist(s) and (c) the number of ordinary shares of the Company held by the requisitionist(s).

Procedures for Shareholders to Put Forward Proposals at General Meeting

According to the Ordinance, Shareholder(s) representing at least 2.5% of the total voting rights of all Shareholders who have a relevant right to vote; or at least 50 Shareholders who have a relevant right to vote can submit a written request to move a resolution at the general meeting of the Company. The written request must state the resolution, accompanied by a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution, signed by the relevant Shareholder(s) and deposited at the registered office of the Company.

Company Secretary

The Company Secretary is a full-time employee of the Company and has day-to-day knowledge of the Company's affairs. The Company Secretary is responsible for advising the Board on governance matters. For the year under review, the Company Secretary has taken no less than 15 hours of relevant professional training.

CORPORATE GOVERNANCE REPORT

Constitutional Documents

During the year ended 31 December 2015, the Company adopted the New Articles. Major changes to the Articles include (i) amendments to reflect changes in laws, rules and regulations (such as references made obsolete by the Ordinance which came into effect on 3 March 2014); (ii) provision of increased flexibility for the Company and Shareholders; and (iii) up-date of the Articles. Adoption of the New Articles was approved by Shareholders at the 2015 AGM. A copy of the New Articles is available on the websites of the Company and the Stock Exchange.

Looking Forward

The Company will continue to review its corporate governance practices on a timely basis and take necessary and appropriate actions to ensure compliance with the required practices and standards including code provisions in the CG Code.

Hong Kong, 23 March 2016

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

TO THE MEMBERS OF SHUN TAK HOLDINGS LIMITED

(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Shun Tak Holdings Limited (the "Company") and its subsidiaries set out on pages 83 to 173, which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 March 2016

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

	Note	2015	2014
		HK$'000	HK$'000
Revenue	4	**4,405,312**	9,538,561
Other income	4	**290,496**	257,198
		4,695,808	9,795,759
Other gains, net	5	**23,123**	22,713
Cost of inventories sold and services provided		**(1,494,894)**	(4,669,794)
Staff costs		**(1,288,973)**	(1,234,493)
Depreciation and amortisation		**(153,820)**	(155,387)
Other costs		**(636,183)**	(528,003)
Fair value changes on investment properties		**257,508**	941,420
Operating profit	6	**1,402,569**	4,172,215
Finance costs	8	**(170,089)**	(135,408)
Share of results of joint ventures		**122,611**	1,581,224
Share of results of associates		**(43,753)**	50,801
Profit before taxation		**1,311,338**	5,668,832
Taxation	9(a)	**(138,371)**	(404,999)
Profit for the year		**1,172,967**	5,263,833
Attributable to:			
Owners of the Company		**744,670**	4,452,909
Non-controlling interests		**428,297**	810,924
Profit for the year		**1,172,967**	5,263,833
Earnings per share (HK cents)	11		
– basic		**24.5**	147.0
– diluted		**24.5**	143.5

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

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

CONSOLIDATED BALANCE SHEET

As at 31 December 2015

	Note	2015	2014
		HK$'000	HK$'000
Non-current assets			
Property, plant and equipment	12	**2,118,012**	2,197,556
Investment properties	13	**7,909,799**	7,686,004
Prepaid premium for land lease and land use rights	14	**318,562**	347,784
Joint ventures	16	**5,896,945**	5,990,068
Associates	17	**1,453,652**	1,583,049
Intangible assets	18	**38,281**	37,270
Available-for-sale investments	19	**965,552**	996,367
Derivative financial instruments	25	**—**	8,133
Mortgage loans receivable	20	**7,155**	9,640
Deferred tax assets	9(c)	**19,295**	26,753
Other non-current assets	21	**384,375**	240,908
		19,111,628	19,123,532
Current assets			
Properties for or under development	22	**9,085,668**	7,930,387
Inventories	23	**1,939,039**	2,090,492
Trade and other receivables, deposits paid and prepayments	24	**1,388,777**	2,500,969
Taxation recoverable		**3,441**	1,142
Cash and bank balances	26	**15,857,945**	15,808,605
		28,274,870	28,331,595
Current liabilities			
Trade and other payables, and deposits received	27	**1,433,304**	1,802,281
Deposits received from sale of properties		**157,665**	—
Bank borrowings	28	**4,359,495**	2,887,000
Derivative financial instruments	25	**75,026**	115,871
Provision for employee benefits	29	**14,250**	15,166
Taxation payable		**72,622**	384,610
Loans from non-controlling interests	31	**760,888**	681,719
		6,873,250	5,886,647
Net current assets		**21,401,620**	22,444,948
Total assets less current liabilities		**40,513,248**	41,568,480

CONSOLIDATED BALANCE SHEET

As at 31 December 2015

	Note	2015	2014
		HK$'000	HK$'000
Non-current liabilities			
Bank borrowings	28	**4,883,030**	6,304,045
Medium term notes	30	**3,140,170**	3,138,755
Derivative financial instruments	25	**29,115**	—
Deferred tax liabilities	9(c)	**1,036,786**	1,014,014
		9,089,101	10,456,814
Net assets		**31,424,147**	31,111,666
Equity			
Share capital	32	**9,858,250**	9,858,250
Other reserves	34	**16,437,957**	16,051,919
Proposed dividends		**60,849**	502,007
Equity attributable to owners of the Company		**26,357,056**	26,412,176
Non-controlling interests		**5,067,091**	4,699,490
Total equity		**31,424,147**	31,111,666

Pansy Ho
Director

Daisy Ho
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Equity attributable to owners of the Company												
	Share capital	Capital 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
At 1 January 2015	9,858,250	28,048	10,972	(151,413)	88,654	(33,192)	1,015,275	27,802	15,065,773	502,007	26,412,176	4,699,490	31,111,666
Profit for the year	–	–	–	–	–	–	–	–	744,670	–	744,670	428,297	1,172,967
Items that may be reclassified to profit or loss:													
Available-for-sale investments													
Changes in fair value	–	–	–	–	(30,516)	–	–	–	–	–	(30,516)	–	(30,516)
Impairment losses charged to profit or loss	–	–	–	–	485	–	–	–	–	–	485	–	485
Cash flow hedges													
Changes in fair value, net of tax	–	–	–	–	–	(71,890)	–	–	–	–	(71,890)	(46,677)	(118,567)
Transfer to profit or loss	–	–	–	–	–	51,507	–	–	–	–	51,507	66,262	117,769
Reversal of asset revaluation reserve upon sales of properties, net of tax	–	–	–	–	–	–	(4,764)	–	–	–	(4,764)	–	(4,764)
Currency translation differences	–	–	–	–	–	–	–	(158,163)	–	–	(158,163)	(39,360)	(197,523)
Share of currency translation difference of joint ventures	–	–	–	–	–	–	–	(1,665)	–	–	(1,665)	–	(1,665)
Share of currency translation difference of associated companies	–	–	–	–	–	–	–	(82,777)	–	–	(82,777)	–	(82,777)
Other comprehensive loss for the year	–	–	–	–	(30,031)	(20,383)	(4,764)	(242,605)	–	–	(297,783)	(19,775)	(317,558)
Total comprehensive income/(loss) for the year	–	–	–	–	(30,031)	(20,383)	(4,764)	(242,605)	744,670	–	446,887	408,522	855,409
2014 final dividend	–	–	–	–	–	–	–	–	–	(60,849)	(60,849)	–	(60,849)
2014 special dividend	–	–	–	–	–	–	–	–	–	(441,158)	(441,158)	–	(441,158)
2015 final dividend	–	–	–	–	–	–	–	–	(60,849)	60,849	–	–	–
Lapse of share option	–	(8,192)	–	–	–	–	–	–	8,192	–	–	–	–
Dividend to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	(40,921)	(40,921)
Transfer of reserve	–	–	868	–	–	–	–	–	(868)	–	–	–	–
Share of reserve movement of a joint venture	–	–	217	–	–	–	–	–	(217)	–	–	–	–
	–	(8,192)	1,085	–	–	–	–	–	(53,742)	(441,158)	(502,007)	(40,921)	(542,928)
At 31 December 2015	9,858,250	19,856	12,057	(151,413)	58,623	(53,575)	1,010,511	(214,803)	15,756,701	60,849	26,357,056	5,067,091	31,424,147

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Equity attributable to owners of the Company															
	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	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 2014	749,220	8,876,887	100,170	28,048	43,248	10,560	(151,413)	89,213	(1,672)	1,179,563	49,752	10,164,531	–	21,138,107	3,377,966	24,516,073
Profit for the year	–	–	–	–	–	–	–	–	–	–	–	4,452,909	–	4,452,909	810,924	5,263,833
Items that may be reclassified to profit or loss:																
Available-for-sale investments																
Changes in fair value	–	–	–	–	–	–	–	(570)	–	–	–	–	–	(570)	–	(570)
Reversal of reserve upon disposal of available-for-sale investments	–	–	–	–	–	–	–	11	–	–	–	–	–	11	–	11
Cash flow hedges																
Changes in fair value, net of tax	–	–	–	–	–	–	–	–	(51,735)	–	–	–	–	(51,735)	(86,804)	(138,539)
Transfer to profit or loss	–	–	–	–	–	–	–	–	20,215	–	–	–	–	20,215	27,375	47,590
Reversal of asset revaluation reserve upon sales of properties, net of tax	–	–	–	–	–	–	–	–	–	(164,288)	–	–	–	(164,288)	–	(164,288)
Currency translation differences	–	–	–	–	–	–	–	–	–	–	(30,016)	–	–	(30,016)	(14,613)	(44,629)
Share of currency translation difference of joint ventures	–	–	–	–	–	–	–	–	–	–	842	–	–	842	–	842
Share of currency translation difference of associated companies	–	–	–	–	–	–	–	–	–	–	7,224	–	–	7,224	–	7,224
Other comprehensive loss for the year	–	–	–	–	–	–	–	(559)	(31,520)	(164,288)	(21,950)	–	–	(218,317)	(74,042)	(292,359)
Total comprehensive income/(loss) for the year	–	–	–	–	–	–	–	(559)	(31,520)	(164,288)	(21,950)	4,452,909	–	4,234,592	736,882	4,971,474
Exercise of share options	131,991	–	–	–	–	–	–	–	–	–	–	–	–	131,991	–	131,991
Redemption of convertible bonds	–	–	–	–	(43,248)	–	–	–	–	–	–	43,248	–	–	–	–
2014 interim dividend	–	–	–	–	–	–	–	–	–	–	–	(152,123)	–	(152,123)	–	(152,123)
2014 final dividend	–	–	–	–	–	–	–	–	–	–	–	(60,849)	60,849	–	–	–
2014 special dividend	–	–	–	–	–	–	–	–	–	–	–	(441,158)	441,158	–	–	–
Dividend to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(27,961)	(27,961)
Transfer of reserve	–	–	–	–	–	125	–	–	–	–	–	(345)	–	(220)	220	–
Share of reserve movement of joint ventures	–	–	–	–	–	259	–	–	–	–	–	(259)	–	–	–	–
Share of reserve movement of an associate	–	–	–	–	–	28	–	–	–	–	–	(28)	–	–	–	–
Transition to no-par value regime on 3 March 2014	8,977,057	(8,876,887)	(100,170)	–	–	–	–	–	–	–	–	–	–	–	–	–
Share issue expenses	(18)	–	–	–	–	–	–	–	–	–	–	–	–	(18)	–	(18)
Sale of interests in subsidiaries without change of control (note 40(b))	–	–	–	–	–	–	–	–	–	–	–	1,059,847	–	1,059,847	765,321	1,825,168
Disposal of a subsidiary (note 40 (a))	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(152,938)	(152,938)
	9,109,030	(8,876,887)	(100,170)	–	(43,248)	412	–	–	–	–	–	448,333	502,007	1,039,477	584,642	1,624,119
At 31 December 2014	9,858,250	–	–	28,048	–	10,972	(151,413)	88,654	(33,192)	1,015,275	27,802	15,065,773	502,007	26,412,176	4,699,490	31,111,666

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2015

	Note	2015	2014
		HK$'000	HK$'000
Operating activities			
Profit before taxation		**1,311,338**	5,668,832
Adjustments for:			
Depreciation and amortisation		**153,820**	155,387
Finance costs		**170,089**	135,408
Interest income		**(239,493)**	(197,467)
Dividend income from available-for-sale investments		**(288,876)**	(386,377)
Share of results of joint ventures		**(122,611)**	(1,581,224)
Share of results of associates		**43,753**	(50,801)
Realisation of asset revaluation reserve upon sale of properties		**(5,413)**	(164,288)
Net loss on disposal of property, plant and equipment		**2,762**	408
Net gain on disposal of investment properties		**—**	(4,239)
Net gain on disposal of subsidiaries	40(a)	**—**	(18,351)
Gain on disposal of an associate		**(25,472)**	—
Loss/(gain) on disposal of available-for-sale investments and other financial instruments		**17**	(520)
Impairment reversed on amounts due by an associate		**—**	(339)
Impairment loss on available-for-sale investment		**485**	—
Impairment losses on trade receivables		**3,357**	44
Fair value changes on investment properties		**(257,508)**	(941,420)
Operating profit before working capital changes		**746,248**	2,615,053
(Increase)/decrease in properties for or under development and inventories of properties, excluding net finance costs capitalised		**(899,646)**	775,470
Increase in other inventories		**(8,067)**	(12,036)
Decrease/(increase) in trade receivables, other receivables and deposits paid		**1,119,541**	(357,462)
(Decrease)/increase in trade and other payables, and deposits received		**(263,671)**	337,856
Increase/(decrease) in deposits received from sale of properties		**157,665**	(730,529)
Decrease in provision for employee benefits		**(916)**	(1,858)
Cash generated from operations		**851,154**	2,626,494
Total income taxes paid		**(420,077)**	(24,470)
Net cash from operating activities		**431,077**	2,602,024

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2015

	Note	2015	2014
		HK$'000	HK$'000
Investing activities			
Purchase of property, plant and equipment		(65,276)	(56,069)
Addition of investment properties		(69,259)	—
Purchase of intangible assets		(3,932)	(485)
Repayments from joint ventures		182,322	360,294
Capital contributions to joint ventures		—	(19,732)
Advances to an associate		(2,019)	(27,333)
Capital contributions to an associate		—	(12,740)
Acquisition of available-for-sale investments		(172)	—
Repayments of mortgage loans		2,606	5,196
Prepayment for purchase of property, plant and equipment		(6,883)	—
Deposit paid for acquisition of a property		(225,069)	—
Payment for acquisition of a property		—	(790,001)
Proceeds from disposal, redemption or maturity of available-for-sale investments and other financial instruments		—	626
Capital refund from an investment fund		472	2,040
Proceeds from disposal of property, plant and equipment		326	150
Proceeds from disposal of investment properties		—	786,239
Proceeds from disposal of interest in subsidiaries	40(a)	—	553,554
Proceeds from disposal of an associate		39,683	—
Increase in bank deposits with maturities over three months		(3,022,170)	(4,262,509)
Interest received		207,430	171,645
Dividends received from available-for sale investments		288,876	386,377
Dividends received from joint ventures		2,546	17,107
Dividends received from associates		3,445	6,755
Net cash used in investing activities		(2,667,074)	(2,878,886)

	Note	2015	2014
		HK$'000	HK$'000
Financing activities			
Drawdown of new loans		4,130,551	5,400,546
Repayments of loans		(3,968,956)	(2,411,649)
Net proceeds from issue of shares		—	131,973
Redemption of convertible bonds		—	(833,800)
Proceeds from disposal of interests in subsidiaries to non-controlling interest	40(b)	—	1,900,269
Finance costs (including interests and bank charges) paid		(335,081)	(320,389)
Dividends paid to shareholders		(501,845)	(152,016)
Dividends paid to non-controlling interest		(40,921)	(27,960)
Net cash (used in)/from financing activities		(716,252)	3,686,974
Net (decrease)/increase in cash and cash equivalents		(2,952,249)	3,410,112
Effect of foreign exchange rates changes		(20,581)	(2,451)
Cash and cash equivalents at 1 January		10,618,474	7,210,813
Cash and cash equivalents at 31 December		7,645,644	10,618,474
Analysis of cash and cash equivalents			
Cash and bank balances	26	15,857,945	15,808,605
Bank deposits with maturities over three months		(8,212,301)	(5,190,131)
Cash and cash equivalents at 31 December		7,645,644	10,618,474

NOTES TO THE FINANCIAL STATEMENTS

1 General information

Shun Tak Holdings Limited (the "Company") is a public listed company incorporated in Hong Kong with limited liability. The address of the registered office and principal place of business of the Company is Penthouse 39th Floor, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong. The Company has its shares listed on The Stock Exchange of Hong Kong Limited.

The consolidated financial statements are presented in Hong Kong dollars, unless otherwise stated.

The principal activity of the Company is investment holding while the activities of its principal subsidiaries, joint ventures and associates are set out in note 44.

2 Summary of significant accounting policies

(a) Accounting policies

A summary of the significant accounting policies adopted by the Company and its subsidiaries (collectively referred to as the "Group") is set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(b) Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"), which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and certain financial assets and financial liabilities (including derivative financial instruments) which have been measured at fair value.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

2 Summary of significant accounting policies *(Continued)*

(b) Basis of preparation *(Continued)*

Impact of new or revised Hong Kong Financial Reporting Standards

New and amended standards adopted by the Group

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

Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions
Annual improvement to HKFRSs 2010 – 2012 Cycle	
Annual improvement to HKFRSs 2011 – 2013 Cycle	

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

New Standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations, that are relevant to the Group, are issued but not yet effective for financial periods beginning on 1 January 2015, and have not been applied in preparing these consolidated financial statements.

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

[1] Effective for annual periods beginning 1 January 2016

[2] Effective for annual periods beginning 1 January 2018

[3] Effective date to be determined

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies *(Continued)*

(b) Basis of preparation *(Continued)*

Impact of new or revised Hong Kong Financial Reporting Standards *(Continued)*

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

Other than the new or revised HKFRS explained below, other new and revised HKFRS would not be expected to have a material impact on the Group.

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

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

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

2 Summary of significant accounting policies *(Continued)*

(b) Basis of preparation *(Continued)*

New Hong Kong Companies Ordinance (Cap. 622)

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

These consolidated financial statements comply with the applicable requirements of Hong Kong Companies Ordinance (Cap. 622), with the exception of Section 381 which requires a company to include all its subsidiary undertakings (within the meaning of Schedule 1 to Cap. 622) in the company's annual consolidated financial statements. Section 381 is inconsistent with the requirements of HKFRS 10 Consolidated Financial Statements so far as Section 381 applies to subsidiary undertakings which are not controlled by the Group in accordance with HKFRS 10. For this reason, under the provisions of Section 380(6), the Company has departed from Section 381 and has not treated such companies as subsidiaries but they are accounted for in accordance with the accounting policy in note 2(c)(vi). Those excluded subsidiary undertakings of the Group are disclosed in note 44.

(c) Basis of consolidation, separate financial statements and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies *(Continued)*

(c) Basis of consolidation, separate financial statements and equity accounting *(Continued)*

(i) Subsidiaries *(Continued)*

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

All intra-group transactions, balances and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated unless the transaction provides evidence of an impairment of transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Dilution gains or losses on transaction with non-controlling interests are also recorded in equity.

(iii) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(iv) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2 Summary of significant accounting policies *(Continued)*

(c) Basis of consolidation, separate financial statements and equity accounting *(Continued)*

(v) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each balance sheet date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Gains and losses on dilution of equity interest in associates are recognised in the income statement.

(vi) Joint arrangements

The Group has applied HKFRS 11 to all joint arrangement. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies *(Continued)*

(d) Operating segments

An operating segment is a component of the Group that engages in business activities from which the Group may earn revenues and incur expenses, and is identified on the basis of the internal financial reports that are provided to and regularly reviewed by the Group's chief operating decision maker in order to allocate resources and assess performance of the segment. The executive committee is identified as the Group's chief operating decision maker who makes strategic decisions.

(e) Foreign currency transactions

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transaction or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

Changes in the fair value of debt securities denominated in a foreign currency and classified as available-for-sale investments are analysed between exchange differences resulting from changes in amortised cost of the investment and other changes in the carrying amount of the investment. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

1. assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

2. income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

3. all resulting exchange differences are recognised in other comprehensive income.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the gain or loss on disposal is recognised.

2 Summary of significant accounting policies *(Continued)*

(f) Property, plant and equipment

Property, plant and equipment including buildings and leasehold land held for own use (classified as finance leases) are stated at cost less accumulated depreciation and any accumulated impairment losses.

Land and buildings comprise mainly offices. Leasehold land classified as finance lease and all other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is provided to write off the cost of items of property, plant and equipment, over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method, at the following annual rates:

Hotel buildings	2% or over the remaining lease terms, if shorter
Leasehold land held under finance leases	Over the remaining lease terms
Leasehold buildings	1.7% – 2.4% or over the remaining lease terms, if shorter
Vessels and pontoons	5% – 10%
Other assets	5% – 33%

The residual values and useful lives of items of property, plant and equipment are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(i)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other gains, net' in the income statement.

No depreciation is provided on hotel building under construction.

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies *(Continued)*

(g) Investment properties

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group or for sale in the ordinary course of business. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases.

Investment properties are measured initially at cost, including related transaction costs and where applicable borrowing costs. Subsequent to initial recognition, investment properties are stated at fair value, representing open market value determined at each balance sheet date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair value are recognised in the income statement.

(h) Intangible assets

(i) Licences, franchises and royalties

Separately acquired licences, franchises and royalties are classified as intangible assets and stated at historical cost less accumulated amortisation and any accumulated impairment losses. For licences, amortisation is provided using the straight-line method over the estimated useful lives of 3 to 16.3 years. For franchises and royalties, amortisation is provided over the estimated finite useful lives of 8 to 13 years using the straight-line method.

(ii) Brand use right

Brand use right acquired with indefinite life is classified as intangible asset and is stated at historical cost less impairment and are not amortised.

Brand use right impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of brand use right is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(i) Impairment of non-financial assets

Assets that have an indefinite useful life - for example, goodwill or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

2 Summary of significant accounting policies *(Continued)*

(j) Financial assets

(i) Classification

The Group classifies its financial assets in the categories of financial assets at fair value through profit or loss ("FVTPL"), loans and receivables, and available-for-sale investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

1. Financial assets at FVTPL
   Financial assets at FVTPL are financial assets held for trading. Financial assets are classified as held for trading if they are acquired principally for the purpose of selling in the short term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

2. Loans and receivables
   Loans and receivables are non-derivative financial assets with fixed or determinable payment terms that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

3. Available-for-sale investments
   Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the balance sheet date.

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at FVTPL. Financial assets carried at FVTPL are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from them have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale investments and financial assets at FVTPL are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains and losses arising from changes in fair value of the financial assets at FVTPL are included in the income statement in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies *(Continued)*

(j) Financial assets *(Continued)*

(ii) Recognition and measurement *(Continued)*

When available-for-sale investments are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains or losses from investments.

Interest on available-for-sale investments calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity investments are recognised in the income statement when the Group's right to receive payments is established.

(iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(iv) Impairment

1. Assets carried at amortised cost

The Group assesses at the end of balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2 Summary of significant accounting policies *(Continued)*

(j) Financial assets *(Continued)*

(iv) Impairment *(Continued)*

2. Assets classified as available for sale
The Group assesses at the balance date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

(k) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair values. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Changes in fair value of derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

For cash flow hedge, where instruments are designated to hedge against a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, the effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are reclassified to profit or loss in the period when the hedged item affects profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains or losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies *(Continued)*

(k) Derivative financial instruments *(Continued)*

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(l) Properties for or under development

Properties for or under development are classified under current assets and stated at the lower of cost and net realisable value. Costs include the acquisition cost of land, aggregate cost of development, other direct expenses and where applicable borrowing costs. Net realisable value represents the estimated selling price less estimated costs of completion and estimated selling expenses.

(m) Inventories and properties held for sale

Inventories and properties held for sale are stated at the lower of cost and net realisable value. In respect of unsold properties, cost is determined by apportionment of the total land and development costs, other direct expenses and where applicable borrowing costs attributable to unsold properties. Net realisable value is determined by reference to sale proceeds of properties sold in the ordinary course of business less all estimated selling expenses after the balance sheet date, or by management estimates of anticipated sale proceeds based on prevailing market conditions. In respect of other inventories, cost comprises all costs of purchase and is determined using the first-in first-out basis or weighted average basis as appropriate. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(n) Trade and other receivables

Trade receivables are amounts due from customers for inventories sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(p) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 Summary of significant accounting policies *(Continued)*

(r) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(s) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(t) Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies *(Continued)*

(t) Taxation *(Continued)*

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised. Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(u) Employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

Obligations for contributions to defined contribution retirement plans, including contributions payable under the Mandatory Provident Fund Schemes Ordinance, are recognised as an expense as incurred.

(v) Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

— including any market performance conditions (for example, an entity's share price);

— excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

— including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital.

2 Summary of significant accounting policies *(Continued)*

(w) Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(x) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events but is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

(y) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies *(Continued)*

(y) Revenue recognition *(Continued)*

Revenue from sale of properties is recognised upon the later of the completion of the properties and the sale and purchase contracts, where the significant risks and rewards of ownership of properties are transferred to the purchasers. Deposits and instalments received from purchasers prior to the stage of revenue recognition are included in current liabilities.

Revenue from passenger transportation services is recognised upon the departure of ferries at terminals. Revenue from sale of fuel is recognised upon delivery to customers.

Revenues from travel agency services, repairing services and management services are recognised upon provision of services.

Revenue from hotel operation and management is recognised on a basis that reflects the timing, nature and value when the relevant services, facilities or goods are provided.

Rental income is recognised on a straight-line basis over the period of the lease.

Management fee for services rendered for columbarium niches sold are recognised as revenue on straight-line basis over the remaining period of leasehold land.

Dividend income is recognised when the right to receive payment is established.

Interest income is accrued on a time proportion basis on the principal outstanding and at the effective interest rate applicable.

(z) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

(aa) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3 Critical accounting estimates and judgements

The Group makes estimates, assumptions and judgements as appropriate in the preparation of the financial statements. These estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below:

(a) Valuation of investment properties

The fair value of each investment property is individually determined at each balance sheet date by independent professional valuers based on a market value assessment. The best evidence of fair value is current prices in an active market for similar properties. In the absence of such information, the amount is determined within a range of reasonable fair value estimates. The valuers have relied on the discounted cash flow analysis and the capitalisation of income approach as their primary methods, supported by the direct comparison method. These methodologies are based upon estimates of future results and a set of assumptions specific to each property to reflect its tenancy and cashflow profile. Further details of the judgements and assumptions made were disclosed in note 13. The fair value of each investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

(b) Useful lives of property, plant and equipment and brand use right

The Group's management determines the estimated useful lives and related depreciation for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of the property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovation. Management will change the depreciation charge where useful lives are different from the previously estimated lives. It will also write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Management is of the view that the brand use right has indefinite useful life because it is granted for use at a perpetual basis and there is no foreseeable limit to the period over which the brand use right to generate net cash inflows for the Group. Hence, no amortisation has been charged for the year.

(c) Income taxes

The Group is subject to income taxes in certain jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcomes of these matters is different from the amounts that initially recorded, such differences will impact the current tax and deferred tax provision in the period in which such determination is made.

Recognition of deferred tax assets, which principally relate to tax losses, depends on the expectation of future taxable profit that will be available against which tax losses can be utilised. The outcome of their actual utilisation may be different.

(d) Impairment of available-for-sale investments

The Group follows the guidance of HKAS 39 to determine when an available-for-sale investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

NOTES TO THE FINANCIAL STATEMENTS

3 Critical accounting estimates and judgements *(Continued)*

(e) Estimate of fair values of unlisted 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"), are not stated at fair value but at cost because they do not have a quoted market price in an active market, the range of reasonable fair value estimates is significant for these investments and the probabilities of the various estimates cannot be reasonably assessed. The directors of the Company are of the opinion that it is appropriate to state these available-for-sale investments at cost less any identified impairment loss at the balance sheet date.

(f) Impairment of receivables

The Group makes provision for impairment of receivables based on an assessment of the collectability of the receivables. Provisions for impairment are applied to the receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables and doubtful debt expense in the period in which such estimate is changed.

(g) Estimated net realisable value of inventories

In determining whether allowances should be made for the Group's inventories of properties and properties for or under development for sale, the Group takes into consideration the current market environment and the estimated market value (i.e. the estimated selling price, less estimated costs of selling expenses) less estimated costs to completion of the properties in the case of properties for or under development for sale. An allowance is made if the estimated market value less than the carrying amount. For spare parts and other inventories, management reviews the inventories listing and identifies obsolete and slow moving inventory items which are no longer suitable for use or diminution in net realisable value.

Allowance was made by reference to the latest market value for those inventories identified. In addition, management carries out an inventory review and makes the necessary write-down for obsolete items.

4 Revenue and other income

The Group is principally engaged in the businesses of property development, investment and management, transportation, hospitality and investment holding.

	2015	2014
	HK$'000	HK$'000
Revenue		
Revenue from sales of properties	512,822	5,583,488
Revenue from passenger transportation services	2,564,396	2,560,238
Revenue from sale of fuel	17,366	29,430
Revenue from travel agency services	34,776	44,283
Revenue from hotel operation	403,897	400,342
Rental income	206,614	197,388
Interest income from mortgage loans receivable	573	804
Management fees and others	375,992	336,211
Dividend income from available-for-sale investments	288,876	386,377
	4,405,312	9,538,561
Other income		
Interest income from:		
– Bank deposits	232,855	186,490
– Others	6,065	10,173
Others	51,576	60,535
	290,496	257,198
Revenue and other income	4,695,808	9,795,759

5 Other gains, net

	2015	2014
	HK$'000	HK$'000
Net gain on disposal of subsidiaries (note 40 (a))	—	18,351
Net gain on disposal of an associate	25,472	—
Net loss on disposal of property, plant and equipment	(2,762)	(408)
Net gain on disposal of investment properties	—	4,239
Net loss on disposal of available-for-sale investments	—	(12)
Others	413	543
	23,123	22,713

NOTES TO THE FINANCIAL STATEMENTS

6 Operating profit

	2015	2014
	HK$'000	HK$'000
After crediting:		
Rental income from investment properties	203,412	195,517
Less: Direct operating expenses arising from investment properties	(21,754)	(20,089)
	181,658	175,428
Dividend income from listed investments	8,574	8,802
Dividend income from unlisted investments		
– STDM	278,236	374,896
– others	2,066	2,679
After charging:		
Cost of inventories sold		
– properties	154,107	2,983,509
– fuel	685,282	929,463
– others	155,318	137,912
	994,707	4,050,884
Exchange loss, net	50,824	39,790
Depreciation of property, plant and equipment (note 12)	150,656	154,881
Amortisation		
– intangible assets (note 18)	2,920	262
– prepaid premium for land lease and land use rights (note 14)	244	244
Auditors' remuneration		
– audit services	9,710	9,125
– non-audit services	4,930	4,199
Minimum lease payments of properties under operating leases	55,921	46,795
Contingent rental payment (note 12(c))	23,426	18,142
Impairment losses/(write-back of impairment)		
– amounts due by associates	—	(339)
– available-for-sale investments	485	—
– trade receivables, net (note 24(a))	3,357	(45)
Staff costs		
– salaries and wages	1,198,311	1,148,467
– provident fund contributions	53,269	50,261
– directors' emoluments (note 7)	37,393	35,765

7 Benefits and interests of directors and five highest paid individual

(a) Directors' emoluments

For the year ended 31 December 2015:

Name	As Director (note i) Fees	Salaries, allowance and benefits	Performance bonus	Provident fund contributions	As management (note ii)	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive Directors						
Dr. Stanley Ho	50	—	—	—	—	50
Ms. Pansy Ho	110	9,016	5,613	563	—	15,302
Ms. Daisy Ho	110	5,451	454	273	—	6,288
Ms. Maisy Ho	110	4,089	341	204	—	4,744
Mr. David Shum	110	3,105	259	155	—	3,629
Mr. Rogier Verhoeven	50	2,233	279	219	2,747	5,528
Non-Executive Directors						
Dato' Dr. Cheng Yu Tung (retired on 19 June 2015)	23	—	—	—	—	23
Mrs. Louise Mok	50	100	—	—	—	150
Independent Non-Executive Directors						
Sir Rogerio Hyndman Lobo (passed away on 18 April 2015)	118	33	—	—	—	151
Mr. Norman Ho	400	130	—	—	—	530
Mr. Charles Ho	400	10	—	—	—	410
Mr. Michael Ng	400	103	—	—	—	503
Mr. Kevin Yip (appointed on 16 October 2015)	85	—	—	—	—	85
	2,016	24,270	6,946	1,414	2,747	37,393

NOTES TO THE FINANCIAL STATEMENTS

7 Benefits and interests of directors and five highest paid individual *(Continued)*

(a) Directors' emoluments *(Continued)*

Certain of the comparative information of directors' emoluments for the year ended 31 December 2014 previously disclosed in accordance with the predecessor Companies Ordinance have been restated in order to comply with the new scope and requirements by the Hong Kong Companies Ordinance (Cap. 622).

For the year ended 31 December 2014:

	As Director (note i)					
Name	Fees	Salaries, allowance and benefits	Performance bonus	Provident fund contributions	As management (note ii)	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive Directors						
Dr. Stanley Ho	50	—	—	—	—	50
Ms. Pansy Ho	110	8,645	3,795	539	—	13,089
Ms. Daisy Ho	110	5,242	873	262	—	6,487
Ms. Maisy Ho	110	3,931	655	197	—	4,893
Mr. David Shum	110	2,985	498	149	—	3,742
Mr. Rogier Verhoeven	50	2,147	313	107	3,137	5,754
Non-Executive Directors						
Dato' Dr. Cheng Yu Tung	50	—	—	—	—	50
Mrs. Louise Mok	50	100	—	—	—	150
Independent Non-Executive Directors						
Sir Rogerio Hyndman Lobo	300	110	—	—	—	410
Mr. Norman Ho	300	130	—	—	—	430
Mr. Charles Ho	300	10	—	—	—	310
Mr. Michael Ng	300	100	—	—	—	400
	1,840	23,400	6,134	1,254	3,137	35,765

Notes:

(i) The amounts represented emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries.

(ii) The amounts represented emoluments paid or receivable in respect of a person's other services in connection with the management of the affairs of the Company or its subsidiaries and included salaries, discretionary bonuses and employer's contributions to retirement benefit schemes.

There was no arrangement under which a Director had waived or agreed to waive any emoluments during the current and prior years.

7 Benefits and interests of directors and five highest paid individual *(Continued)*

(b) Directors' material interests in transactions, arrangements or contracts

On 24 December 2013, the Company entered into a master service agreement (the "MGM Master Service Agreement") with MGM Grand Paradise Limited ("MGM"), a company in which Ms. Pansy Ho has indirect beneficial interest. The MGM Master Service Agreement set out a framework for products and/or services which may be provided/demanded by the Group to/from MGM and/or its subsidiaries (the "MGM Group") from time to time on a non-exclusive basis.

The MGM Master Service Agreement is for a term of 3 years from 1 January 2014 to 31 December 2016 and is thereafter renewable for successive terms of 3 years by mutual agreement in writing.

Save for the aforesaid transactions, there were no other transactions, arrangements and contracts of significance in relation to the Group's business to which the Company's subsidiaries or its holding companies was a party and in which a Director or its connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(c) Five highest paid individual

Among the five highest paid individuals in the Group, four are directors (2014: four are directors) of the Company and the details of their emoluments have been disclosed above. The emoluments of the individual not included above consisted of salaries, allowances and benefits of HK$5,568,000 (2014: HK$4,972,000).

8 Finance costs

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

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

NOTES TO THE FINANCIAL STATEMENTS

9 Taxation

(a) Taxation in the consolidated income statement represents:

	2015	2014
	HK$'000	HK$'000
Current taxation		
Hong Kong profits tax		
– tax for the year	41,323	99,947
– under/(over)-provision in respect of prior years	4,061	(376)
Overseas taxation		
– tax for the year	61,924	300,221
– over-provision in respect of prior years	(1,514)	(2,545)
	105,794	397,247
Deferred taxation		
Origination and reversal of temporary differences	32,577	7,752
Total tax expenses	138,371	404,999

Hong Kong profits tax is calculated at 16.5% (2014: 16.5%) on the estimated assessable profits for the year. Overseas taxation is calculated at tax rates applicable to jurisdictions in which the Group operates.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2015	2014
	HK$'000	HK$'000
Profit before taxation	1,311,338	5,668,832
Less: Share of results of joint ventures and associates	(78,858)	(1,632,025)
	1,232,480	4,036,807
Tax at the applicable tax rate of 16.5% (2014: 16.5%)	203,359	666,073
Income not subject to tax	(134,901)	(218,777)
Expenses not deductible for tax purposes	59,526	36,905
Utilisation of tax losses and deductible temporary differences not previously recognised	(4,864)	(13,351)
Tax losses and deductible temporary differences not recognised	36,469	38,524
Effect of different tax rates of subsidiaries operating in other jurisdictions	(20,813)	(97,840)
Under/(over)-provision in respect of prior years	2,547	(2,921)
Others	(2,952)	(3,614)
Total tax expenses	138,371	404,999

9 Taxation *(Continued)*

(c) Deferred tax assets and liabilities recognised

The movement in deferred tax assets and liabilities (prior to offsetting balances with the same taxation jurisdiction) during the year is as follows:

Deferred tax assets

	Accelerated accounting depreciation	Tax losses	Cash flow hedges	Others	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2014	200	96,744	—	12,927	109,871
Charge to income statement	(63)	(23,811)	—	(10,315)	(34,189)
Credit to other comprehensive income	—	—	19,122	—	19,122
At 31 December 2014	**137**	**72,933**	**19,122**	**2,612**	**94,804**
(Charge)/credit to income statement	**(20)**	**(15,109)**	**—**	**86**	**(15,043)**
Charge to other comprehensive income	**—**	**—**	**(6,743)**	**—**	**(6,743)**
At 31 December 2015	**117**	**57,824**	**12,379**	**2,698**	**73,018**

Deferred tax liabilities

	Accelerated tax depreciation	Revaluation of investment properties	Cash flow hedges	Fair value adjustments on business combination	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2014	250,755	184,772	1,337	777,349	1,214,213
Exchange adjustment	(1,447)	(2,130)	—	—	(3,577)
Charge/(credit) to income statement	10,257	38,634	—	(75,328)	(26,437)
Credit to other comprehensive income	—	—	(1,337)	(22,403)	(23,740)
Disposal of subsidiaries (Note 40(a))	—	—	—	(78,394)	(78,394)
At 31 December 2014	**259,565**	**221,276**	**—**	**601,224**	**1,082,065**
Exchange adjustment	**(3,453)**	**(4,988)**	**—**	**—**	**(8,441)**
Charge/(credit) to income statement	**7,311**	**13,159**	**—**	**(2,936)**	**17,534**
Credit to other comprehensive income	**—**	**—**	**—**	**(649)**	**(649)**
At 31 December 2015	**263,423**	**229,447**	**—**	**597,639**	**1,090,509**

NOTES TO THE FINANCIAL STATEMENTS

9 Taxation *(Continued)*

(c) Deferred tax assets and liabilities recognised *(Continued)*

Deferred tax assets and liabilities are netted off when the taxes related to the same taxation authority and where the offsetting is legally enforceable. The following amounts, determined after appropriate offsetting, are shown separately on the balance sheet.

	2015	2014
	HK$'000	HK$'000
Deferred tax assets recognised	**19,295**	26,753
Deferred tax liabilities recognised	**(1,036,786)**	(1,014,014)
	(1,017,491)	(987,261)

(d) Deferred tax assets unrecognised

Temporary differences have not been recognised as deferred tax assets in respect of the following items:

	2015	2014
	HK$'000	HK$'000
Tax losses	**1,530,480**	1,410,493
Deductible temporary differences	**146,677**	135,829
	1,677,157	1,546,322

Included in the unrecognised tax losses of the Group are losses of HK$95,113,000 (2014: HK$49,357,000) that will expire on various dates through to 2020 (2014: 2019) from the balance sheet date. Other tax losses and deductible temporary differences of the Group may be carried forward indefinitely. Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

10 Dividends

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

11 Earnings per share

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

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

A reconciliation of the data used in calculating basic and diluted earnings per share is as follows:

	Profit attributable to owners of the Company		**Weighted average number of shares**	
	2015	2014	**2015**	2014
	HK$'000	HK$'000		
Profit/number of shares for the purpose of basic earnings per share	**744,670**	4,452,909	**3,042,465,785**	3,028,195,718
Effect of dilutive potential ordinary shares				
– share options	**—**	—	**—**	4,639,706
– convertible bonds	**—**	34,037	**—**	94,859,995
Profit/number of shares for the purpose of diluted earnings per share	**744,670**	4,486,946	**3,042,465,785**	3,127,695,419

NOTES TO THE FINANCIAL STATEMENTS

12 Property, plant and equipment

	Hotel buildings	Hotel buildings under construction	Leasehold land and buildings	Vessels and pontoons	Other assets	Total
	HK$'000 (note 14(b))	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost						
At 1 January 2014	801,112	—	990,494	2,436,524	985,431	5,213,561
Exchange adjustment	—	—	—	—	(676)	(676)
Additions	—	237,352	—	—	49,209	286,561
Disposals	—	—	—	—	(17,693)	(17,693)
Disposal of subsidiaries (note 40 (a))	—	—	—	—	(3,738)	(3,738)
At 31 December 2014	**801,112**	**237,352**	**990,494**	**2,436,524**	**1,012,533**	**5,478,015**
Exchange adjustment	**—**	**(13,370)**	**—**	**—**	**(303)**	**(13,673)**
Additions	**—**	**33,537**	**18,127**	**—**	**36,151**	**87,815**
Disposals	**—**	**—**	**—**	**—**	**(38,810)**	**(38,810)**
Transfer	**23,391**	**(23,391)**	**—**	**—**	**—**	**—**
At 31 December 2015	**824,503**	**234,128**	**1,008,621**	**2,436,524**	**1,009,571**	**5,513,347**
Accumulated depreciation						
At 1 January 2014	105,492	—	412,534	1,789,580	838,028	3,145,634
Exchange adjustment	—	—	—	—	(262)	(262)
Charge for the year (note 6)	20,765	—	16,496	79,401	38,219	154,881
Disposals	—	—	—	—	(17,135)	(17,135)
Disposal of subsidiaries (note 40 (a))	—	—	—	—	(2,659)	(2,659)
At 31 December 2014	**126,257**	**—**	**429,030**	**1,868,981**	**856,191**	**3,280,459**
Exchange adjustment	**—**	**—**	**(1)**	**—**	**(57)**	**(58)**
Charge for the year (note 6)	**20,765**	**—**	**16,608**	**69,252**	**44,031**	**150,656**
Disposals	**—**	**—**	**—**	**—**	**(35,722)**	**(35,722)**
At 31 December 2015	**147,022**	**—**	**445,637**	**1,938,233**	**864,443**	**3,395,335**
Net book value						
At 31 December 2015	**677,481**	**234,128**	**562,984**	**498,291**	**145,128**	**2,118,012**
At 31 December 2014	674,855	237,352	561,464	567,543	156,342	2,197,556

12 Property, plant and equipment *(Continued)*

Notes:

(a) Other assets of the Group comprised mainly furniture, fixtures and office equipment, plant and machinery of the hotel, show rooms, operating supplies and equipment of the hotel and repairable spare parts of vessels.

(b) Leasehold land of the Group with a net book value of HK$354,167,000 (2014: HK$364,583,000) is subject to agreement with the Macau SAR Government for replacement of another site in Macau, having the same area.

(c) Contingent rental payment amounting to approximately HK$23,426,000 (2014: HK$18,142,000) relating to the lease of hotel buildings is included in the consolidated income statement (note 6).

Certain property, plant and equipment of net book value of HK$1,335,961,000 (2014: HK$1,369,909,000) were pledged to banks as securities for bank borrowings granted to certain subsidiaries of the Group (note 28).

13 Investment properties

	2015		
Completed investment properties	**Hong Kong**	**Others**	**Total**
	HK$'000	**HK$'000**	**HK$'000**
At valuation			
At 1 January	**4,693,547**	**2,992,457**	**7,686,004**
Addition	**1,441**	**72,554**	**73,995**
Exchange adjustment	**—**	**(107,708)**	**(107,708)**
Fair value changes	**190,310**	**67,198**	**257,508**
At 31 December	**4,885,298**	**3,024,501**	**7,909,799**
Freehold properties			**1,128,000**
Leasehold properties			**6,781,799**

	2014		
Completed investment properties	Hong Kong	Others	Total
	HK$'000	HK$'000	HK$'000
At valuation			
At 1 January	4,808,262	1,662,918	6,471,180
Addition	—	1,074,767	1,074,767
Disposal	(782,000)	—	(782,000)
Exchange adjustment	—	(19,363)	(19,363)
Fair value changes	667,285	274,135	941,420
At 31 December	4,693,547	2,992,457	7,686,004
Freehold properties			1,100,000
Leasehold properties			6,586,004

NOTES TO THE FINANCIAL STATEMENTS

13 Investment properties *(Continued)*

Investment properties of fair value of HK$1,946,610,000 (2014: HK$1,901,483,000) was pledged to banks as securities for bank borrowings granted to subsidiaries of the Group (note 28).

The Group measures its investment properties at fair value. An independent valuation of the Group's investment properties was performed by the valuer, Savills Valuation and Professional Services Limited ("Savills") who hold a recognised relevant professional qualification and have recent experience in the locations of the investment properties being valued, to determine the fair value of the investment properties at 31 December 2015 and 2014. The Group employed Savills to value its commercial investment properties which are either freehold or held under leases with unexpired lease terms. The valuations, which conform to the Hong Kong Institute of Surveyors Valuation Standards issued by the Hong Kong Institute of Surveyors, were arrived at by reference to the net income, allowing for reversionary potential, of each property.

The Group's investment properties carried at fair value of HK$7,909,799,000 (2014: HK$7,686,004,000) are valued by fair value measurements using significant unobservable inputs (level 3). The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Levels 1, 2 and 3 during the year.

Fair value measurements using significant unobservable inputs

Fair values of completed commercial properties and carparks in Hong Kong and others are generally derived using the income capitalisation method and wherever appropriate, by direct comparison method. Income capitalisation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to valuers' view of recent lettings, within the subject properties and other comparable properties.

Direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

13 Investment properties *(Continued)*

Information about fair value measurements using significant unobservable inputs

	Fair value at 31 December 2015	Valuation method	Range of significant unobservable inputs: Prevailing market rents per month	Unit price	Capitalisation/ discount rates
	HK$'000				
Completed investment properties located in Hong Kong					
– commercial	3,719,324	Income capitalisation	HK$35 – HK$113 psf	N/A	3.0% - 4.2%
– carpark	326,674	Income capitalisation	HK$190 – HK$2,700	N/A	4.0% - 4.5%
– carpark	839,300	Direct comparison	N/A	HK$120,000 – HK$3,150,000	N/A
Others					
– commercial	3,000,898	Income capitalisation	HK$10 – HK$115 psf	N/A	2.0% - 6.5%
– carpark	23,603	Direct comparison	N/A	HK$472,060	N/A

	Fair value at 31 December 2014	Valuation method	Range of significant unobservable inputs: Prevailing market rents per month	Unit price	Capitalisation/ Discount rates
	HK$'000				
Completed investment properties located in Hong Kong					
– commercial	3,626,248	Income capitalisation	HK$35 – HK$109 psf	N/A	3.0% -4.2%
– carpark	278,899	Income capitalisation	HK$180 – HK$2,400	N/A	4.0% - 4.5%
– carpark	788,400	Direct comparison	N/A	HK$120,000 – HK$2,960,000	N/A
Others					
– commercial	1,836,024	Income capitalisation	HK$11 – HK$116 psf	N/A	2.0% - 6.5%
– commercial	1,131,483	Direct comparison	N/A	HK$24 psf	N/A
– carpark	24,950	Direct comparison	N/A	HK$487,000	N/A

Prevailing market rents are estimated based on Savills' view of recent lettings, within the subject properties and other comparable properties. The lower the rents, the lower the fair value.

Capitalisation and discount rates are estimated by Savills based on the risk profile of the properties being valued. The higher the rates, the lower the fair value.

NOTES TO THE FINANCIAL STATEMENTS

14 Prepaid premium for land lease and land use rights

	2015	2014
	HK$'000	HK$'000
Cost		
At 1 January	355,163	10,000
Exchange adjustment	(19,280)	—
Addition	—	345,163
At 31 December	335,883	355,163
Accumulated amortisation		
At 1 January	7,379	1,830
Exchange adjustment	(299)	—
Amortisation for the year		
– charged to consolidated income statement (note 6)	244	244
– capitalised to property, plant and equipment	9,997	5,305
At 31 December	17,321	7,379
Net book value at 31 December	318,562	347,784

Notes:

(a) Land use rights of HK$310,879,000 (2014: HK$339,858,000) was pledged to banks as securities for bank borrowings granted to a subsidiary of the Group (note 28).

(b) Pursuant to an Agreement for Sub-lease (the "Sub-lease Agreement") dated 26 June 2006, the Airport Authority Hong Kong has granted a subsidiary of the Group the right to construct a hotel on the land adjacent to the AsiaWorld-Expo located next to the Hong Kong International Airport. Upon the completion of the construction, the Airport Authority Hong Kong has granted the subsidiary of the Group the right to have the possession and enjoyment of the hotel up to the year of 2047. Under the Sub-lease Agreement, upon expiry of the sub-lease term in the year of 2047, the ownership of the hotel (note 12) and leasehold land will be transferred to the Airport Authority Hong Kong.

15 Subsidiaries

Particulars regarding the principal subsidiaries are set out on note 44.

Subsidiaries with material non-controlling interests

Ranex Investments Limited ("Ranex") and Shun Tak-China Travel Shipping Investments Limited and its subsidiaries ("STCT group") are the subsidiaries with non-controlling interests that are material to the Group, with shareholding held by non-controlling interests of 49% and 57.4% respectively.

Set out below are the summarised financial information for these subsidiaries:

Summarised balance sheet

	Ranex As at 31 December		STCT group As at 31 December	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current				
Assets	**1,439,383**	1,487,455	**1,415,508**	1,214,195
Liabilities	**(313,946)**	(437,969)	**(548,280)**	(643,547)
Total net current assets	**1,125,437**	1,049,486	**867,228**	570,648
Non-current				
Assets	**3,157,000**	3,042,027	**815,302**	898,316
Liabilities	**(74,807)**	(74,186)	**(27,283)**	(65,987)
Total net non-current assets	**3,082,193**	2,967,841	**788,019**	832,329
Net assets	**4,207,630**	4,017,327	**1,655,247**	1,402,977

Summarised income statement

	Ranex For the year ended 31 December		STCT group For the year ended 31 December	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Revenue	**128,441**	2,112,587	**2,689,022**	2,702,380
Profit before taxation	**203,746**	1,171,560	**377,046**	255,074
Taxation	**(13,443)**	(91,886)	**(42,895)**	(22,765)
Other comprehensive income/(loss)	**—**	—	**34,119**	(103,535)
Total comprehensive income	**190,303**	1,079,674	**368,270**	128,774
Total comprehensive income allocated to non-controlling interests	**93,248**	529,040	**211,387**	73,916
Dividends paid to non-controlling interests	**—**	—	**33,640**	22,620

NOTES TO THE FINANCIAL STATEMENTS

15 Subsidiaries *(Continued)*

Summarised cash flows

	Ranex		STCT group	
	For the year ended 31 December		For the year ended 31 December	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash flows from operating activities				
Cash generated from operations	**74,711**	1,888,572	**451,276**	380,934
Income tax paid	**(96,812)**	—	**(24,627)**	(13,295)
Net cash (used in)/generated from operating activities	**(22,101)**	1,888,572	**426,649**	367,639
Net cash generated from/(used in) investing activities	**8,751**	789,858	**(360,276)**	(363,715)
Net cash used in financing activities	**—**	(1,917,141)	**(246,313)**	(115,424)
Net (decrease)/increase in cash and cash equivalents	**(13,350)**	761,289	**(179,940)**	(111,500)
Cash and cash equivalents at 1 January	**1,339,056**	577,767	**478,542**	590,042
Cash and cash equivalents at 31 December	**1,325,706**	1,339,056	**298,602**	478,542

16 Joint ventures

	2015	2014
	HK$'000	HK$'000
Share of net assets	**5,896,945**	5,990,068

Particulars regarding the principal joint ventures are set out on note 44.

Summarised financial information of material joint venture

Basecity Investments Limited ("Basecity") is a joint venture which is material to the Group as at 31 December 2015. Basecity engaged in property investment and hotel operating businesses in Macau.

Basecity is a private company and there is no quoted market price available for its shares.

Set out below are the summarised financial information for Basecity which is accounted for using equity method.

16 Joint ventures *(Continued)*

Summarised balance sheet

	As at 31 December	
	2015	2014
	HK$'000	HK$'000
Current		
Cash and cash equivalents	**130,590**	85,961
Other current assets (excluding cash)	**425,218**	700,114
Total current assets	**555,808**	786,075
Financial liabilities (excluding trade payables)	**(422,464)**	(548,024)
Other current liabilities (including trade payables)	**(166,688)**	(205,335)
Total current liabilities	**(589,152)**	(753,359)
Non-current		
Assets	**12,603,790**	12,636,983
Financial liabilities	**—**	—
Other liabilities	**(1,290,917)**	(1,288,680)
Total non-current liabilities	**(1,290,917)**	(1,288,680)
Net assets	**11,279,529**	11,381,019

Summarised statement of comprehensive income

	For the year ended 31 December	
	2015	2014
	HK$'000	HK$'000
Revenue	**689,118**	1,079,748
Depreciation and amortisation	**(64,368)**	(68,284)
Interest income	**214**	384
Interest expense	**(11,506)**	(19,567)
Others	**(256,340)**	2,843,247
Profit before taxation	**357,118**	3,835,528
Taxation	**(43,858)**	(466,645)
Profit for the year	**313,260**	3,368,883
Other comprehensive income	**—**	—
Total comprehensive income	**313,260**	3,368,883
Dividend received from Basecity	**211,523**	331,119

NOTES TO THE FINANCIAL STATEMENTS

16 Joint ventures *(Continued)*

Reconciliation of summarised financial information

	2015	2014
	HK$'000	HK$'000
Opening net assets 1 January	**11,381,019**	8,661,390
Profit for the year	**313,260**	3,368,883
Dividend paid	**(414,750)**	(649,254)
Closing net assets 31 December	**11,279,529**	11,381,019
Interests in joint venture at 51%	**5,752,560**	5,804,320

Aggregate information of joint ventures that are not individually material:

	2015	2014
	HK$'000	HK$'000
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	**144,385**	185,748
Aggregate amounts of the Group's share of those joint ventures'		
Loss for the year	**(37,151)**	(136,908)
Other comprehensive (loss)/income	**(1,665)**	842
Total comprehensive loss	**(38,816)**	(136,066)

There are no material contingent liabilities relating to the Group's interests in the joint ventures.

17 Associates

	2015	2014
	HK$'000	HK$'000
Share of net assets	1,453,515	1,582,912
Goodwill	137	137
	1,453,652	1,583,049

There is no associate that is individually material to the Group.

Aggregate information of associates that are not individually material:

	2015	2014
	HK$'000	HK$'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	1,453,652	1,583,049
Aggregate amounts of the Group's share of those associates'		
(Loss)/profit for the year	(43,753)	50,801
Other comprehensive (loss)/income	(82,777)	7,224
Total comprehensive (loss)/income	(126,530)	58,025

There are no material contingent liabilities relating to the Group's interests in the associates.

Particulars regarding the principal associates are set out on note 44.

NOTES TO THE FINANCIAL STATEMENTS

18 Intangible assets

	Licences and other operating rights	Franchises and royalties	Brand use right	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Cost				
At 1 January 2014	2,999	4,617	34,702	42,318
Addition	485	—	—	485
Disposal	—	(3,453)	—	(3,453)
Disposal of subsidiaries	(400)	—	—	(400)
At 31 December 2014	**3,084**	**1,164**	**34,702**	**38,950**
Addition	**3,931**	**—**	**—**	**3,931**
At 31 December 2015	**7,015**	**1,164**	**34,702**	**42,881**
Accumulated amortisation				
At 1 January 2014	1,146	4,125	—	5,271
Amortisation for the year (note 6)	173	89	—	262
Disposal	—	(3,453)	—	(3,453)
Disposal of subsidiaries	(400)	—	—	(400)
At 31 December 2014	**919**	**761**	**—**	**1,680**
Amortisation for the year (note 6)	**2,830**	**90**	**—**	**2,920**
At 31 December 2015	**3,749**	**851**	**—**	**4,600**
Net book value				
At 31 December 2015	**3,266**	**313**	**34,702**	**38,281**
At 31 December 2014	2,165	403	34,702	37,270

19 Available-for-sale investments

	2015	2014
	HK$'000	HK$'000
Equity securities		
Unlisted		
Cost	892,345	892,345
Impairment losses	(76,748)	(76,748)
	815,597	815,597
Listed in Hong Kong, at fair value	131,109	160,453
Listed outside Hong Kong, at fair value	6,818	7,693
	953,524	983,743
Investment funds		
Listed outside Hong Kong, at fair value	14	14
Unlisted, at fair value	12,014	12,610
	12,028	12,624
	965,552	996,367

The available-for-sale investments are denominated in the following currencies:

	2015	2014
	HK$'000	HK$'000
Hong Kong dollar	944,125	973,469
United States dollar	21,427	22,898
	965,552	996,367

The fair values of listed equity securities are determined on the basis of their quoted market prices at the balance sheet date. Investment funds are valued based on the net asset value per share as reported by the managers of such funds.

Certain available-for-sale investments of the Group, including an unlisted equity investment in STDM, are not stated at fair value but at cost because they do not have a quoted market price in an active market, the range of reasonable fair value estimates is significant for these investments and the probabilities of the various estimates cannot be reasonably assessed. The directors of the Company are of the opinion that it is appropriate to state these available-for-sale investments at cost less any identified impairment loss at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

20 Mortgage loans receivable

	2015	2014
	HK$'000	HK$'000
Mortgage loans receivable	**7,819**	10,425
Less: Current portion (note 24)	**(664)**	(785)
Non-current portion	**7,155**	9,640

Mortgage loans receivable are secured by second mortgage of properties and interest bearing at prime rate plus 1% to prime rate plus 2.75% (2014: prime rate to prime rate plus 2.75%) per annum.

The carrying amount of mortgage loans receivable approximates its fair value and is denominated in Hong Kong dollars.

21 Other non-current assets

	2015	2014
	HK$'000	HK$'000
Amounts due by joint ventures (note a)	**140,683**	216,415
Amounts due by associates (note b)	**11,600**	24,353
Club debentures	**140**	140
Deposits and prepayments (note c)	**231,952**	—
	384,375	240,908

Notes:

(a) Amounts due by joint ventures of HK$136,669,000 (2014: HK$212,433,000) are interest bearing at HIBOR plus 3% (2014: HIBOR plus 3%) per annum on loan principal and repayable on demand. The balances were denominated in Hong Kong dollars.

(b) Amounts due by associates are unsecured, non-interest bearing and with no fixed term of repayment. The balances were denominated in Hong Kong dollars.

(c) Included in the balance of deposits and prepayments, HK$218,750,000 (2014: Nil) represented the instalments paid for acquisition of property in Shanghai.

(d) The maximum exposure to credit risk at balance sheet date is the carrying amounts, which approximate their fair values.

22 Properties for or under development

	2015	2014
	HK$'000	HK$'000
Properties for or under development, at cost	**9,085,668**	7,930,387

The amount of properties for or under development expected to be completed and recovered after more than one year is HK$9,085,668,000 (2014: HK$7,930,387,000).

Properties for or under development of HK$7,920,451,000 (2014: HK$6,929,678,000) were pledged to banks as securities for bank borrowings granted to certain subsidiary of the Group (note 28).

23 Inventories

	2015	2014
	HK$'000	HK$'000
Properties held for sale	**1,754,925**	1,914,445
Spare parts	**173,034**	162,605
Others	**11,080**	13,442
	1,939,039	2,090,492

Properties held for sale of HK$1,586,114,000 (2014: HK$1,726,328,000) and other inventories of HK$1,024,000 (2014: HK$1,263,000) were pledged to banks as securities for bank borrowings granted to certain subsidiaries of the Group (note 28).

24 Trade and other receivables, deposits paid and prepayments

	2015	2014
	HK$'000	HK$'000
Trade receivables (note a)	**219,443**	1,353,828
Less: Provision for impairment of trade receivables	**(3,854)**	(497)
	215,589	1,353,331
Amount due by an associate (note b)	**24,469**	24,487
Current portion of mortgage loans receivable (note 20)	**664**	785
Deposits for acquisitions of interests in land development rights (note c)	**814,542**	814,542
Other debtors, deposits and prepayments	**333,513**	307,824
	1,388,777	2,500,969

NOTES TO THE FINANCIAL STATEMENTS

24 Trade and other receivables, deposits paid and prepayments *(Continued)*

The carrying amounts of trade and other receivables approximate their fair values because of their immediate or short term maturity. They are denominated in the following currencies:

	2015	2014
	HK$'000	HK$'000
Hong Kong dollar	**1,284,732**	2,398,283
Macau pataca	**28,104**	26,118
Renminbi	**44,132**	43,257
United States dollar	**30,477**	32,494
Others	**1,332**	817
	1,388,777	2,500,969

Notes:

(a) Trade receivables

Trade debtors are managed in accordance with defined credit policies, dependent on market requirements and businesses which they operate. Subject to negotiation, credit is only available for major customers with well-established trading records. The Group offers general credit terms ranging from 0 day to 60 days to its customers, except for sales of properties the proceeds from which are receivable pursuant to the terms of the relevant agreements. The ageing analysis of trade debtors by invoice date is as follows:

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

24 Trade and other receivables, deposits paid and prepayments *(Continued)*

Notes: *(Continued)*

(a) Trade receivables *(Continued)*

An analysis of the age of trade debtors that are past due as at the balance sheet date but not impaired is as follows:

	2015	2014
	HK$'000	HK$'000
Past due up to:		
0 - 30 days	**50,758**	93,634
31 - 60 days	**95,697**	9,536
61 - 90 days	**2,884**	821
over 90 days	**6,245**	2,478
	155,584	106,469

Movement in the allowance for doubtful debts of trade debtors during the year is as follows:

	2015	2014
	HK$'000	HK$'000
At 1 January	**497**	4,322
Impairment loss recognised during the year	**3,357**	44
Impairment loss reversed during the year	**—**	(89)
Uncollectible amount written off	**—**	(3,780)
At 31 December	**3,854**	497

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

(b) Amount due by an associate is unsecured, non-interest bearing and repayable on demand.

(c) Deposits for acquisitions of interests in land development rights

These represent refundable deposits paid by the Group for acquiring interests in land development rights from a third party and a related company in Macau. Upon completion of the acquisition, the balances will be reclassified to properties for or under development. The transaction is further disclosed in significant related party transactions (note 36(viii)).

NOTES TO THE FINANCIAL STATEMENTS

25 Derivative financial instruments

	2015	2014
	HK$'000	HK$'000
Non-current assets		
Cross-currency swaps (note a)	**—**	8,133
Non-current liabilities		
Cross-currency swaps (note a)	**29,115**	—
Current liabilities		
Fuel swap contracts (note b)	**75,026**	115,871

The derivative financial instruments are denominated in United States dollar.

Notes:

(a) The Group uses cross-currency swaps to hedge against the foreign currency risk in respect of medium term notes (note 30) denominated in United State dollar ("US$") with aggregate principal amount of US$400 million at 31 December 2015.

The loss (2014: gain) in fair value of cross-currency swap contracts that are designated and qualified as cash flow hedges amounting to HK$37,248,000 (2014: HK$12,689,000) are recognised in hedging reserve in equity for the year ended 31 December 2015. Under cash flow hedges, the loss of HK$2,330,000 (2014: gain of HK$102,000) was transferred from hedging reserve to consolidated income statement.

Hedging reserve arose from loss (2014: gain) in fair value of the cross-currency swap contracts qualified as cash flow hedge was HK$26,887,000 as at 31 December 2015 (2014: HK$8,031,000).

As at December 2015, the Group had two (2014: two) outstanding currency swap contract. These contracts will expire in March 2020.

(b) The Group uses fuel swap contracts to hedge its fuel price risk arising from highly probable forecast of fuel purchases. The Group used the mark-to-market values quoted by independent financial institutions to estimate the fair values of these derivatives.

The loss (2014: loss) in fair value of fuel swap contracts that are designated and qualified as cash flow hedges amounting to HK$34,642,000 (2014: HK$64,424,000) are recognised in hedging reserve in equity for the year ended 31 December 2015. Under cash flow hedges, the loss of HK$49,177,000 (2014: loss of HK$20,317,000) was transferred from hedging reserve to consolidated income statement.

Hedging reserve arose from loss (2014: loss) in fair value of the fuel swap contracts qualified as cash flow hedge is HK$26,688,000 as at 31 December 2015 (2014: HK$41,223,000).

As at December 2015, the Group had outstanding fuel swap contracts to buy approximately 384,000 (2014: 360,000) barrels of fuel. These contracts expire in December 2016 (2014: December 2015).

26 Cash and bank balances

	2015	2014
	HK$'000	HK$'000
Bank deposits	**12,518,999**	13,602,859
Cash and bank balances	**3,338,946**	2,205,746
	15,857,945	15,808,605

The carrying amounts of bank deposits, cash and bank balances approximate their fair values because of their immediate or short term maturity.

The carrying amounts of cash and bank balances are denominated in the following currencies:

	2015	2014
	HK$'000	HK$'000
Hong Kong dollar	**13,650,705**	13,026,084
Macau pataca	**147,207**	147,345
Renminbi	**1,496,979**	1,707,491
United States dollar	**484,444**	827,226
Singapore dollar	**78,610**	100,459
	15,857,945	15,808,605

The balance at the balance sheet date includes amount of HK$2,269,152,000 (2014: HK$1,118,902,000) held under charge in favour of banks in respect of bank loan facilities (note 28), of which, HK$2,049,894,000 (2014: HK$1,009,860,000) are property presale proceeds which can be utilised to settle relevant project construction cost payable. The remaining balance of HK$169,991,000 (2014: HK$109,042,000) can be utilised under specified conditions by the Group.

27 Trade and other payables, and deposits received

	2015	2014
	HK$'000	HK$'000
Amounts due to joint ventures (note a)	**107,261**	212,226
Trade and other creditors, deposits and accrued charges (note b)	**1,326,043**	1,590,055
	1,433,304	1,802,281

NOTES TO THE FINANCIAL STATEMENTS

27 Trade and other payables, and deposits received *(Continued)*

The carrying amounts of trade and other payables approximate their fair values because of their immediate or short term maturity. The trade and other payables are denominated in the following currencies:

	2015	2014
	HK$'000	HK$'000
Hong Kong dollar	**916,241**	1,128,116
Macau pataca	**398,508**	395,741
Renminbi	**73,602**	32,022
United States dollar	**35,775**	241,586
Others	**9,178**	4,816
	1,433,304	1,802,281

Notes:

(a) Amounts due to joint venture are unsecured, non-interest bearing and with no fixed term of repayment. The carrying amounts approximate their fair values.

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

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

28 Bank borrowings

	2015	2014
	HK$'000	HK$'000
Bank borrowings repayable as follows:		
Not exceeding 1 year	**4,359,495**	2,887,000
More than 1 year but not exceeding 2 years	**746,882**	3,102,515
More than 2 years but not exceeding 5 years	**4,021,673**	3,036,860
More than 5 years	**114,475**	164,670
	9,242,525	9,191,045
Less: Current portion	**(4,359,495)**	(2,887,000)
Non-current portion	**4,883,030**	6,304,045

28 Bank borrowings *(Continued)*

Bank borrowings include secured bank borrowings of HK$3,292,526,000 (2014: HK$2,941,045,000), and are secured by the following pledged assets:

	2015	2014
	HK$'000	HK$'000
Property, plant and equipment (note 12)	**1,335,961**	1,369,909
Properties for or under development (note 22)	**7,920,451**	6,929,678
Inventories (note 23)	**1,587,138**	1,727,591
Land use rights (note 14)	**310,879**	339,858
Investment properties (note 13)	**1,946,610**	1,901,483
Cash and bank balances (note 26)	**2,269,152**	1,118,902
Other assets	**25,627**	38,669
	15,395,818	13,426,090

Out of the above secured bank borrowings, an aggregate amount of HK$2,637,496,000 (2014: HK$2,244,545,000) are also secured by pledges of shares of certain subsidiaries (note 44).

Bank borrowings to the extent of HK$801,030,000 (2014: HK$890,500,000) are repayable by instalments.

Bank borrowings are interest bearing at floating rates with the contractual interest repricing dates ranged within 6 months. As at 31 December 2015, the weighted average effective interest rate of the Group's bank borrowings is 1.6% (2014: 1.8%) per annum.

The carrying amounts of bank borrowings approximate their fair values and are denominated in the following currencies:

	2015	2014
	HK$'000	HK$'000
Hong Kong dollar	**9,006,495**	8,941,545
Renminbi	**236,030**	249,500
	9,242,525	9,191,045

29 Provision for employee benefits

Provision for employee benefits represents cost of cumulative compensated absences that the Group expects to pay.

	2015	2014
	HK$'000	HK$'000
At 1 January	**15,166**	17,059
Net amount provided during the year	**105**	507
Amount utilised and paid during the year	**(1,021)**	(2,335)
Disposal of subsidiaries (note 40(a))	**—**	(65)
At 31 December	**14,250**	15,166

NOTES TO THE FINANCIAL STATEMENTS

30 Medium term notes

The US$400 million (approximately HK$3,100,400,000) guaranteed medium term notes were issued by Joyous Glory Group Limited, a wholly-owned subsidiary of the Company, on 7 March 2013. The notes are unsecured and guaranteed by the Company as to repayment, carry an annual coupon of 5.7% per annum payable semi-annually and have a maturity term of 7 years. At 31 December 2015, the market value of the notes was HK$3,278,394,000 (2014: HK$3,227,615,000) and are within level 1 of the fair value hierarchy.

31 Loans from non-controlling interests

Loans from non-controlling interests are unsecured and expected to be repayable within one year or repayable on demand (2014: expected to be repayable within one year or repayable on demand). The Group has not provided any guarantee in favour of the non-controlling shareholders in respect of the loans advanced. At 31 December 2015, the loans are non-interest bearing (2014: the loans are non-interest bearing). The carrying amounts of loans from non-controlling shareholders approximate their fair value and are denominated in the following currencies:

	2015	2014
	HK$'000	HK$'000
Hong Kong dollar	**353,736**	357,993
Renminbi	**407,152**	323,726
	760,888	681,719

32 Share capital

	Note	**2015**		2014	
		Number of shares	**HK$'000**	Number of shares	HK$'000
Issued and fully paid:					
Ordinary shares					
At beginning of the year		**3,042,465,785**	**9,858,250**	2,996,880,719	749,220
Exercise of share options	(a)	**—**	**—**	45,585,066	131,991
Transition to no-par value regime on 3 March 2014	(b)	**—**	**—**	—	8,977,057
Share issue expenses		**—**	**—**	—	(18)
At end of the year		**3,042,465,785**	**9,858,250**	3,042,465,785	9,858,250

Notes:

(a) During the year, no share option was exercised (2014: share options were exercised to subscribe for 45,585,066 ordinary shares of the Company at a consideration of HK$131,991,000).

(b) In accordance with the transitional provisions set out in section 37 of the 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.

33 Share option scheme

The share option scheme adopted by the Company on 31 May 2002 (the "2002 Share Option Scheme") was expired on 30 May 2012 and the share options granted prior to its expiration will continue to be valid and exercisable in accordance with the terms therein. The Company has currently a share option scheme (the "2012 Share Option Scheme") as approved by the shareholders of the Company at the annual general meeting of the Company held on 6 June 2012, whereby the board of directors of the Company may grant share options to eligible persons, including, among Directors and employees of the Company, to subscribe for ordinary shares in the Company, pursuant to the 2012 Share Option Scheme.

Details of the share options are as follows:

2015

		Number of share options				
Date of grant	**Exercise price**	**At 1 January**	**Lapsed during the year**	**Exercised during the year**	**At 31 December**	**Note**
The 2002 Share Option Scheme						
1 February 2010	**HK$4.13**	**5,665,860**	**(5,665,860)**	**—**	**—**	**(i)**
29 March 2011	**HK$3.86**	**5,660,620**	**—**	**—**	**5,660,620**	**(ii)**
		11,326,480	**(5,665,860)**	**—**	**5,660,620**	**(iii)**
Weighted average exercise price		**HK$4.00**	**HK$4.13**	**—**	**HK$3.86**	

2014

		Number of share options				
Date of grant	Exercise price	At 1 January	Lapsed during the year	Exercised during the year	At 31 December	Note
The 2002 Share Option Scheme						
25 May 2004	HK$2.78	39,924,689	—	(39,924,689)	—	
22 September 2004	HK$3.71	5,660,377	—	(5,660,377)	—	
1 February 2010	HK$4.13	5,665,860	—	—	5,665,860	(i)
29 March 2011	HK$3.86	5,660,620	—	—	5,660,620	(ii)
		56,911,546	—	(45,585,066)	11,326,480	(iii)
Weighted average exercise price		HK$3.11	—	HK$2.90	HK$4.00	

NOTES TO THE FINANCIAL STATEMENTS

33 Share option scheme *(Continued)*

Notes:

(i) The 5,665,860 share options (50% of which vested on 1 April 2010 and the remaining 50% vested on April 2011) were granted to a Director of the Company. During the year, the said 5,665,860 share options were lapsed on its expiry date of 31 January 2015.

(ii) The 5,660,620 share options were granted to Directors of the Company and exercisable during the period commencing on 29 March 2011 (i.e. date of grant). 1,132,124 share options were exercisable on or before 18 April 2016 since Sir Rogerio Hyndman Lobo, an Independent Non-Executive Director, passed away on 18 April 2015. 1,132,124 share options were exercisable on or before 19 June 2016 since Dato' Dr. Cheng Yu Tung, a Non-Executive Director, retired on 19 June 2015. The remaining share options were expiring on 27 March 2021. These share options vested on the date of grant.

(iii) The weighted average remaining contractual life for the share options outstanding at 31 December 2015 is 3.30 years (2014: 3.16 years).

(iv) No share options were granted under the 2012 Share Option Scheme; and no share options were cancelled under the 2002 Share Option Scheme during the years ended 31 December 2014 and 2015.

34 Other Reserves

	2015	2014
	HK$'000	HK$'000
Capital reserve (note (i))	**19,856**	28,048
Asset revaluation reserve (note (ii))	**1,010,511**	1,015,275
Legal reserve (note (iii))	**12,057**	10,972
Special reserve (note (iv))	**(151,413)**	(151,413)
Investment revaluation reserve	**58,623**	88,654
Hedging reserve	**(53,575)**	(33,192)
Exchange reserve	**(214,803)**	27,802
Retained profits	**15,756,701**	15,065,773
	16,437,957	16,051,919

Notes:

(i) Capital reserve comprises (i) the portion of grant date fair value of unexercised share option granted to Directors of the Company; and (ii) the reserve is dealt with in accordance with the accounting policy adopted for share-based payments in note 2(v).

(ii) Asset revaluation reserve represents the fair value adjustment to the identifiable net assets acquired arising from acquisitions of subsidiaries, as related to the Group's previously held interests in them and is dealt with in accordance with the accounting policy adopted for business combination achieved in stages under HKFRS 3 "Business Combinations".

(iii) Legal reserve is a non-distributable reserve of certain subsidiaries, joint ventures and associates which is set aside from the profits of these companies in accordance with the Commercial Code of Macau Special Administrative Region or PRC laws whenever applicable.

(iv) Special reserve represents the difference between the fair value and the carrying amount of the underlying assets and liabilities attributable to the additional interest in a subsidiary being acquired from non-controlling interests.

35 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 corporate net expenses.

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

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

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

The accounting policies of the reportable segments are the same as the Group's principal accounting policies as described in note 2(d).

NOTES TO THE FINANCIAL STATEMENTS

35 Segment information *(Continued)*

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

2015

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

35 Segment information *(Continued)*

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

2015

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

NOTES TO THE FINANCIAL STATEMENTS

35 Segment information *(Continued)*

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

2014

	Property	Transportation	Hospitality	Investment	Eliminations	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue and other income						
External revenue (note e)	5,909,420	2,437,768	772,758	418,615	—	9,538,561
Inter-segment revenue	1,458	708	50,002	—	(52,168)	—
Other income (external and excluding interest income)	12,053	43,142	3,359	1,981	—	60,535
	5,922,931	2,481,618	826,119	420,596	(52,168)	9,599,096
Segment results	2,486,554	236,263	91,893	379,102	—	3,193,812
Fair value changes on investment properties	941,420	—	—	—	—	941,420
Interest income						196,663
Unallocated income						543
Unallocated expense						(160,223)
Operating profit						4,172,215
Finance costs						(135,408)
Share of results of joint ventures	1,722,322	(135,713)	(5,385)	—	—	1,581,224
Share of results of associates	37,440	715	6,886	5,760	—	50,801
Profit before taxation						5,668,832
Taxation						(404,999)
Profit for the year						5,263,833

35 Segment information *(Continued)*

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

2014

	Property	Transportation	Hospitality	Investment	Eliminations	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets						
Segment assets	23,523,399	3,668,478	1,425,358	1,049,256	(21,845)	29,644,646
Joint ventures	5,986,743	111,681	(108,356)	—	—	5,990,068
Associates	1,373,451	4,351	200,751	4,496	—	1,583,049
Unallocated assets						10,237,364
Total assets						47,455,127
Liabilities						
Segment liabilities	1,279,044	380,521	133,146	12,044	(21,845)	1,782,910
Unallocated liabilities						14,560,551
Total liabilities						16,343,461
Other information						
Additions to non-current assets (other than financial instruments and deferred tax assets)	1,692,300	19,008	23,267	4,198	—	1,738,773
Depreciation	6,223	109,204	37,459	541	—	153,427
Amortisation						
– prepaid premium for land lease and land use rights	—	—	244	—	—	244
– intangible assets	—	—	173	89	—	262
Impairment losses						
– trade receivables	—	—	44	—	—	44

NOTES TO THE FINANCIAL STATEMENTS

35 Segment information *(Continued)*

(c) Geographical information

The following table set out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets (other than joint ventures, associates, financial instruments, deferred tax assets and other non-current assets). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of non-current assets is based on the location of the assets, in the case of tangible assets. The geographical location of intangible assets and goodwill is based on the location of the operation to which they are located.

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

(d) Information about major customers

In 2015 and 2014, the revenue from the Group's largest external customer amounted to less than 10% of the Group's total revenue.

(e) External revenue

External revenue comprises of revenue by each reportable segment and dividend income from available-for-sale investments (note 4).

36 Significant related party transactions

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

	Note	2015	2014
		HK$'000	HK$'000
STDM Group	(i)		
Dividend income from STDM		**278,237**	374,896
Ferry tickets sold (after discount) to STDM Group		**127,526**	136,243
Fees received from STDM Group for provision of property related services		**18,762**	18,982
Fees received from STDM Group for provision of hotel management and related services		**21,596**	17,378
Rental and related expenses paid to STDM Group		**23,741**	21,768
Fuel purchased from STDM Group for Macau shipping operations		**236,390**	377,581
Amount reimbursed by STDM Group for staff expenses and administrative resources shared		**39,564**	36,372
Revenue of duty free goods sold on board collected for STDM		**11,453**	12,910
Shun Tak Centre Limited ("STC")	(ii)		
Rental and related expenses paid to STC		**9,301**	8,026
Joint ventures			
Interest income from a joint venture	(v)	**5,868**	9,979
Ferry passengers handling fees received on behalf of a joint venture		**30,363**	32,785
Amounts paid to a joint venture in respect of the Chatham Gate redevelopment project for related construction cost and preliminary works		**115**	61,341
Associates			
Insurance premium paid to an associate		**44,970**	44,194
Fuel costs paid to an associate		**59,773**	79,094
Key management personnel			
Directors' emoluments	(iii)		
– Salaries and other short-term employee benefits		**35,979**	34,406
– Provident fund contributions		**1,414**	1,359

NOTES TO THE FINANCIAL STATEMENTS

36 Significant related party transactions *(Continued)*

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

	Note	2015	2014
		HK$'000	HK$'000
STDM Group	(i)		
Net receivable from STDM Group	(iv)	**30,328**	32,785
Joint ventures			
Amount due by a joint venture	(v)	**140,683**	216,415
Amounts due to joint ventures	(v)	**107,261**	212,226
Construction costs payable to a joint venture		**6,015**	17,395
Associates			
Amounts due by associates	(vi)	**36,069**	48,840
Key management personnel			
Loan from non-controlling interest in which Dr. Stanley Ho has beneficial interests	(vii)	**39,161**	52,118
Deposit paid by a subsidiary to Sai Wu Investment Limited ("Sai Wu")	(viii)	**500,000**	500,000

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 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) Further details of Directors' emoluments are disclosed in note 7 to the consolidated financial statements.

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

(v) 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. Amount of HK$140,683,000 (2014: HK$216,415,000) has no fixed term of repayment. Amount of HK$136,669,000 (2014: HK$212,433,000) carries interest at HIBOR plus 3% (2014: HIBOR plus 3%) per annum. The related interest income for the year amounted to HK$5,868,000 (2014: HK$9,979,000).

36 Significant related party transactions *(Continued)*

Notes: *(Continued)*

(vi) Amounts due by associates are unsecured, non-interest bearing and with no fixed term of repayment.

(vii) 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.

(viii) 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 (note 24(c)). 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 extended to on or before 31 December 2016.

(ix) The related party transactions disclosed above are conducted at terms mutually agreed between the transacted parties.

37 Retirement benefits schemes

The Group provides defined contribution provident fund schemes for its eligible employees in Hong Kong, including the Occupational Retirement (ORSO) scheme and the Mandatory Provident Fund (MPF) scheme.

The Group's contributions to the MPF scheme are based on fixed percentages of member's salaries, ranging from 5% of MPF relevant income to 10% of the basic salary depending on respective companies' scheme rules and the choice of the employees. Member's mandatory contributions are fixed at 5% of MPF relevant monthly income which is capped at HK$30,000 (2014: HK$30,000).

The Group also operates a defined contribution provident fund scheme for eligible employees in Macau. Contributions to the scheme are made either only by the employer ranging from 5% to 10% or by both employer and employees ranging from 5% to 10% of the employees' monthly basic salaries.

The eligible employees of the Company's subsidiaries in the PRC are members of pension schemes operated by the Chinese local government. The subsidiaries are required to contribute a certain percentage of the relevant cost of the basic payroll of these employees to the pension schemes to fund the benefits.

The assets held under the MPF scheme and the other provident fund schemes are managed by independent trustees. The Group's contributions charged to the consolidated income statement for the year ended 31 December 2015 were HK$54,683,000 (2014: HK$51,620,000). Under the provident fund schemes other than MPF scheme, no forfeiture of employer's contributions was applied to reduce the Group's contributions for both years. Up to the balance sheet date, forfeited contributions retained in the ORSO and other provident fund schemes were HK$17,501,000 (2014: HK$17,125,000).

NOTES TO THE FINANCIAL STATEMENTS

38 Commitments

(a) Capital commitments

Except for the commitments disclosed elsewhere in the consolidated financial statements, the Group held the following capital commitments as at year end:

	Note	**2015**	2014
		HK$'000	HK$'000
Contracted but not provided for			
Property, plant and equipment		**49,959**	38,827
Building	(i)	**631,253**	—
Investment properties		**2,313**	67,758
		683,525	106,585
Capital contribution to			
Joint ventures	(ii)	**9,028**	278,314
An associate		**18,022**	19,320
		27,050	297,634

Notes:

(i) 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 31 December 2015, the Group had paid RMB175 million and had an outstanding commitment of approximately RMB525 million (equivalent to approximately HK$620 million). The remaining outstanding commitment of HK$11 million represents costs related to the property acquisition.

(ii) As at 31 December 2014, 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 the operating of a Hong Kong airline. The joint venture is in members' voluntary liquidation and the Group does not have further commitment to this joint venture.

38 Commitments *(Continued)*

(b) Lease commitments

The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	2015	2014
	HK$'000	HK$'000
Within one year	**40,523**	40,433
In the second to fifth year inclusive	**23,644**	41,335
Over five years	**—**	143
	64,167	81,911

Pursuant to the Sub-lease Agreement as detailed in note 14, the subsidiary has to pay a contingent rent to the Airport Authority Hong Kong, commencing from 15 December 2008, computed at a rate of 0.1% per annum on gross sales receipts of the subsidiary for the first two years, 3% per annum for the third to fifth years, 4.4% per annum for the sixth year and 5.8% per annum for the remaining period until expiry of the sub-lease term.

Contingent rental payment for the year amounting to approximately HK$23,426,000 (2014: HK$18,142,000) relating to the lease of hotel buildings is included in the consolidated income statement.

(c) Future minimum lease payments receivable

The future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows:

	2015	2014
	HK$'000	HK$'000
Within one year	**166,065**	103,846
In the second to fifth year inclusive	**255,319**	76,017
Over five years	**34,369**	30,075
	455,753	209,938

(d) Property development commitments

The Group had outstanding commitments of HK$4,701 million (2014: HK$5,813 million) under various contracts for property development projects.

In addition to the above, the Group had commitments of payment of HK$3,080 million (2014: HK$3,080 million) in cash and issue of 148,883,374 (2014: 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 (notes 24(c) and 36(viii)).

NOTES TO THE FINANCIAL STATEMENTS

39 Contingency and financial guarantees

	2015	2014
	HK$'000	HK$'000
Guarantees given by the Group to financial institutions on behalf of purchasers of flats	**—**	97

In addition to the above, the Group had provided guarantee to a third party in respect of the sum owing by a joint venture to the third party under a license agreement. At the balance sheet date, the Group's share of such contingent liabilities amounted to HK$2.6 million (2014: HK$2.7 million).

40 Notes to Consolidated Cash Flow Statement

(a) Disposal of subsidiaries

On 31 July 2014, the Group completed the disposal of 79% issued share capital of and shareholder loan due from Tin Wai Development Company, Limited ("Tin Wai") at a consideration of HK$657 million to a third party. On the same day, the Company also completed the disposal of the entire issued share capital of Joyous Park International Limited ("Joyous Park") to that third party, at a consideration of HK$3 million.

The net assets of Tin Wai and Joyous Park at the disposal date were as follows:

	Tin Wai	Joyous Park	Total
	HK$'000	HK$'000	HK$'000
Property, plant and equipment (note 12)	820	259	1,079
Properties for or under development	833,724	—	833,724
Inventories	41	12	53
Trade and other receivables, and deposits paid	234	574	808
Cash and bank balances	105,038	1,444	106,482
Trade and other payables, and receipts in advance	(58,438)	(83)	(58,521)
Provision for employee benefits (note 29)	(30)	(35)	(65)
Taxation payable	(3,060)	(610)	(3,670)
Deferred tax liabilities (note 9(c))	(78,394)	—	(78,394)
Net assets	799,935	1,561	801,496
Less: Equity attributable to non-controlling interests	(152,938)	—	(152,938)
Loan from non-controlling shareholders	(15,048)	—	(15,048)
Net assets disposed	631,949	1,561	633,510
Net gain on disposal of subsidiaries (note 5)	16,912	1,439	18,351
	648,861	3,000	651,861
Satisfied by:			
Cash consideration received	657,036	3,000	660,036
Transaction costs directly attributable to the disposal	(8,175)	—	(8,175)
	648,861	3,000	651,861

40 Notes to Consolidated Cash Flow Statement *(Continued)*

(a) Disposal of subsidiaries *(Continued)*

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	Tin Wai	Joyous Park	Total
	HK$'000	HK$'000	HK$'000
Cash consideration	657,036	3,000	660,036
Cash and bank balances disposed of	(105,038)	(1,444)	(106,482)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	551,998	1,556	553,554

(b) Sale of interests in subsidiaries without change of control

(i) 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 resulted in an increase in non-controlling interests of HK$765 million and an increase in retained profits of HK$1,056 million.

(ii) 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 resulted in a decrease in non-controlling interests of HK$0.1 million and an increase in retained profits of HK$4 million.

NOTES TO THE FINANCIAL STATEMENTS

41 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 Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the senior management. The management manages and monitors these risk exposures to ensure appropriate measures are implemented on timely and effective manners.

(a) Credit risk

The Group is exposed to credit risk on financial assets, that a loss may incur if the counterparties fail to discharge their obligation, mainly including mortgage loans receivable, amounts due by joint ventures and associates, trade and other receivables, derivative financial assets, bank deposits and cash at banks.

Credit risk arises from cash and bank balances, derivative financial assets and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a sound credit rating are accepted. The Group manages credit risk arising from trade debtors in accordance with defined credit policies, dependent on market requirements and business which they operate. Subject to negotiation, credit is only available for major customers with well-established trading records. The Group offers general credit terms ranging from 0 day to 60 days to its customers, except for sales of properties the proceeds from which are receivable pursuant to the terms of the relevant agreements. In addition, the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Management of the Group reviews regularly the recoverable amount of each individual trade receivables to ensure that adequate impairment provisions are made for irrecoverable amounts.

Amounts due by joint ventures and associates are granted taken into account of their financial position, past experience and other factors. The Group monitors the credibility of joint ventures and associates continuously.

Summary quantitative data

	2015	2014
	HK$'000	HK$'000
Mortgage loans receivable	**7,819**	10,425
Other non-current assets (excluding deposits and club debentures)	**152,283**	240,768
Trade receivables, other receivables and deposits paid (excluding deposits and prepayments)	**348,682**	1,449,013
Derivative financial instruments	**—**	8,133
Cash and bank balances	**15,857,945**	15,808,605
	16,366,729	17,516,944

41 Financial instruments *(Continued)*

Financial risk management *(Continued)*

(a) Credit risk *(Continued)*

At the balance sheet date, the maximum exposure to credit risk is represented by the carrying amount of each financial asset. Except for the financial guarantees given by the Group as set out in note 39, the Group does not provide any other guarantees which would expose the Group to material credit risk.

Other non-current assets include amounts due by joint ventures amounting to HK$141 million (2014: HK$216 million). The Group has concentration of credit risk on amount due by a joint venture of HK$141 million (2014: HK$216 million). As the joint venture has a strong financial position, the Directors consider that the credit risk is minimal.

Exposure to credit risk of mortgage loans receivable is mitigated by the security of second mortgage of properties. Credit risk arising from the other financial instruments of the Group, which include mainly cash and bank balances, is limited because the counterparties are considered by the Directors to have high creditworthiness. The Directors assess the creditworthiness with reference to external credit ratings (if available) or to historical information about counterparty default rates.

None of the terms of financial assets which are past due or impaired have been renegotiated during the year ended 31 December 2015 and 2014.

(b) Liquidity risk

The Group is exposed to liquidity risk on financial liabilities. It is the Group's policy to regularly monitor its liquidity requirements and its compliance with any lending covenants, and to secure adequate funding and sufficient cash reserves to match with the cash flows required for working capital and investing activities. In addition, banking facilities have been put in place for contingency purposes. The table below analyses the Group's and the entity's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

NOTES TO THE FINANCIAL STATEMENTS

41 Financial instruments *(Continued)*

Financial risk management *(Continued)*

(b) Liquidity risk *(Continued)*

2015

	Less than 1 year	Later than 1 year and not later than 5 years	More than 5 years	Total undiscounted cash flows	Carrying amount at 31 December
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Derivative financial liabilities					
Derivative financial instruments (net-settled)	74,842	1,635	—	76,477	104,141
Non-derivative financial liabilities					
Bank borrowings	4,471,566	5,023,678	147,951	9,643,195	9,242,525
Medium term notes	176,723	3,718,930	—	3,895,653	3,140,170
Trade and other payables	1,387,640	—	—	1,387,640	1,387,640
Loans from non-controlling interests	760,888	—	—	760,888	760,888
	6,796,817	8,742,608	147,951	15,687,376	14,531,223

2014

	Less than 1 year	Later than 1 year and not later than 5 years	More than 5 years	Total undiscounted cash flows	Carrying amount at 31 December
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Derivative financial liabilities					
Derivative financial instruments (net-settled)	115,871	—	—	115,871	115,871
Non-derivative financial liabilities					
Bank borrowings	3,039,353	6,398,933	221,577	9,659,863	9,191,045
Medium term notes	176,854	707,415	3,191,127	4,075,396	3,138,755
Trade and other payables	1,758,924	—	—	1,758,924	1,758,924
Loans from non-controlling interests	681,719	—	—	681,719	681,719
	5,656,850	7,106,348	3,412,704	16,175,902	14,770,443

41 Financial instruments *(Continued)*

Financial risk management *(Continued)*

(c) Market risk

(i) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing financial assets and liabilities. It is the Group's policy to regularly monitor and manage its interest rate risk exposure, by maintaining an appropriate and comfortable level of mix between fixed and variable-rate financial assets and liabilities and by repaying and/or selling the relevant fixed and variable-rate financial assets and liabilities in case of significant unfavourable market interest rate movement.

Summary quantitative data

	2015	2014
	HK$'000	HK$'000
Variable-rate financial assets/(liabilities)		
Mortgage loans receivable	**7,819**	10,425
Amounts due by joint ventures	**136,669**	212,433
Bank balances and deposits	**15,492,494**	15,459,439
Bank borrowings	**(9,242,525)**	(9,191,045)
	6,394,457	6,491,252
Fixed-rate financial liabilities		
Medium term notes	**(3,140,170)**	(3,138,755)
	(3,140,170)	(3,138,755)
Net interest-bearing assets	**3,254,287**	3,352,497

Sensitivity analysis

At 31 December 2015, if interest rates had been 50 basis points (2014: 50 basis points) higher/lower with all other variables held constant, the Group's profit after taxation and equity after taking into account the impact of finance costs capitalised in properties under development would have been HK$55.2 million higher (2014: HK$51.8 million higher)/HK$41.2 million lower (2014: HK$43.4 million lower) arising mainly as a result of change in interest income, net on variable-rate financial assets/liabilities.

The sensitivity analysis has been prepared with the assumption that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for the relevant financial instruments in existence at that date. The changes in interest rates represent management's assessment of a reasonably possible change at that date over the period until the next annual balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

41 Financial instruments *(Continued)*

Financial risk management *(Continued)*

(c) Market risk *(Continued)*

(ii) Currency risk

The Group is exposed to currency risk on financial assets and liabilities that are denominated in United States dollar ("USD"), Macau pataca ("MOP"), Singapore dollar ("SGD") and Renmibi ("RMB").

The Group closely monitors and manages its exposure to currency risk, in particular the currency risk arising from those currencies that are not pegged to Hong Kong dollar ("HKD"), the functional currency of the Company.

While the Group has financial assets and liabilities denominated in USD and MOP, they are continuously pegged to HKD and these exposure to currency risk for such currencies is minimal to the Group. The Group's exposure to currency risk on financial assets and liabilities that are denominated in SGD and RMB are historically and usually insignificant. Since the currencies of financial assets and financial liabilities are primarily the functional currency of the respective company. The Group continuously monitors and manages such exposure to ensure they are at manageable levels.

Sensitivity analysis

At 31 December 2015, if HKD weakened 10% (2014: 10%) against RMB and SGD with all other variable held constant, the Group's profit for the year would have been HK$65.3 million (2014: HK$99.4 million) and HK$6.5 million (2014: HK$ 8.3 million) higher respectively. Conversely, if HKD had strengthened 10% (2014: 10%) against RMB and SDG with all other variables held constant, the Group's profit for the year would have been HK$65.3 million (2014: HK$99.4 million) and HK$6.5 million (2014: HK$8.3 million) lower.

The sensitivity analysis has been prepared with the assumption that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to the exposure to currency risk for the relevant financial instruments in existence at that date. The changes in foreign exchange rates represent management's assessment of a reasonably possible change in foreign exchange rates at that date over the period until the next annual balance sheet date.

The sensitivity analysis had not been prepared for the Group's exposure to currency risk arising from financial assets and liabilities denominated in USD and MOP. In view of the facts the HKD has been pegged with USD and MOP for many years and the respective government in Hong Kong and Macau have continuously committed not to amend the pegged rates, the management's assessment of reasonably changes in value of HKD against USD and against MOP at the balance sheet date over the period until the next annual balance sheet date is not material.

41 Financial instruments *(Continued)*

Financial risk management *(Continued)*

(c) Market risk *(Continued)*

(iii) Equity price risk

The Group is exposed to equity price risk on listed and unlisted equity securities.

The Group's policy is mainly to invest in financial assets with equity price risk by using its surplus funds in order to minimise the impact of the exposure to the Group's business operation and financial position and simultaneously, to enhance the return to the shareholders. The Group aims at holding the listed and unlisted equity securities for long term strategic purposes.

For its listed equity securities, the Group regularly monitors their performance by reviewing their share price and announcements, including interim and annual reports. These investments are selected based on their respective investment potential and prospect and are diversified in different industries. For its unlisted equity securities, the Group monitors their performance by reviewing their reports, including management reports and annual financial statements.

Summary quantitative data

	2015	2014
	HK$'000	HK$'000
Financial assets, at fair value		
Available-for-sale investments	**149,955**	180,770
Financial assets, at cost less impairment losses		
Available-for-sale investments	**815,597**	815,597
	965,552	999,367

Sensitivity analysis

The Group's equity investments amounting to 92% (2014: 93%) of its financial assets carried at fair value are classified as available-for-sale investments with exposure to equity price risk and are listed on recognised stock exchanges in Hong Kong and the United States. A 10% (2014: 10%) increase in stock prices at 31 December 2015 would have increased the equity by HK$13.8 million (2014: HK$16.8 million) and profit after taxation would have increased by HK$0.1 million; an equal change in the opposite direction would have decreased the equity by HK$13.8 million (2014: HK$16.8 million) and profit after taxation would have decreased by HK$0.1 million.

The sensitivity analysis has been prepared with the assumption that the change in equity price had occurred at the balance sheet date and had been applied to the exposure to equity price risk for the relevant financial instruments in existence at that date. The changes in equity price represent management's assessment of a reasonably possible change at that date over the period until the next annual balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

41 Financial instruments *(Continued)*

Financial risk management *(Continued)*

(c) Market risk *(Continued)*

(iv) Fuel price risk

Fuel cost is a significant part of the Group's cost of inventories sold and service provided. Exposure to fluctuations in the fuel price is managed by hedging a percentage of its anticipated fuel consumption using fuel derivatives. In 2015, around 39% of the anticipated fuel consumption for 2016 (2014: around 38% of the anticipated fuel consumption for 2015) was hedged at the balance sheet date.

Summary quantitative data

	2015	2014
	HK$'000	HK$'000
Financial liabilities, at fair value		
Fuel swap contracts	**75,026**	115,871

Sensitivity analysis

At 31 December 2015, if the fuel price increased by 10% (2014: 10%) with all other variables held constant, the Group's equity would have been HK$11.8 million (2014: 16.9 million) higher, representing the after-tax effect of change in fair value of fuel derivatives at the balance sheet date. Conversely, if the fuel price decreased by 10% (2014: 10%) with all other variables held constant, the Group's equity would have been HK$11.8 million (2014: 16.9 million) lower.

The sensitivity analysis has been prepared with the assumption that the change in fuel prices had occurred at the balance sheet date and had been applied to the exposure to fuel prices risk for the relevant financial instruments in existence at that date. The changes in fuel prices at that date over the period until the next annual balance sheet date.

41 Financial instruments *(Continued)*

Financial risk management *(Continued)*

(d) Categories of financial instruments

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

	2015	2014
	HK$'000	HK$'000
Financial assets		
Loan and receivables (including cash and bank balances)	**16,366,729**	17,508,811
Available-for-sale investments (note)	**965,552**	996,367
Derivative financial assets	**—**	8,133
Financial liabilities		
Financial liabilities measured at amortised cost	**14,531,223**	14,770,443
Derivative financial liabilities	**104,141**	115,871

Note:

Certain available-for-sale investments are stated at cost (note 19).

NOTES TO THE FINANCIAL STATEMENTS

41 Financial instruments *(Continued)*

Financial risk management *(Continued)*

(e) 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 the observable market data (that is, unobservable inputs) (level 3).

2015

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Assets/(liabilities)				
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**
Total assets	**137,941**	**(92,127)**	**—**	**45,814**

2014

	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Assets/(liabilities)				
Derivatives used for hedging				
– cross-currency swaps	—	8,133	—	8,133
– fuel swap contracts	—	(115,871)	—	(115,871)
Available-for-sale investments				
– equity securities	168,146	—	—	168,146
– investment funds	14	12,610	—	12,624
Total assets	168,160	(95,128)	—	73,032

41 Financial instruments *(Continued)*

Financial risk management *(Continued)*

(e) Fair value estimation *(Continued)*

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity investments classified as available-for-sale.

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Specific valuation techniques used to value financial instruments include:

— Quoted market prices or dealer quotes for similar instruments.

— The fair values of derivative financial instruments are determined either by reference to mark-to-market values quoted by the independent financial institutions or the estimated future cash flows at the balance sheet date.

— Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

During the year, there were no transfers between financial instruments in level 1, level 2 and level 3.

NOTES TO THE FINANCIAL STATEMENTS

42 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure. The Group manages its capital structure and makes adjustments to it taking into account current and expected debt and equity capital market conditions, the Group's investment strategy and opportunities, projected operating cash flows and capital expenditures, and general market conditions. To maintain or adjust the capital structure, the Group may adjust the level of borrowings, the dividend payment to shareholders, issue new shares, raise debt financing or repurchase own shares.

The Group monitors its capital structure on the basis of a net debt-to-adjusted capital ratio. Net debt/cash is calculated as total debt, which includes current and non-current borrowings, less cash and bank balances. Adjusted capital comprises all components of equity attributable to owners of the Company less hedging reserve. During 2015, the Group's strategy, which was unchanged from 2014, was to maintain a healthy net debt-to-adjusted capital ratio.

The net debt-to-adjusted capital ratio at 31 December 2015 and 2014 was as follows:

	2015	2014
	HK$'000	HK$'000
Bank borrowings (note 28)	**9,242,525**	9,191,045
Medium term notes (note 30)	**3,140,170**	3,138,755
Less: Cash and bank balances (note 26)	**(15,857,945)**	(15,808,605)
Net cash	**(3,475,250)**	(3,478,805)
Equity attributable to owners of the Company	**26,357,056**	26,412,176
Add: Hedging reserve (note 34)	**53,575**	33,192
Adjusted capital	**26,410,631**	26,445,368
Net debt-to-adjusted capital ratio	**N/A**	N/A

43 Balance sheet and reserve movement of the Company

Balance sheet of the Company

	2015	2014
	HK$'000	HK$'000
Non-current assets		
Property, plant and equipment	**1,123**	913
Subsidiaries	**630,805**	630,805
Associates	**250**	250
Available-for-sale investments	**233,679**	233,679
Other non-current assets	**11,995,159**	10,334,276
	12,861,016	11,199,923
Current assets		
Trade and other receivables, and deposits paid	**71,631**	43,095
Cash and bank balances	**6,500,879**	8,633,574
	6,572,510	8,676,669
Current liabilities		
Trade and other payables, and receipts in advance	**5,350,229**	7,803,354
Provision for employee benefits	**4,075**	3,788
	5,354,304	7,807,142
Net current assets	**1,218,206**	869,527
Net assets	**14,079,222**	12,069,450
Equity		
Share capital	**9,858,250**	9,858,250
Other reserves (note (a))	**4,160,123**	1,709,193
Proposed dividends	**60,849**	502,007
Total equity	**14,079,222**	12,069,450

The balance sheet of the Company was approved by the Board of Directors on 23 March 2016 and was signed on its behalf

Pansy Ho
Director

Daisy Ho
Director

NOTES TO THE FINANCIAL STATEMENTS

43 Balance sheet and reserve movement of the Company *(Continued)*

Balance sheet of the Company *(Continued)*

Note:

(a) The reserve movement of the Company is as follows:

	Capital reserve	Retained profits	Total
	HK$'000	HK$'000	HK$'000
At 1 January 2014	28,033	2,356,819	2,384,852
Loss for the year	—	(21,529)	(21,529)
Dividends	—	(152,123)	(152,123)
At 31 December 2014	**28,033**	**2,183,167**	**2,211,200**
Profit for the year	**—**	**2,511,779**	**2,511,779**
Dividends	**—**	**(502,007)**	**(502,007)**
At 31 December 2015	**28,033**	**4,192,939**	**4,220,972**
Represented by:			
Proposed dividends			**60,849**
Others			**4,160,123**
			4,220,972

44 Principal subsidiaries, joint ventures and associates

	Place of incorporation/ principal place of operation	Issued and paid up capital/ registered capital	Percentage held by the Group		Principal activities
			2015	2014	
Property - Hong Kong					
Goform Limited	Hong Kong	Ordinary shares: HK$2	**100**	100	Property investment
Grace Wealth Development Limited	Hong Kong	Ordinary share: HK$1	**100**	100	Property development
Hocy Development Limited	Hong Kong	Ordinary shares: HK$2	**100**	100	Property investment
Iconic Palace Limited	Hong Kong	Ordinary shares: HK$20	**100**	100	Property investment
Megabright Investment Limited	Hong Kong	Ordinary shares: HK$2	**100**	100	Investment holding and financing
Ranex Investments Limited	Hong Kong	Ordinary shares: HK$100	**51**	51	Property investment and development
Sonata Kingdom Limited ^^	Hong Kong	Ordinary share: HK$1	**100**	100	Property investment
Shun Tak Development Limited	Hong Kong	Ordinary shares: HK$27,840,000	**100**	100	Investment holding
Shun Tak Property Investment & Management Holdings Limited	Hong Kong	Ordinary shares: HK$2	**100**	100	Property investment and management
Shun Tak Property Management Limited	Hong Kong/ Hong Kong and Macau	Ordinary shares: HK$2	**100**	100	Property management
Property – Macau					
Ace Wonder Limited	British Virgin Islands/ Macau	Ordinary share: US$1	**100**	100	Investment holding
Basecity Investments Limited ^	British Virgin Islands/ Macau	Ordinary shares: US$10,000	**51 (Note 6)**	51	Property investment and hotel owning
Companhia de Investimento Shun Tak South Lake, Limitada	Macau	Quota capital: MOP25,000	**100**	100	Property development

NOTES TO THE FINANCIAL STATEMENTS

44 Principal subsidiaries, joint ventures and associates *(Continued)*

	Place of incorporation/ principal place of operation	Issued and paid up capital/ registered capital	Percentage held by the Group		Principal activities
			2015	2014	
Eversun Company Limited	Hong Kong/ Macau	Ordinary shares: HK$200	**100**	100	Property investment
Fast Shift Investments Limited ("Fast Shift")	British Virgin Islands	Ordinary Class A share: US$1	**100**	100	Investment holding
		Non-voting Class B share	**(Note 1)**	–	
Nova Taipa – Urbanizações, Limitada ("NTUL") ^^	Macau	Quota capital: MOP10,000,000	**(Note 2)**	(Note 2)	Property investment and development
Oriental Pride Group Limited	British Virgin Islands/ Macau	Ordinary share: US$1	**100**	100	Investment holding and financing
Shun Tak Nam Van Investimento Limitada	Macau	Quota capital: MOP25,000	**100**	100	Property development
Winning Reward Investments Limited	British Virgin Islands/ Macau	Ordinary share: US$1	**100**	100	Investment holding and financing
Property – Mainland China					
Beijing Mega Hall Hotel Operating Management Co. Ltd.	PRC	RMB380,000,000 @	**100**	100	Property investment and hotel development
Guangzhou Shun Tak Real Estate Company Limited	PRC	HK$130,000,000 @	**60**	60	Property investment
Perennial Tongzhou Development Pte. Ltd. #	Singapore	Ordinary shares: S$388,778,402	**31.6**	31.6	Investment holding
Perennial Tongzhou Holdings Pte. Ltd. #	Singapore	Ordinary shares: S$239,500,010	**38.7**	38.7	Investment holding
Sonic City Limited	Hong Kong	Ordinary share: HK$1	**100**	100	Property investment and development
Shun Tak Cultural Centre Limited	Hong Kong	Ordinary shares: HK$10	**60**	60	Investment holding
Zhuhai Hengqin Shun Tak Property Development Co. Ltd * 珠海横琴信德房地產開發有限公司	PRC	RMB1,150,000,000 @	**70**	70	Property development

44 Principal subsidiaries, joint ventures and associates *(Continued)*

	Place of incorporation/ principal place of operation	Issued and paid up capital/ registered capital	Percentage held by the Group 2015	Percentage held by the Group 2014	Principal activities
Transportation					
Celeworld Limited	Hong Kong	Ordinary shares: HK$10 Non-voting deferred shares: HK$10,000	**42.6**	42.6	Marine fuel supply
Companhia de Serviços de Ferry STCT (Macau) Limitada	Macau	Quota capital: MOP10,000,000	**42.6**	42.6	Shipping
Far East Hydrofoil Company, Limited	Hong Kong/ Hong Kong and Macau	Ordinary shares: HK$2,000 Non-voting deferred shares: HK$5,000,000	**42.6**	42.6	Shipping
Glowfield Group Limited	British Virgin Islands	Ordinary shares: US$27	**42.6**	42.6	Investment holding
Hongkong Macao Hydrofoil Company, Limited	Hong Kong/ Hong Kong and Macau	Ordinary shares: HK$10,000,000	**42.6**	42.6	Shipping
Interdragon Limited	British Virgin Islands	Ordinary shares: US$10,000	**60**	60	Investment holding
Jetstar Hong Kong Airways Limited ^ ("Jetstar Hong Kong") (in members' voluntary liquidation)	Hong Kong	Ordinary shares: HK$479,470,589 Non-voting shares: HK$254,119,414	**(Note 3)**	(Note 3)	Aviation service
Ocean Shipbuilding & Engineering Limited	Hong Kong	Ordinary shares: HK$200 Non-voting deferred shares: HK$100,000	**42.6**	42.6	Shipbuilding and repairs
Shun Tak China Travel – Companhia de Gestão de Embarcações (Macau), Limitada	Macau	Quota capital: MOP10,000,000	**42.6**	42.6	Ship management
Shun Tak - China Travel Ferries Limited	British Virgin Islands	Ordinary shares: US$2	**42.6**	42.6	Investment holding
Shun Tak-China Travel Macau Ferries Limited	British Virgin Islands/ Hong Kong and Macau	Ordinary share: US$1	**42.6**	42.6	Shipping
Shun Tak-China Travel Ship Management Limited	Hong Kong/ Hong Kong and Macau	Ordinary shares: HK$200 Non-voting deferred shares: HK$1,000,000	**42.6**	42.6	Ship management

NOTES TO THE FINANCIAL STATEMENTS

44 Principal subsidiaries, joint ventures and associates *(Continued)*

	Place of incorporation/ principal place of operation	Issued and paid up capital/ registered capital	Percentage held by the Group		Principal activities
			2015	2014	
Shun Tak - China Travel Shipping Investments Limited	British Virgin Islands	Ordinary shares: US$10,000	**42.6**	42.6	Investment holding
Shun Tak Ferries Limited	Hong Kong	Ordinary shares: HK$2	**100**	100	Investment holding
Sunrise Field Limited	Hong Kong/ Hong Kong and Macau	Ordinary share: HK$1	**42.6**	42.6	Shipping
Wealth Trump Limited	Hong Kong/ Hong Kong and Macau	Ordinary share: HK$1	**42.6**	42.6	Shipping
Hospitality					
Artyzen Hospitality Group Limited	Hong Kong	Ordinary share: HK$1	**100**	100	Hospitality management and auxiliary services
Shun Tak, Serviços Recreativos, S.A.	Macau	Quota capital: MOP1,000,000	**100**	100	Property holding
Shun Tak Travel Services Limited	Hong Kong	Ordinary shares: HK$2,000,000	**100**	100	Travel agency services
Host Wise International Limited	Hong Kong	Ordinary share: HK$1	**100**	–	Property investment for hotel operation
Sociedade de Turismo e Desenvolvimento Insular, S.A. #	Macau	Quota capital: MOP200,000,000	**35**	35	Hotel and golf club operations
Union Sky Holdings Limited ^^	Hong Kong	Ordinary shares: HK$10,000	**70**	70	Hotel owning and operation
Finance					
Joyous King Group Limited	British Virgin Islands	Ordinary share: US$1	**–**	100	Financing
Joyous Glory Group Limited	British Virgin Islands	Ordinary share: US$1	**100**	100	Financing
Shun Tak Finance Limited	Hong Kong	Ordinary shares: HK$2	**100**	100	Financing
Step Ahead International Limited	British Virgin Islands/ Hong Kong	Ordinary share: US$1	**100**	100	General investment

44 Principal subsidiaries, joint ventures and associates *(Continued)*

Notes:

1. Non-voting Class B share (representing 100% non-voting Class B shares) with no par value.
2. Save for one issued non-voting Class B share of Fast Shift which is held by a third party, the entire issued share capital of NTUL is owned by the Company indirectly through Shun Tak Development Limited, Nomusa Limited and Fast Shift. Pursuant to an investment agreement in relation to NTUL dated 3 January 2014, holder of the non-voting Class B share of Fast Shift is entitled to 29% of the economic benefits in or losses arising from the residential portion of Nova City Phase V owned and developed by NTUL.
3. The Group's voting right at shareholders' meetings of Jetstar Hong Kong is 51% with economic interest of 33.33%. Jetstar Hong Kong is accounted for as a joint venture in the consolidated financial statements of the Company. This joint venture is considered as a subsidiary undertaking under Hong Kong Companies Ordinance (Cap 622).
4. The above table lists the principal subsidiaries, joint ventures and associates of the Group which, in the opinion of the Directors, principally affect the results and net assets of the Group.
5. Except Shun Tak Ferries Limited, Shun Tak Development Limited, Shun Tak Property Investment & Management Holdings Limited and Winning Reward Investments Limited, which are 100% directly held by the Company, the interests in the remaining subsidiaries, joint ventures and associates and listed in the above table are held indirectly.
6. The Group holds more than 50% interests in this joint venture. This joint venture is considered as subsidiary undertaking under the Hong Kong Companies Ordinance (Cap. 622). However, under the contractual agreements, the Group does not control this joint venture as the decisions about relevant activities require the unanimous consent of the parties sharing the control.

@ Registered capital

Associates

^ Joint ventures

^^ Shares of subsidiaries were pledged to banks as securities for bank loans granted to certain subsidiaries of the Group (note 28).

* For identification purpose only

45 Approval of financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 23 March 2016.

FIVE-YEAR FINANCIAL SUMMARY

	Note	**2015**	2014	2013	2012	2011
		(HK$ million)	(HK$ million)	(HK$ million)	(HK$ million)	(HK$ million)
Consolidated Income Statement						
Revenue		**4,405**	9,539	3,576	5,412	2,968
Profit attributable to owners of the Company		**745**	4,453	1,406	2,563	781
Consolidated Balance Sheet						
Non-current assets		**19,111**	19,124	16,681	13,588	11,259
Current assets		**28,275**	28,332	21,749	20,715	18,095
Current liabilities		**(6,873)**	(5,887)	(5,364)	(4,717)	(4,271)
Non-current liabilities		**(9,089)**	(10,457)	(8,550)	(6,558)	(6,645)
Net assets		**31,424**	31,112	24,516	23,028	18,438
Share capital and other statutory capital reserve	1	**9,858**	9,858	9,726	9,698	8,092
Other reserves	1	**16,438**	16,052	11,412	10,045	7,693
Proposed dividends		**61**	502	—	254	120
Equity attributable to owners of the Company		**26,357**	26,412	21,138	19,997	15,905
Non-controlling interests		**5,067**	4,700	3,378	3,031	2,533
Total equity		**31,424**	31,112	24,516	23,028	18,438
Number of issued and fully paid shares (million)	2	**3,042**	3,042	2,997	2,987	2,172
Performance Data						
Earnings per share (HK cents)	3					(restated)
– basic		**24.5**	147.0	47.0	88.7	31.7
– diluted		**24.5**	143.5	46.3	85.2	31.5
Dividends per share (HK cents)						
– interim		**—**	5.0	—	—	—
– final		**2.0**	2.0	—	8.5	4.0
– special		**—**	14.5	—	—	—
Dividend cover		**12.3**	6.8	N/A	10.4	7.9
Current ratio		**4.1**	4.8	4.1	4.4	4.2
Gearing (%)	4	**N/A**	N/A	3.5	N/A	12.0
Return on equity attributable to owners of the Company (%)		**2.8**	16.9	6.7	12.8	4.9
Net asset value per share (HK$)		**10.3**	10.2	8.2	7.7	8.5

	2015	2014	2013	2012	2011
Headcount by Division					
Head Office	**253**	257	245	213	210
Property	**509**	467	464	399	385
Transportation	**2,092**	2,099	2,151	2,158	1,839
Hospitality	**511**	518	491	453	452
Investment	**29**	27	35	43	44

Notes:

1. As the term "share capital" includes share premium and capital redemption reserve from the commencement date of new Hong Kong Companies Ordinance of 3 March 2014, but not before that date, presentation of "capital and reserves" has been revised in order to be consistent with the new terminology.
2. Number of issued and fully paid shares is based on the number of shares in issue at the balance sheet date.
3. Earnings per share for the year ended 31 December 2011 have been restated to reflect the effect of rights issue during the year ended 31 December 2012.
4. Gearing represents the ratio of net borrowings to equity attributable to owners of the Company.

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