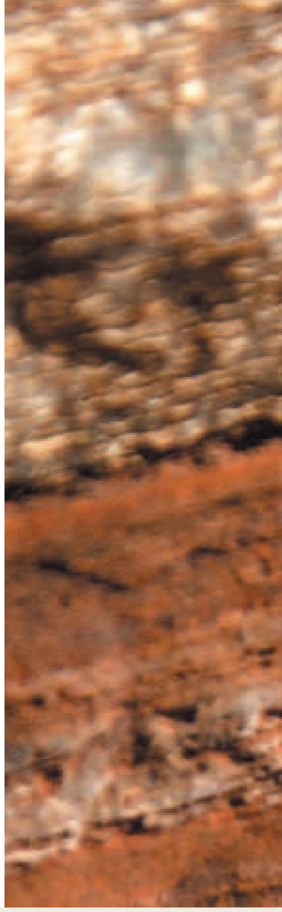
信德集團
SHUN TAK HOLDINGS
STOCK CODE 股份代號：242

2019 信德集團有限公司年報
Shun Tak Holdings Limited Annual Report

厚德載物

VIRTUES OF NATURE



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.

CONTENTS

厚德載物

Virtues of Nature

As the Book of Changes goes, "Mother Earth is forbearing, nurturing and all-embracing." Like the timeless virtues of nature, Shun Tak Group has evolved with remarkable foresight, far-reaching aspirations, and a harmonious balance of diversity and inclusion. Combining our strengths with our partners', the Group has expanded into new frontiers with the views of creating values for its shareholders, promoting regional integration and contributing to the development of the nation.

Corporate Information

CHAIRMAN EMERITUS
Dr. Stanley Ho

BOARD OF DIRECTORS
Ms. Pansy Ho
Group Executive Chairman and
Managing Director

Mr. Norman Ho
Independent Non-Executive Director

Mr. Charles Ho
Independent Non-Executive Director

Mr. Michael Wu
Independent Non-Executive Director

Mr. Kevin Yip
Independent Non-Executive Director

Ms. Daisy Ho
Executive Director and
Deputy Managing Director

Ms. Maisy Ho
Executive Director

Mr. David Shum
Executive Director

Mr. Rogier Verhoeven
Executive Director

AUDIT COMMITTEE
Mr. Norman Ho (Chairman)
Mr. Michael Wu
Mr. Kevin Yip

REMUNERATION COMMITTEE
Mr. Michael Wu (Chairman)
Mr. Norman Ho
Mr. Charles Ho
Mr. Kevin Yip
Ms. Pansy Ho
Ms. Daisy Ho

NOMINATION COMMITTEE
Mr. Charles Ho (Chairman)
Mr. Norman Ho
Mr. Michael Wu
Mr. Kevin Yip
Ms. Pansy Ho
Ms. Daisy Ho

COMPANY SECRETARY
Ms. Angela Tsang

REGISTERED OFFICE AND CONTACT DETAILS
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
Certified Public Accountants and
Registered Public Interest Entity Auditor

SOLICITOR
Norton Rose Fulbright

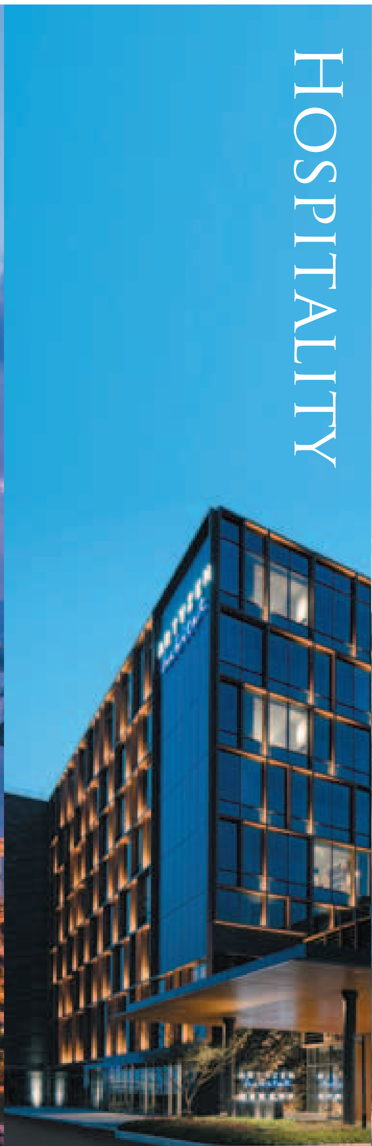
PRINCIPAL BANKERS
Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking
Corporation Limited
Bank of China, Macau Branch
Hang Seng Bank Limited
China Construction Bank (Asia)
Corporation Ltd
Crédit Agricole Corporate &
Investment Bank
Nanyang Commercial Bank, Ltd.

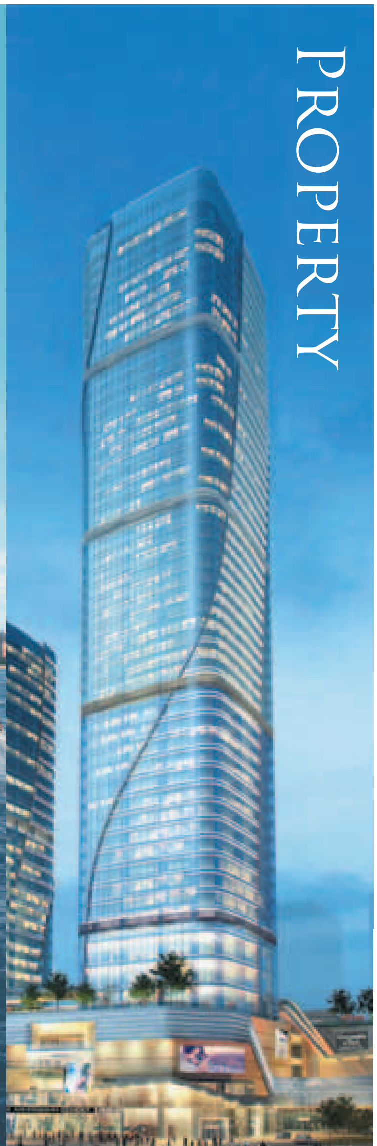
SHARE REGISTRAR
Computershare Hong Kong Investor
Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

SHARE LISTING
The Company's shares are listed on The Stock Exchange of Hong Kong Limited.

Corporate Profile

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





Corporate Profile

PROPERTY

The Group has a prominent and successful track record in the Macau and Hong Kong property markets. The Group owns one of the largest developable floor areas in Macau among Hong Kong listed companies. It is an important player in Macau's property market with a host of property development projects, and has growing presence in the Greater China real estate market with investments in Tongzhou and Dong Zhi Men in Beijing, Minhang, Qiantan and Jingan in Shanghai, Hengqin in Zhuhai, Xiqing in Tianjin and Chenggong in Kunming.

The Group has also recently entered the Singapore market through the acquisition of premium properties located in central business district, building a well-rounded portfolio spanning hotel, commercial and residential developments.

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 5-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 first four phases have generated strong public response. The final phase of Nova City — Nova Grand, will sit above a large-scale lifestyle shopping centre with a gross floor area over 655,000 square feet. It is expected to become an activity hub serving the Taipa community upon opening. A joint venture partnership has been formed with HIP Company Limited, a wholly-owned subsidiary of the Abu Dhabi Investment Authority to co-invest in the shopping centre.

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

Its property management branch currently offers professional property and facility management services to residential development, clubhouse, office tower, shopping mall and carpark across Hong Kong and Macau.

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

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

Hengqin Integrated Development is a joint development between the Group and Perennial Hengqin Investment Group Pte. Ltd. The site boasts unparalleled connectivity, with direct access to the port and commercial facilities at the border to Macau, to be serviced by an extension of the Guangzhou-Zhuhai Intercity Rail as

well as the Hengqin and Macau light rails in the future. It will be developed into an integrated landmark which comprises office, retail, hotel and apartments.

Mixed Development at Qiantan, Shanghai is a 50:50 joint venture project with Shanghai Lujiazui (Group) Company Limited. When completed, the 133,500 square metres of total gross floor area will encompass offices, retail space, a 5-star hotel, and an arts and cultural centre. Upon completion, Artyzen Hospitality Group will take over the management of the hotel component of the development.

In 2018, the Group ventured into China's healthcare sector through a strategic partnership with Perennial Real Estate Holdings Limited, under which the two will jointly develop mixed-use healthcare complexes close to high-speed railway stations. The first two cornerstone projects — Tianjin South HSR Integrated Development and Kunming South HSR Integrated Development, will be developed into one-stop regional healthcare and commercial hubs offering medical, healthcare and eldercare facilities, while also incorporating hospitality and retail components.

In December 2019, the Group entered into a strategic partnership with China Resources Land Limited to acquire an effective 40% interest in the mixed use development project located in Suhe Bay Area in Shanghai's Jingan District. The development comprises four land plots with a total site area of approximately 24,913 square metres and a total developable gross floor area of approximately 329,000 square metres. Situated in close proximity to major tourism destinations and central business precincts such as the Bund and Lujiazhui, it is planned to encompass residential, office and commercial components, as well as an underground shopping mall and a public park.

Beyond its Greater China home base, the Group is diligently investing in the Singapore market with a number of acquisitions that hold excellent potentials.

111 Somerset Road is a premium commercial development strategically located within the Orchard Road precinct, surrounded by a prime shopping, entertainment and tourism belt with direct MRT access. It comprises approximately a gross floor area of 766,550 square feet of office units, medical suites and 2 levels of retail podium.

The Group acquired two plots of prime residential redevelopment sites in downtown Singapore, namely Park House and 14 & 14A Nassim Road in 2018. Situated close to Singapore's famous shopping and entertainment hub of Orchard Road as well as renowned Central Business Districts, the two properties will be redeveloped into luxury residential condominiums for sale.

TRANSPORTATION

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

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

Corporate Profile

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

On land, Shun Tak & CITS Coach (Macao) Limited has an operating fleet of 141 vehicles, providing local and cross-boundary coach services between various mainland cities and Macau.

The division is one of the participating parties in a consortium that has succeeded in the tender of the sole right to operate cross-border shuttle bus, popularly known as "Golden Bus", across the Hong Kong-Zhuhai-Macau (HZM) Bridge. In a strategic move to further reinforce its land transport network, the division has also cooperated with veteran land transport operators to launch three additional cross-boundary land transit options via the HZM Bridge, including the "HK-MO Express", "TurboJET Cross Border Limo", and "Macau HK Airport Direct" services.

Leveraging its profound experience in passenger sea travel and understanding of regional tourism trends, the Group launched 'Macau Cruise' in 2018. It provides customised cruise services in specially liveried tour ferries around the coastline of Macau and Hengqin, taking in some of the most spectacular sights of the city and vicinity.

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 Mandarin Oriental Hotel comprising 213 guest rooms was opened in June 2010, boasting fine elegance and bespoke services. The 208-room Grand Coloane Resort, formerly Westin Resort Macau, is a lavish boutique resort on the beautiful shores of Coloane Island overlooking the Hac Sa Wan and the South China Sea.

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

No. 9 Cuscaden Road, Singapore is the Group's first foray into the hotel market in Singapore. Sited close to the local central business district and major tourism belt, the property will be developed into 5-star luxury hotel of no fewer than 142 room keys.

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. 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 operating two Artyzen branded hotels and four non-branded hotels. The Artyzen branded hotels are Artyzen Habitat Dongzhimen Beijing and Artyzen Habitat Shanghai Hongqiao in Shanghai MixC. The non-branded hotels are the Grand Coloane Resort and the Grand Lapa in Macau and two

hotels in Maui, Hawaii, namely the Ka'anapali Beach Hotel, and The Plantation Inn.

Artyzen Habitat Dongzhimen Beijing, AHG's own-branded hotel with 138 rooms, opened its doors in 2017. The hotel nestles in a vibrant area within Beijing's old fortress walls in Dongzhimen but also just 25 minutes' drive from the airport and is close to rail links.

Opened in 2018 in the new Shanghai MixC complex, the 188-key Artyzen Habitat Hongqiao Shanghai is situated in one of the city's latest and best shopping destinations, conveniently located for numerous entertainment hotspots and is close to Shanghai Hongqiao International Airport and the Hongqiao Railway Station.

Also situated in the Shanghai MixC complex, citizenM Shanghai Hongqiao is wholly owned by the Group but operated by citizenM, a global hospitality group based in the Netherlands. With 303 rooms, the hotel caters to a new generation of modern travellers looking for superior service on an affordable budget.

Artyzen Club is a well-appointed private business membership club introduced by the Group in 2018. The Club provides a variety of dining venues and recreational and fitness facilities, as well as multifunctional spaces ideal for corporate and private events.

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 15.7%. STDM in turn owns approximately 54.1% of SJM Holdings Limited ("SJM Holdings"), a listed company in Hong Kong. SJM Holdings owns the entire shareholding interests of Sociedade de Jogos de Macau S.A., one of six gaming concessionaries licensed by the Macau SAR Government to operate casinos in Macau.

Macau Matters Company Limited, the Group's retail arm, operates "Toys'R'Us" catering to the demand of local youngsters and tourists. "Toys'R'Us" operates a flagship store at Macau Tower and a second outlet in Macau's city centre near Senado Square. It has also recently expanded its retail range to include the Stecco Natura Italian Gelato brand, launching the first store in a premium mall in Hong Kong.

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

MS. PANSY HO

JP
Group Executive Chairman and Managing Director
aged 57

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 and the group executive chairman in 2017 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 of Hong Kong Limited (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, an executive president of China Chamber of Tourism and a vice president of China Women's Chamber of Commerce under All-China Federation of Industry & Commerce. In Hong Kong, she is the chairperson of Hong Kong Federation of Women. In Macau, she is the 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 Committee of Cultural Industries, the chairperson of Global Tourism Economy Research Centre, and the vice chairman and secretary-general of Global Tourism Economy Forum. She was bestowed the Medal of Merit — Tourism by the Government of Macau SAR in September 2019. Internationally, she is also an executive committee member of World Travel & Tourism Council and was appointed as a tourism ambassador by the United Nations World Tourism Organization in October 2018.

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

Ms. Pansy Ho is a sister of Ms. Daisy Ho and Ms. Maisy Ho, who are an executive director and deputy managing director and an executive director of the Company respectively.

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

MR. NORMAN HO

F.C.P.A., B.A., A.C.A.
Independent Non-Executive Director
aged 64

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

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

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

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

MR. CHARLES HO

G.B.M.
Independent Non-Executive Director
aged 70

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 WU

Independent Non-Executive Director
aged 61

Mr. Wu Zhi Wen, Michael (former name: Ng Chi Man, Michael) ("Mr. Michael Wu") 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 Wu 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 Wu 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 Wu has substantial experience in corporate and financial management of listed companies in Hong Kong. In the past, he was an executive director and chief executive officer of Viva China Holdings Limited, which is listed on the Growth Enterprise Market of the Stock Exchange. Mr. Michael Wu 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.

Management Profile

MR. KEVIN YIP

Independent Non-Executive Director
aged 55

Mr. Yip Ka Kay, Kevin ("Mr. Kevin Yip") was appointed as an independent non-executive director of the Company in October 2015. He has been appointed as a member of the audit committee of the Company with effect from 11 January 2017; and a member of the nomination committee and remuneration committee of the Company with effect from 27 March 2019.

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 is also a non-executive director and a member of the audit committee of VCREDIT Holdings Limited which is listed on the Main Board of the Stock Exchange.

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

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

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

MS. DAISY HO

Executive Director and
Deputy Managing Director
aged 55

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*. She is also the chairman of Sociedade de Jogos de Macau, S.A., and the chairman and executive director of its holding company, SJM Holdings Limited which is listed on the Main Board of the Stock Exchange.

Ms. Daisy Ho is Vice President and an executive committee member of The Real Estate Developers Association of Hong Kong, a member of the Hong Kong Institute of Real Estate Administrators, a Vice President of Macao Association of Building Contractors and Developers, a member and committee of Ladies Committee of The Chinese General Chamber of Commerce, a life member and member of Ladies Committee of Macao Chamber of Commerce, a fellow of

The Hong Kong Institute of Directors, Governor of The Canadian Chamber of Commerce in Hong Kong, Chairman cum Director of University of Toronto (Hong Kong) Foundation Limited and Chairman of its Scholarship Selection Committee, Vice-Chairman of Po Leung Kuk, Vice Chairman of Hong Kong Ballet, Honorary Vice President of the Hong Kong Girl Guides Association, World Fellow of The Duke of Edinburgh's Award World Fellowship, Dean's International Advisory Committee Member of Joseph L. Rotman School of Management — University of Toronto, Member of Advisory Council of the Canadian International School of Hong Kong and Director of Tianjin Education Foundation (Hong Kong) Ltd.

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

Ms. Daisy Ho is a sister of Ms. Pansy Ho, the group executive chairman and managing director of the Company, and Ms. Maisy Ho, an executive director of the Company.

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

MS. MAISY HO

B.B.S.
Executive Director
aged 52

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. She is also responsible for the operations of the Group's property development projects in China.

Ms. Maisy Ho is the chairman and an executive director of Unitas Holdings Limited which is listed on the Growth Enterprise Market of the Stock Exchange.

Ms. Maisy Ho has been appointed as the member of Equal Opportunities Commission and member of Committee on the Promotion of Civic Education since 2017. She has been appointed as council member of The Hong Kong Academy for Performing Arts since January 2018.

In Hong Kong, Ms. Maisy Ho is a member of Hospital Governing Committee of Tung Wah Hospital, Tung Wah Eastern Hospital, Tung Wah Group of Hospitals Fung Yiu King Hospital, Kwong Wah Hospital, Tung Wah Group of Hospitals Wong Tai Sin Hospital and Queen Elizabeth Hospital, past president of Hong Kong Institute of Real Estate Administrators, member of Chartered Institute of Housing Asian Pacific Branch, committee member and vice chairman of Ladies' Committee of The Chinese General Chamber of Commerce, honorary vice president and member of executive committee of The Hong Kong Girl Guides Association, school supervisor of Tung Wah Group of Hospitals Chen Zao Men College, executive vice chairman of Hong Kong Volunteers Federation, executive vice president of Hong Kong Poverty Alleviation Association Limited and executive vice chairman of The Hong Kong Island Federation. Ms. Maisy Ho is also a holder of Estate Agent's Licence (Individual).

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

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

In China, she is a standing committee member of the Chinese People's Political Consultative Conference of Liaoning Province and vice president of the 13th Executive Committee of Guangdong Women's Federation.

Ms. Maisy Ho holds a double degree of Bachelor in telecommunications and psychology from Pepperdine University, the United States. She received an honorary university fellowship from the University of Hong Kong in October 2018.

Ms. Maisy Ho is a sister of Ms. Pansy Ho, the group executive chairman and managing director of the Company, and Ms. Daisy Ho, an executive director and deputy managing director of the Company.

MR. DAVID SHUM

Executive Director
aged 65

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 a director of Shun Tak Shipping Company, Limited* and 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.

* *Shun Tak Shipping Company, Limited is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance.*

MR. ROGIER VERHOEVEN

Executive Director
aged 57

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 business development, general management and hospitality industry. He is responsible for overseeing the strategic business development and asset management of the real estate, mixed use and hospitality investments for the Group's integrated hospitality management company (Artyzen Hospitality Group). He also oversees various other business units and related operations within the Hospitality Division.

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 Calendar

Financial Highlights 2019

	2019	(Restated) 2018
	HK$'000	HK$'000
Revenue	**14,649,184**	6,591,582
Profit attributable to owners of the Company	**3,455,796**	4,647,326
Total equity	**40,460,592**	39,649,326
Earnings per share (HK cents)		
— basic	**114.3**	153.4
— diluted	**114.3**	153.4
Dividends per share (HK cents)	**18.0**	16.0
Net asset value per share (HK$)	**13.4**	13.1

The calculation of basic earnings per share is based on the weighted average number of 3,023,427,363 shares (2018: 3,029,728,333 shares) in issue during the year. Basic and fully diluted earnings per share are the same as the share options of the Company has an anti-dilutive effect on the basic earnings per share for the years ended 31 December 2019 (2018: same).

Financial Calendar 2020

Announce 2019 annual results	27 March 2020
For determining shareholders' eligibility to attend and vote at Annual General Meeting	
Deadline for lodgement of all transfers	4:30 p.m. on 17 June 2020
Closure of register of members	18 June 2020 to 24 June 2020, both days inclusive
Record date	24 June 2020
Annual General Meeting	24 June 2020
For determining shareholders' entitlement to the final dividend	
Deadline for lodgement of all transfers	4:30 p.m. on 2 July 2020
Closure of register of members	3 July 2020 to 7 July 2020, both days inclusive
Record date	7 July 2020
Expected posting date of dividend warrants to shareholders	16 July 2020
Announce 2020 interim results	August 2020

Significant Events

January

- Mandarin Oriental, Macau received "Triple Five Star for Hotel, Restaurant and Spa" from Forbes Travel Guide Star Awards.

March

- The Group's joint venture, Hong Kong International Airport Ferry Terminal Services Ltd, was awarded the third consecutive contract by the Airport Authority Hong Kong to manage ferry operations at SkyPier.

- TurobJET launched the new Taipa-Kowloon sailing route.

April

- Hong Kong SkyCity Marriott Hotel was recognized as "Best Airport Hotels in Asia" by Skytrax World Airport Awards 2019.

July

- Macau Cruise added a new route connecting the Macau Fisherman's Wharf, Taipa and Coloane.

2019

October

- Grand Coloane Resort was named "Best Relaxation Retreat in China" by Haute Grandeur Global Hotel Award.

- TurboJET Travel Services launched "Cross Border Limo" service to provide personalized, door-to-door land transit between Hong Kong and Macau via the HZM Bridge.

November

- Macau Matters opened its new Italian gelato business under the brand of Stecco Natura in Hong Kong and launched the first outlet at K11 Art Mall.

December

- The Group entered a strategic partnership with China Resources Land to develop the Shanghai Suhe Bay mixed-use development project in Jingan District.

- Together with its joint venture partners, the transportation division has been awarded tender to operate the 24-hour "Macau HK Airport Direct" cross border shuttle service, which began serving travellers on 16 December.

Chairman's Statement

Dear Shareholders,

I am presenting you this annual report at an unprecedentedly critical time for every business in the world in the midst of a global crisis. While past year's performance of our Group has been satisfactory, underscored primarily by the booking of profits from our Nova Grand residential project; other core operations, particularly retail and travel related businesses, have taken a serious toll from the extended months of political turmoil in Hong Kong, which in turn, also had spillover negative impact on Macau tourism in the second half of 2019. As we enter 2020, COVID-19 has further exacerbated the situation, disrupting the entire regional tourism ecosystem and causing suspension of operations to ferries and destinations we operate. It is also causing varying degrees of delays to our pipeline projects in China, with the extent of impact hinging on the duration of the pandemic. The Group is reorganizing a number of its business arms which will allow it to better weather through the storm, as well as to capture the best opportunities as demand are unleashed when we emerge from this tumultuous situation. We remain cautious but confident, that the diversified portfolio we have built over the past years will give us the necessary balance and resilience to expedite recovery.

Profit attributable to shareholders of the Group for the year ended 31 December 2019 amounted to HK$3,456 million (2018: HK$4,647 million). Basic earnings per share were HK114.3 cents (2018: HK153.4 cents). As a result, the Board of Directors has recommended the payment of a final dividend of HK18.0 cents per share (2018: a final dividend of HK10.0 cents per share and a special dividend of HK6.0 cents per share). As no interim dividend was paid in 2019 (2018: nil), this amount represents the total dividend payment for the year.

Our Property division posted promising results in 2019, primarily due to the successful handover of our Nova Grand residential units and profits recognized from earlier sales launches. Revenue from a total of 951 sold units was recognised, and an additional 33 units have been contracted over the course of year. Consequently, as of 31 December 2019, approximately 77% of all available units at Nova Grand has been sold. The much anticipated Nova Mall, being the largest lifestyle neighborhood shopping hub in Macau, has experienced a minor delay in its launch due to the virus situation. Upon its opening, the Group will benefit from long term rental income which is expected to steadily increase on the basis of sound fundamentals of Macau's economy.

Going forward, the Group will be focusing on a number of overseas large scale mixed-use projects. The Hengqin Mixed-Use Development bordering Henqin and Coloane, will potentially commence presale for its residential units in 2020 depending on market conditions. In Northern China, the Group has been expanding its footprint across a number of fast-growing cities throughout the years. These projects located in Beijing Tongzhou, Qiantan Shanghai, Tianjin and Kunming, have been scheduled for launch in phases between 2021 to 2023. Our strategy of entering new markets with leading local partners have proven to be immensely successful, whereby our Group's experience in hospitality and tourism services are highly complementary to our partners' respective strengths. In December, we have entered into another important acquisition, being a 40% effective interest in the Shanghai Suhe Bay Area Mixed-use Development Project, with China Resources Land Limited, one of China's leading retail mall developers, as our major partner. The integrated complex will comprise office, commercial, retail and residential components for both sales and long term investment purposes, and the acquisition will further diversify our Group's portfolio holding in Shanghai.

In Singapore, our Group has two upmarket residential projects, namely Park House and 14 & 14A Nassim Road, scheduled for pre-sale in late 2020 contingent upon market situations. These ultra-luxurious addresses are in rare supply and in view of Singapore's strong economic prospects for the coming years, the Group believes that its involvement in this end of the residential market holds excellent potential.

Year 2019 marked one of the most challenging times for our Transportation division in its history. As our ferry operation continued to reinvent and reposition itself following a shift in travel patterns with the opening of the Hong Kong-Zhuhai-Macau (HZM) Bridge, its performance has been hard hit by consecutive headwinds including sociopolitical unrests which brought double digit declines in visitor arrival numbers, as well as the COVID-19 outbreak at the beginning of 2020, which further forced it to temporarily suspend all services as part of government travel restriction policies. Despite these short-term obstacles, we are convinced that maritime travel will remain a vital part of the transportation infrastructure across the Greater Bay Area ("GBA"), and we remain committed to contribute our half-century worth of experience. In March 2020, we have announced a plan to further integrate our ferry and cross-border coach bus businesses with our partner, China Travel International Investment, with the objective of creating improved synergy in both deployment of resources and market development as we capitalize on future growth of the GBA travel needs.

Likewise, the Hospitality division has performed considerably well at the beginning of 2019 until the onset of civil unrest in Hong Kong and tourist numbers took a downturn. In contrast, our overseas hotel portfolio under management in China and Hawaii has posted encouraging performance throughout the year. Our hotel management subsidiary Artyzen Hospitality Group has started to solidify its brand reputation as a contemporary and sophisticated hotel in China and Asia, and is expected to take up six more properties in the next year. Currently, with the coronavirus pandemic leaving global tourism in the doldrums and duration of travel bans uncertain, we will be implementing stringent cost control measures and streamlining our business structures to help us ride through the staggering situation.

I would like to thank all my colleagues and partners, who have worked very hard together in navigating through the obstacles we faced during the year. In particular, I wish to thank all our shareholders for their loyal support, and for trusting in our vision over recent years of transitions. 2020 will be an exceptionally challenging one, and we will exercise extreme prudence to mitigate risks for the Group, our staff, our customers and our investors. We remain convinced that the Group will be at the very forefront to generate values for our loyal shareholders once the market emerge from the current crisis.

By order of the Board

PANSY HO
Group Executive Chairman and Managing Director

27 March 2020

Virtue of Integrity

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

Profit from the property division has been exceptionally significant in 2019, primarily attributable to the successful handover and profit recognition of 951 Nova Grand units within the year. During the year, the division posted HK$6,525 million (2018: HK$3,112 million) in profit. Nonetheless, downward fair value adjustments in investment properties and negative rental reversion in renewals spawned by global economic instability, sociopolitical tensions in Hong Kong and dampened consumer confidence, have weighed on the largely healthy results. Overseas, the Group continued to make good construction progress in its pipeline developments. It has also entered into agreements to acquire a 40% effective interest in a mixed-use development in Suhe Bay Area of Shanghai within the year.

PROPERTY DEVELOPMENTS

PROJECTS COMPLETED WITH RECENT SALES

In Macau

Nova Grand

(Group interest: residential: 71%)

Nova Grand, being the final phase of the Group's flagship residential Nova City project comprising approximately 1,700 residential units in eight towers, has consistently generated popular interest in the market since its launch. During 2019, a total of 33 units have been newly transacted and 951 units have been handed over to purchasers with profit recognized within the year. Cumulatively, 77% of residential units has been sold. The remaining inventory will be strategically launched in the coming years and is expected to be supported by the end-user market.

In Hong Kong

Chatham Gate

(Group interest: 51%)

The luxurious development comprises two residential towers with a 350,000 square feet appending shopping arcade. In May 2019, the last two duplex units, each with two carparks, were contracted for sale for a total consideration of HK$263 million. The first duplex has been handed over in mid-Jan 2020, while the other is scheduled for completion in April 2020.

In Singapore

111 Somerset Road, Singapore

(Group interest: 70%)

This 766,550-square-foot mixed-use commercial complex located at Singapore downtown business district includes offices, medical suites and a retail podium. During the year, profits from the sales of 48 office units and 2 medical suites were recognized. The asset enhancement programme has been substantially completed and is expected to stimulate investment and leasing interests. The refurbished retail podium was opened for business in March 2019, featuring an array of restaurants, health and wellness brands, a supermarket, and related facilities.

PROJECTS UNDER DEVELOPMENT

In Northern China

Beijing Tongzhou Integrated Development

(Group interest: Phase 1–24%, Phase 2–19.35%)

This iconic multi-facility development is well situated in the up-and-coming business district of Tongzhou Beijing, sited on the historic Grand Canal, with completion scheduled for 2022 and 2023 in two phases. The integrated community will be housing 250,000 square metres of retail space, 211,000 square metres of office space, and a further 117,000 square metres of residential units. Out of its six towers, one office tower has been topped out in 2019 while two more residential towers are expected to be topped out in 2020. Its retail podium will be directly linked to the new Beijing Intercity Railway Line S6, currently under construction and scheduled for completion in 2021.

NEW BUND 31, Qiantan, Shanghai

(Group interest: 50%)

This cultural and community hub in Shanghai spans 140,500 square metres of total gross floor area, bringing together offices, retail space, basement retail, and a 5-star hotel offering around 200 rooms, to be managed by the Group's Artyzen Hospitality Group. Moreover, an arts and cultural centre featuring a concert hall and other multi- purpose halls with a capacity of 4,000 audience will be incorporated. Construction of superstructure for the office and retail zones has begun, with completion of the complex planned for 2023. The project is a 50:50 joint venture with Shanghai Lujiazui (Group) Company Limited.

Shanghai Suhe Bay Area Mixed-use Development Project

(Group interest: 40%)

In December 2019, the Group entered into a strategic partnership with China Resources Land Limited ("CR Land") to acquire a 40% effective interest in the mixed use development project located in Suhe Bay Area in Jingan District of Shanghai. The development comprises four land plots with a total site area of approximately 24,913 square metres and a total developable gross floor area of approximately 329,000 square metres. Situated in one of the core commercial areas of Shanghai, it is in close proximity to major tourism destinations such as the Bund and the People's Square, as well as established central business districts including Nanjing West Road and Luijiazui. Well served by the public transportation network, the complex has direct connection to Tiantong Road subway station served by Metro Line no. 10 and no. 12. Upon completion, all office, commercial and residential developments in the north side are intended for sale, while the retail and

office developments in the south side are intended for generating long-term rental income. The retail component will be managed by CR Land under one of its brands. Construction is underway with project completion expected by phases from 2021.

Tianjin South HSR Integrated Development
(Group interest: 30%)

This 77,000 square metre site was acquired by the Group in 2018 through a strategic partnership with Singapore-based Perennial Real Estate Holdings Limited ("Perennial"), a well-established group with extensive footprint in China's healthcare industry. The project involves developing a world class "health city" with close proximity to the Tianjin South High Speed Railway Station to serve the elevating demands of quality medical care within the fast-growing "Jing-Jin-Ji" megalopolis. The masterplan currently comprises a general hospital, eldercare facilities and serviced apartments, as well as commercial elements such as retail and hospitality components covering around 330,000 square metres. Construction has begun in Q4 2019, with operations expected to begin in 2023.

In Southern China

Hengqin Integrated Development
(Group interest: 70%)

This development in Hengqin bordering Macau Lotus Bridge will be one of the property division's priorities in 2020. The project comprises approximately 42,300 square metres of office accommodation, 43,000 square metres of retail facilities, 15,600 square metres of hotel space, and 33,400 square metres of apartments complemented by a 1,250-square-metre clubhouse and a 1,300-space car park. In conjunction with the operational launch of the new Border Crossing hub with estimated opening in 2020 as announced by government, the Group will also be launching presale of the apartments while proceeding with fit-out works within the same year.

PROJECTS UNDER PLANNING

In Macau

Harbour Mile

The Group is awaiting advice from the Macau SAR Government on the land parcels to be allotted and will review its arrangements for the allotted site to plan strategically for the most productive use of the land in the long term.

In China

Kunming South HSR Integrated Development
(Group interest: 30%)

This site, also acquired in partnership with Perennial, was acquired in December 2018. Similar to the Tianjin site, the Group intends to develop this 65,000 square metre site into a regional healthcare and commercial hub serving Kunming and its surroundings. At this stage, the Group is undertaking detailed planning for the development, which will comprise hospitality, medical care, eldercare, MICE, and retail components across proposed gross floor area of approximately 550,000 square metres. Like the Tianjin site, the Kunming South HSR Integrated Development is located next to a high-speed railway station, facilitating convenient regional access. Construction is due to begin in 2020, with the site becoming operational in second half of 2023.

In Singapore

Park House

(Group interest: 100%)

Design and planning work associated with this 46,084 square foot site located at Singapore's traditional deluxe residential neighborhood progressed well on track within the year. The design will have a maximum gross floor area of around 142,000 square feet, and will be made up 51 simplex units and 3 penthouses in a 21-storey residential tower, catered for upmarket homebuyers seeking central living near Orchard Road and city centre. The project is scheduled for launch in 2020 while completion of construction is expected in 2022.

14 & 14A Nassim Road

(Group interest: 100%)

This 66,452 square feet prime site located at one of the most exclusive and coveted addresses in town will be redeveloped into bespoke low-rise condominiums covering a total gross floor area of approximately 102,000 square feet. There will be a total of 14 units comprising 8 simplex units, 4 duplex units and 2 penthouses, slated for launch in 2020 while completion of construction is expected in 2022.

PROPERTY INVESTMENTS

In Hong Kong

liberté place

(Group interest: 64.56%)

The mall completed a shop sub-division and downsizing program in 2018 which has effectively provided clear positioning for this popular mall situated at Lai Chi Kok MTR Station in West Kowloon. In 2019, rental yield has improved and trade mix diversified, posting an average occupancy of 100%.

The Westwood

(Group interest: 51%)

With 158,000 square feet of leasable area across five storeys, The Westwood is the key shopping destination for Western District on Hong Kong Island. It is currently undergoing a large scale renovation which is scheduled to complete by mid-2021. After the exercise, strategic tenancy optimization will be carried out which is expected to better serve the local community. During the year, the mall maintained an average occupancy 94%. Nonetheless, with the retail industry taking a toll amid social unrests in the latter half of year, it is expected that rental income and renewals will be challenging next year.

Chatham Place

(Group interest: 51%)

This 3-storey shopping arcade appended to Chatham Gate has introduced a major kindergarten group within the year, and some of the remaining space has been reprovisioned to develop a distinctive focus on children's education and entertainment, complemented by a range of suitable high-quality F&B premises. Over the year, the mall achieved an average occupancy of 52%.

Shun Tak Centre 402

(Group interest: 100%)

The Group has been deliberating on the use of unleased area of this space, with the aim of achieving a tenant mix that complements the overall image being developed for Shun Tak Centre. Over the period, an indoor golf club and a coffee shop were in operation. Leasing efforts have been significantly set back due to frequent protests in the latter half of year which deterred tourists and reduced local consumption.

In Macau

Nova Mall

(Group interest: 50%)

Along with its partner Abu Dhabi Investment Authority, the mall is conceived to become a significant retail hub upon its opening, serving the everyday lifestyle needs of the local community. Following earlier confirmation of major anchor tenants including international brands IKEA, CGV and Toys 'R' Us, a number of retailers have also shown keen interests. However, under recessionary pressure clouding the retail industry in the latter half of year and the outbreak of the coronavirus, leasing progress has been affected and the launch date will be delayed according to the market conditions (originally scheduled for early 2020).

One Central Shopping Mall

(Group interest: 51%)

One Central is a top class shopping destination known for its premium flagship stores and international designer brand outlets. The mall covers around 400,000 square feet of shops and services. It maintained a strong average occupancy rate of 92% within the year.

Shun Tak House

(Group interest: 100%)

This 28,000 square foot property situated at the heart of Macau's major tourist locale is predominantly occupied by two anchor tenants, maintaining a 100% occupancy rate throughout the year.

In China

Shun Tak Tower Beijing

(Group interest: 100%)

Shun Tak Tower is situated in Beijing Dong Zhi Men conveniently located next to the airport highway and enjoys close proximity to Beijing downtown and embassy area. The site spans 63,000 square feet (5,832 square meters), with a gross floor area of approximately 419,000 square feet (38,900 square meters) rising 21 levels aboveground, and 182,000 square feet (16,900 square meters) in 4 underground levels. The property also houses a 138-room Artyzen Habitat which commenced operation in September 2017. Shun Tak Tower achieved an average office occupancy rate of 92% in 2019.

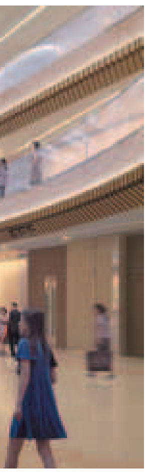
Guangzhou Shun Tak Business Centre

(Group interest: 60%)

This development in Guangzhou, a 32-storey office tower over a six storey shopping mall in Guangzhou, generated steady revenue for the Group in the year. Its average occupancy rate for the year was 90%.

PROPERTY SERVICES

This Group's property and facility management arm has a sizable portfolio across Macau, Hong Kong and China. By end of 2018, the Group has added Nova Grand and Nova Mall to its Macau portfolio through which it has largely expanded its footprint in Macau. The Group's subsidiaries include Shun Tak Macau Services Limited, which offers property cleaning services, and Clean Living (Macau) Limited, offering retail and institutional laundry services. The former has started servicing Macau Outer Harbour Ferry Terminal and Nova Grand within the year.



Virtue of Unity

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

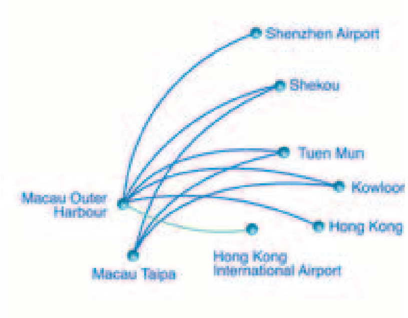
2019 has been an exceptionally challenging time for the transportation division, taking a double hit from traffic diversion since the opening of the Hong Kong-Zhuhai-Macau Bridge ("HZM Bridge") as well as the political turmoil that gripped Hong Kong in the latter half of year, leaving the tourism industry in the doldrums. During the year, the transportation division's flagship operations under the TurboJET brand running between Macau and Hong Kong, including Kowloon, Tuen Mun and Chek Lap Kok service, carried 7.9 million passengers, a year-on-year decline of 39%, which resulted in a loss of HK$122 million (2018: profit of HK$246 million). The division has engaged in a series of cost control and optimization measures to weather the challenge, and is committed to finding new foothold amid emerging opportunities within the Greater Bay Area through strategic product positioning. The Group's investment in various cross-boundary land transport services on HZM Bridge, ranging from the "Golden Bus" shuttle service, "HK-MO Express" coach service and "Macau HK Airport Direct" shuttle service, to "TurboJET Cross Border Limo" service also demonstrated its dedication in supporting the National Government's initiative to enhance the connectivity and integration within the Greater Bay Area.

In October 2019, TurboJET Travel Services has launched the "TurboJET Cross Border Limo" to provide personalized door-to-door land transport service between Hong Kong and Macau via HZM Bridge, redefining the seamless travel experience with new convenience. TurboJET serves as the sales and service agent of the limo service which is provided by veteran cross border ground transportation business operators in the Greater Bay Area.

SHUN TAK-CHINA TRAVEL SHIPPING INVESTMENTS LIMITED

TurboJET has been actively reinventing its product offerings in answer to a paradigm shift in travel pattern emerging under the Greater Bay Area vision. TurboJET believes that its ferry business will remain competitive in the long run, benefiting from newly generated traffic from increased cross-border exchanges and more diverse market segments.

TurboJET has continued to operate out of the permanent Taipa Ferry Terminal, now in its third year of operations. In March 2019, it introduced the Taipa-Kowloon route in anticipation of the launch of the new Macau Light Rail Transit (LRT) Taipa Line in December 2019, which has its terminal located at the Taipa Ferry Terminal. The service is expected to grow in popularity as new attractions continue to open in Cotai, Coloane and Hengqin.



"Macau Cruise", the Company's new endeavor in cruising service launched in 2018, continues to bring a new dimension to local sightseeing by combining sea and land routes in one. The service not only takes tourists to points of interest in Macau, but also offers a wide diversity of water leisure activities and MICE options. In July 2019, "Macau Cruise" expanded the route to Macau Fisherman's Wharf, connecting the Macau Peninsula with Taipa and Coloane to enrich tourist experience. Additional connecting points including A-Ma Temple and Ilha Verde are being pursued to further strengthen the product.

In Hong Kong, TurboJET has been operating the Tuen Mun Ferry Terminal since 2016. Leveraging its central location within the Pearl River Delta and well developed local public transportation system, service routes have been performing satisfactorily. Nonetheless, with the soon-to-complete Tuen Mun – Chek Lap Kok Link, the Company will proactively review its overall strategy and service coverage in order to best complement regional travel demands.

In March 2019, the Group's joint venture company, Hong Kong International Airport Ferry Terminal Services Limited, was awarded its third consecutive contract by the Airport Authority Hong Kong for the management of the ferry operations at SkyPier for three years, from July 2019 to 2022.

SHUN TAK & CITS COACH (MACAO) LIMITED

While the division has its traditional roots in sea transportation, it has been diligently developing its land transportation arm, which operates "HK-MO Express" cross-border coach services between Hong Kong and Macau. The company is also one of the business partners participating in the provision of the cross-border shuttle bus services across the HZM Bridge known as "Golden Bus" which commenced operation in October 2018.

In the fourth quarter of 2019, through cooperation with veteran land transport operators, two cross border land transportation services via the HZM Bridge, namely "TurboJET Cross Border Limo" and "Macau HK Airport Direct", shuttle service between the Hong Kong International Airport and Macau Port at HZM Bridge, were launched as convenient alternatives for passengers.

The company recorded HK$115 million in revenue and operated a fleet of 141 vehicles within the year.

Virtue of Empathy

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

Besieged by political instability spanning the latter part of year 2019, Hong Kong tourist arrivals suffered double digit decline with the fallout also adversely impacted Macau's tourism performance. Coupled with subdued global economic outlook and China-US trade tensions, the Hospitality Division has been operating under exceptionally difficult circumstances. The division posted HK$220 million in loss (2018: HK$35 million in loss).

HOTELS IN OPERATION

Hong Kong SkyCity Marriott Hotel

The 658-room Hong Kong SkyCity Marriott Hotel is strategically located next to the airport and AsiaWorld-Expo, Hong Kong's largest convention and exhibition centre. With the protest crisis crippling MICE and corporate businesses since mid-year, the positive momentum gained in the first half of year has been eclipsed. Nonetheless, the hotel has managed to post an average occupancy rate of 83% for the year, representing a 5% increase. Going forward, the hotel will leverage its convenient access to HZM Bridge as core positioning, to attract a new tranche of travelers traversing the Greater Bay Area. During the year, the hotel was the proud recipient of a number of awards, including 'Best Airport Hotels of China' at the 14th China Hotel Starlight Awards, 'Best Airport Hotels' and 'Best Airport Hotels in Asia' at the Skytrax World Airport Awards 2019, and Third place-Best Airport Hotel in Asia- Pacific at the Business Traveller Asia-Pacific Awards.

Mandarin Oriental, Macau

Under consistent marketing and collaborative efforts with travel partners, the hotel has achieved organic growth in corporate groups, MICE and F&B bookings. In addition to hosting high-level government delegations, such as the delegation of the President of Portugal, the hotel also hosted the Inter-Milan Football team and The Terrific 12 basketball tournament. On average, it achieved an occupancy rate of about 75% and an average room rate of over MOP1,935 throughout the year. A number of prestigious accolades bear testimony to its premium service provider including the Triple Five Star for Hotel, Restaurant and Spa at the Forbes Travel Guide Star Awards. Its spa facility is currently ranked top on TripAdvisor's list of spas in Macau.

Grand Coloane Resort

Managed by Artyzen Hospitality Group, this resort hotel offers travellers a tranquil upmarket environment for leisure and relaxation. Facing Hac Sa beach in Coloane and surrounded by greenery, the hotel has a "retreat" character appealing to those looking for a break from Macau's vibrant city life. With competition of in-town hotels intensifying, average room occupancy rate weakened and stood at 72% for the year.

Artyzen Habitat Dongzhimen Beijing

Opened in September 2017, the 138-key hotel is located within Beijing's old fortress wall, offering a blend of contemporary designs amid the traditional local community and the perfect balance of old and new for travelers seeking authentic local experiences. The hotel recorded a satisfactory average occupancy rate of approximately 83% in 2019, and will be striving to improve its average rate performance going forward.

Artyzen Habitat Hongqiao Shanghai

As part of the vibrant Shanghai MixC Complex, a major retail and leisure hub, this 188-key hotel features a distinct urban vibe, and offers social, dining and event spaces that inspire connections between travelers. The new hotel registered an average occupancy of 60% and is gradually gaining popularity. The hotel will focus on growing conference and events businesses in the upcoming quarters.

citizenM Shanghai Hongqiao

This new 303-room hotel located in the Shanghai MixC complex is wholly owned by the Group and operated by Netherlands-based hospitality group citizenM. The hotel officially opened in April 2019, and is transforming its model to adapt to the Chinese market and appealing to quality-conscious customers travelling on moderate budgets.

HOTELS UNDER PLANNING AND DEVELOPMENT

No.9 Cuscaden Road, Singapore

The Group is in the process of developing this premium site into a 5-star luxury hotel with no fewer than 142 rooms. Foundation work has been completed. Superstructure work has already commenced with topping out scheduled for Q4 2020. The hotel will provide a high-end restaurant and bar, a rooftop dining area, an outdoor swimming pool, gym and other wellness facilities. Construction is targeted for completion in mid-2021, with opening planned in 2022, to be managed by Artyzen Hospitality Group.

Tourism Facility Management

The Group manages the Macau Tower Convention & Entertainment Centre ("Macau Tower"), an iconic destination renowned for its observation, banquet and MICE facilities in Macau. Despite achieving overall satisfactory growth at the start of year, political unrest in Hong Kong which set in since June has markedly impeded group tour business in Macau over the remaining months. As a result, paid visitor number has declined to 583,949 (2018: 682,973). Macau Tower is proactively considering plans to introduce a number of new attractions to bring new appeal and reinforce its positioning as a well-rounded destination for all ages.

Leveraging its experience in managing the Macau Tower, the Group has also been appointed as the sole and exclusive manager of the observation deck on the 116th floor of the Ping An Finance Centre in Futian District, Shenzhen, the fourth tallest building in the world. The observation deck commenced operations in March 2018.

Artyzen Hospitality Group

Shun Tak Holdings subsidiary Artyzen Hospitality Group (AHG) is a hotel management company that manages a range of self-branded hotels as well as provide comprehensive white-label solutions. Headquartered in Hong Kong with regional offices in Macau, Shanghai and Singapore, the company has local art, heritage and traditions as its central philosophy. In 2019, AHG received a one-off extraordinary income from the disposal of a subsidiary. Its performance remained subdued as profitability is undermined by pre-management expenses for its pipeline properties, including seven in Shanghai, one in Hengqin, and one in Chongqing.

The Group's two joint venture projects with Perennial Real Estate Limited, described above in the section on Property Development, both include hospitality components in their development plans. Nexus Hospitality

Management Limited, co-owned by Perennial Management Investment Holdings Private Limited and AHG Limited, has been set up to provide hotel management services for hotels in these planned High Speed Railway Medical Developments.

In 2019, the groundbreaking ceremony for the first Artyzen branded hotel outside China took place in Singapore, with the planned opening for this hotel in 2022.

Membership Club

This well-appointed club in Sheung Wan is a rare gem in the central business district, and is gradually establishing its membership base and popularity among the business community. The Club includes a Chinese restaurant and a Western lifestyle eatery and bar, along with various sports facilities and business function rooms for members' use. As at 31 December 2019, the club has grown its membership base to 300 subscriptions, while its banquet and F&B income are gradually on the rise.

Travel and MICE

Shun Tak Travel is the Group's full-service travel and MICE arm with offices in Hong Kong, Macau, Beijing, Shanghai, Guangzhou and Shenzhen. In 2019, the company took a battering amid multiple headwinds including a decline in ferry passengers as well as a drastic reduction in PRC visitors to Hong Kong over the latter half of year. Despite the grave situation, the company has performed satisfactorily as a licensed agent of the Express Rail Link (High Speed Rail). This is opening up new opportunities in terms of growth in business and collaborations with Mainland partners. The company is currently reviewing its business strategy in order to focus further on high-growth segments arising from the new economy of the Greater Bay Area. During the year, the company posted HK$7.8 million in loss (2018: HK$4.7 million in profit).

Virtue of Tenacity

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 Group is a long term investor in Sociedade de Turismo e Diversões de Macau, S.A. ("STDM"), and holds 15.7% effective interest in the company as at 31 December 2019. STDM in turn owns an effective shareholding of approximately 54.1% in SJM Holdings Limited, which has full control over Sociedade de Jogos de Macau, S.A., one of six gaming concessionaires licensed by the Macau SAR Government to operate casinos in Macau. In 2019, dividends received amounted to HK$116 million (2018: HK$99 million), representing an increase of 17% year on year.

Kai Tak Cruise Terminal

The Group operates and manages the Kai Tak Cruise Terminal Hong Kong in partnership with Worldwide Flight Services Holding SA and Royal Caribbean Cruises Ltd. With 178 berthings achieved in year 2019, the terminal accounted for 90% of total cruise passenger throughput of Hong Kong with further capacity to lead the growth of cruise tourism in the future.

Macau Matters Company Limited

The Group's retail division, Macau Matters Company Limited, is the license holder of international toy brand "Toys'R'Us" in Macau. In 2019, it continued to operate two outlets located at tourist hotspots Macau Tower and Senado Square. Despite a lackluster retail environment, the company's revenue remained on par with last year. In the year ahead, the company will be opening its newest flagship store at Nova Mall. The flagship store will feature an experiential entertainment concept which aims to bring interactive experience to its shoppers as well as a themed cafe. The company also made headway in launching its Italian gelato brand "Stecco Natura" during the year. The first outlet at K11 was opened in November 2019, and 8 more outlets, to be operated as company-owned and licensed stores, are expected to follow in 2020.

Recent Developments and Prospects

2019 has been a year of mixed performance and extraordinarily challenging time. As an integrated transportation and tourism group, a significant portion of its business has been affected first by the political turmoil that has gripped Hong Kong in the latter half of year, exacerbated further by the specter of COVID-19 which decimated large parts of the global travel network. Despite satisfactory performance, mainly due to income recognition from the sale of Nova Grand residential project within the year, major headwinds are expected going into 2020 and uncertainties abound.

As at the end of 2019, 77% of Nova Grand has been transacted and the sale of remaining units is expected to be launched according to market conditions. Alongside its residential sale, the appending Nova Mall shopping complex, which the Group holds a 50% stake, is expected to open within the year after experiencing delays from the epidemic outbreak.

In December 2019, the Group entered into agreements to acquire 40% effective interest in a project located in Suhe Bay Area in Jingan District of Shanghai, which comprises four land plots with a total site area of approximately 24,913 square metre and a total developable gross floor area of approximately 329,000 square metre. It is to be developed into a mixed-use complex comprising residential, commercial and retail, intended both for sale and long-term hold upon completion. CR Land is the major shareholder of the project and will be operating the retail component under one of its popular brands in China.

The Group's transportation division faced formidable challenges in 2019. With the opening of the HZM Bridge in late 2018, its full effect on regional travel dynamics began to play out in the first half of 2019. Tour groups have shifted away from ferry to land routes, as a result, TurboJET has seen a downturn in passenger volumes. In June, the number of passengers further plummeted as sociopolitical unrest in Hong Kong deterred travelers from visiting the city. The negative momentum was aggravated in 2020, when the government stipulated closure of all sea route borders in February at the peak of COVID-19 outbreak, and all ferry routes were forced to suspend until further notice. Amid the dire situation, TurboJET has implemented stringent cost control measures and streamlined its manpower structure. In March 2020, the company announced a shareholding restructuring in association with China Travel International Investment Hong Kong Limited ("CTII"), whereby closer cooperative ties will be forged with the vision of maximizing synergy in the existing ferry and cross-border bus

businesses between the parties, to better capitalize on new opportunities arising from the Greater Bay Area new economy. Upon completion of the restructuring, Shun Tak Group will hold 50% of Shun Tak-China Travel Shipping Investments Limited.

In terms of hospitality, the Group's hotel portfolio across the two SARS has endured varying degrees of downturn in 2019, taking a toll from the political unrest in the territory with many jurisdictions having issued travel alerts to Hong Kong. On the other hand, the Group's hotel holdings in China have been gaining wider reputation. In 2018, Artyzen Hospitality Group has added two new white-label hotels in Hawaii which are contributing to its bottom-line performance. The company currently operates two Artyzen-branded properties, four white-label hotels and is expecting a pipeline of six new hotels to be launched by 2021 and two by 2022, subject to market conditions.

The onset of the COVID-19 epidemic since Chinese New Year has brought not only the regional, but global travel and tourism industry to a standstill. A large proportion of the Group's portfolio in travel, retail and services are among the worst hit sectors of the economy. Many uncertainties still cloud the situation, and it is expected that consumer confidence will only recover gradually. Nonetheless, the Group has built a solid foundation over the past years with a respectable portfolio of new projects that hold steady potentials in the long run. It remains confident to rebound quickly upon the passing of the crisis, and will be in a strong position to capture emerging growth opportunities within the Greater Bay Area.

Virtue of Solidarity

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.

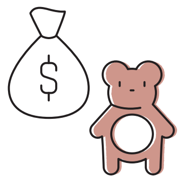
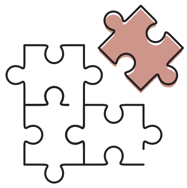
Corporate Social Responsibility

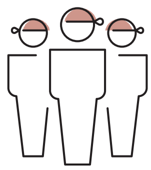
The Group's vision is to be the most trusted and most value-added company in Hong Kong, Macau and Asia. Corporate social responsibility is therefore the Group's commitment to operate its businesses in a socially responsible way to create an overarching positive impact on society. While we have continued to innovate and develop our businesses sustainably, we have not lost sight of the bigger picture.

Tables below provide a quick peek at our performance in 2019

GIVING BACK TO OUR COMMUNITY

We are dedicated to building a sustainable and inclusive society through engagement in a wide range of community and care projects. We have placed high priority on reaching out to the elderly, youth and the underprivileged both on our own initiative and through partnership with various community organisations.




HK$1,656,648 total amount of donation or in-kind sponsorship to charity

Participated in 142 programmes

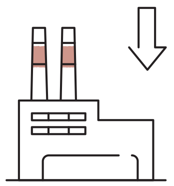
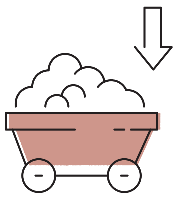
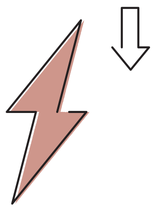
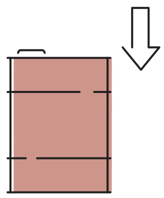
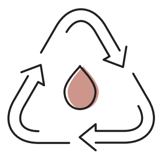
4,955 total hours of community service contributed

1,195 total number of volunteers

8,165 number of beneficiaries served

BUILDING A SUSTAINABLE ENVIRONMENT

We are devoted to protecting the environment and reducing our ecological footprint across our diversified and substantial portfolio. We have launched systematic initiatives including a group-wide campaign to reduce waste, encourage recycling programmes, minimise energy consumption, conserve water, promote green properties and enhance environmental awareness.

↓16%[1] greenhouse gas emissions compared with 2018

↓18.9%[1] total energy consumption compared with 2018

↓41.2% cumulative electricity consumption in offices since 2014

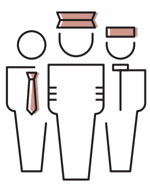
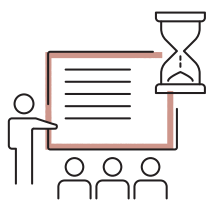
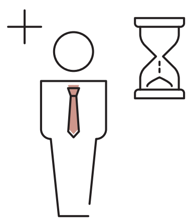
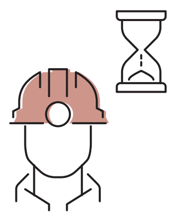
↓43% cumulative fuel consumption for TriCat vessels against 2011 baseline

Recycled 21,627 m^3 of greywater at Grand Coloane and Grand Lapa

1 The reduction of greenhouse gas emissions and total energy consumption compared with the previous year was in part induced by the decline of business operations of TurboJET.

CARING FOR OUR PEOPLE

Our success is inseparable from our people. To acquire and retain the best talents, we have continued to design and implement human-centred policies to create an inclusive workplace, promote gender equality, ensure training and career development opportunities, offer competitive remuneration and benefits, and uphold occupational health and safety.

4,252 employees

23,167 total training hours

5.5 average training hours per employee

6,889 total occupational health and safety training hours

The Hong Kong Council of Social Service has issued the Caring Company Logo to the Group in recognition of our continued commitment to corporate social responsibility for 14 years.

The Group has been selected as a constituent stock of Hang Seng Corporate Sustainability Benchmark Index for the ninth year running.

STRIVING FOR EXCELLENCE IN OUR VALUE CHAIN

Integrity, responsibility and compassion are the foundation stones we use to build excellence in our value chain. We have continued to safeguard the quality of our products and services with reliable and accountable management systems. And we have continued to partner with stakeholders in our supply chain to identify and manage key social and environmental risks.

88%

Property Management attained an average satisfaction rate of 88% from almost 2,100 residents and tenants.

100%

Macau Tower accomplished a 100% satisfaction rate from more than 650 visitors.

93%

TurboJET was rated 3 or above on a 1–5 scale of satisfaction from 93% of 1,000 passengers.

95%

Artyzen Habitat Dongzhimen Beijing achieved an average satisfaction rate of 95% from over 740 guests.

THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The urgency to create a more sustainable world for all has never been so critical. In order to take ownership of the steps for change — be it individually, collectively and on a corporate level, we fully support the United Nations Sustainable Development Goals ("SDGs") to promote environmental, social and economic developments. This year, we continued to closely examine our sustainability programmes, and identified 8 specific goals to which we could offer the greatest contributions.

SUSTAINABLE DEVELOPMENT GOALS

Key CSR Activities in 2019

REACHING OUT TO THE ELDERLY

"Light up Yiu Tung with Care" Networking Project

We are very proud to be a partner of the "Light up Yiu Tung with Care" Networking Project, a 3-year (2017–2019) cross-sector collaboration aiming to build a mutual support network among the elders living in Yiu Tung Estate. This year, we accompanied seniors from the Estate to Hong Kong's Big Buddha and enjoyed a vegetarian lunch with them at the Po Lin Monastery; in addition, we took 40 elders from TWGHs Wu Ki Lim Neighbourhood Elderly Centre on an outing. We also donated a steamer to the same Neighbourhood Elderly Centre to help the Centre organise regular Herbal Bag Caring Service.

Knit / Handcraft for Charity

Knit for Charity is an initiative we started in 2014 to inspire our employees to learn knitting and to appreciate the value of volunteerism and service. Knitted items keep the elders warm and remind them that they have our love and affection. This year, our enthusiastic volunteers and their family members made towel flowers and knitted scarves for the elderly.

Po Leung Kuk District Elderly Campaign 2019–20

The Group's volunteer team participated in Po Leung Kuk's "District Elderly Campaign" to raise awareness on elderly needs; and visited the seniors living in Kwun Tong and Lam Tin, bringing along daily necessities and gift bags.

JET to GBA — Macau Amazing Tour in 2019

TurboJET partnered with Lutheran Senior Citizen Club to organise a one-day Macau Tour for the elderly living in the Tuen Mun area. The guided vessel tour from Tuen Mun to Macau offered the seniors an opportunity to discover Macau and gain a better understanding of Macau's role in the Greater Bay Area development.

FOSTERING YOUTH DEVELOPMENT

The YDC Life Planning Cooperation Programme

Our long-standing collaboration with the Young Entrepreneurs Development Council ("YDC") began in 2006. Through the years, we have continued to promote entrepreneurial spirit among youth, offering our employees as company ambassadors at the annual YDC education workshops and facilitating the "company tour" section of the programme. This year, our company ambassadors continued to provide career and life planning guidance to secondary students, in support of YDC's two years programme called "Mind Way, My Way® Life Planning Program".

Donation to the United Nations' Youth Development Project

Through "Shun Tak Holdings — Dr. Stanley Ho Hung Sun Foundation", the Group made a donation of HK$500,000 to the "South-South Entrepreneurship Academy" programme, a 3-Year Entrepreneurial Academy Project led by the United Nations. Benefitting 25 enterprising youths from diverse cultural backgrounds, this project is designed to develop their entrepreneurial mindset and skills in the context of global citizenship and sustainable development.

"Teens Go Grow Goal" programme

Since 2014, we have continued to organise activities and workshops for young people, including intelligence games, personality test and tours to open their minds and help them identify their interests. As of 2018, we have enriched our programme with a study and career guidance workshop, aiming to better prepare youths in their pursuit of continuous study or entry into the job market.

Industrial Visits for Students

Every year, Macau Tower sets up seminars for visiting students to learn about industry practices and operations of the Macau Tower. In July of this year, 59 students from Mainland China and Macau studying property management visited Macau Tower.

FUNDRAISING AND CHARITABLE GIVING

The Community Chest of Hong Kong — Charity Walk in 2019

About 50 employees together with their families and friends participated in the charity walk organised by the Community Chest of Hong Kong. Funds raised from the event are designated to support family and child welfare services.

Oxfam Rice Sale

We have been supporting Oxfam fundraising Rice Sales since 2013. Our employees not only make purchases for their own use, but also volunteer to sell rice to the public on the streets. This year, our employees and their families took part in the street sales and were awarded "Outstanding Fundraising for Volunteer Organisation" for having raised MOP$10,808.

CREATING A MORE INCLUSIVE SOCIETY

Supporting Autism Month and Collaboration with local NGOs

We have been a keen supporter of Autism Month since 2012. In addition to lighting Macau Tower blue, we sponsor autistic artists' concerts and art exhibitions. This year, we invited 95 children with autism and their families from Macau Autism Association and The Macau Association for the Mentally Handicapped to visit the Observation Deck at the top of Macau Tower to take pictures of the blue vintage vehicle sponsored by the Macau Vintage Vehicle Culture Association. The Observation Deck is decorated with the art work of Macau's cityscape created by a famous local autism painter. We also sponsored live Christmas performances for members with autism, down syndrome and those rehabilitated from mental illnesses from FuHong and The Macau Association for the Mentally Handicapped.

SUPPORTING ARTS & CULTURE

Local Artists' Art Exhibitions and Workshops at Shun Tak Centre

We have been partnering with talented artist to promote local art since 2018. This year, we invited four local artists (a photographer, a watercolour artist, an origami artist, and a glass artist) to exhibit their artworks and engage the public through workshops. These artisans expressed their artistic creativity and craftsmanship under the four-season theme — *Spring, Summer, Autumn and Winter*, in perfect synchrony with major seasonal cultural events at our Shun Tak Centre.

Local Artists' Art Work Displays at Artyzen Hotels in China

We have been promoting artists in Beijing and Shanghai, and inviting them to display their works in the common areas and guest rooms of Artyzen Habitat Dongzhimen Beijing and Artyzen Habitat Hongqiao Shanghai since 2018. In September of this year, at the official launch of the Habitat brand at Artyzen Habitat Hongqiao Shanghai, we introduced the work of a famous post-90s Chinese fashion photographer whose photographs reflect the cultural transformation and development of Shanghai while celebrating the city's traditional craftsmanship.

For details on the Group's CSR initiatives and achievements during the year, please refer to the 2019 Sustainability Report which is now available on our corporate website: www.shuntakgroup.com.

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 2019	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	—
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)	3,832 (Note 2)	5,426	Residential	100%	Completed	—
	94 motor car parking spaces (Note 2)		Carpark	100%	Completed	—
Phase V - Nova Grand (Taipa Lot BT2/3)	79,219 (Note 2)	23,843	Residential	71%	Completed	—
	732 motor car parking spaces (Note 2)		Carpark	71%	Completed	—
	203 motorcycle parking spaces		Carpark	71%	Completed	—

Schedule of Major Properties

	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 2019	Estimated Completion Date
PRC						
Lot 31-01,Code Z000801, Qiantan Dislrict, the South Extension of Huangpu River, Pudong New Area, Shanghai	140,542 (Note 3)	26,707	Commercial (with Art & Cultural Centre) Office Hotel	50%	Superstructure works in progress	2023 2021 2023
Plots 13, 14-1 and 14-2 Tongzhou District, Beijing	318,197 (Note 4)	38,926	Commercial/ Office/Serviced Apartment	24%	Substructure works in progress	2023
Plots 10, 11 and 12 Tongzhou District, Beijing	293,837 (Note 4)	84,024	Commercial/ Office/Serviced Apartment	19.35%	Superstructure works in progress	2022
Plots Zhu Heng Guo Tu Chu No. 2013-04 Hengqin New District, Zhuhai	135,659 (Note 5)	23,834	Commercial/ Office/Serviced Apartment/Hotel	70%	Superstructure works in progress	2020
Plots Jin Xi Qing (挂) No. 2018-09, 2018-10 and 2018-11 Zhang Jia Wo Zhen, Xi Qing District, Tianjin	330,219 (Note 8)	76,988	Hotel/Commercial/ Medical/Eldercare	30%	Substructure works in progress	2022
Singapore						
111 Somerset	47,771 (Note 1)	10,166	Commercial/ Office/ Medical Suite	70%	Asset enhancement works in progress	2020
9 Cuscaden Road	11,048	2,391	Hotel	100%	Superstructure works in progress	2021

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 2019	Estimated Completion Date
Macau						
Harbour Mile (Note 6)	110,204 (Note 7)	12,960 (Note 7)	Commercial/ Residential/ Hotel	100%	Land bank	—

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 2019	Year of Lease Expiry
PRC						
Plots KCC2018-6-A1 and KCC2018-6-A2 Chenggong District, Kunming, Yunnan	555,358 (Note 8)	65,054	Hotel/ Commercial/ Medical/ Eldercare/MICE	30%	Design works in progress	2058
Singapore						
Park House	13,187 (Note 9)	4,281	Residential	100%	Design works in progress	Freehold
14 & 14A Nassim Road	9,507 (Note 9)	6,174	Residential	100%	Design works in progress	Freehold
Thailand						
Rawai Beach, Phuket, Thailand	—	36,800	Hotel	50%	Land bank	Freehold

Schedule of Major Properties

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 2019	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%	–	2026 renewable to 2049
Edificio Industrial Fu Tai, Macau Unit A4 on 4/F	350	–	Plant	100%	–	2023 renewable to 2049

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

	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
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
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

Schedule of Major 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
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
Nova City Phase V - Nova Grand (Taipa Lot BT2/3)	60,900		Commercial	50%	38,753	2031
	609 motor car parking spaces		Carpark	50%	—	2031
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
	56 motor car parking spaces		Carpark	100%	—	2057
Artyzen Habitat Dongzhimen Beijing	33,566		Hotel	100%	—	2047
Artyzen Habitat Hongqiao Shanghai No.3999-5 Hongxin, Minhang District, Shanghai	16,594	3,561	Hotel/ Commercial	100%	720 (Note 10)	2049
citizenM Shanghai Hongqiao No.3999-6 Hongxin, Minhang District, Shanghai	12,686	1,910	Hotel/ Commercial	100%	480 (Note 10)	2049

Notes:

(1) Remaining saleable area or number of car parking spaces for sale as at 31 December 2019.

(2) Remaining gross floor area or number of car parking spaces for sale as at 31 December 2019.

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

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

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

(6) Completion date of the acquisition is extended to on or before 31 October 2026 because the Macau SAR Government is still in process of reviewing the land issues and the Master Plan for the Nam Van District.

(7) The Group is awaiting the Macau SAR Government to advice the lands parcels to be allotted and will review its arrangements for the allotted site and plan strategically for the most productive use of the land in the long term.

(8) The gross floor area shall be subject to the PRC Government approval and design development.

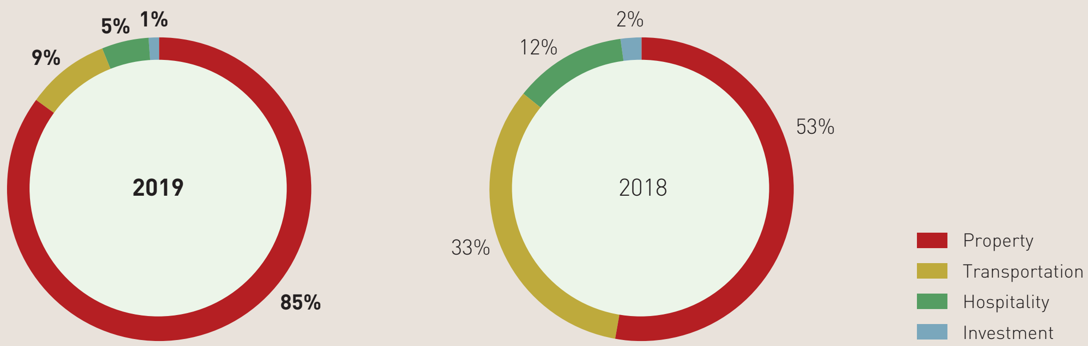
(9) The gross floor area shall be subject to the Singapore Government approval and design development.

(10) Lettable commercial floor area as at 31 December 2019.

Group Financial Review

REVENUE ANALYSIS

Revenue by Division



(HK$ million)	2019	2018	Variance	Change	Remarks
Property	**12,369**	3,492	8,877	+254%	The increase was mainly attributable to property sales recognised for residential units at Nova Grand.
Transportation	**1,340**	2,161	(821)	-38%	The decrease in ferry ticket revenue was mainly due to the traffic diversion since the opening of HZM Bridge in October 2018 and social unrest in Hong Kong from June 2019.
Hospitality	**786**	802	(16)	-2%	Revenue remained stable during the year.
Investment	**154**	137	17	+12%	The increase was mainly attributable to more dividend income from STDM.
Total	**14,649**	6,592	8,057	+122%	

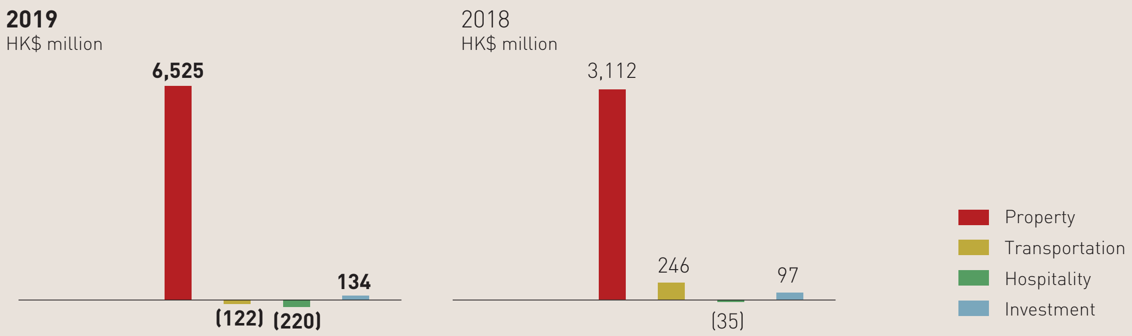
Revenue by Geographical Area

(HK$ million)	2019	2018	Variance	Change	Remarks
Hong Kong	**1,303**	1,866	(563)	-30%	The decrease was mainly attributable to reduction of ferry ticket income from transportation division.
Macau	**12,240**	4,290	7,950	+185%	The increase was mainly attributable to property sales recognised for residential units at Nova Grand.
Mainland China	**214**	172	42	+24%	The increase was mainly attributable to hotel operation and rental income from an investment property in Beijing.
Others	**892**	264	628	+238%	The increase was mainly due to the property sales in Singapore.
Total	**14,649**	6,592	8,057	+122%	

Group Financial Review

PROFIT AND LOSS ANALYSIS

Segment results by Division



(HK$ million)	2019	2018	Variance	Change	Remarks
Property	**6,525**	3,112	3,413	+110%	The increase was mainly attributable to property sales recognised for residential units at Nova Grand.
Transportation	**(122)**	246	(368)	-150%	The decrease was mainly due to the traffic diversion since the opening of the Hong Kong-Zhuhai-Macau Bridge and social unrest in Hong Kong from June 2019.
Hospitality	**(220)**	(35)	(185)	-529%	The decrease was mainly due to higher expenses for the newly opened hotels and club businesses as well as the impairment loss provided for a hotel located in Beijing.
Investment	**134**	97	37	+38%	The increase was mainly attributable to more dividend income from STDM.
Unallocated net income	**150**	23	127	+552%	The variance was mainly resulted from the higher interest income from more fixed deposits during the year.
Fair value changes on investment properties	**(182)**	213	(395)	-185%	The fair value loss on investment properties reflected the performance of our portfolio in the property market.
Operating profit	**6,285**	3,656	2,629	+72%	
Finance costs	**(617)**	(318)	(299)	-94%	The variance was mainly attributable to the increase in finance cost arising from new projects and less general borrowing costs capitalised during the year.
Share of results of joint ventures	**39**	1,445	(1,406)	-97%	The decrease was mainly due to its less attributable share of the fair value gain of investment properties in 2019.
Share of results of associates	**173**	794	(621)	-78%	The decrease was mainly due to its less attributable share of the fair value gain of investment properties in 2019.

(HK$ million)	2019	2018	Variance	Change	Remarks
Profit before taxation	**5,880**	5,577	303	+5%	
Taxation	**(771)**	(236)	(535)	-227%	The increase was mainly attributable to taxable profit generated from increased property sales.
Profit for the year	**5,109**	5,341	(232)	-4%	
Profit attributable to non-controlling interests	**(1,653)**	(694)	(959)	-138%	The variance was mainly attributable to increased profit shared by non-controlling interests in property division.
Profit attributable to owners of the Company	**3,456**	4,647	(1,191)	-26%	

+/- Note: In our tabulated figures, positive changes represent an improving result and negative changes represent a worsening result.

Liquidity, Financial Resources and Capital Structure

At 31 December 2019, the Group's total net assets increased by HK$812 million over last year to HK$40,461 million. Cash and liquidity position remains strong and healthy. During the year, net cash from operating activities amounted to HK$5,811 million. Major cash inflow of investing activities included HK$3,162 million for decrease in bank deposits with maturities over three months. The major cash outflow of investing activities consisted HK$4,441 million capital contribution to joint ventures and HK$797 million for addition to property, plant & equipment. Net cash used in financing activities of HK$3,214 million was mainly attributable to the composite effect from drawdown and repayment of loans, payment of finance cost, dividend paid to shareholders and non-controlling interests and buy-back of shares.

Cash Flow Variance Analysis (HK$ million)	2019	2018	Variance
Operating activities	**5,811**	(1,913)	7,724
Investing activities	**(1,468)**	3,461	(4,929)
Financing activities	**(3,214)**	2,421	(5,635)
Net increase in cash and cash equivalents	**1,129**	3,969	(2,840)

The Group's bank balances and deposits amounted to HK$12,281 million as at 31 December 2019, representing an decrease of HK$2,037 million as compared with the position as at 31 December 2018. 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 2019 amounted to HK$21,545 million, of which HK$6,230 million remained undrawn. The Group's bank borrowings outstanding at the year end amounted to HK$15,315 million. The Group's borrowings also comprised the medium term notes ("MTN") of HK$3,171 million.

Based on a net borrowings of HK$6,204 million at the year end, the Group's gearing ratio (expressed as a ratio of net borrowings to equity attributable to owners of the Company) was 17.3% (2018, as restated: 12.7%). 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
57%	7%	35%	1%	100%

In November 2018, the Group entered into a main contract for construction a hotel property in Singapore. As at 31 December 2019, the Group has an outstanding commitment of approximately HK$501 million.

In January 2018, the Group entered into an agreement with other partners to jointly invest in Perennial HC Holdings Pte. Ltd. ("HC Co"), which will invest in potential real estate projects in the PRC predominantly for healthcare usage, with hotel and/or with retails components, complemented by healthcare-related amenities and mixed use properties. The total commited capital for HC Co is US$500 million. The Group holds 30% equity interest in HC Co and thus has its share of commitment at US$150 million. As at 31 December 2019, the Group has an outstanding commitment to contribute capital of approximately US$99 million (equivalent to approximately HK$772 million) to HC Co.

Charges on Assets

At the year end, bank loans to the extent of approximately HK$9,040 million (2018: HK$9,509 million) were secured with charges on certain assets of the Group amounting to an aggregate carrying value of HK$18,434 million (2018: HK$29,294 million). Out of the above secured bank loans, an aggregate amount of HK$2,171 million (2018: HK$1,404 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 3,200 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.

Report of the Directors

The directors (the "Directors") of Shun Tak Holdings Limited (the "Company") have the pleasure of submitting their report together with the audited financial statements for the year ended 31 December 2019.

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 48 to the financial statements.

The analysis of performance by 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 38 to the financial statements.

GROUP FINANCIAL STATEMENTS

The results of the Group for the year ended 31 December 2019 and the state of affairs of the Company and of the Group as at that date are shown in the financial statements on pages 107 to 209.

DIVIDEND

No interim dividend was declared by the board of directors (the "Board") during the year ended 31 December 2019 (2018: nil).

The Board has recommended a final dividend of HK18.0 cents per share (2018: a final dividend of HK10.0 cents per share and a special dividend of HK6.0 cents per share) for the year ended 31 December 2019.

Subject to shareholders' approval at the forthcoming annual general meeting of the Company, the proposed final dividend is expected to be paid on 16 July 2020 to shareholders of the Company whose names appear on the register of members of the Company on 7 July 2020.

DIVIDEND POLICY

The delivery of stable and sustainable returns to shareholders is a key goal of the Company which endeavours to maintain its stable dividend policy (the "Dividend Policy") adopted on 7 December 2018. In implementing this important goal, the Company takes into account a number of factors including its anticipated consolidated annual profits; the Group's financial, working capital and cash flow positions; operations, earnings and investment returns; development pipeline and future funding requirements; capital and other reserve requirements and surplus; and other conditions or factors set out in the Dividend Policy which the Board deems to be relevant and appropriate.

BUSINESS REVIEW

A review of the Group's business for the year ended 31 December 2019 and discussion of its future development are provided in Chairman's Statement, Review of Operations, and Recent Developments and Prospects on pages 16 to 41.

A description of the principal risks and uncertainties that the Group may be facing is provided in the Risk Management and Internal Control Report on pages 93 to 100.

The Group has set up systems and procedures to ensure compliance with relevant laws and regulations which have a significant impact on the Group and in the conduct of its businesses, including internal control procedures, code of conduct and internal policies for prevention of bribery, risk management and whistleblowing, staff training, regular review of sufficiency and effectiveness of its systems and procedures, timely communication to relevant departments and staff upon enactment of, or changes in, relevant laws and regulations, and regular reminders of compliance.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to environmental sustainability. Its Sustainability Policy underscores environmental protection in business activities, management and operation practices, with the goal to minimise their impact on the environment and to integrate sustainable practices in its supply chain as far as practicable.

The Group continues its environmentally-conscious practices including a greener workplace, reduction of its carbon footprint, optimal energy use and indoor environmental quality, reduction of waste generation, and resource conservation. The Group also participates in prominent global environmental initiatives as well as initiatives of the Hong Kong and Macau governments.

RELATIONSHIPS WITH STAKEHOLDERS

The Group recognizes the critical roles its employees, customers, suppliers, business partners and community play in its sustainability practices.

The Group's employees are one of its most important assets and it is committed to providing them with a fair and safe, healthy and happy work environment that is conducive to personal growth and career development. The Group has in place work-life balance and continuing education programs.

The Group's customers hold the key to success of its sustainable journey. The Group strives for excellence in service across its business activities and implements reasonable measures to guard the safety of its customers under relevant laws and regulations.

Stakeholders in the Group's supply chain - suppliers and vendors - are crucial collaborators. The Group is committed to sharing its core values in pursuit of business integrity, service excellence, and long-term mutually beneficial relationships.

Further information of the Group's sustainability and environmental policies and performance and relationships with stakeholders can be found in the Group's annual Sustainability Report available on the Company's corporate website: www.shuntakgroup.com.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results, and of the assets and liabilities, of the Group together with an analysis of its performance using key performance indicators for the last five financial years, are set out on pages 210 to 211.

PARTICULARS OF PROPERTIES

Particulars regarding the properties and property interests held by the Group are shown in the Schedule of Major Properties on pages 51 to 56.

SHARES ISSUED

No shares were issued during the year ended 31 December 2019.

Details of the share capital of the Company during the year are shown in note 46 to the financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2019, calculated under Part 6 of the Hong Kong Companies Ordinance (Cap. 622), amounted to HK$6,985,674,000 (2018: HK$4,428,382,000).

DONATIONS

During the year, the Group made donations of HK$901,000 (2018: HK$9,012,000) for charitable and community purposes.

DEBENTURES

No debentures were issued during the year ended 31 December 2019.

Details of medium term notes of the Group are shown in note 33 to the financial statements.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme of the Company disclosed under the heading of "Share Options" below, 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 31 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

To avoid over-reliance on a single source of supply, it is the Group's policy to have several suppliers for particular materials. 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 combined. 57.4% of the Group's total purchases was attributable to the Group's five largest suppliers combined, with the largest supplier accounting for 26.8% of the Group's total purchases.

Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho and Mr. David Shum hold 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) held interest, 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:
Ms. Pansy Ho *(Group Executive Chairman and Managing Director)*
Ms. Daisy Ho *(Deputy Managing Director)*
Ms. Maisy Ho
Mr. David Shum
Mr. Rogier Verhoeven

Independent Non-Executive Directors:
Mr. Norman Ho
Mr. Charles Ho
Mr. Michael Wu
Mr. Kevin Yip

In accordance with Articles 83 and 84 of the Company's Articles of Association, Ms. Pansy Ho and Mr. Norman Ho will retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, have offered themselves 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 Wu 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 8 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 by the Group in the normal course of business during the year ended 31 December 2019 are set out in note 39 to the financial statements.

The transactions disclosed in sub-paragraph 1 below under the heading of "Directors' Interests in Transactions, Arrangements or Contracts and Connected Transactions", fall under the definition of continuing connected transactions under Chapter 14A of the Listing Rules, and also constitute related party transactions under the Hong Kong Financial Reporting Standards.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS AND CONNECTED TRANSACTIONS

1. Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho and Mr. David Shum hold beneficial interests in STDM. STDM is a substantial shareholder of Interdragon Limited, in which the Company owns 60% of the total issued shares. Ms. Pansy Ho and Mr. David Shum are directors of STDM. Ms. Daisy Ho is an appointed representative of Lanceford Company Limited, which is a corporate director of STDM. Ms. Maisy Ho is an appointed representative of the Company, which is a corporate director of STDM. During the year, Ms. Daisy Ho and Mr. David Shum were 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. Ms. Daisy 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 granted a concession to operate casinos in Macau by the Macau SAR Government.

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

   (a) The master products and services agreement (setting out a framework for the provision of products and services by the Group to the STDM Group, and vice versa, from time to time on a non-exclusive basis) was first entered into between the Company and STDM on 14 December 2015 and expired on 31 December 2018. On 22 February 2019, the Company and STDM entered into a renewed master products and services agreement (the "Renewed Master Products and Services Agreement") to continue to set out a framework to provide for the provision of products and services below by the Group to the STDM Group, and vice versa, from time to time on a non-exclusive basis. The Renewed Master Products and Services Agreement is for a term of 3 years from 1 January 2019 to 31 December 2021. Subject to compliance with the Listing Rules, the Renewed Master Products and Services Agreement may be renewed by the parties before its termination.

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

        (i) sale of ferry tickets (the "Ferry Ticket Transactions");

        (ii) sale of travel and transportation products and provision of travel agency services, including but not limited to hotel accommodation, cruise, taxi services and ticketing;

(iii) provision of management and operation services to hotels and other hospitality properties and business owned by the STDM Group including but not limited to the Grand Lapa Hotel, the Grand Coloane Resort and Macau Tower Convention & Entertainment Centre;

(iv) provision of other property related services including but not limited to property management, sale, leasing, project management, cleaning and other services to various properties owned by the STDM Group; and

(v) provision of business support services including but not limited to laundry, company secretarial services, promotion and advertising, office administrative services and concierge services.

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

(vi) sale of travel products including but not limited to hotel accommodation, tourist spot tickets, local tour and helicopter tickets to the travel agency arm of the Group; and

(vii) provision of business support services including but not limited to towage and associated marine operation services.

As disclosed in the Company's announcement dated 22 February 2019, annual caps for the Ferry Ticket Transactions (item (i) above) for the three years ended 31 December 2019, 2020 and 2021 were set for HK$128.8 million, HK$135.2 million and HK$142.0 million respectively. No annual cap was set for the discount on bulk purchase of ferry tickets by STDM Group for its own account under Ferry Ticket Transactions (item (i) above) and other categories (items (ii) – (vii) above). The applicable percentage ratios as defined in the Listing Rules (other than profit ratio) with reference to their expected aggregate value, respectively, of each category of transactions are less than 1%.

During the year, HK$95.8 million of ferry tickets were sold to the STDM Group under the Renewed Master Products and Services Agreement.

(b) On 15 December 2016, Shun Tak – China Travel Shipping Investments Limited ("ST-CTS"), an indirect non-wholly-owned subsidiary of the Company, signed an agreement (the "Extension Agreement") with STDM extending the fuel arrangement agreement dated 23 December 2004 (as amended by a letter agreement dated 12 November 2007, 28 October 2010 and 25 October 2013) to continue the supply and loading of fuel by STDM onto ST-CTS's vessels at the Macau Outer Harbour Terminal for a period of 3 years from 1 January 2017 to 31 December 2019. This agreement is renewable for a further period of 3 years (or as may be mutually agreed), unless earlier terminated by either party with written notice. The price of fuel was determined with reference to its market price plus a small handling fee. ST-CTS is effectively owned as to 42.6% by the Company and 28.4% by STDM.

Further details of the Extension Agreement were disclosed in the Company's announcement dated 15 December 2016.

During the year, ST-CTS did not purchase any fuel from the STDM Group.

2. Melco Crown Entertainment Limited ("MCE") (now known as Melco Resorts & Entertainment Limited) became a subsidiary of Melco International Development Limited ("MID") under the Listing Rules on 9 May 2016. MID is a majority-controlled company (as defined in the Listing Rules) of Mr. Ho, Lawrence Yau Lung, a family member of Ms. Pansy Ho, Ms. Daisy Ho and Ms. Maisy Ho (all being Directors). As a result, each of Mr. Ho, Lawrence Yau Lung, MID and its subsidiaries is a connected person of the Company.

   On 7 October 2016, Shun Tak-China Travel Ship Management Limited ("STCTSML"), a wholly-owned subsidiary of ST-CTS and an indirect non-wholly-owned subsidiary of the Company, entered into a ferry ticket sales framework agreement (the "Ticketing Agreement") with MPEL Services Limited (now known as Melco Resorts Services Limited ("MRSL")), a wholly-owned subsidiary of MCE. The Ticketing Agreement regulates the sale of tickets for ferry services to and from Macau operated by ST-CTS and its subsidiaries ("Ferry Tickets") by STCTSML to MCE and its subsidiaries (the "MCE Group") from time to time at a discount by MCE Group on bulk purchase of Ferry Tickets, except those for the route between Hong Kong International Airport and Macau, for its own account.

   The Ticketing Agreement is for a term from 7 October 2016 until 31 December 2018, renewable for periods of not more than 3 years by prior written notice and subject to annual price review. Further details of the Ticketing Agreement were disclosed in the Company's announcement dated 7 October 2016. The Ticketing Agreement expired on 31 December 2018.

   On 14 December 2018, STCTSML and MRSL entered into a renewed ferry ticket sales framework agreement (the "Renewed Ticketing Agreement") to set out the principal terms and conditions upon which from time to time STCTSML may sell to Melco International Development Limited and its subsidiaries (the "MID Group") and the MID Group may purchase from STCTSML, the Ferry Tickets for a further 3 years from 1 January 2019 to 31 December 2021. Further details of the Renewed Ticketing Agreement were disclosed in the Company's announcement dated 14 December 2018.

   During the year, HK$24.1 million of ferry tickets were sold to the MID Group under the Renewed Ticketing Agreement.

Under Chapter 14A of the Listing Rules, the transactions mentioned in sub-paragraphs 1 and 2 above constituted continuing connected transactions of the Company and require disclosures in the Company's annual report. The price and terms of such transactions have been determined in accordance with pricing policies and guidelines set out in relevant announcements.

The aforesaid continuing connected transactions and the report by Group Internal Audit Department on the relevant internal control procedures 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) in accordance with relevant agreements 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 (Revised) "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.

Accordingly, the auditor has issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions mentioned in sub-paragraphs 1 and 2 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.

3. On 12 December 2016, the Company entered into a renewed master service agreement (the "Renewed MGM Agreement") with MGM Grand Paradise Limited ("MGM"), a company in which Ms. Pansy Ho holds an indirect beneficial interest. The Renewed MGM Agreement sets 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 Renewed MGM Agreement is for a term of 3 years from 1 January 2017 to 31 December 2019 and is renewable for successive terms of 3 years by mutual agreement in writing. The Renewed MGM Agreement expired on 31 December 2019.

   On 27 December 2019, the Company and MGM entered into a further renewed master service agreement (the "Further Renewed MGM Agreement") to replace and renew the Renewed MGM Agreement for a further 3 years from 1 January 2020 to 31 December 2022 and may be renewed for a three-year term upon mutual agreement in writing. The Further Renewed MGM Agreement governs the terms for the provision of products and services, including but not limited to, ferry tickets, travel products and rental of hotel rooms between the MGM Group and the Group.

Save for the transactions mentioned in sub-paragraphs 1 to 3 above, there were no other transactions, arrangements and contracts of significance subsisting at the end of the year or at any time during the year in relation to the Group's business to which the Company's subsidiaries (or its holding companies) were a party and in which a Director or its connected entities had a material interest, whether directly or indirectly.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho and Mr. David Shum are directors of Shun Tak Centre Limited which is also engaged in the business of property investment.

Ms. Pansy Ho and Mr. David Shum 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. Ms. Maisy Ho is an appointed representative of the Company, a corporate director of STDM.

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 held any interest in any company or business which competes or may compete with the business of the Group during the year.

DISCLOSURE OF INTERESTS

(1) Directors' Interests

As at 31 December 2019, 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

		Number of shares held				Approximate percentage of total issued shares
Name of Director	Nature of Interests	Personal interests	Note	Corporate interests	Note	Note (i)
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%
Ms. Pansy Ho	Interests in issued shares	166,043,937		368,620,627	(iv)	17.70%
	Interests in issued shares	—		65,040,000	(vi)	2.15%
	Interests in unissued shares	—		148,883,374	(iii)	4.93%
Ms. Daisy Ho	Interests in issued shares	89,496,345		134,503,471	(v)	7.41%
	Interests in issued shares	—		65,040,000	(vi)	2.15%
	Interests in unissued shares	—		148,883,374	(iii)	4.93%
Ms. Maisy Ho	Interests in issued shares	38,901,203		31,717,012	(vii)	2.34%
Mr. David Shum	Interests in issued shares	5,660,377		—		0.19%

Notes:

(i) As at 31 December 2019, the total number of issued shares of the Company was 3,021,479,785.

(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) under the heading of "Share Options" below.

(iii) The 148,883,374 unissued shares in which Ms. Pansy Ho and Ms. Daisy Ho were deemed to hold interests under the SFO, are the same parcel of shares, and represents the maximum amount of consideration shares to be issued to Alpha Davis Investments Limited ("ADIL") pursuant to the agreement dated 1 November 2016 in relation to the extension of the long stop date of the sale and purchase agreement dated 11 November 2004 (and the supplemental agreements thereto) regarding the acquisition of sites in Nam Van District, Macau by the Group and the proposed transfer as described in the Company's circular dated 29 November 2016 (the "Sai Wu Agreement"). ADIL is owned as to 53% by Megaprosper Investments Limited ("MIL") which in turn is owned as to 51% by Ms. Pansy Ho and 39% by Ms. Daisy Ho.

(iv) The 368,620,627 shares in which Ms. Pansy Ho was deemed to hold interests under the SFO, comprised 184,396,066 shares held by Beeston Profits Limited ("BPL") and 184,224,561 shares held by Classic Time Developments Limited ("CTDL"). Both BPL and CTDL are wholly-owned by Ms. Pansy Ho.

(v) The 134,503,471 shares in which Ms. Daisy Ho was deemed to hold interests under the SFO, were held by St. Lukes Investments Limited, which is wholly-owned by Ms. Daisy Ho.

(vi) The 65,040,000 shares in which Ms. Pansy Ho and Ms. Daisy Ho were deemed to hold interests under the SFO, were the same parcel of shares, held by MIL through its wholly-owned subsidiary, Business Dragon Limited (see note (iii) above).

(vii) The 31,717,012 shares in which Ms. Maisy Ho was deemed to hold interests under 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 Other Associated Corporations of the Company

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

Note:

(i) As at 31 December 2019, there was a total of 10,000 shares of Shun Tak & CITS Coach (Macao) Limited in issue.

All the interests disclosed in sub-paragraphs (1) (a) and (1) (b) 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) and (1) (b) above, none of the Directors or chief executive of the Company or any of their associates had, or were deemed to hold, 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 2019.

(2) Share Options

At the annual general meeting of the Company held on 6 June 2012, the shareholders of the Company (the "Shareholders") passed a resolution to adopt 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 on 31 May 2002 (the "2002 Share Option Scheme") expired on 30 May 2012 since which no further options have been granted. Subsisting options granted before the 2002 Share Option Scheme expired continue to be valid and exercisable within its terms.

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 2019	At 31 December 2019	
			HK$			Note
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)
Total				2,264,248	2,264,248	

Notes:

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

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

Save as disclosed above, as at 31 December 2019, 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 9.9% of the Company's total number of issued shares as at the date of this annual report. The Company has 3,021,479,785 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)
(v)	The period within which the shares must be taken up under an option	Determine by the Board at its absolute discretion except such period must 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 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 2019, 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) or information available to the Company, the following shareholders held interests in 5% or more of the issued shares of the Company:

Name of shareholder		Nature of interests	Capacity	Long position/ short position	Number of shares/ underlying shares held	Approximate percentage of total issued shares
	Note					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	16.57%
Oakmount Holdings Limited ("Oakmount")	(ii)	Interests in issued shares	Beneficial owner	Long position	396,522,735	13.12%
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	12.36%
Beeston Profits Limited ("BPL")	(iv)	Interests in issued shares	Beneficial owner	Long position	184,396,066	6.10%
Classic Time Developments Limited ("CTDL")	(iv)	Interests in issued shares	Beneficial owner	Long position	184,224,561	6.10%
Megaprosper Investments Limited ("MIL")	(v)	Interests in issued shares	Interest of controlled corporation	Long position	65,040,000	2.15%
	(vi)	Interests in unissued shares	Interest of controlled corporation	Long position	148,883,374	4.93%

Notes:

(i) As at 31 December 2019, the total number of issued shares of the Company was 3,021,479,785.

(ii) The 500,658,864 shares comprised 396,522,735 shares held by Oakmount, which is wholly-owned by Renita. Accordingly, part of the interest of Renita in the Company duplicates the interest of Oakmount in the Company. Ms. Pansy Ho, Ms. Daisy Ho and Ms. Maisy Ho hold beneficial interests in Renita and Oakmount. Ms. Pansy Ho and Ms. Daisy Ho are directors of Renita and Oakmount.

(iii) Ms. Pansy Ho, Ms. Daisy Ho and Mr. David Shum hold beneficial interests in, and are directors of, STS. Ms. Maisy Ho holds beneficial interests in STS.

(iv) Ms. Pansy Ho holds 100% interests in and is a director of BPL and CTDL.

(v) MIL is owned as to 51% by Ms. Pansy Ho and 39% by Ms. Daisy Ho. Ms. Pansy Ho and Ms. Daisy Ho are directors of MIL. The 65,040,000 shares are held by Business Dragon Limited, a wholly-owned subsidiary of MIL.

(vi) The 148,883,374 unissued shares represented the maximum amount of consideration shares to be issued to Alpha Davis Investments Limited ("ADIL") pursuant to the Sai Wu Agreement. ADIL is owned as to 53% by MIL.

Save as disclosed above, as at 31 December 2019, no other person (other than the Directors or the chief executive of the Company) held 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 or according to information available to the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, the Company bought back a total of 3,956,000 shares of the Company at an aggregate consideration of HK$12,164,985 (before expenses) on the Stock Exchange. All the shares bought back were subsequently cancelled. Particulars of the buy-backs are as follows:

Month of buy-back	Number of shares bought back	Highest price paid per share	Lowest price paid per share	Aggregate consideration paid (before expenses)
		HK$	HK$	HK$
May 2019	1,736,000	3.08	3.01	5,316,370
June 2019	560,000	3.12	3.10	1,744,568
July 2019	1,660,000	3.10	3.03	5,104,047
Total	3,956,000			12,164,985

The Board considered that the above share buy-backs were made for the benefit of the Company and its shareholders as a whole with a view to enhancing the net asset value and earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2019.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the above sub-paragraphs under the heading of "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 were 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 to a third party incurred by them or any one of them as holder of any such office or appointment.

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 Directors pursuant to the directors' and officers' liability insurance arranged by the Company.

AUDITOR

The financial statements for the year ended 31 December 2019 have been audited by PricewaterhouseCoopers who retired and, being eligible, offered themselves for re-appointment as auditor at the forthcoming annual general meeting of the Company.

On behalf of the Board

Pansy Ho
Group Executive Chairman and Managing Director

Hong Kong, 27 March 2020

Corporate Governance Report

A. 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 describes the Company's efforts to apply the principles and comply with the 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 Hang Seng Corporate Sustainability Benchmark Index was launched in 2011, the Company has been one of its constituent stocks. Hang Seng Corporate Sustainability Benchmark Index is Asia's first benchmark series that tracks the performance of leading companies in corporate sustainability, focusing on environmental, social and corporate governance aspects. Hong Kong Quality Assurance Agency, the project partner with Hang Seng Indexes Company Limited since 2014, awarded the Company an "AA" grade in recognition of the Company's sustainability achievement.

The Listing Rules require every listed company to report how it applies the principles in the CG Code and to confirm that it complies with such provisions, or provide an explanation if it does not. The Board periodically reviews the Company's practices to ensure compliance with increasingly stringent requirements and to meet rising expectations of its shareholders ("Shareholders"). A corporate governance policy (the "CG Policy") outlining the Company's governance framework and practices was adopted by the Board in 2012 and updated in August 2017.

The Board is of the opinion that the Company has complied with the CG Code provisions throughout the year ended 31 December 2019, except for Code provision A.2.1, which requires the roles of Chairman and Chief Executive to be separate and not to be performed by the same individual. The Board is of the view that since all major decisions have been made in discussion among Board members and appropriate Board committees ("Board Committee"), the allocation of power and authority within the corporate structure is adequately balanced to satisfy the objective of this Code provision. In addition, there are four independent non-executive Directors ("INEDs") on the Board who offer their respective experience, expertise, and independent advice and views from different perspectives. Therefore, it is in the best interest of the Company that Ms. Pansy Ho, with her in-depth knowledge of the businesses and extensive experience in the operations of the Company and its subsidiaries (the "Group"), assumes her dual capacity.

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 for Directors' securities transactions. All Directors expressly confirmed that they had fully complied with the Model Code during the year ended 31 December 2019.

Board Composition

The key principles of good governance require the Company to have an effective Board with collective responsibility for its success, values and enhancement of Shareholders' value. Non-executive Directors ("NEDs") have particular responsibilities 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 Directors and INEDs so that no individual or small group can dominate its decision-making process. To help the Board perform its duties and make decisions on the Company's affairs, Board Committees (including executive committee ("Executive Committee"), remuneration committee ("Remuneration Committee"), nomination committee ("Nomination Committee") and audit committee ("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 the latter part of this report.

Change in member of the Board Committees during the year ended 31 December 2019 and up to the date of this report is set out below:

- Mr. Kevin Yip was appointed member of the Remuneration Committee and Nomination Committee, effective from 27 March 2019.

As at the date of this report, the Board has 9 members and its composition is as follows:

The Board
(Total number of Directors: 9)

Executive Directors	Independent Non-Executive Directors
Ms. Pansy Ho *(Group Executive Chairman and Managing Director)*	Mr. Norman Ho
Ms. Daisy Ho *(Deputy Managing Director)*	Mr. Charles Ho
Ms. Maisy Ho	Mr. Michael Wu
Mr. David Shum	Mr. Kevin Yip
Mr. Rogier Verhoeven	
Total number: 5	**Total number: 4**
(Representing 55.56% of the total number of Directors)	(Representing 44.44% of the total number of Directors)

Brief biographies of Directors are set out in "Management Profile" in this annual report.

The Company has four INEDs who comprise more than one-third of the Board. Two INEDs 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 noted that Mr. Charles Ho (an INED of the Company) is the chairman and an executive director of Sing Tao News Corporation Limited (stock code: 1105) in which Ms. Pansy Ho (the Group Executive Chairman and Managing Director of the Company) is also an independent non-executive director. Taking into consideration his roles in the business activities of, and the relationship between the two companies, the Nomination Committee does not consider that such cross-directorship relationship will affect Mr. Charles Ho in performing his duties as an INED. The Nomination Committee is also of the view that all other INEDs are independent under the Listing Rules criteria.

Ms. Pansy Ho, as the Group Executive Chairman and Managing Director of the Company, is mainly responsible for Board leadership and overall performance of the Group.

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

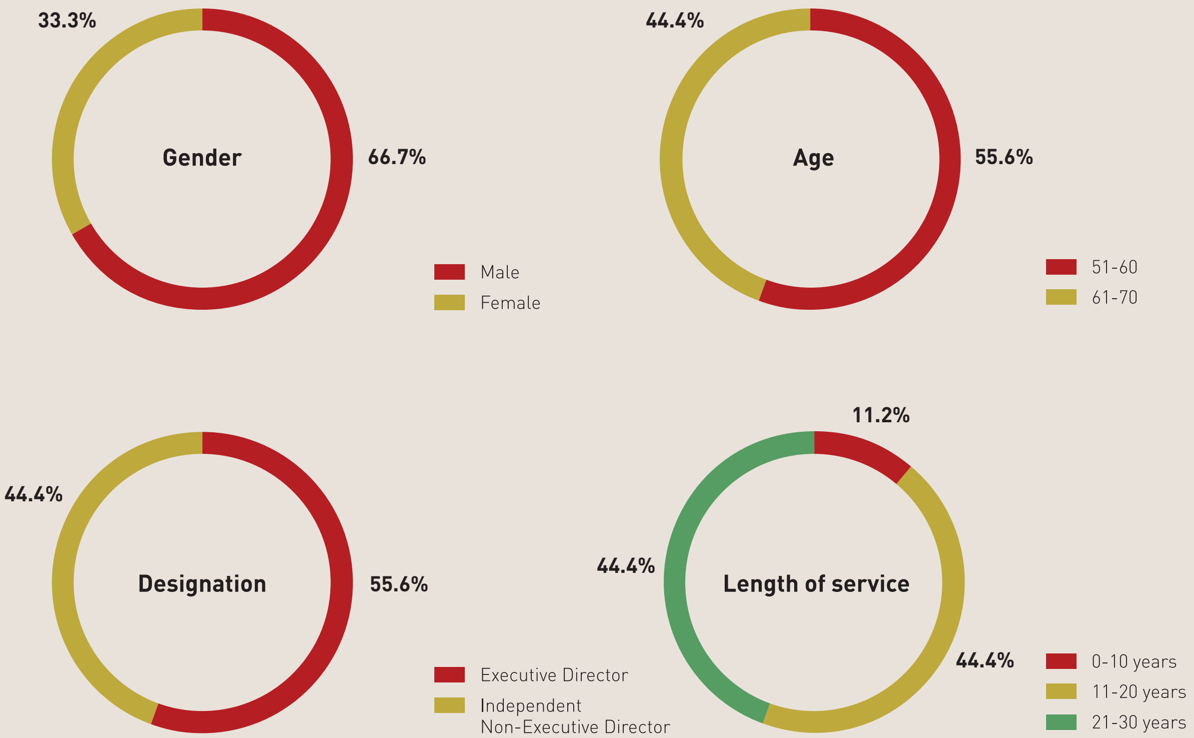
Management is delegated by the Board for carrying out the Group's day-to-day operations. The Group Executive Chairman and Managing Director together with the Deputy Managing Director, working with other Executive Directors and the executive management team, are responsible for managing the Group's businesses; 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 to the Board and on an ad hoc basis when necessary.

Board Diversity

In 2013, the Board adopted a board diversity policy (the "Board Diversity Policy") to achieve a diverse Board and 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 merit and candidates will be assessed against objective criteria, with due regard for the benefits of diversity. The Nomination Committee will monitor implementation of the policy and, to ensure its effectiveness, it will review the policy and recommend 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.

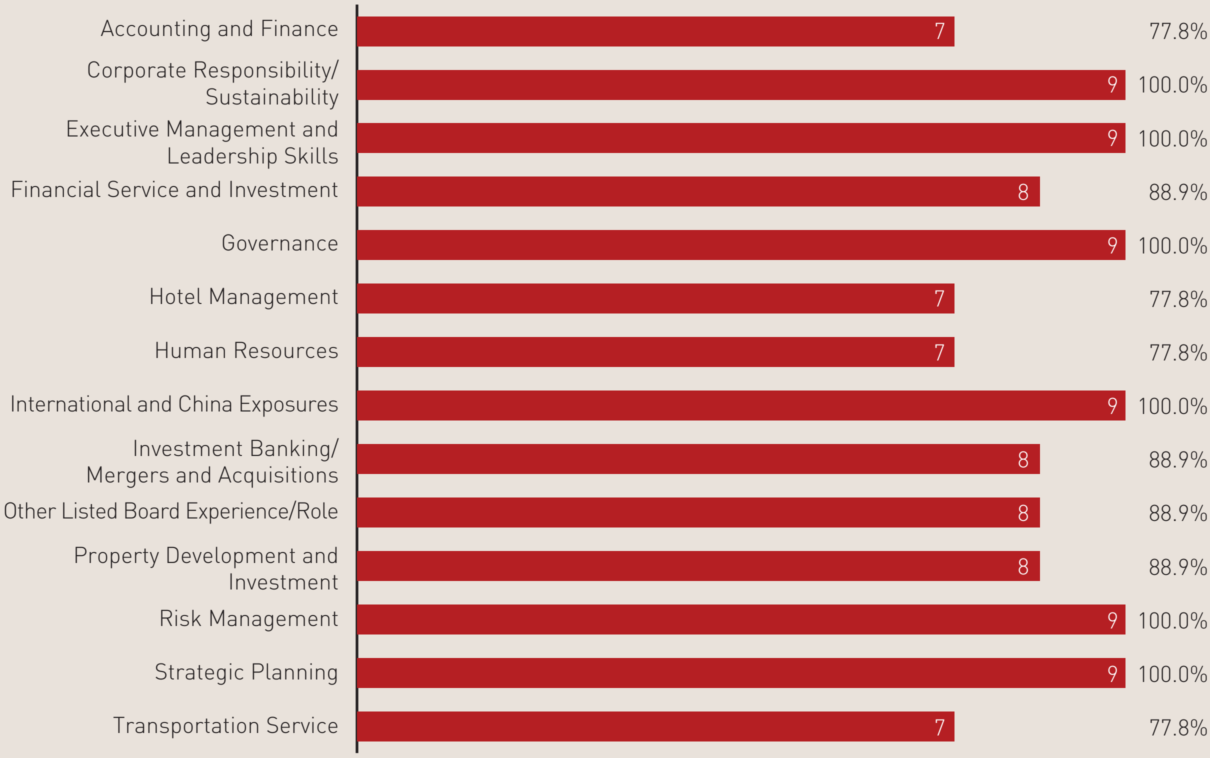
Board Diversity



Directors are from diverse and complementary backgrounds. The valuable experience and expertise they bring to our business are critical for the long-term growth of the Company. The Nomination Committee reviewed the composition of the Board under diversified perspectives and monitored the implementation of the Board Diversity Policy and considered that the Board Diversity Policy is effective.

The current composition of the Board under diversified perspectives is summarised as follows:

Skills, Knowledge and Professional Experience



Note: The perspectives selected above have been identified as attributes of a director in alignment with the Company's nature of business.

Board Practice

To ensure that the Board works effectively and performs its responsibilities, its members are provided with monthly updates on Company 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 with explanation and analysis of 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 Board procedures follow the CG Code and relevant legal requirements. The Board is provided with sufficient resources to perform 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 a 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 meeting. 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.

Board Activities

Board activities are structured to assist the Board in achieving its goal to support and advise management on the delivery of the Group's strategy within a transparent governance framework. The diagram below shows the key areas of focus for the Board and the main activities during 2019.

Board Activities

Financial and Operational Performance

- Considered the financial performance and treasury position
- Reviewed and approved 2018 annual results & annual report and 2019 interim results & interim report
- Reviewed and approved funding activities
- Reviewed and discussed financial forecast
- Declared dividends

Strategy

- Discussed the Group's position and the challenges the Group will be facing
- Discussed business plans, as well as long-term directional strategy for the growth of the Group
- Considered and executed share buybacks pursuant to the Company's Share Repurchase Policy

Governance and Sustainability

- Reviewed the Company's corporate governance practices
- Reviewed the Company's Board Diversity Policy and Nomination Policy
- Reviewed the continuing connected transactions
- Reviewed and approved the amended terms of reference of Audit Committee
- Reviewed and approved the 2018 Sustainability Report
- Reviewed and evaluated the Directors' fees
- Considered the re-election of Directors and re-appointment of external auditor for approval at the 2019 annual general meeting
- Appointed a Nomination Committee member and a Remuneration Committee member

Others

- Considered business development opportunities and, where appropriate, approved the related projects
- Considered and, where appropriate, approved ad hoc projects

During the year, a total of five Board meetings were held, of which four Board meetings were regular meetings primarily to review quarterly business performance and strategy in the business or other relevant areas.

Directors are expected to attend all meetings of the Board and the Board Committees on which they serve and to devote sufficient time to the Company to perform their duties. Where directors are unable to attend a meeting, they receive papers for that meeting giving them the opportunity to raise any issues with the Chairman in advance of the meeting. At each scheduled meeting, the Board receives updates from the relevant business/supporting units on the financial and operational performance of the Group and any specific developments in their areas of the businesses for which they are directly responsible and of which the Board should be aware. Chairpersons of the respective Board Committees would also report on matters discussed and/or approved at the relevant Board Committees' meetings held prior to the Board meetings.

Appointments and Re-election of Directors

All 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 annual general meeting ("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, 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 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 had provided trainings to Directors on updates covering topics of INEDs' role in Corporate Governance, Directors' conduct and duties when considering corporate acquisitions or disposals, obligations in disclosing inside information and corporate acquisitions and disposals, proposed changes on documentary requirements of the listed companies and other minor Listing Rules amendments, ESG governance and reporting, review of the ESG reporting guide and related Listing Rules and BVI Economic Substance Requirements, etc.

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 and Managing Director	
Ms. Pansy Ho	A, B, C
Independent Non-Executive Directors	
Mr. Norman Ho	A, B, C
Mr. Charles Ho	A, B
Mr. Michael Wu	A, B
Mr. Kevin Yip	A, B, C
Deputy Managing Director	
Ms. Daisy Ho	A, B
Executive Directors	
Ms. Maisy Ho	A, B
Mr. David Shum	A, B, C
Mr. Rogier Verhoeven	A, B

A: Reading materials and/or attending briefing/training session provided/organised by the Company or other corporations

B: Access to web-based e-learning courses launched by the Stock Exchange for directors of listed companies

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 2019, the Board held five meetings, and the Group Executive Chairman and Managing Director held one meeting with INEDs without the presence of Executive Directors.

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 2)	Remuneration Committee	Nomination Committee	Annual General Meeting (Note 2)
	(Number of Meetings Attended/Entitled to Attend)				
Group Executive Chairman and Managing Director					
Ms. Pansy Ho	5/5	n/a	1/1	1/1	1/1
Independent Non-Executive Directors					
Mr. Norman Ho	5/5	2/2	1/1	1/1	1/1
Mr. Charles Ho	4/5	n/a	1/1	1/1	0/1
Mr. Michael Wu	5/5	2/2	1/1	1/1	1/1
Mr. Kevin Yip (Note 1)	5/5	2/2	1/1	n/a	1/1
Deputy Managing Director					
Ms. Daisy Ho	5/5	n/a	1/1	1/1	1/1
Executive Directors					
Ms. Maisy Ho	5/5	n/a	n/a	n/a	1/1
Mr. David Shum	5/5	n/a	n/a	n/a	1/1
Mr. Rogier Verhoeven	5/5	n/a	n/a	n/a	1/1

Note 1: Mr. Kevin Yip was appointed as member of the Remuneration Committee and Nomination Committee with effect from 27 March 2019.

Note 2: Representatives of the external auditor participated in two Audit Committee Meetings held in March and August 2019, and also attended the Annual General Meeting.

B. BOARD COMMITTEES

The Board has established four Board Committees, namely the Executive Committee, Remuneration Committee, Nomination Committee and Audit Committee, to assist it in carrying out its responsibilities.

The current composition of the Board Committees is as follows:

Board

Executive Committee	Remuneration Committee	Nomination Committee	Audit Committee
Ms. Pansy Ho *(Chairman)*	Mr. Michael Wu *(Chairman)*	Mr. Charles Ho *(Chairman)*	Mr. Norman Ho *(Chairman)*
Ms. Daisy Ho	Mr. Norman Ho	Mr. Norman Ho	Mr. Michael Wu
Ms. Maisy Ho	Mr. Charles Ho	Mr. Michael Wu	Mr. Kevin Yip
Mr. David Shum	Mr. Kevin Yip (Note)	Mr. Kevin Yip (Note)	
Mr. Rogier Verhoeven	Ms. Pansy Ho	Ms. Pansy Ho	
	Ms. Daisy Ho	Ms. Daisy Ho	

Note: Mr. Kevin Yip was appointed member of the Remuneration Committee and Nomination Committee on 27 March 2019.

Each of the Board Committees has defined duties and responsibilities set out in their respective terms of reference which are no less exacting than those in the CG Code and which are regularly reviewed and updated upon regulatory changes or Board direction. Other Board Committees for dealing with ad hoc matters when necessary are delegated with specific duties and authorities by the Board. All Board Committees are provided with sufficient resources to perform their duties.

Board of Directors

Key responsibilities
- Oversee the Group's strategic development
- Set appropriate policies to manage risks in pursuit of the Group's strategic objectives
- Scrutinise operational and financial performance

Executive Committee

Key responsibilities
- 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

Remuneration Committee

Key responsibilities
- Set the Company's remuneration and incentive policy as a whole, and review and approve remuneration proposals for Executive Directors and senior management

Nomination Committee

Key responsibilities
- Monitor the implementation of policies and formulate policy and make recommendations to the Board on nomination and appointment of Directors and the Board's succession planning

Audit Committee

Key responsibilities
- Review the Company's financial reports, risk management and internal control systems, and effectiveness and objectivity of the audit process

Executive Committee

Composition

The Executive Committee consists of five members, namely, Ms. Pansy Ho (Group Executive Chairman and Managing Director), Ms. Daisy Ho (Deputy Managing Director), Ms. Maisy Ho, Mr. David Shum and Mr. Rogier Verhoeven. Ms. Pansy Ho is the chairman of the Executive Committee.

Duties and Responsibilities

To operate more efficiently, 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 duties and responsibilities of the Executive Committee are set out in its terms of reference. Meetings are held as required by its work.

The Executive Committee was delegated by the Board to perform corporate governance functions set out in Code provision D.3.1 of the CG Code 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 CG Policy; (b) the Company's compliance with the CG Code and its disclosure in this report; and (c) Directors' training records.

In light of Code provision C.2, 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. After its establishment, the committee created a sustainability policy to demonstrate the Company's commitment to sustainable business growth and development through adoption of sound environmental, social and governance approaches. The policy was adopted by the Executive Committee in 2014 and the Company has published its annual sustainability reports since then.

Details of the Remuneration Committee, Nomination Committee and Audit Committee, including their composition, duties and responsibilities, annual work summary and applicable policies are set out in the separate reports on pages 90 to 92 of this annual report.

Auditor's Remuneration

For the year ended 31 December 2019, the fees paid/payable by the Group to PwC for their audit and non-audit services amounted to approximately HK$11.6 million and HK$7.8 million respectively, while the audit and non-audit fees paid/payable by the Group to other auditors were HK$0.8 million and HK$0.7 million respectively. The non-audit services mainly included interim review, taxation, due diligence and other services.

Accountability and Audit

For each financial year, the Directors acknowledge their responsibility for preparing the financial statements which give a true and fair view of the state of affairs, profit and cash flow of the Company and the Group 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 2019, 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 responsibilities for the audit of the Company's financial statements is set out in the "Independent Auditor's Report" in this annual report.

C. INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibility for ensuring that appropriate and effective risk management and internal control systems are established and maintained. The Executive Committee assists the Board in designing, implementing and monitoring the Group's risk management and internal control systems. Through the Audit Committee, the Board is responsible for the continuous review of the effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance, information technology and security, fraud detection and risk management controls. Such process includes a self-assessment from the head of each business or supporting unit and internal audit reviews conducted by the Group Internal Audit Department. For the year under review, the Board considers the risk management and internal control systems of the Group to be adequate and effective and the Company has complied with the risk management and internal control code provisions set out in the CG Code. Further information about the Group's risk management and internal control framework and process are set out in the "Risk Management and Internal Control Report" on pages 93 to 100 of this annual report.

Inside Information Policy

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. 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 appropriate actions. An Inside Information Taskforce has also 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.

D. PROACTIVE INVESTOR RELATIONS

The Company aims to maintain an ongoing dialogue and communication with its Shareholders. It is the Board's responsibility to ensure that 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 Board members.

The Company continues its proactive policy to promote investor relations by regular meetings with institutional investors 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. Our Investor Relations Department also actively provides the investment community with the Company's latest news and developments as they arise through other channels such as IR Newsletters.

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 emails 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

E. DETAILS OF SHAREHOLDERS

Shareholding of the Company

Shareholding distribution based on the Company's register of members as at 31 December 2019 is shown below:

Size of Registered Shareholding	Number of Shareholders		Percentage of Shareholders	Number of shares held		Percentage of shares in issue
1 to 2,000	968		57.86%	414,746		0.01%
2,001 to 10,000	301		17.99%	1,625,640		0.05%
10,001 to 100,000	345		20.62%	10,504,901		0.35%
100,001 to 500,000	38		2.27%	6,915,132		0.23%
500,001 or above	21		1.26%	3,002,019,366		99.36%
Total	1,673	(Note 2)	100.00%	3,021,479,785	(Note 1)	100.00%

Notes:

1. 76.05% of the Company's shares in issue were held through Central Clearing and Settlement System of Hong Kong ("CCASS").

2. Actual number of Shareholders is much bigger as many shares are held through intermediaries including CCASS.

Details of the Last Shareholders' Meeting

The last Shareholders' meeting was the Company's 2019 AGM held at Artyzen Club, 401A, 4th Floor, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Monday, 24 June 2019 at 2:30 p.m.. The notice for the 2019 AGM setting out details of each proposed resolution and other relevant information in the circulars were distributed to all Shareholders more than 20 clear business days before the date of the 2019 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 the scrutineer for vote-taking at the 2019 AGM. Procedures for conducting a poll were explained by the Share Registrar before commencement of poll voting at the 2019 AGM.

All resolutions at the 2019 AGM were duly passed including (i) receipt of the audited financial statements of the Company for the year ended 31 December 2018 and the reports of Directors and the independent auditor; (ii) declaration of 2018 final dividend and special dividend; (iii) re-election of Mr. Charles Ho, Mr. Kevin Yip, Ms. Daisy Ho and Mr. David Shum as Directors of the Company; (iv) approval of the Directors' fees; (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 buy back the Company's shares; (vii) granting of the general mandate to the Board to issue new shares of the Company; and (viii) authorisation to the Board to extend the general mandate to issue new shares by adding the number of shares bought back.

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 2019 AGM.

Important Shareholders' Dates

Important Shareholders' dates in the financial year 2020 are set out in "Financial Highlights and Calendar" in this annual report.

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 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.

F. 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.

G. OTHERS

Constitutional Documents

During the year ended 31 December 2019, no amendment was made to the Company's Articles. The latest version of the 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, 27 March 2020

Remuneration Committee Report

COMPOSITION

The Remuneration Committee consists of six members, namely, Mr. Norman Ho, Mr. Charles Ho, Mr. Michael Wu and Mr. Kevin Yip (all being INEDs), Ms. Pansy Ho (Group Executive Chairman and Managing Director) and Ms. Daisy Ho (Executive Director and Deputy Managing Director). Mr. Michael Wu is the chairman of the Remuneration Committee and Mr. Kevin Yip was appointed member of Remuneration Committee on 27 March 2019.

DUTIES AND RESPONSIBILITIES

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.

ANNUAL WORK SUMMARY

During the year ended 31 December 2019, one Remuneration Committee meeting was held. The Remuneration Committee reviewed, made recommendation on INEDs' remuneration packages to the Board, and approved the remuneration packages for Executive Directors, senior management and staff.

REMUNERATION POLICY

The remuneration policy of the Company (the "Remuneration Policy") 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 that the Remuneration Policy is effective, the Remuneration Committee will review the policy and recommend revisions to the Board when necessary. The Remuneration Policy was updated in December 2017.

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

Michael Wu
Chairman of Remuneration Committee

Hong Kong, 27 March 2020

Nomination Committee Report

COMPOSITION

The Nomination Committee consists of six members, namely, Mr. Norman Ho, Mr. Charles Ho, Mr. Michael Wu and Mr. Kevin Yip (all being INEDs), Ms. Pansy Ho (Group Executive Chairman and Managing Director) and Ms. Daisy Ho (Executive Director and Deputy Managing Director). Mr. Charles Ho is the chairman of the Nomination Committee and Mr. Kevin Yip was appointed member of Nomination Committee on 27 March 2019.

DUTIES AND RESPONSIBILITIES

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 nomination policy (the "Nomination Policy") and reviewing the same and recommending any revisions to the Board for consideration. The Nomination Committee develops selection procedures for candidates and will consider different criteria including relevant 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.

ANNUAL WORK SUMMARY

During the year ended 31 December 2019, one Nomination Committee meeting was held. The Nomination Committee reviewed the structure, size, composition and diversity of the Board; the appointment of a member of the Nomination Committee and Remuneration Committee; the Directors' involvement in the Company's affairs; the Board Diversity Policy and Nomination Policy; and the independence of INEDs; and made recommendations to the Board for putting forward Directors, who were subject to retirement by rotation, for re-appointment at 2019 AGM.

NOMINATION POLICY

In December 2018, the Company adopted the Nomination Policy which sets out the nomination procedures and the process and criteria to select and recommend candidates for directorship. The Nomination Committee would select the candidates based on the objective criteria, including without limitation, educational background, professional experience, skills, knowledge, personal qualities and the benefit of diversity as set out under the Board Diversity Policy. The Nomination Committee would also take into account whether the candidate can demonstrate his/her commitment, competence and integrity required for the position, and in case of INEDs, the independence requirements under the Listing Rules and their time commitment to the Company. The Nomination Committee monitors the implementation of the Nomination Policy and will review and recommend any revisions to the Board for consideration and approval, when necessary, to enhance effectiveness.

Charles Ho
Chairman of Nomination Committee

Hong Kong, 27 March 2020

Audit Committee Report

COMPOSITION

The Audit Committee consists of three members, namely, Mr. Norman Ho, Mr. Michael Wu and Mr. Kevin Yip, all being INEDs. 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 perform its duties and responsibilities. Mr. Norman Ho and Mr. Michael Wu hold 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.

DUTIES AND RESPONSIBILITIES

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. Decisions may be made by circulating written resolutions accompanied by explanatory materials.

ANNUAL WORK SUMMARY

During the year ended 31 December 2019, two Audit Committee meetings were held to review, inter alia, (i) the Company's interim and year-end financial reports, particularly areas requiring judgement, before submission to the Board; (ii) the internal audit programme and the effectiveness of the internal audit function (including audit progress, findings and management's responses); (iii) the adequacy and effectiveness of the risk management and internal control systems (including the risk management processes, the principal risks identified and risk mitigation controls); (iv) PricewaterhouseCoopers' ("PwC") confirmation of independence, its reports for the Audit Committee and management's letter of representation; (v) the fees for annual audit and non-audit services for the year ended 31 December 2018 and recommendations regarding re-appointment of the Company's external auditor; and (vi) the adequacy of resources, qualifications, experiences and training requirements of staff responsible for accounting, financial reporting, treasury, financial analysis and internal audit functions.

The Audit Committee also reviewed continuing connected transactions; reviewed and approved PwC's terms of engagement as the Company's external auditor for the year ended 31 December 2019, and its further engagement to (a) review the Company's preliminary results announcement for the year ended 31 December 2019; and (b) report on continuing connected transactions as disclosed in this annual report. As at the date of this report, the Audit Committee also approved the fees for annual audit and non-audit services for year ended 31 December 2019, and recommended the re-appointment of PwC (the retiring auditor at the forthcoming AGM) as the Company's external auditor.

With the introduction of the Group's whistleblowing policy (the "Whistleblowing Policy") since December 2011 and its update in August 2017, 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.

Norman Ho
Chairman of Audit Committee

Hong Kong, 27 March 2020

Risk Management and Internal Control Report

RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

Shun Tak Group's risk management and internal control responsibilities reside at all levels within the Group, from the Board down to heads of business and supporting units as well as the general staff. The Board has overall responsibility for ensuring that appropriate and effective risk management and internal control systems are established and maintained. The Executive Committee assists the Board in designing, implementing and monitoring the Group's risk management and internal control systems which have been designed to ensure:

(i) efficiency and effectiveness of operations;

(ii) proper identification and management of risks relating to the achievement of strategic objectives;

(iii) safeguarding of assets;

(iv) proper maintenance of financial and accounting records to provide reliable information for financial and management reporting; 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 any financial loss or fraud.

MAIN FEATURES OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board has established a framework to maintain appropriate and effective risk management and internal controls systems, which includes the following key procedures:

(i) setting core values and beliefs which form the basis of the Group's overall risk philosophy;

(ii) evaluating and determining the nature and extent of risks that the Group is willing to take in achieving its strategic objectives;

(iii) defining a management structure with clear lines of responsibility and authority limits which hold individuals accountable for their risk management and internal control responsibilities;

(iv) adopting an organisational structure which provides necessary information flow for risk analysis and management decision-making;

(v) imposing budgetary and management accounting controls to efficiently allocate resources and provide timely financial and operational performance indicators;

(vi) ensuring effective financial reporting controls to timely record complete and accurate accounting and management information;

(vii) overseeing the Executive Committee's policies and procedures on risk management, implementing risk mitigation measures and reviewing risk management results; and

(viii) through the Audit Committee, ensuring that appropriate risk management and internal control procedures are in place and function effectively.

Risk Management and Internal Control Report

ONGOING AND ANNUAL REVIEW

Through the Audit Committee, the Board continues to review the effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance, information technology and security, fraud detection and risk management controls. Such process encompasses a self-assessment from the head of each business or supporting unit and internal audit reviews conducted by the Group Internal Audit Department ("GIAD").

Control self-assessment from the Head of each Business or Supporting Unit

On an annual basis, the head of each business or supporting unit signs a confirmation to the Board that he/she has self-assessed the risk management and internal control systems of their operations against the criteria for effective internal control and risk management in the Internal Control — Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (the "COSO Framework") and confirms that such systems are operating effectively.

The Executive Committee also conducts an annual review of the Group's risk management and internal control systems with reference to the criteria in the COSO Framework and confirms to the Board that they are adequate and are operating effectively.

Internal audit reviews conducted by GIAD

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 plan is revised annually to reflect organisational changes and new business development and is submitted for the Audit Committee's approval. Ad-hoc reviews will also be conducted if areas of concern are identified by the Audit Committee and 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 functioning of key controls through audit sampling.

GIAD also assists the Audit Committee in its reviews of the adequacy of resources, qualifications, experiences and training requirements of staff responsible for accounting, financial reporting, treasury, financial analysis and internal audit functions. During each audit, staff qualifications and experience as well as manpower plans and training budgets are also reviewed to ensure competent staff are in place to maintain effective risk management and internal control systems. An audit report incorporating control deficiencies and management's rectification plans is issued for each audit.

The GIAD reports quarterly to the Audit Committee on the results of its assessment of the 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.

The process used to identify, evaluate and manage risks

Risk management is integrated into the Group's culture and day-to-day activities. With reference to International Standard on Risk Management-Principles and Guidelines ("ISO31000"), policies and procedures on risk management are established to ensure a consistent approach to identify and address risks in business processes. The Board has established a well-defined Risk Appetite to guide employees on the level of risk permitted. Each unit maintains a risk register to record all identified risks (including any emerging risks) by taking into account various external and internal factors including economic, financial, political, technological, environmental and social, health and safety, legislation and regulations, operational, processing and execution as well as the Group's strategies and objectives and stakeholders' expectations. A formal assessment is conducted to rank each of the identified risk. The risk ratings are determined based on the likelihood of a risk occurring and its potential impact or consequences.

Risk treatment options and mitigation controls are identified, analysed, implemented and reviewed. Risk management results are reported to the Executive Committee and the Audit Committee twice a year.

RISK MANAGEMENT PROCESS

Risk Management and Internal Control Report

PRINCIPAL RISK FACTORS

The Group's financial performance, operations and prospects for growth may be affected by risks and uncertainties, both direct and indirect. Based on the Group's risk assessment procedures, key risk factors are identified and are set out below but they are not exhaustive or comprehensive and there may be additional risks not yet known to the Group or known risks whose significance will appear only in the future:

1	Outbreaks of Contagious Disease, Civil Unrest, Natural Disasters or Any Non-controllable Events	**What is the risk?** Outbreaks of contagious disease, civil unrest, and consequential disruption to normal community life, severe weather conditions, natural disasters, terrorist attacks, disastrous events or travel security measures may lead to disruption of passenger traffic, reduction of personal or business travels, suspension of operation and delay of property development schedules.	**What is the possible impact of occurrence?** The outbreak of coronavirus disease ("COVID-19") was detrimental to the Group's revenue. Ferry services between Hong Kong and Macau were temporarily suspended as a result of the closing of borders by the Hong Kong Government. The Macau Government ordered casinos and gaming businesses to close for 14 days. Several countries imposed travel restrictions and closure of cities. The Group's transportation, tourism-related, hospitality, MICE and property-related businesses have all been adversely affected by these factors, as well as civil unrest and confrontations with the government that have undermined community life, which are all beyond the Group's control. Tightening security and hygiene measures, travel restrictions and compulsory closure of venues will result in prolonged suspension of operations, reputational damage, and of course economic consequences.

2	Macroeconomic Environment	**What is the risk?** Changes in domestic, regional or global economic conditions may negatively affect consumer sentiment and lead to fluctuations in property prices and affect the value of properties owned or under development. Any continuous negative conditions such as the recent COVID-19 pandemic, continuous civil unrest and protests, higher unemployment rates, depressed stock or property prices, reduced disposable income, exchange rates fluctuations, etc. would significantly and adversely impact tourism and business spending patterns or reduce demand for leisure or business travel and hospitality businesses. Geopolitical tensions in Asia and/or around the world may create uncertainty in the regional and global economic outlook.	**What is the possible impact of occurrence?** The Group derives a substantial portion of its revenue and operating profits from its property development, investments and property management services segments. The Group's performance is therefore dependent on economic conditions and performance of property markets in Hong Kong, Macau, PRC and Singapore. A sluggish macroeconomic environment is likely to adversely affect consumer sentiment and private consumption, and consequential downward pressure on room rates and occupancy levels of the Group's hotels, and likely reduce demand for the Group's travel, transportation and hospitality-related services such as restaurants, tourism facilities, MICE and retail businesses, all leading to a decline in revenue. Socio-economic uncertainty arising from geopolitical tensions is likely to dampen investment and consumer sentiment and lead to a downturn in consumer demand and eventual decline in the Group's revenues.

3	Government Policies, Regulations and Approvals	**What is the risk?** Property, transportation and hospitality businesses are subject to extensive legal compliance requirements, grant of licenses or concessions, safety, hygiene, environmental, minimum wage and other necessary government approvals. Any breaches, incidents, or failure to receive licenses, concessions or approvals from relevant governments may cause suspensions of operations, loss of rights to operate or 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. The European Union ("EU")'s General Data Protection Regulation, applicable to organizations offering goods or services to EU subjects, is fully enforceable. Contravention of the law may result in penalties up to the higher of Euro20 million or 4% of total world-wide annual turnover.	**What is the possible impact of occurrence?** Changes in government policies and increasingly stringent regulatory requirements may delay the Group in securing the required approvals, start and completion of its property projects and affect profits. Ferry operations are subject to extensive compliance requirements including permits, licenses, and any other approvals. The renewal of approvals at various operational stages must often comply with 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 and adversely affect revenue. Hospitality operations are subject to a wide variety of laws and regulations and policies including healthcare, hygiene, personal data privacy, taxation, environmental, safety, fire, food preparation, building and security etc. Further increases in minimum wages could cause higher operations costs and lower profits.

4	Competition	**What is the risk?** The Hong Kong-Zhuhai-Macau Bridge opens up land transportation to Macau which directly competes with the Group's Hong Kong-Macau ferry service. The Group's owned or managed hotels are subject to intense competition from large, multi-branded hotel chains, emerging regional "life style" brands and competition from new alternative suppliers such as Airbnb and HomeAway. New integrated resorts which offer greater variety pose a threat to the traditional hotels.	**What is the possible impact of occurrence?** Revenue from the Group's ferry traffic has been substantially reduced after the bridge. Rental income from the major source of patron flow at Shun Tak Centre — Macau ferry commuters, has been negatively impacted. If the Group's owned or managed hotels cannot compete successfully, the operating margins, market share and earnings may be diminished.

5	Fuel Supply	**What is the risk?** Unpredictable events such as geo-political developments may drive actual or perceived fuel supply shortages and lead to rises in fuel prices. If the infrastructure of our fuel supply system and bunkering procedures cannot ensure fuel quality, supply may be contaminated.	**What is the possible impact of occurrence?** Increases in fuel prices reduced profitability of the Group's transportation business. The Group's fuel hedging program and its policy to hedge a percentage of projected consumption remain in place but may not be fully effective against highly volatile movements in fuel prices. Contaminated fuel supply causes damage to major machinery in vessels and undermines operations and the Group's reputation.

6	Reliance on Technology and Automated Systems	**What is the risk?** Cyberattacks, outdated technology, inadequate security measures may lead to failure of automated systems and causes disruption of operations, loss of important data, leakage of personal data and payment information etc.	**What is the possible impact of occurrence?** Our businesses require the use of sophisticated technology and automated systems such as ticketing and reservation, navigation and telecommunication, payment and accounting, property management and hospitality related systems, etc. Failure of such systems could result in suspension of operations, breach of data privacy regulations, damage of reputation and loss of revenues and may give rise to uninsured liabilities.

7	Counterparty, Legal & Compliance, Employee Misconduct, Negligence and Fraud Risks	**What is the risk?** Business counterparties may fail to enforce standards and contractual terms and this may give rise to disagreements. Any premature termination of, or inability to renew, management or franchise agreements may cause suspension of operations, loss of business or increase in operational costs. Risks may also arise from employees' misconduct or negligence such as non-compliance with rules and regulations, internal policies and procedures, corruption, fraud and other malpractices. The Group may itself become involved in investigations and regulatory proceedings for breach of rules and regulations, improper business conduct, market abuse or bribery, etc.	**What is the possible impact of occurrence?** The Group's bankers, joint venture partners, buyers, tenants, contractors, debtors, suppliers, etc. may potentially fail to honour their contractual, financial or operational obligations or other disagreements may cause the Group to delay its growth plans, service initiatives, or lose revenue, incur litigation costs or other liabilities and damage of reputation. Potential claims may arise for breach and negligence resulting from employee misconduct and fraud. Substantial legal liability could materially and adversely affect the Group's business and financial results or cause reputational harm.

8	Availability of Labour, Resources and Materials	**What is the risk?** 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. Other factors which may increase the Group's cost, impact operations or cause construction delays include late delivery, adverse quality, shortages or increased costs of materials, contractor services, parts and components to maintain our fleet, properties and hospitality facilities.	**What is the possible impact of occurrence?** The market in Hong Kong is short of licensed sea-masters, mariners and maintenance technicians for ferry operation. Macau SAR Government's quota for non-resident labour also causes shortages of labour for hotels and coach operations. Any labour disputes may lead to industrial actions and disruptions to operations. The Group relies upon affordable supplies of building materials and experienced and skillful contractors for its property project and, if unavailable, may lead to delays in completion, increase in costs and reduced profitability.

9	Strategic, Decision Making and Integration Risks	**What is the risk?** The results of the Group's strategic decisions or business plans may fall short of expectations due to unsatisfactory implementation of plans or an inability to adapt to adverse business conditions.	**What is the possible impact of occurrence?** The Group may face challenges from establishing new businesses or acquiring ones with existing operations, managing them in markets where it possesses limited experience and failure to generate synergies, and this may drain or overstretch the Group's management and capital resources.

10	Financial Risk	**What is the risk?** Foreign exchange rate and interest rate fluctuations may result in losses or significantly increase the cost of financing.	**What is the possible impact of occurrence?** The Group adopts a prudent approach to financial risk management to minimise currency exposure and interest rate risks. Except for the guaranteed MTN, all funds raised by the Group are on a floating rate basis. Except for US$400 million MTN; bank loans of RMB1,584 million and SGD1,128 million, the Group's outstanding borrowings at year-end were not denominated in foreign currencies. Approximately 94% of the bank deposits, cash and bank balances are denominated in Hong Kong dollar ("HKD"), Macau pataca ("MOP") and US dollar ("USD") and the remaining balance mainly in Renminbi ("RMB"). MOP and USD are pegged to HKD. The Group's principal operations are primarily conducted in HKD while its financial assets and liabilities are denominated in USD, MOP, Singapore dollar and RMB. The Group will regularly review its foreign exchange and market conditions to determine if hedging is required. The Group currently engages in fuel hedging and currency swaps to minimise exposure to fluctuations in fuel prices and foreign exchange rates per the Group's treasury policies.

MITIGATION MEASURES

The Group's risk management and internal control systems ensure the proper identification, management and mitigation of risks. The Executive Committee, together with a panel of senior management and working groups experienced in business development, fuel hedging, crisis management, safety health and environmental protection, business continuity and information technology, closely monitor potential risks to minimize their impact (if any) on the Group; and explore ways to develop and enhance services and products, reduce cost and generate income for the Group.

Hong Kong, 27 March 2020

Independent Auditor's Report

羅兵咸永道

To the members of Shun Tak Holdings Limited
(incorporated in Hong Kong with limited liability)

OPINION

What we have audited

The consolidated financial statements of Shun Tak Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 107 to 209, which comprise:

- the consolidated balance sheet as at 31 December 2019;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

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KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Valuation of investment in Sociedade de Turismo e Diversões de Macau, S.A. ("STDM")
- Valuation of investment properties held by the Group, its joint ventures and associates
- Carrying value of properties for or under development

Key audit matter	*How our audit addressed the key audit matter*
Valuation of investment in STDM *Refer to notes 2(b)(i), 3(b), 20 and 44(e) to the consolidated financial statements.* The Group has equity interests in STDM which is accounted for as financial asset at fair value through other comprehensive income. Management has performed fair value valuation assessment for the investment in STDM. As at 1 January 2018, 31 December 2018 and 31 December 2019, the fair values of investment in STDM were HK$3,080 million, HK$3,297 million and HK$3,089 million respectively. STDM is an unlisted company with no quoted market price in an active market and the fair value is determined by using market approach which is calculated based on dividend income expected from STDM capitalised by a capitalisation rate. The key assumptions used, such as expected future dividend income and capitalisation rate, require significant management's judgement. Management estimates the future dividend from STDM with reference to the Group's forecast results of STDM, the historical dividend distribution amount from STDM and the continuity of such distribution. The capitalisation rate adopted is derived with reference to dividend yields of comparable listed companies with similar business nature. We focused on this area because of the financial significance of the balances and judgements and estimates involved.	Our audit procedures in relation to management's valuation of the investment in STDM included: • Involving our in-house valuation specialist in assessing the appropriateness and consistency of the methodologies used in the valuation model. • Checking the mathematical accuracy of the underlying calculations in the valuation. • Assessing the reasonableness of the key inputs and assumptions by (1) comparing the management's expected future dividend income from STDM to the historical trend in light of available information of STDM; and by (2) comparing the applied capitalisation rate to market information of dividend yields of comparable listed companies. • Considering the results of sensitivity analysis by applying reasonably possible changes in the key assumptions adopted. We considered the judgements made and the assumptions used in the valuation of investment in STDM to be supportable based on the evidence gathered.

Key audit matter	*How our audit addressed the key audit matter*
Valuation of investment properties held by the Group, its joint ventures and associates *Refer to notes 2(g), 3(a), 14, 17 and 18 to the consolidated financial statements.* The Group's investment properties are stated at fair value. As at 31 December 2019, the fair value of investment properties held through the Group's subsidiaries was HK$8,132 million. The Group also has interests in a number of investment properties held through its joint ventures and associates. The fair value of investment properties was determined by the Group with reference to the valuations performed by independent professional valuers ("Valuers"). For completed investment properties, the fair value was derived using the comparable approach or income capitalisation approach. Due to the unique nature of each investment property, the assumptions applied in the valuations were determined having regard to each property's characteristics such as location, building age and occupancy status. The key assumptions used in the valuation, such as current market rents, discount rates and recent transacted prices were influenced by prevailing market conditions and with reference to comparable transactions. For investment properties under construction, fair value was derived using the residual method by deducting development costs and developer's profit from the estimated fair value of the proposed development assuming completed as at the date of valuation under the income capitalisation approach and discounted cash flow model. We focused on this area because of the financial significance of the balances and judgements and estimates involved.	Our procedures in relation to the valuation of investment properties included: • Evaluating the competence, capabilities and objectivity of the Valuers, and reading valuation reports of all investment properties. • Involving our in-house valuation experts in assessing the appropriateness of the methodologies used in the valuation of each property. • Testing, on a sample basis, the accuracy of property specific information such as location, building age and occupancy status. • Assessing the reasonableness of the judgement and key assumptions used in the valuations, including market rents, discount rates and recent transacted prices of comparable transactions, by benchmarking these to our independent market research. • Assessing the reasonableness of estimated costs to complete and developer's profit for properties under construction by comparing them to the market construction costs and developer's profit of similar properties. We found the valuation methodologies being appropriate and the key assumptions used in the valuation of investment properties were supportable in light of available evidence.

Key audit matter	*How our audit addressed the key audit matter*
Carrying value of properties for or under development *Refer to notes 2(l), 3(c) and 23 to the consolidated financial statements.* As at 31 December 2019, the Group had properties for or under development with carrying values totalling HK$6,765 million, which were stated at lower of cost and net realisable value. The calculation of the net realisable value of properties for or under development used assumptions such as the estimated selling price and estimated cost of completion, which required management's judgement based on the consideration of future market environment on a project by project basis. We focused on this area because of the financial significance of the balances and judgements and estimates involved.	Our procedures in relation to the carrying value of properties for or under development included: • Understanding, evaluating and validating on a sample basis, the key controls relating to the determination of expected selling price and costs to completion. • Assessing, on a sample basis, the reasonableness of the judgement and key assumptions by comparing the management's expected selling price to current market price of comparable properties. • Assessing, on a sample basis, the reasonableness of the expected cost to completion by comparing the expected costs of the projects to the market forecast on construction costs of similar properties. • Considering the results of sensitivity analysis on reasonably possible changes in the key assumptions adopted. We found the judgements and assumptions used by management in determining the carrying value of properties for or under development were reasonable based on the available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Sung Lai, Arthur.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 March 2020

Consolidated Income Statement

For the year ended 31 December 2019

	Note	2019	2018
		HK$'000	HK$'000
Revenue	4	**14,649,184**	6,591,582
Other income	4	**406,281**	324,530
		15,055,465	6,916,112
Other gains, net	5	**8,737**	1,344,735
Cost of inventories sold and services provided		**(6,161,386)**	(2,488,414)
Staff costs		**(1,323,725)**	(1,420,581)
Depreciation and amortisation		**(273,968)**	(176,979)
Other costs		**(838,377)**	(731,260)
Fair value changes on investment properties		**(182,401)**	212,520
Operating profit	6	**6,284,345**	3,656,133
Finance costs	8	**(616,727)**	(317,434)
Share of results of joint ventures		**39,384**	1,445,314
Share of results of associates		**172,935**	793,761
Profit before taxation		**5,879,937**	5,577,774
Taxation	9(a)	**(770,988)**	(236,262)
Profit for the year		**5,108,949**	5,341,512
Attributable to:			
Owners of the Company		**3,455,796**	4,647,326
Non-controlling interests		**1,653,153**	694,186
Profit for the year		**5,108,949**	5,341,512
Earnings per share (HK cents)	11		
— basic		**114.3**	153.4
— diluted		**114.3**	153.4

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2019

	2019	(Restated) 2018
	HK$'000	HK$'000
Profit for the year	**5,108,949**	5,341,512
Other comprehensive (loss)/income		
Items that may be reclassified to profit or loss:		
Debt instruments at fair value through other comprehensive income:		
Changes in fair value	**311**	(1,010)
Cash flow hedges:		
Changes in fair value, net of tax	**23,097**	(3,576)
Transfer to profit or loss	**21,838**	(29,632)
Reversal of asset revaluation reserve upon sales of properties, net of tax	**(367,040)**	(322,214)
Currency translation differences	**(67,515)**	(275,271)
Share of currency translation difference of joint ventures	**(33,190)**	(77,404)
Share of currency translation difference of associates	**(51,354)**	(77,680)
Items that will not be reclassified to profit or loss:		
Equity instruments at fair value through other comprehensive income:		
Changes in fair value	**(275,585)**	200,197
Other comprehensive loss for the year, net of tax	**(749,438)**	(586,590)
Total comprehensive income for the year	**4,359,511**	4,754,922
Attributable to:		
Owners of the Company	**2,761,327**	4,062,790
Non-controlling interests	**1,598,184**	692,132
Total comprehensive income for the year	**4,359,511**	4,754,922

Consolidated Balance Sheet

As at 31 December 2019

	Note	31 December 2019	(Restated) 31 December 2018	(Restated) 1 January 2018
		HK$'000	HK$'000	HK$'000
Non-current assets				
Property, plant and equipment	12	**3,652,657**	3,251,417	2,836,564
Right-of-use assets	13	**855,823**	—	—
Investment properties	14	**8,132,054**	8,342,001	8,232,314
Prepaid premium for land lease and land use rights	15	**—**	680,844	302,841
Joint ventures	17	**12,734,445**	8,476,142	6,887,540
Associates	18	**3,141,999**	2,958,282	1,476,977
Intangible assets	19	**2,320**	2,525	36,427
Financial assets at fair value through other comprehensive income	20	**3,586,492**	3,862,749	3,288,558
Derivative financial instruments	26	**—**	6,746	107
Mortgage loans receivable	21	**1,187**	1,925	3,914
Deferred tax assets	9(c)	**46,503**	8,119	2,476
Other non-current assets	22	**1,456,929**	1,474,036	704,067
		33,610,409	29,064,786	23,771,785
Current assets				
Properties for or under development	23	**6,765,078**	5,631,404	13,872,138
Inventories	24	**11,569,353**	17,034,801	7,626,127
Trade and other receivables, deposits paid and prepayments	25	**1,080,100**	1,179,675	1,141,722
Derivative financial instruments	26	**16,503**	—	16,927
Taxation recoverable		**6,489**	10,695	11,356
Cash and bank balances	27	**12,280,902**	14,317,651	12,665,880
		31,718,425	38,174,226	35,334,150
Assets held for sale	28	**—**	36,625	—
		31,718,425	38,210,851	35,334,150
Current liabilities				
Trade and other payables, and deposits received	29	**2,733,511**	1,832,808	2,418,153
Contract liabilities	30	**666,084**	4,621,996	3,509,112
Lease liabilities		**47,278**	—	—
Bank borrowings	31	**7,295,263**	5,170,760	5,212,254
Medium term notes	33	**3,170,586**	—	—
Provision for employee benefits	32	**11,231**	12,289	13,010
Derivative financial instruments	26	**—**	21,763	—
Taxation payable		**1,021,385**	321,696	141,131
Loans from non-controlling interests	34	**896,536**	799,122	1,215,733
		15,841,874	12,780,434	12,509,393
Liabilities directly associated with assets held for sale	28	**—**	506	—
		15,841,874	12,780,940	12,509,393
Net current assets		**15,876,551**	25,429,911	22,824,757
Total assets less current liabilities		**49,486,960**	54,494,697	46,596,542

CONSOLIDATED BALANCE SHEET

As at 31 December 2019

	Note	31 December 2019	(Restated) 31 December 2018	(Restated) 1 January 2018
		HK$'000	HK$'000	HK$'000
Non-current liabilities				
Contract liabilities	30	**24,164**	10,527	—
Lease liabilities		**69,830**	—	—
Bank borrowings	31	**8,019,423**	10,133,675	6,829,789
Medium term notes	33	**—**	3,184,001	3,172,788
Deferred tax liabilities	9(c)	**912,951**	1,123,431	1,308,380
Loans from non-controlling interests	34	**—**	393,737	—
		9,026,368	14,845,371	11,310,957
Net assets		**40,460,592**	39,649,326	35,285,585
Equity				
Share capital	35	**9,858,250**	9,858,250	9,858,250
Other reserves	37	**25,358,119**	22,553,755	19,028,580
Proposed dividends		**543,866**	484,070	181,864
Equity attributable to owners of the Company		**35,760,235**	32,896,075	29,068,694
Non-controlling interests		**4,700,357**	6,753,251	6,216,891
Total equity		**40,460,592**	39,649,326	35,285,585

Pansy Ho
Director

Daisy Ho
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	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
As at 1 January 2019	9,858,250	14,465	13,926	(151,413)	2,805	(31,311)	666,188	(372,755)	20,598,521	484,070	31,082,746	6,082,854	37,165,600
Restatement	–	–	–	–	1,813,329	–	–	–	–	–	1,813,329	670,397	2,483,726
Restated balance as at 1 January 2019	9,858,250	14,465	13,926	(151,413)	1,816,134	(31,311)	666,188	(372,755)	20,598,521	484,070	32,896,075	6,753,251	39,649,326
Profit for the year	–	–	–	–	–	–	–	–	3,455,796	–	3,455,796	1,653,153	5,108,949
Items that may be reclassified to profit or loss:													
Debt instruments at fair value through other comprehensive income:													
Changes in fair value	–	–	–	–	311	–	–	–	–	–	311	–	311
Cash flow hedges:													
Changes in fair value, net of tax	–	–	–	–	–	14,593	–	–	–	–	14,593	8,504	23,097
Transfer to profit or loss	–	–	–	–	–	19,204	–	–	–	–	19,204	2,634	21,838
Reversal of asset revaluation reserve upon sales of properties, net of tax	–	–	–	–	–	–	(367,040)	–	–	–	(367,040)	–	(367,040)
Currency translation differences	–	–	–	–	–	–	–	(58,132)	–	–	(58,132)	(9,383)	(67,515)
Share of currency translation difference of joint ventures	–	–	–	–	–	–	–	(33,190)	–	–	(33,190)	–	(33,190)
Share of currency translation difference of associates	–	–	–	–	–	–	–	(51,354)	–	–	(51,354)	–	(51,354)
Items that that will not be reclassified to profit or loss:													
Equity instruments at fair value through other comprehensive income:													
Changes in fair value	–	–	–	–	(218,861)	–	–	–	–	–	(218,861)	(56,724)	(275,585)
Disposal	–	–	–	–	59,207	–	–	–	(59,207)	–	–	–	–
Other comprehensive (loss)/ income for the year, net of tax	–	–	–	–	(159,343)	33,797	(367,040)	(142,676)	(59,207)	–	(694,469)	(54,969)	(749,438)
Total comprehensive (loss)/ income for the year	–	–	–	–	(159,343)	33,797	(367,040)	(142,676)	3,396,589	–	2,761,327	1,598,184	4,359,511
2018 final dividend	–	–	–	–	–	–	–	–	–	(302,266)	(302,266)	–	(302,266)
2018 special dividend	–	–	–	–	–	–	–	–	–	(181,526)	(181,526)	–	(181,526)
Dividends on shares bought-back	–	–	–	–	–	–	–	–	278	(278)	–	–	–
2019 final dividend	–	–	–	–	–	–	–	–	(543,866)	543,866	–	–	–
Dividend to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(3,016,037)	(3,016,037)
Transfers	–	–	710	–	600,339	–	–	–	(710)	–	600,339	(600,339)	–
Buy-back of shares (note 35)	–	–	–	–	–	–	–	–	(12,197)	–	(12,197)	–	(12,197)
Disposal of a joint venture	–	–	(2,435)	–	–	–	–	(2,072)	2,435	–	(2,072)	–	(2,072)
Disposal of subsidiaries	–	–	–	–	–	–	–	555	–	–	555	(34,702)	(34,147)
	–	–	(1,725)	–	600,339	–	–	(1,517)	(554,060)	59,796	102,833	(3,651,078)	(3,548,245)
As at 31 December 2019	9,858,250	14,465	12,201	(151,413)	2,257,130	2,486	299,148	(516,948)	23,441,050	543,866	35,760,235	4,700,357	40,460,592

Consolidated Statement of Changes in Equity

For the year ended 31 December 2018

	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
As at 31 December 2017	9,858,250	14,465	13,037	(151,413)	102,178	(16,647)	988,402	37,100	16,385,674	181,864	27,412,910	5,605,846	33,018,756
Impact on initial application of HKFRS 9	–	–	–	–	(82,508)	–	–	–	82,508	–	–	–	–
Adjusted balance as at 1 January 2018, as originally stated	9,858,250	14,465	13,037	(151,413)	19,670	(16,647)	988,402	37,100	16,468,182	181,864	27,412,910	5,605,846	33,018,756
Restatement	–	–	–	–	1,655,784	–	–	–	–	–	1,655,784	611,045	2,266,829
Restated balance as at 1 January 2018	9,858,250	14,465	13,037	(151,413)	1,675,454	(16,647)	988,402	37,100	16,468,182	181,864	29,068,694	6,216,891	35,285,585
Profit for the year	–	–	–	–	–	–	–	–	4,647,326	–	4,647,326	694,186	5,341,512
Items that may be reclassified to profit or loss:													
Debt instruments at fair value through other comprehensive income:													
Changes in fair value	–	–	–	–	(1,010)	–	–	–	–	–	(1,010)	–	(1,010)
Cash flow hedges:													
Changes in fair value, net of tax	–	–	–	–	–	2,287	–	–	–	–	2,287	(5,863)	(3,576)
Transfer to profit or loss	–	–	–	–	–	(16,951)	–	–	–	–	(16,951)	(12,681)	(29,632)
Reversal of asset revaluation reserve upon sales of properties, net of tax	–	–	–	–	–	–	(322,214)	–	–	–	(322,214)	–	(322,214)
Currency translation differences	–	–	–	–	–	–	–	(232,409)	–	–	(232,409)	(42,862)	(275,271)
Share of currency translation difference of joint ventures	–	–	–	–	–	–	–	(77,404)	–	–	(77,404)	–	(77,404)
Share of currency translation difference of associates	–	–	–	–	–	–	–	(77,680)	–	–	(77,680)	–	(77,680)
Items that will not be reclassified to profit or loss:													
Equity instruments at fair value through other comprehensive income:													
Changes in fair value	–	–	–	–	140,845	–	–	–	–	–	140,845	59,352	200,197
Other comprehensive income/(loss) for the year, net of tax	–	–	–	–	139,835	(14,664)	(322,214)	(387,493)	–	–	(584,536)	(2,054)	(586,590)
Total comprehensive income/(loss) for the year	–	–	–	–	139,835	(14,664)	(322,214)	(387,493)	4,647,326	–	4,062,790	692,132	4,754,922
2017 final dividend	–	–	–	–	–	–	–	–	–	(181,774)	(181,774)	–	(181,774)
2017 final dividend on shares bought-back	–	–	–	–	–	–	–	–	90	(90)	–	–	–
2018 final dividend	–	–	–	–	–	–	–	–	(302,544)	302,544	–	–	–
2018 special dividend	–	–	–	–	–	–	–	–	(181,526)	181,526	–	–	–
Dividend to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(157,228)	(157,228)
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	1,456	1,456
Transfers	–	–	982	–	–	–	–	–	(982)	–	–	–	–
Buy-back of shares (note 35)	–	–	–	–	–	–	–	–	(53,635)	–	(53,635)	–	(53,635)
Disposal of financial assets at fair value through other comprehensive income	–	–	–	–	845	–	–	–	(845)	–	–	–	–
Share of reserve movement of a joint venture and associates	–	–	(93)	–	–	–	–	(22,362)	22,455	–	–	–	–
	–	–	889	–	845	–	–	(22,362)	(516,987)	302,206	(235,409)	(155,772)	(391,181)
As at 31 December 2018	9,858,250	14,465	13,926	(151,413)	1,816,134	(31,311)	666,188	(372,755)	20,598,521	484,070	32,896,075	6,753,251	39,649,326

Consolidated Cash Flow Statement

For the year ended 31 December 2019

	2019	2018
	HK$'000	HK$'000
Operating activities		
Profit before taxation	5,879,937	5,577,774
Adjustments for:		
Depreciation and amortisation	273,968	176,979
Fair value changes on investment properties	182,401	(212,520)
Finance costs	616,727	317,434
Interest income	(322,142)	(200,043)
Dividend income from financial assets at fair value through other comprehensive income	(125,979)	(108,762)
Share of results of joint ventures	(39,384)	(1,445,314)
Share of results of associates	(172,935)	(793,761)
Realisation of asset revaluation reserve upon sale of properties	(417,091)	(123,700)
Net loss on disposal of property, plant and equipment	67	1,471
Gain on disposal of subsidiaries	(8,483)	(1,347,007)
(Gain)/loss on disposal of a joint venture	(321)	798
Loss on disposal of an associate	—	3
Impairment loss on property, plant and equipment	153,535	—
Impairment losses recognised/(reversed) on trade and other receivables, deposits paid and prepayments	132	(76)
Operating profit before working capital changes	6,020,432	1,843,276
Decrease/(increase) in properties for or under development and inventories of properties, excluding net finance costs capitalised	4,424,117	(4,744,922)
Increase in other inventories	(12,276)	(1,498)
Decrease/(increase) in trade and other receivables, deposits paid and prepayments	60,288	(130,758)
Decrease in trade and other payables, and deposits received	(470,988)	(555,373)
Decrease in deposits received from sale of properties	—	(2,823,424)
(Decrease)/increase in contract liabilities	(3,942,275)	4,632,523
Decrease in provision for employee benefits	(1,058)	(721)
Cash generated from/(used in) operations	6,078,240	(1,780,897)
Income tax paid	(266,752)	(132,492)
Net cash generated from/(used in) operating activities	5,811,488	(1,913,389)

Consolidated Cash Flow Statement

For the year ended 31 December 2019

	2019	2018
	HK$'000	HK$'000
Investing activities		
Addition to property, plant and equipment	(796,682)	(482,608)
Addition to investment properties	(12,825)	—
Capital contribution to joint ventures	(4,440,986)	(56,793)
Capital contribution to associates	(72,957)	(772,058)
Advances to joint ventures	(5,009)	—
Repayments from joint ventures	22,835	11,071
Advances to associates	(1,736)	(639)
Acquisition of financial assets at fair value through other comprehensive income	(15,754)	(376,092)
Repayments of mortgage loans	938	2,022
Capital refund from an investment fund	530	1,018
Proceeds from disposal of property, plant and equipment	849	540
Proceeds from disposal of financial assets at fair value through other comprehensive income	15,689	70
Net proceeds from disposal of equity interest in subsidiaries	10,326	2,520,000
Proceeds from disposal of interest in a joint venture	22,034	10,850
Decrease in bank deposits with maturities over three months	3,161,504	2,280,560
Interest received	341,300	190,941
Dividends received from financial assets at fair value through other comprehensive income	125,979	108,762
Dividends received from joint ventures	165,092	16,265
Dividends received from associates	10,821	6,830
Net cash (used in)/from investing activities	(1,468,052)	3,460,739

	Notes	2019	2018
		HK$'000	HK$'000
Financing activities			
Drawdown of bank loans	42	**5,862,759**	4,733,017
Repayments of bank loans	42	**(5,882,480)**	(1,362,698)
Repayments of loans from non-controlling interests	42	**(331,225)**	—
Payment for lease liabilities (including interest)	42	**(56,611)**	—
Buy-back of shares		**(12,197)**	(53,635)
Finance costs (including interests and bank charges) paid	42	**(663,596)**	(556,153)
Capital contribution from a non-controlling interest		**—**	29
Dividends paid to shareholders	42	**(483,585)**	(181,655)
Dividends paid to non-controlling interests	42	**(1,647,534)**	(157,228)
Net cash (used in)/from financing activities		**(3,214,469)**	2,421,677
Net increase in cash and cash equivalents		**1,128,967**	3,969,027
Effect of foreign exchange rates changes		**(4,680)**	(36,228)
Cash and cash equivalents as at 1 January		**9,058,561**	5,125,762
Cash and cash equivalents as at 31 December		**10,182,848**	9,058,561
Analysis of cash and cash equivalents			
Cash and bank balances	27	**12,280,902**	14,317,651
Bank deposits with maturities over three months		**(2,098,054)**	(5,259,558)
Cash and bank balances of a subsidiary transferred to assets held for sale		**—**	468
Cash and cash equivalents as at 31 December		**10,182,848**	9,058,561

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 48.

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.

These consolidated financial statements comply with the applicable requirements of Hong Kong Companies Ordinance (Cap. 622), with the exception of Section 381 which requires a company to include all the subsidiary undertakings (within the meanings of Schedule 1 to Cap. 622) in the Company's annual consolidated financial statements. Section 381 is inconsistent with the requirements of HKFRS 10 "Consolidated Financial Statements" so far as Section 381 applies to subsidiary undertakings which are not controlled by the Group in accordance with HKFRS 10. For this reason, under the provision of Section 380(6), the Company has departed from Section 381 and has not treated such companies as subsidiaries but they are accounted for in accordance with the accounting policies in note 2(c). The subsidiaries excluded subsidiary undertakings of the Group are disclosed in note 48.

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)

(i) Prior year adjustments

The Group held an unlisted equity investment in Sociedade de Turismo e Diversões de Macau, S.A. ("STDM") through the Company and its subsidiary with a carrying amount of HK$813,016,000 as at 31 December 2018 which was classified as financial assets at fair value through other comprehensive income ("FVOCI") upon adoption of HKFRS 9 "Financial Instruments" issued by the HKICPA.

Given that STDM is a private company incorporated in Macau, it is not required to prepare or provide detailed accounting and financial information to its shareholders under Macau's jurisdiction. As at 31 December 2018, the equity investment in STDM was stated at cost, and not at fair value as required under HKFRS 9 in its consolidated financial statements for the year ended 31 December 2018.

During the year ended 31 December 2019, management has adopted the market approach to assess the fair value of the equity investment in STDM, which has been reflected in this set of consolidated financial statements, including the necessary prior year adjustments which are further described below.

The effect of the prior year adjustments as a result of the fair value measurement of the equity investment in STDM on the consolidated statement of comprehensive income for the year ended 31 December 2018 are as follows. Line items that were not affected have not been included.

Consolidated statement of comprehensive income (extract)

	For the year ended 31 December 2018, as previously reported	Prior year adjustments	For the year ended 31 December 2018, as restated
	HK$'000	HK$'000	HK$'000
Other comprehensive (loss)/income			
Item that will not be reclassified to profit or loss:			
Equity instruments at FVOCI:			
Change in fair value	(16,700)	216,897	200,197
Total comprehensive income for the year	4,538,025	216,897	4,754,922
Attributable to:			
Owners of the Company	3,905,245	157,545	4,062,790
Non-controlling interests	632,780	59,352	692,132

* The table above only shows extracts of the financial information

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

(b) Basis of preparation (Continued)

(i) Prior year adjustments (Continued)

The effect of the prior year adjustments as a result of the fair value measurement of the equity investment in STDM on the consolidated balance sheet as at 31 December 2018 and 1 January 2018 are as follows. Line items that were not affected have not been included.

Consolidated balance sheet (extract)

	As at 31 December 2018, as previously reported	Prior year adjustments	As at 31 December 2018, as restated
	HK$'000	HK$'000	HK$'000
Non-current assets			
Financial assets at FVOCI	1,379,023	2,483,726	3,862,749
Equity			
Other reserves	20,740,426	1,813,329	22,553,755
Non-controlling interests	6,082,854	670,397	6,753,251
Total equity	37,165,600	2,483,726	39,649,326

* The table above only shows extracts of the financial information

Consolidated balance sheet (extract)

	As at 1 January 2018, as previously reported	Prior year adjustments	As at 1 January 2018, as restated
	HK$'000	HK$'000	HK$'000
Non-current assets			
Financial assets at FVOCI	1,021,729	2,266,829	3,288,558
Equity			
Other reserves	17,372,796	1,655,784	19,028,580
Non-controlling interests	5,605,846	611,045	6,216,891
Total equity	33,018,756	2,266,829	35,285,585

* The table above only shows extracts of the financial information

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation (Continued)

(ii) Impact of new or revised HKFRS

New standard, amendments to standards and interpretation adopted by the Group

The following new standard, amendments to standards and interpretation have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2019:

HK (IFRIC) Interpretation 23	Uncertainty over Income Tax Treatments
HKFRS 16	Leases
Amendments to HKAS 28	Long-term interests in Associates and Joint Ventures
Annual Improvement to HKFRSs 2015-2017 Cycle	

Except as described below, the adoption of the above new standard, amendments to standards and interpretation does not have any significant impact to the Group's results. The changes in accounting policies and the impacts of changes in accounting policies are summarised below:

HKFRS 16, "Leases"

The Group has adopted HKFRS 16 from 1 January 2019. HKFRS 16 establishes new accounting requirements on leases which lead to the recognition of lease transactions in lessees' financial statements. HKFRS 16 focuses on whether an arrangement contains a lease or a service agreement and introduces a substantial change to lessee accounting. The previous distinction between operating and finance leases is eliminated for lessee. A right-of-use asset (representing the right to use the leased asset during the lease term) and a lease liability (representing the obligation to pay rents) are recognised for all leases. The lessor accounting remains largely unchanged.

Effects of changes in accounting policies — Leases

In accordance with the transition provisions of HKFRS 16, the Group has adopted the modified retrospective application for existing leases as at 1 January 2019 with certain transition reliefs, and under which comparative figures are not restated.

For leases previously classified as operating leases, the Group has elected to measure the right-of-use assets at the amounts equal to the lease liabilities adjusted by any prepaid or accrued lease payments. Accordingly, no adjustments were recognised to the opening balance of retained profits at the date of initial application.

The Group applied the following practical expedients on transaction to HKFRS 16 for those leases which were previously classified as operating leases under HKAS 17:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- applying the recognition exemption for leases of low value assets;
- the exclusion of initial direct costs from the measurement of the right-of-use assets; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation (Continued)

(ii) Impact of new or revised HKFRS (Continued)

New standard, amendments to standards and interpretation adopted by the Group *(Continued)*

HKFRS 16, "Leases" *(Continued)*

Effects of changes in accounting policies — Leases *(Continued)*

Upon the adoption of HKFRS 16, the Group reclassified the leasehold land under finance lease in "property, plant and equipment" and "prepaid premium for land lease and land use rights" under operating leases to right-of-use assets for presentation purpose.

The Group has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made previously when applying HKAS 17 and HK(IFRIC) 4 Determining whether an Arrangement contains a Lease.

Upon the adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17.

The table below explains the difference between operating lease commitments disclosed at 31 December 2018 by applying HKAS 17 and lease liabilities recognised as at 1 January 2019 by applying HKFRS 16:

	HK$'000
Operating lease commitments disclosed as at 31 December 2018	97,065
Discounted using the lessee's incremental borrowing rate of at the date of initial application	94,713
Add: adjustments as a result of different treatment for extension options	24,633
Less: short-term leases recognised on a straight-line basis as expense	(1,910)
Less: low-value leases recognised on a straight-line basis as expense	(10,727)
Less: Leases signed in 2018 and commenced in 2019	(12,024)
Lease liabilities recognised as at 1 January 2019	94,685
Represented by:	
Current lease liabilities	40,526
Non-current lease liabilities	54,159
	94,685

These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.9%.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods beyond the dates when respective termination options are exercisable) are only included in the lease term if the lease is reasonably certain to be extended (or not be terminated). The assessment is reviewed if a significant event or a significant change in circumstances that is within the control of the lessee has occurred which affects this assessment. As at 1 January 2019, the financial effect of revising the lease terms to reflect the effect of exercising extension and termination options was an increase in both recognised lease liabilities and right-of-use assets by HK$24,633,000.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation (Continued)

(ii) Impact of new or revised HKFRS (Continued)

New standard, amendments to standards and interpretation adopted by the Group *(Continued)*

HKFRS 16, "Leases" *(Continued)*

Effects of changes in accounting policies — Leases *(Continued)*

The table below shows the adjustments recognised in the opening balances of each individual financial statement line item. Line items that were not affected by the changes have not been included.

Consolidated balance sheet (extract)

	Effects of adoption of HKFRS 16			
	As at 31 December 2018, as previously stated	Reclassification	Recognition of leases	As at 1 January 2019
	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets				
Property, plant and equipment	3,251,417	(101,276)	—	3,150,141
Right-of-use assets	—	782,120	94,852	876,972
Prepaid premium for land lease and land use rights	680,844	(680,844)	—	—
Current assets				
Trade and other receivables, deposits paid and prepayments	1,179,675	—	(1,004)	1,178,671
Current liabilities				
Trade and other payables, and deposits received	(1,832,808)	—	837	(1,831,971)
Lease liabilities	—	—	(40,526)	(40,526)
Non-current liabilities				
Lease liabilities	—	—	(54,159)	(54,159)

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

(b) Basis of preparation (Continued)

(ii) Impact of new or revised HKFRS (Continued)

New standard, amendments to standards and interpretation adopted by the Group *(Continued)*

HKFRS 16, "Leases" *(Continued)*

Effects of changes in accounting policies — Leases *(Continued)*

The amount by which each financial statement line item is affected by the application of HKFRS 16 as compared to HKAS 17 (previously in effect) is as follows:

Consolidated income statement (extract)

	For the year ended 31 December 2019		
	Before adoption of HKFRS 16	Effects of adoption of HKFRS 16	As reported
	HK$'000	HK$'000	HK$'000
Depreciation and amortisation	(218,122)	(55,846)	(273,968)
Other costs	(897,301)	58,924	(838,377)
Finance costs	(611,236)	(5,491)	(616,727)
Profit for the year	5,111,362	(2,413)	5,108,949
Attributable to:			
Owners of the Company	3,457,553	(1,757)	3,455,796
Non-controlling interests	1,653,809	(656)	1,653,153

Consolidated balance sheet (extract)

	As at 31 December 2019			
		Effects of adoption of HKFRS 16		
	Before adoption of HKFRS 16	Reclassification	Recognition of leases	As reported
	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets				
Property, plant and equipment	3,750,821	(98,164)	—	3,652,657
Right-of-use assets	—	743,385	112,438	855,823
Prepaid premium for land lease and land use rights	645,221	(645,221)	—	—
Current liabilities				
Trade and other payables, and deposits received	2,735,768	—	(2,257)	2,733,511
Lease liabilities	—	—	47,278	47,278
Non-current liabilities				
Lease liabilities	—	—	69,830	69,830
Equity				
Retained profits	23,442,807	—	(1,757)	23,441,050
Non-controlling interests	4,701,013	—	(656)	4,700,357

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

(b) Basis of preparation (Continued)

(ii) Impact of new or revised HKFRS (Continued)

New standard, amendments to standards and interpretation adopted by the Group *(Continued)*

HKFRS 16, "Leases" *(Continued)*

Effects of changes in accounting policies — Leases *(Continued)*

Consolidated cash flow statement (extract)

	For the year ended 31 December 2019		
	Before adoption of HKFRS 16	Effects of adoption of HKFRS 16	As reported
	HK$'000	HK$'000	HK$'000
Operating activities			
Profit before taxation	5,882,350	(2,413)	5,879,937
Adjustments for:			
— Depreciation and amortisation	218,122	55,846	273,968
— Finance costs	611,236	5,491	616,727
Decrease in trade and other payables, and deposits received	(468,675)	(2,313)	(470,988)
Financing activities			
Payment for lease liabilities (including interest)	—	(56,611)	(56,611)

Amendments to standards not yet adopted

The HKICPA has issued amendments to standards which are relevant to the Group's operations but are not yet effective for the Group's financial year beginning on 1 January 2019 and have not been early adopted:

Amendments to HKFRS 3[1]	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7[1]	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8[1]	Amendments to Definition of Material
Conceptual Framework for Financial Reporting 2018[1]	Revised Conceptual Framework for Financial Reporting
Amendments to HKFRS 10 and HKAS 28[2]	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

(1) Effective for annual periods beginning 1 January 2020

(2) Effective date to be determined

The Group has already commenced an assessment of the impact of these amendments to standards. The new and revised HKFRSs would not be expected to have a material impact to the result of the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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 HKFRS 9 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 consolidated 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(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.

(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.

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 consolidated 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(v) Associates (Continued)

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 consolidated 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 consolidated 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. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, including any other unsecured receivables, 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.

(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 translation

(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 consolidated income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

Changes in the fair value of debt instruments denominated in a foreign currency and classified as financial asset through FVOCI 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 FVOCI, 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 (Policy applicable until 31 December 2018)
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/losses, net' in the consolidated income statement.

No depreciation is provided on hotel building under construction and freehold land.

(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 consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Intangible assets

(i) Licences, franchises, trademarks and royalties

Separately acquired licences, franchises, trademarks 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, trademarks and royalties, amortisation is provided over the estimated finite useful lives of 8 to 20 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.

(j) Financial assets

I. Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value, and

- those to be measured at amortised cost.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income ("OCI").

The classification of debt financial assets depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial assets (Continued)

II. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

All equity investments shall subsequently measured at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial assets (Continued)

III. Impairment

The Group assesses on a forward looking basis for the expected credit loss ("ECL") associated with its financial assets carried at amortised cost and debt instruments at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

IV. 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.

(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 consolidated income statement.

The Group documents at the inception of the transaction the economic 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 OCI. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated 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.

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 consolidated 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 consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 completed properties held for sale

Inventories and completed 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.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For other receivables, the Group assesses on a forward looking basis for the ECL under 12 months expected losses method. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(o) Contract related assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer.

The combination of those rights and performance obligations gives rise to a net contract asset or a net contract liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the cumulative revenue recognised in profit or loss exceeds cumulative payments made by customers. Conversely, the contract is a liability and recognised as contract liabilities if the cumulative payments made by customers exceeds the revenue recognised in profit or loss.

Contract assets are assessed for impairment under the same approach adopted for impairment assessment of financial assets carried at amortised cost. Contract liabilities are recognised as revenue when the Group transfers the goods or services to the customers and therefore satisfies its performance obligation.

The incremental costs of obtaining a contract with a customer are capitalised and presented as contract related assets under "other debtors, deposits and prepayments", if the Group expects to recover those costs, and are subsequently amortised on a systematic basis that is consistent with the transfer to the customers of the goods or services to which the assets relate. The Group recognises an impairment loss in the consolidated income statement to the extent that the carrying amount of the contract related assets recognised exceeds the remaining amounts of consideration that the Group expects to receive less the costs that directly relate to those goods or services and have not been recognised as expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) 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.

(q) 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.

(r) 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.

(s) 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 consolidated 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 removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed is recognised in the consolidated income statement as other income or finance costs.

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.

(t) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated 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 also 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.

The deferred tax liabilities in relation to investment properties in the PRC or Macau that are measured at fair value are determined assuming the property will be recovered entirely through sale.

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.

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.

(v) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) 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 consolidated 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.

(x) 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.

(y) 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.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

(z) **Revenue and other income 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 it satisfies the identified performance obligation by transfer the promised good or service to the customer; and when specific criteria have been met for each of the Group's activities, as described below. Goods and services are transferred when or as the customer obtain control of them. The Group bases its estimate on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time.

Control of the good or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer; or
- the Group's efforts or inputs to the satisfaction of the performance obligation relative to the total expected efforts or inputs.

Revenue from sale of properties is recognised at a point in time upon control or ownership of properties are transferred to the purchasers. Deposits and instalments received from purchasers prior to the stage of revenue recognition are included in contract current liabilities under note 2(o).

Revenue from passenger transportation services is recognised over time upon the transportation services are rendered. Revenue from sale of fuel is recognised at a point in time upon delivery to customers.

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

Revenue from hotel operation and management and club operations are recognised over time 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.

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.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

(aa) Leases

(i) Policy applicable from 1 January 2019

A lease is recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

— fixed payments (including in-substance fixed payments), less any lease incentives receivable

— variable lease payment that are based on an index or a rate

— amounts expected to be payable by the lessee under residual value guarantees

— the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and

— payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant rate of interest on the remaining balance of the liability for each period.

To determine the incremental borrowing rate, the Group:

— where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received

— uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Group, which does not have recent third party financing, and

— makes adjustments specific to the lease, e.g. term, country, currency and security.

Right-of-use assets are measured at cost comprising the following:

— the amount of initial measurement of the lease liability

— any lease payments made at or before the commencement date less any lease incentives received

— any initial direct costs, and

— restoration costs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(aa) Leases (Continued)

(i) Policy applicable from 1 January 2019 (Continued)

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office furniture.

Extension and termination options are included in a number of property leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessors.

(ii) Policy applicable prior to 1 January 2019

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.

(ab) Assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. Investment properties classified as assets held-for-sale are stated at fair value at the end of reporting period.

(ac) 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 applied the income capitalisation approach or the direct comparison method. The fair value derived from income capitalisation approach is based upon estimates of future results and a set of assumptions specific to each property to reflect its tenancy and cashflow profile, while the direct comparison approach considers the recent prices of similar properties with adjustments to reflect the difference in characteristics of the properties. Further details of the judgements and assumptions made were disclosed in note 14.

(b) Valuation of financial assets at fair value through other comprehensive income

The fair value of the unlisted equity investment in STDM which is not traded in an active market is estimated using valuation technique. The Group uses its judgement to apply the market approach as the valuation method and use significant judgements to make assumptions that are mainly based on market conditions existing at the end of each reporting period. Details of the key assumptions used and the impact of changes to these assumptions are disclosed in note 44(e).

(c) Estimated net realisable value of properties for or under development

The Group's properties for or under development are stated at lower of cost and net realisable value. In determining whether allowances should be made, the Group takes into consideration the current market environment and the estimated market value (i.e. the estimated selling price) less estimated costs to completion of the properties. An allowance is made if the recoverable amount is less than the carrying amount.

(d) Estimated net realisable value of inventories

For the carrying value of the Group's completed properties held 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). 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 reference to the latest market value of those inventories identified. In addition, management carries out an inventory review and makes the necessary write-down for obsolete items.

(e) 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.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(f) Income taxes

The Group is subject to income taxes in certain jurisdictions. Significant judgement 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.

4 REVENUE AND OTHER INCOME

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

	2019	2018
	HK$'000	HK$'000
Revenue		
Revenue from sales of properties	**11,707,070**	2,874,540
Revenue from passenger transportation services	**1,370,677**	2,241,492
Revenue from hotel operation	**484,531**	423,730
Rental income	**491,761**	477,811
Management fees and others	**421,732**	386,791
Revenue from sale of fuel	**24,358**	42,247
Revenue from travel agency services	**22,938**	35,942
Interest income from mortgage loans receivable	**138**	267
Dividend income from financial assets at FVOCI	**125,979**	108,762
	14,649,184	6,591,582
Other income		
Interest income from:		
— Bank deposits	**319,344**	198,688
— Others	**2,660**	1,088
Others	**84,277**	124,754
	406,281	324,530
Revenue and other income	**15,055,465**	6,916,112

5 OTHER GAINS, NET

	2019	2018
	HK$'000	HK$'000
Net gain on disposal of subsidiaries	**8,483**	1,347,007
Gain/(loss) on disposal of a joint venture	**321**	(798)
Loss on disposal of an associate	**—**	(3)
Net loss on disposal of property, plant and equipment	**(67)**	(1,471)
	8,737	1,344,735

During the year ended 31 December 2018, net gain on disposal of subsidiaries included an amount of HK$1,348,298,000 arising from the disposal of 50% interests in Nova Mall in Macau at an aggregate cash consideration of HK$3,150,000,000 pursuant to the sale and purchase agreement entered into with HIP Company Limited in June 2016. The Group's economic interest in Nova Mall decreased from 100% to 50% and the Group has accounted for the retained interests as an investment in joint venture subsequent to the completion of disposal in December 2018.

6 OPERATING PROFIT

	2019	2018
	HK$'000	HK$'000
After crediting:		
Rental income from investment properties	303,406	317,822
Less: Direct operating expenses arising from investment properties	(37,780)	(34,819)
	265,626	283,003
Dividend income from listed investments	9,671	8,175
Dividend income from unlisted investments		
— STDM	115,887	99,128
— others	421	1,459
After charging:		
Cost of inventories sold		
— properties	5,183,900	1,346,156
— fuel	493,001	647,565
— others	91,724	121,645
	5,768,625	2,115,366
Exchange (gain)/loss, net	(13,429)	28,057
Depreciation		
— property, plant and equipment (note 12)	192,570	164,030
— right-of-use assets: leasehold land	55,847	—
— right-of-use assets: buildings	3,113	—
— right-of-use assets: prepaid premium for land lease and land use rights	22,233	—
Amortisation		
— intangible assets (note 19)	205	627
— prepaid premium for land lease and land use rights (note 15)	—	12,322
Auditors' remuneration		
— audit services	12,423	11,923
— non-audit services	8,451	5,778
Expenses under short-term lease and low-value assets lease	73,746	—
Minimum lease payments of properties under operating leases	—	112,934
Variable lease payment expense (note 13(c))	28,134	—
Contingent rental payment	—	21,643
Impairment losses recognised/(reversed)		
— property, plant and equipment (note 12)	153,535	—
— trade receivables, net (note 25(a))	132	(76)
Staff costs		
— salaries and wages	1,232,017	1,326,450
— provident fund contributions	52,754	53,827
— directors' emoluments (note 7(a))	38,954	40,304

7 BENEFITS AND INTERESTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUAL

(a) Directors' emoluments

For the year ended 31 December 2019

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						
Ms. Pansy Ho	110	10,187	1,202	635	—	12,134
Ms. Daisy Ho	110	6,151	1,026	307	—	7,594
Ms. Maisy Ho	110	4,681	878	234	—	5,903
Mr. David Shum	110	3,555	740	178	—	4,583
Mr. Rogier Verhoeven	50	2,532	369	127	3,562	6,640
Independent Non-Executive Directors						
Mr. Norman Ho	400	180	—	—	—	580
Mr. Charles Ho	400	60	—	—	—	460
Mr. Michael Wu	400	160	—	—	—	560
Mr. Kevin Yip	400	100	—	—	—	500
	2,090	27,606	4,215	1,481	3,562	38,954

For the year ended 31 December 2018

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						
Ms. Pansy Ho	110	9,986	3,478	627	—	14,201
Ms. Daisy Ho	110	5,972	1,120	298	—	7,500
Ms. Maisy Ho	110	4,500	844	225	—	5,679
Mr. David Shum	110	3,418	711	171	—	4,410
Mr. Rogier Verhoeven	50	2,458	307	123	3,476	6,414
Independent Non-Executive Directors						
Mr. Norman Ho	400	180	—	—	—	580
Mr. Charles Ho	400	60	—	—	—	460
Mr. Michael Wu	400	160	—	—	—	560
Mr. Kevin Yip	400	100	—	—	—	500
	2,090	26,834	6,460	1,444	3,476	40,304

7 **BENEFITS AND INTERESTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUAL** (Continued)

(a) **Directors' emoluments** (Continued)

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.

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

On 12 December 2016, the Company entered into a renewed master service agreement (the "Renewed MGM Agreement") with MGM Grand Paradise Limited ("MGM"), a company in which Ms. Pansy Ho holds an indirect beneficial interest. The Renewed MGM Agreement sets out a framework for products and/or services which may be provided/demanded by the Group to/from MGM and/or its subsidiaries from time to time on a non-exclusive basis.

The Renewed MGM Agreement is for a term of 3 years from 1 January 2017 to 31 December 2019 and is renewable for successive terms of 3 years by mutual agreement in writing. Renewed MGM Agreement expired on 31 December 2019.

On 27 December 2019, the agreement was renewed for a term of three years from 1 January 2020 to 31 December 2022 and is thereafter renewable for successive term 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, all are directors (2018: four are directors) of the Company and the details of their emoluments have been disclosed above. As at 31 December 2018, the emoluments of the individual not included above consisted of salaries, allowances and benefits of HK$5,047,000.

8 FINANCE COSTS

	2019	2018
	HK$'000	HK$'000
Interest on bank borrowings and overdrafts	**463,706**	339,726
Interest on medium term notes	**181,991**	181,836
Interest on loans from non-controlling interests	**39,502**	9,234
Interest on lease liabilities	**5,491**	—
Other finance costs	**28,401**	38,822
Total finance costs	**719,091**	569,618
Less: Amount capitalised in properties for or under development, inventories and hotel building under construction	**(102,364)**	(252,184)
	616,727	317,434

During the year, finance costs have been capitalised at weighted average rate of its general borrowings of 3.93% (2018: 3.10%) per annum for hotel building under construction (2018: properties for or under development and hotel building under construction).

9 TAXATION

(a) Taxation in the consolidated income statement represents:

	2019	2018
	HK$'000	HK$'000
Current taxation		
Hong Kong profits tax		
— tax for the year	**26,527**	53,110
— over-provision in respect of prior years	**(692)**	(1,178)
Overseas taxation		
— tax for the year	**943,727**	262,728
— under/(over) — provision in respect of prior years	**1,038**	(476)
	970,600	314,184
Deferred taxation		
Origination and reversal of temporary differences	**(199,612)**	(77,922)
Total tax expenses	**770,988**	236,262

Hong Kong profits tax is calculated at 16.5% (2018: 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, mainly in Macau and the PRC at 12% and 25% respectively.

9 TAXATION (Continued)

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

	2019	2018
	HK$'000	HK$'000
Profit before taxation	5,879,937	5,577,774
Less: share of results of joint ventures and associates	(212,319)	(2,239,075)
	5,667,618	3,338,699
Tax at the applicable tax rate of 16.5% (2018: 16.5%)	935,157	550,885
Income not subject to tax	(95,551)	(378,159)
Expenses not deductible for tax purposes	178,106	88,918
Utilisation of tax losses and deductible temporary differences not previously recognised	(1,736)	(1,303)
Tax losses and deductible temporary differences not recognised	46,694	53,834
Effect of different tax rates of subsidiaries operating in other jurisdictions	(293,074)	(74,257)
Under/(over)-provision in respect of prior years	345	(1,654)
Others	1,047	(2,002)
Total tax expenses	770,988	236,262

(c) Deferred tax assets and liabilities recognised

The movements in deferred tax assets and liabilities (prior to offsetting balances with the same taxation jurisdiction) during the year are 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
As at 1 January 2018	40	37,560	—	—	37,600
Credit to income statement	35	2,269	—	—	2,304
Credit to other comprehensive income	—	—	3,591	—	3,591
As at 31 December 2018	75	39,829	3,591	—	43,495
Exchange adjustment	—	—	—	62	62
Credit to income statement	692	34,625	—	14,379	49,696
Charge to other comprehensive income	—	—	(3,591)	—	(3,591)
As at 31 December 2019	767	74,454	—	14,441	89,662

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

Deferred tax liabilities

	Accelerated tax depreciation	Revaluation of investment properties	Cash flow hedges	Fair value adjustments on business combination	Others	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2018	301,946	255,060	2,793	782,481	1,224	1,343,504
Exchange adjustment	(4,284)	(6,616)	—	(3,806)	7	(14,699)
Charge/(credit) to income statement	18,917	3,663	—	(99,476)	1,278	(75,618)
Credit to other comprehensive income	—	—	(2,793)	(43,938)	—	(46,731)
Disposal of subsidiaries	—	—	—	(47,649)	—	(47,649)
As at 31 December 2018	**316,579**	**252,107**	**—**	**587,612**	**2,509**	**1,158,807**
Exchange adjustment	**(1,896)**	**(2,527)**	**—**	**1,452**	**(3)**	**(2,974)**
Charge/(credit) to income statement	**18,305**	**95**	**—**	**(182,245)**	**13,929**	**(149,916)**
Charge/(credit) to other comprehensive income	**—**	**—**	**244**	**(50,051)**	**—**	**(49,807)**
As at 31 December 2019	**332,988**	**249,675**	**244**	**356,768**	**16,435**	**956,110**

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 consolidated balance sheet.

	2019	2018
	HK$'000	HK$'000
Deferred tax assets	**46,503**	8,119
Deferred tax liabilities	**(912,951)**	(1,123,431)
	(866,448)	(1,115,312)

(d) Deferred tax assets unrecognised

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

	2019	2018
	HK$'000	HK$'000
Tax losses	**1,553,385**	1,563,954
Deductible temporary differences	**372**	632
	1,553,757	1,564,586

Included in the unrecognised tax losses of the Group are losses of HK$121,396,000 (2018: HK$143,421,000) that will expire on various dates through to 2024 (2018: 2023) from 31 December 2019. 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

	2019	2018
	HK$'000	HK$'000
Proposed final dividend of HK18 cents on 3,021,479,785 shares (2018: HK10 cents on 3,025,435,785 shares)	**534,866**	302,544
Proposed special dividend: nil (2018: HK6 cents on 3,025,435,785 shares)	**—**	181,526
	534,866	484,070

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

11 EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to owners of the Company of HK$3,455,796,000 (2018: HK$4,647,326,000) and the weighted average number of 3,023,427,363 shares (2018: 3,029,728,333 shares) in issue during the year.

Basic and fully diluted earnings per share are the same as the share options of the Company has an anti-dilutive effect on the basic earnings per share for the year ended 31 December 2019 (2018: same).

12 PROPERTY, PLANT AND EQUIPMENT

	Hotel land and buildings	Hotel buildings under construction	Leasehold land and buildings	Vessels and pontoons	Other assets	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost						
As at 1 January 2018	2,156,729	—	1,008,990	2,438,704	1,209,119	6,813,542
Exchange adjustment	(41,348)	—	(148)	—	(1,460)	(42,956)
Additions	436,953	13,933	186	2,103	168,906	622,081
Disposals	—	—	—	(3,734)	(33,480)	(37,214)
Transfer to assets held for sale	—	—	—	—	(218)	(218)
As at 31 December 2018	**2,552,334**	**13,933**	**1,009,028**	**2,437,073**	**1,342,867**	**7,355,235**
Adoption of HKFRS 16 (note 2(b)(ii))	**—**	**—**	**(265,017)**	**—**	**—**	**(265,017)**
As at 1 January 2019	**2,552,334**	**13,933**	**744,011**	**2,437,073**	**1,342,867**	**7,090,218**
Exchange adjustment	**(11,278)**	**117**	**(60)**	**—**	**(1,050)**	**(12,271)**
Additions	**637,799**	**104,973**	**—**	**—**	**115,557**	**858,329**
Disposals	**—**	**—**	**—**	**—**	**(68,742)**	**(68,742)**
As at 31 December 2019	**3,178,855**	**119,023**	**743,951**	**2,437,073**	**1,388,632**	**7,867,534**
Accumulated depreciation and impairment						
As at 1 January 2018	200,733	—	813,151	2,042,717	920,377	3,976,978
Exchange adjustment	(1,333)	—	(25)	—	(573)	(1,931)
Charge for the year (note 6)	39,136	—	6,919	42,794	75,181	164,030
Disposals	—	—	—	(3,734)	(31,469)	(35,203)
Transfer to assets held for sale	—	—	—	—	(56)	(56)
As at 31 December 2018	**238,536**	**—**	**820,045**	**2,081,777**	**963,460**	**4,103,818**
Adoption of HKFRS 16 (note 2(b)(ii))	**—**	**—**	**(163,741)**	**—**	**—**	**(163,741)**
As at 1 January 2019	**238,536**	**—**	**656,304**	**2,081,777**	**963,460**	**3,940,077**
Exchange adjustment	**(3,177)**	**—**	**(10)**	**—**	**(292)**	**(3,479)**
Charge for the year (note 6)	**49,063**	**—**	**3,386**	**42,746**	**97,375**	**192,570**
Impairment (note 6)	**153,535**	**—**	**—**	**—**	**—**	**153,535**
Disposals	**—**	**—**	**—**	**—**	**(67,826)**	**(67,826)**
As at 31 December 2019	**437,957**	**—**	**659,680**	**2,124,523**	**992,717**	**4,214,877**
Net book value						
As at 31 December 2019	**2,740,898**	**119,023**	**84,271**	**312,550**	**395,915**	**3,652,657**
As at 31 December 2018	2,313,798	13,933	188,983	355,296	379,407	3,251,417

12 PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

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

(b) Hotel land and buildings included freehold land in Singapore of net book value of HK$1,509,614,000 (2018: HK$867,605,000) and hotel buildings in Hong Kong and the PRC of net book value of HK$571,031,000 (2018: HK$591,796,000) and HK$660,253,000 (2018: HK$854,397,000) respectively.

Certain property, plant and equipment with net book value of HK$2,503,298,000 (2018: HK$1,231,161,000) were pledged to banks as securities for bank borrowings granted to certain subsidiaries of the Group (note 31).

13 RIGHT-OF-USE ASSETS

	As at 31 December 2019	As at 1 January 2019
	HK$'000	HK$'000
Leasehold land (note c)	**98,163**	101,276
Buildings	**112,436**	94,852
Prepaid premium for land leases and land use right	**645,224**	680,844
	855,823	876,972

(a) The Group obtains right to control the use of various leasehold land, buildings and prepaid premium of land leases and land use right for a period of time through lease arrangements. Lease arrangements for buildings are negotiated on an individual basis and obtain a wide range of different terms and conditions including lease payments and lease terms ranging from 1 to 5 years.

(b) Additions to the right-of-use assets and lease liabilities during the year ended 31 December 2019 were HK$73,679,000.

(c) 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.

Contingent rental payment amounting to approximately HK$22,829,000 (2018: HK$21,643,000) is included in the consolidated income statement, which is charged with reference to revenue generated by the aforesaid subsidiary during the year.

(d) As at 31 December 2019, right-of-use assets with net book value of HK$262,719,000 were pledged to banks as securities for bank borrowings granted to certain subsidiaries of the Group (note 31).

(e) During the year ended 31 December 2019, total cash outflow for leases amounted to HK$158,491,000.

14 INVESTMENT PROPERTIES

Completed investment properties	2019 Hong Kong	2019 Others	2019 Total
	HK$'000	HK$'000	HK$'000
As at valuation			
At 1 January	**5,245,557**	**3,096,444**	**8,342,001**
Addition	**12,825**	**—**	**12,825**
Exchange adjustment	**—**	**(40,371)**	**(40,371)**
Fair value changes	**(142,740)**	**(39,661)**	**(182,401)**
As at 31 December	**5,115,642**	**3,016,412**	**8,132,054**
Freehold properties			**1,060,000**
Leasehold properties			**7,072,054**

Completed investment properties	2018 Hong Kong	2018 Others	2018 Total
	HK$'000	HK$'000	HK$'000
As at valuation			
At 1 January	5,062,574	3,169,740	8,232,314
Addition	2,076	—	2,076
Exchange adjustment	—	(104,909)	(104,909)
Fair value changes	180,907	31,613	212,520
As at 31 December	5,245,557	3,096,444	8,342,001
Freehold properties			1,137,000
Leasehold properties			7,205,001

14 INVESTMENT PROPERTIES (Continued)

Investment properties of fair value of HK$2,006,018,000 (2018: HK$2,067,947,000) was pledged to banks as securities for bank borrowings granted to subsidiaries of the Group (note 31).

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 as at 31 December 2019 (2018: same). The Group employed Savills to value its commercial investment properties which are either freehold or held under leases with unexpired lease terms. The valuations were conformed to the Hong Kong Institute of Surveyors Valuation Standards issued by the Hong Kong Institute of Surveyors.

The Group's investment properties carried at fair value of HK$8,132,054,000 (2018: HK$8,342,001,000) 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 derived using the income capitalisation method or 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.

14 INVESTMENT PROPERTIES (Continued)

Information about fair value measurements using significant unobservable inputs

	Fair value as at 31 December 2019	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	**3,722,235**	**Income Capitalisation**	**HK$29 – HK$114 psf**	**N/A**	**3.0% – 4.0%**
— carpark	**475,807**	**Income Capitalisation**	**HK$220 – HK$3,550**	**N/A**	**3.5% – 4.0 %**
— carpark	**917,600**	**Direct Comparison**	**N/A**	**HK$148,000 – HK$3,350,000**	**N/A**
Others					
— commercial	**2,971,796**	**Income Capitalisation**	**HK$11 – HK$113 psf**	**N/A**	**2.0% – 6.0%**
— carpark	**44,616**	**Direct Comparison**	**N/A**	**HK$363,920 – HK$500,390**	**N/A**

	Fair value as at 31 December 2018	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	3,844,353	Income Capitalisation	HK$31 – HK$115 psf	N/A	3.0% – 4.0%
— carpark	461,604	Income Capitalisation	HK$215 – HK$3,500	N/A	3.5% – 4.0 %
— carpark	939,600	Direct Comparison	N/A	HK$148,000 – HK$3,440,000	N/A
Others					
— commercial	3,050,902	Income Capitalisation	HK$10 – HK$112 psf	N/A	2.0% – 6.0%
— carpark	45,542	Direct Comparison	N/A	HK$364,336 – HK$500,962	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.

15 PREPAID PREMIUM FOR LAND LEASE AND LAND USE RIGHTS

	2019	2018
	HK$'000	HK$'000
Cost		
As at 1 January	729,395	341,226
Adoption of HKFRS 16 (note 2(b)(ii))	(729,395)	—
Addition	—	404,999
Exchange adjustment	—	(16,830)
As at 31 December	—	729,395
Accumulated amortisation		
As at 1 January	48,551	38,385
Adoption of HKFRS 16 (note 2(b)(ii))	(48,551)	—
Exchange adjustment	—	(2,156)
Amortisation for the year (note 6)	—	12,322
As at 31 December	—	48,551
Net book value as at 31 December	—	680,844

As at 31 December 2018, land use rights of HK$273,297,000 was pledged to banks as securities for bank borrowings granted to a subsidiary of the Group (note 31).

16 SUBSIDIARIES

Particulars regarding the principal subsidiaries are set out in note 48.

Subsidiaries with material non-controlling interests

The residential portion of Nova City Phase V owned and developed by Nova Taipa – Urbanizações, Limitada, a subsidiary of the Group ("NC5 Residential") has non-controlling interest material to the Group as the holder of the non-voting Class B share of Fast Shift Investments Limited is entitled to 29% of the economic benefits in or losses arising from NC5 Residential.

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 also 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 NC5 Residential, Ranex and STCT group.

16 SUBSIDIARIES (Continued)

Summarised balance sheet

	As at 31 December					
	NC5 Residential		Ranex		STCT group	
	2019	2018	2019	2018	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Current						
Assets	**6,298,970**	12,954,500	**856,318**	854,017	**1,272,546**	1,464,892
Liabilities	**(1,752,707)**	(7,663,643)	**(266,107)**	(244,067)	**(245,926)**	(391,115)
Total net current assets	**4,546,263**	5,290,857	**590,211**	609,950	**1,026,620**	1,073,777
Non-current						
Assets	**1,337**	20,503	**3,228,000**	3,306,000	**730,960**	738,308
Liabilities	**(162,933)**	(379,607)	**(94,530)**	(89,643)	**(22,556)**	(23,524)
Total net non-current (liabilities)/assets	**(161,596)**	(359,104)	**3,133,470**	3,216,357	**708,404**	714,784
Net assets	**4,384,667**	4,931,753	**3,723,681**	3,826,307	**1,735,024**	1,788,561

Summarised statement of comprehensive income

	For the year ended 31 December					
	NC5 Residential		Ranex		STCT group	
	2019	2018	2019	2018	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**11,004,285**	2,757,461	**93,456**	96,395	**1,455,935**	2,358,366
Profit/(loss) before taxation	**6,080,663**	1,316,768	**(13,851)**	244,779	**(96,056)**	268,272
Taxation	**(760,729)**	(172,383)	**(10,598)**	(24,651)	**23,114**	(26,713)
Other comprehensive income/(loss)	**—**	—	**—**	—	**19,405**	(32,306)
Total comprehensive income/(loss)	**5,319,934**	1,144,385	**(24,449)**	220,128	**(53,537)**	209,253
Total comprehensive income/(loss) allocated to non-controlling interests	**1,618,881**	360,899	**(11,247)**	101,259	**(30,730)**	120,111
Dividends to non-controlling interests	**1,594,994**	—	**—**	92,000	**—**	59,160

16 SUBSIDIARIES (Continued)

Summarised cash flows

	For the year ended 31 December					
	NC5 Residential		Ranex		STCT group	
	2019	2018	2019	2018	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cash flows from/(used in) operating activities						
Cash generated from operations	**6,711,346**	2,613,084	**91,505**	76,356	**(148,167)**	246,509
Income tax paid	**(219,871)**	—	**(50)**	(4,612)	**(6,983)**	(31,455)
Net cash generated from/(used in) operating activities	**6,491,475**	2,613,084	**91,455**	71,744	**(155,150)**	215,054
Net cash generated from/(used in) investing activities	**14,819**	(6,973)	**(805)**	11,783	**314,510**	12,429
Net cash used in financing activities	**(7,970,463)**	(38,568)	**(100,000)**	(200,000)	**(16,411)**	(204,071)
Net (decrease)/increase in cash and cash equivalents	**(1,464,169)**	2,567,543	**(9,350)**	(116,473)	**142,949**	23,412
Cash and cash equivalents as at 1 January	**3,321,240**	753,697	**740,070**	856,543	**424,987**	401,575
Cash and cash equivalents as at 31 December	**1,857,071**	3,321,240	**730,720**	740,070	**567,936**	424,987

17 JOINT VENTURES

	2019	2018
	HK$'000	HK$'000
Share of net assets	**12,734,445**	8,476,142

Particulars regarding the principal joint ventures are set out in note 48.

Summarised financial information of material joint venture

Basecity Investments Limited ("Basecity") is the Group's material joint venture which is 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 of accounting.

17 JOINT VENTURES (Continued)

Summarised balance sheet

	As at 31 December	
	2019	2018
	HK$'000	HK$'000
Current		
Cash and cash equivalents	**516,884**	537,866
Other current assets (excluding cash)	**253,510**	270,938
Total current assets	**770,394**	808,804
Financial liabilities (excluding trade payables)	**(141,817)**	(178,396)
Other current liabilities (including trade payables)	**(276,418)**	(267,358)
Total current liabilities	**(418,235)**	(445,754)
Non-current		
Investment properties	**9,920,000**	10,133,000
Other assets	**1,002,864**	1,045,930
Total non-current assets	**10,922,864**	11,178,930
Other liabilities	**(1,125,941)**	(1,151,501)
Total non-current liabilities	**(1,125,941)**	(1,151,501)
Net assets	**10,149,082**	10,390,479

Summarised statement of comprehensive income

	For the year ended 31 December	
	2019	2018
	HK$'000	HK$'000
Revenue	**646,575**	668,635
Depreciation and amortisation	**(74,086)**	(70,628)
Interest income	**2,674**	622
Interest expense	**(46)**	(2,133)
Fair value changes on investment properties	**(213,000)**	116,000
Others	**(269,863)**	(280,302)
Profit before taxation	**92,254**	432,194
Taxation	**(12,056)**	(52,869)
Profit for the year	**80,198**	379,325
Other comprehensive income	**—**	—
Total comprehensive income	**80,198**	379,325
Dividend income from Basecity	**164,013**	150,241

17 JOINT VENTURES (Continued)

Reconciliation of summarised financial information

	2019	2018
	HK$'000	HK$'000
Opening net assets as at 1 January	10,390,479	10,305,744
Profit for the year	80,198	379,325
Dividend	(321,595)	(294,590)
Closing net assets as at 31 December	10,149,082	10,390,479
Interests in joint venture at 51%	5,176,032	5,299,144

Aggregate information of joint ventures that are not individually material:

	2019	2018
	HK$'000	HK$'000
Aggregate carrying amounts of individually immaterial joint ventures in the consolidated financial statements	7,558,413	3,176,998
Aggregate amounts of the Group's share of those joint ventures'		
(Loss)/profit for the year	(1,517)	1,251,858
Other comprehensive loss	(33,190)	(77,404)
Total comprehensive (loss)/income	(34,707)	1,174,454

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

Note:

During the year, the Group's share of individually immaterial joint ventures' profits include share of fair value loss of investment properties, netted of deferred tax, amounting to HK$7,918,000 (2018: gain of HK$1,243,775,000).

The fair values of completed investment properties held by Basecity and the other joint venture of the Group were determined by Savills and Knight Frank under income capitalisation method and direct comparison method respectively.

18 ASSOCIATES

	2019	2018
	HK$'000	HK$'000
Share of net assets	**3,117,742**	2,934,025
Contribution to an associate	**24,120**	24,120
Goodwill	**137**	137
	3,141,999	2,958,282

There is no associate that is individually material to the Group. The contribution to an associate is unsecured, non-interest bearing and with no fixed term of repayment. The carrying amount of the amount due by an associate approximates its fair value.

Aggregate information of associates that are not individually material:

	2019	2018
	HK$'000	HK$'000
Aggregate carrying amounts of individually immaterial associates in the consolidated financial statements	**3,141,999**	2,958,282
Aggregate amounts of the Group's share of those associates'		
Profit for the year (notes)	**172,935**	793,761
Other comprehensive loss	**(51,354)**	(77,680)
Total comprehensive income	**121,581**	716,081

Note:

(a) On 18 September 2018, the Group acquired 10% Class A shares in the share capital of Shun Tak Centre Limited ("STCL") from Full Energy Company Limited at HK$444 million. The 10% Class A shares are entitled to the pro-rata share of the profits or net assets attributable to the Class A shares in STCL which comprises certain investment properties situated at Shun Tak Centre, Hong Kong.

(b) During the year, the Group's share of associates' profit included share of net fair value gain of investment properties, netted of deferred tax, amounting to HK$60,347,000 (2018: HK$652,584,000). The fair values of completed investment properties held by an associate of the Group were determined by Savills under income capitalisation method, while the fair values of investment properties under construction held by other associates of the Group were determined by CBRE Limited and Savills under residual method.

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 48.

19 INTANGIBLE ASSETS

	Licences and other operating rights	Franchises and royalties	Brand use right	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Cost				
As at 1 January 2018	7,015	1,164	34,702	42,881
Addition	1,427	—	—	1,427
Transfer to assets held for sale	—	—	(34,702)	(34,702)
As at 31 December 2018 and 2019	**8,442**	**1,164**	**—**	**9,606**
Accumulated amortisation				
As at 1 January 2018	5,424	1,030	—	6,454
Amortisation for the year (note 6)	538	89	—	627
As at 31 December 2018	**5,962**	**1,119**	**—**	**7,081**
Amortisation for the year (note 6)	**160**	**45**	**—**	**205**
As at 31 December 2019	**6,122**	**1,164**	**—**	**7,286**
Net book value				
As at 31 December 2019	**2,320**	**—**	**—**	**2,320**
As at 31 December 2018	2,480	45	—	2,525

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2019	(Restated) 31 December 2018	(Restated) 1 January 2018
	HK$'000	HK$'000	HK$'000
Equity securities			
Unlisted	**3,097,810**	3,305,032	3,089,529
Listed			
— In Hong Kong	**426,072**	497,655	172,281
— Outside Hong Kong	**10,413**	7,768	10,497
	436,485	505,423	182,778
Debt securities			
Listed in Hong Kong	**52,197**	52,294	16,251
	3,586,492	3,862,749	3,288,558

The financial assets at FVOCI are denominated in the following currencies:

	31 December 2019	(Restated) 31 December 2018	(Restated) 1 January 2018
	HK$'000	HK$'000	HK$'000
Hong Kong dollar	**3,516,280**	3,794,397	3,252,126
United States dollar	**70,212**	68,352	36,432
	3,586,492	3,862,749	3,288,558

The fair values of listed equity and debt securities are determined on the basis of their quoted market prices at the balance sheet date.

During the year, management has assessed the fair value of the Group's investment in STDM in accordance with the requirements under HKFRS 9 and prior year balances of financial assets at FVOCI have been restated.

The key estimates and assumptions applied on the valuation of the unlisted equity investment in STDM (level 3) are set out in note 44(e) of the consolidated financial statements.

Details of the prior year adjustments and impacts are disclosed in note 2(b)(i) of the consolidated financial statements.

21 MORTGAGE LOANS RECEIVABLE

	2019	2018
	HK$'000	HK$'000
Mortgage loans receivable	1,521	2,459
Less: Current portion (note 25)	(334)	(534)
Non-current portion	1,187	1,925

Mortgage loans receivable are secured by second mortgage of properties and interest bearing at prime rate plus 1% to prime rate plus 2.75% (2018: prime rate plus 1% to prime rate plus 2.75%) per annum.

The carrying amounts of mortgage loans receivable approximate their fair values and are denominated in Hong Kong dollar.

22 OTHER NON-CURRENT ASSETS

	2019	2018
	HK$'000	HK$'000
Amounts due by joint ventures (note a)	1,381,536	1,402,424
Amount due by an associate (note b)	10,000	10,000
Deposits and prepayments	65,393	61,612
	1,456,929	1,474,036

Notes:

(a) Amounts due by joint ventures are interest free and repayable on demand. As at 31 December 2018, HK$22,606,000 was interest bearing at Hong Kong Interbank Offered Rate ("HIBOR") plus 3% per annum on loan principal and repayable on demand. This interest bearing receivable balance was repaid in full by the joint venture during the year ended 31 December 2019. The balances are denominated in Hong Kong dollar.

(b) Amount due by an associate is unsecured, non-interest bearing and with no fixed term of repayment. The balance is denominated in Hong Kong dollar.

(c) The maximum exposure to credit risk as at 31 December 2019 is the carrying amounts, which approximate their fair values (2018: same).

23 PROPERTIES FOR OR UNDER DEVELOPMENT

	2019	2018
	HK$'000	HK$'000
Properties for or under development, at cost	**6,765,078**	5,631,404

The amount of properties for or under development expected to be recovered after more than one year is HK$6,765,078,000 (2018: HK$5,631,404,000).

Properties for or under development of HK$6,765,078,000 (2018: HK$5,631,404,000) were pledged to banks as securities for bank borrowings granted to a subsidiary of the Group (note 31).

24 INVENTORIES

	2019	2018
	HK$'000	HK$'000
Properties held for sale	**11,375,432**	16,853,157
Spare parts	**176,041**	168,502
Others	**17,880**	13,142
	11,569,353	17,034,801

Properties held for sale of HK$6,618,868,000 (2018: HK$16,494,838,000) and other inventories of HK$796,000 (2018: HK$872,000) were pledged to banks as securities for bank borrowings granted to certain subsidiaries of the Group (note 31).

25 TRADE AND OTHER RECEIVABLES, DEPOSITS PAID AND PREPAYMENTS

	2019	2018
	HK$'000	HK$'000
Trade receivables (note a)	**126,259**	150,721
Less: Provision for impairment of trade receivables	**(3,718)**	(4,168)
	122,541	146,553
Amount due by associates (note b)	**110**	11
Amounts due by joint ventures (note c)	**957**	974
Current portion of mortgage loans receivable (note 21)	**334**	534
Deposits for acquisitions of interests in land development rights (note d)	**500,000**	500,000
Other debtors, deposits and prepayments (note e)	**456,158**	531,603
	1,080,100	1,179,675

25 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 maturities. They are denominated in the following currencies:

	2019	2018
	HK$'000	HK$'000
Hong Kong dollar	**819,209**	978,741
Macau pataca	**55,863**	57,978
Renminbi	**45,938**	42,187
United States dollar	**11,733**	7,059
Singapore Dollar	**147,357**	93,675
Others	**—**	35
	1,080,100	1,179,675

Notes:

(a) Trade receivables

Trade receivables 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:

	2019	2018
	HK$'000	HK$'000
0 — 30 days	**89,393**	103,649
31 — 60 days	**24,820**	35,414
61 — 90 days	**5,764**	5,547
Over 90 days	**6,282**	6,111
	126,259	150,721

25 TRADE AND OTHER RECEIVABLES, DEPOSITS PAID AND PREPAYMENTS (Continued)

Notes (Continued):

(a) Trade receivables (Continued)

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables.

Movement in the loss allowance of trade debtors during the year is as follows:

	2019	2018
	HK$'000	HK$'000
As at 1 January	**4,168**	4,244
Impairment loss recognised during the year	**240**	—
Impairment loss reversed during the year	**(108)**	(76)
Uncollectible amount written off	**(582)**	—
As at 31 December	**3,718**	4,168

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 associates are unsecured, non-interest bearing and with no fixed term of repayment.

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

(d) 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 related company of HK$500,000,000 (2018: HK$500,000,000) in Macau. The transaction is further disclosed in note 39(b)(ix) significant related party transactions.

(e) Included within the balance of "other debtors, deposits and prepayments" as at 31 December 2019, the Group recognised an asset of HK$43,845,000 (2018: HK$198,989,000) in relation to sales commissions paid to obtain property sales contract. The Group capitalised the amount and amortised it when the property sales revenue or the forfeiture income from property sales deposits are recongised. During the year, HK$178,232,000 (2018: HK$56,122,000) are charged to the consolidated income statement.

26 DERIVATIVE FINANCIAL INSTRUMENTS

	2019	2018
	HK$'000	HK$'000
Non-current assets		
Cross-currency swaps (note a)	—	6,746
Current assets		
Cross-currency swaps (note a)	15,027	—
Fuel swap contracts (note b)	1,476	—
	16,503	—
Current liabilities		
Fuel swap contracts (note b)	—	21,763

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 33) denominated in United State dollar ("US$") with aggregate principal amount of US$400 million as at 31 December 2019.

A gain (2018: gain) in fair value of cross-currency swap contracts, that are designated and qualified as cash flow hedges, amounting to HK$8,281,000 (2018: HK$6,639,000), was recognised in hedging reserve in equity for the year ended 31 December 2019. Under cash flow hedges, a loss of HK$17,251,000 (2018: gain of HK$7,540,000) was transferred from hedging reserve to consolidated income statement.

Hedging reserve arose from gain (2018: loss) in fair value of the cross-currency swap contracts which qualified as cash flow hedge, was HK$1,962,000 as at 31 December 2019 (2018: HK$23,570,000).

As at 31 December 2019, the Group had two (2018: two) outstanding currency swap contracts. These contracts will expire in March 2020.

The effects of the cross-currency swaps on the Group's financial position and performance are as follows:

	2019	2018
Cross-currency swaps		
Notional amount (US$'000)	400,000	400,000
Maturity date	March 2020	March 2020
Hedge ratio	100%	100%
Weighted average fixed exchange rate for the year (US$/HK$)	7.7566	7.7566

26 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Notes: (Continued)

(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 gain (2018: loss) in fair value of fuel swap contracts that are designated and qualified as cash flow hedges amounting to HK$6,312,000 (2018: HK$4,352,000), are recognised in hedging reserve in equity for the year ended 31 December 2019. Under cash flow hedges, the loss of HK$1,953,000 (2018: gain of HK$9,411,000) was transferred from hedging reserve to consolidated income statement.

Hedging reserve arose from gain (2018: loss) in fair value of the fuel swap contracts, qualified as cash flow hedge was HK$524,000 as at 31 December 2019 (2018: HK$7,741,000).

As at 31 December 2019, the Group had outstanding fuel swap contracts to buy approximately 36,000 (2018: 192,000) barrels of fuel. These contracts will expire in December 2020 (2018: December 2019).

The effects of the fuel swap contracts on the Group's financial position and performance are as follows:

	2019	2018
Fuel swap contracts		
Fuel type	**Gasoil**	Gasoil
Hedged quantity (barrel)	**36,000**	192,000
Maturity date	**December 2020**	June-December 2019
Hedge ratio*	**10%**	23%
Weighted average fixed price for the year (US$)	**72.00**	81.14

* Hedge ratio is estimated based on hedged quantity to estimated consumption for the coming year.

27 CASH AND BANK BALANCES

	2019	2018
	HK$'000	HK$'000
Bank deposits	**11,138,678**	9,880,182
Cash and bank balances	**1,142,224**	4,437,469
	12,280,902	14,317,651

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

27 CASH AND BANK BALANCES (Continued)

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

	2019	2018
	HK$'000	HK$'000
Hong Kong dollar	**10,416,131**	12,597,468
Macau pataca	**143,474**	132,079
Renminbi	**578,031**	526,694
United States dollar	**964,633**	822,340
Singapore dollar	**178,633**	239,070
	12,280,902	14,317,651

As at 31 December 2019, bank balances and bank deposits include amount of HK$234,195,000 (2018: HK$3,547,562,000) held under charge in favour of banks in respect of bank loan facilities (note 31). As at 31 December 2019, the balances can be utilised under specified conditions by the Group. As at 31 December 2018, the balances of HK$3,307,026,000 was property presale proceeds which can be utilised to settle relevant projects' construction cost payable and the remaining balance of HK$240,536,000 can be utilised under specified conditions by the Group.

28 ASSETS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE

On 20 December 2018, a sale and purchase agreement was entered to dispose its entire 65% equity interest in Artyzen citizenM Asia Limited. The disposal was completed on 2 January 2019 and a gain on disposal amounting to HK$9,157,000 was recorded in the year ended 31 December 2019.

The major classes of assets held for sale and liabilities associated with assets held for sale are as follows:

	2018
	HK$'000
Assets held for sale	
Property, plant and equipment	162
Intangible assets	34,702
Trade and other receivables, and deposits paid	1,293
Cash and bank balances	468
Total assets held for sale	36,625
Liabilities directly associated with assets held for sale	
Other payables	277
Taxation payable	229
Total liabilities directly associated with assets held for sale	506
	36,119

29 TRADE AND OTHER PAYABLES, AND DEPOSITS RECEIVED

	2019	2018
	HK$'000	HK$'000
Amounts due to joint ventures (note a)	**3,195**	4,407
Amounts due to associates (note b)	**3,498**	5,135
Trade and other creditors, deposits and accrued charges (note c)	**1,358,315**	1,823,266
Dividend payable to non-controlling interests	**1,368,503**	—
	2,733,511	1,832,808

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

	2019	2018
	HK$'000	HK$'000
Hong Kong dollar	**1,783,559**	557,563
Macau pataca	**458,882**	749,749
Renminbi	**324,168**	364,507
Singapore dollar	**135,039**	121,354
United States dollar	**27,996**	36,061
Others	**3,867**	3,574
	2,733,511	1,832,808

Notes:

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

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

(c) The ageing analysis of trade payables by invoice date is as follows:

	2019	2018
	HK$'000	HK$'000
0 — 30 days	**794,849**	1,052,393
31 — 60 days	**4,434**	6,494
61 — 90 days	**6,524**	1,472
Over 90 days	**5,268**	6,645
	811,075	1,067,004

30 CONTRACT LIABILITIES

The Group has recognised the following revenue-related contract liabilities:

	2019	2018
	HK$'000	HK$'000
Property sales (note a)	**647,681**	4,574,501
Passenger transportation	**12,083**	32,588
Hotel and club operations	**30,484**	25,434
	690,248	4,632,523
Less: non-current portion	**(24,164)**	(10,527)
Current portion	**666,084**	4,621,996

Notes:

(a) The Group received payments from customers based on billing schedule as established in contracts. Payments are usually received in advance before the transfer of property.

The contract liabilities from property sales decreased during the year as the Group had recognised sales during the year ended 31 December 2019.

(b) The following table shows the amount of the revenue recognised in the current year that relates to contract liabilities balance at the beginning of the year:

	2019	2018
	HK$'000	HK$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year		
— Property sales	**4,231,130**	1,025,639
— Passenger transportation	**32,588**	42,605
— Hotel and club operations	**14,907**	13,083
	4,278,625	1,081,327

(c) The following table shows the amount of unsatisfied performance obligations resulting from fixed price contracts with an original expected timing of revenue recognition in more than one year:

	2019	2018
	HK$'000	HK$'000
Expected to be recognised within one year	**1,870,664**	9,456,346
Expected to be recognised after one year	**271,407**	2,470,153
	2,142,071	11,926,499

For all other contracts with an original expected duration of one year or less or are billed based on time incurred, as permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

31 BANK BORROWINGS

	2019	2018
	HK$'000	HK$'000
Bank borrowings repayable as follows:		
Not exceeding 1 year	**7,295,263**	5,170,760
More than 1 year but not exceeding 2 years	**1,325,377**	6,144,578
More than 2 years but not exceeding 5 years	**6,418,323**	3,989,097
More than 5 years	**275,723**	—
	15,314,686	15,304,435
Less: Current portion	**(7,295,263)**	(5,170,760)
Non-current portion	**8,019,423**	10,133,675

Bank borrowings include secured bank borrowings of HK$9,039,686,000 (2018: HK$9,509,435,000) and are secured by the following pledged assets:

	2019	2018
	HK$'000	HK$'000
Property, plant and equipment (note 12)	**2,503,298**	1,231,161
Properties for or under development (note 23)	**6,765,078**	5,631,404
Inventories (note 24)	**6,619,664**	16,495,710
Land use rights (note 15)	**—**	273,297
Right-of-use assets (note 13)	**262,719**	—
Investment properties (note 14)	**2,006,018**	2,067,947
Cash and bank balances (note 27)	**234,195**	3,547,562
Other assets	**43,166**	46,784
	18,434,138	29,293,865

Out of the above secured bank borrowings, an aggregate amount of HK$2,170,552,000 (2018: HK$1,403,686,000) are also secured by pledges of shares of certain subsidiaries (note 48).

Bank borrowings amounting to HK$2,136,229,000 (2018: HK$1,377,141,000) are repayable by instalments.

Bank borrowings are interest bearing at floating rates with contractual interest repricing dates ranged within 6 months. As at 31 December 2019, the weighted average effective interest rate of the Group's bank borrowings is 3.4% (2018: 3.4%) per annum.

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

	2019	2018
	HK$'000	HK$'000
Hong Kong dollar	**7,029,000**	7,922,447
Renminbi	**1,767,229**	993,141
Singapore dollar	**6,518,457**	6,388,847
	15,314,686	15,304,435

32 PROVISION FOR EMPLOYEE BENEFITS

Provision for employee benefits represents cost of cumulative paid leaves that the Group expects to pay.

	2019	2018
	HK$'000	HK$'000
As at 1 January	**12,289**	13,010
Net amount provided during the year	**1,244**	1,062
Amount utilised and paid during the year	**(2,302)**	(1,783)
As at 31 December	**11,231**	12,289

33 MEDIUM TERM NOTES

The US$400 million (approximately HK$3,115,600,000) 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 rate of 5.7% per annum and are payable semi-annually. The notes have a term of 7 years and have been matured on 7 March 2020. As at 31 December 2019, the market value of the notes was approximately HK$3,141,740,000 (2018: HK$3,179,589,000) and is within level 1 of the fair value hierarchy.

34 LOANS FROM NON-CONTROLLING INTERESTS

Loans from non-controlling interests are expected to be repayable on demand or repayable within one year (2018: same for HK$799,122,000 with the remaining balance presented as non-current liabilities). As at 31 December 2019, the loans amounting to HK$499,708,000 (2018: HK$799,122,000) were non-interest bearing and unsecured. The remaining balance of HK$396,828,000 (2018: HK$393,737,000) was secured and bore interest at the lower of i) 10% per annum on loan principal and ii) profit shared by non-controlling interests for the year before interest on the shareholders' loan of that non-wholly owned subsidiary. The Group did not provide any guarantee on loans from non-controlling interests.

The carrying amounts of loans from non-controlling interests approximate their fair value and are denominated in the following currencies:

	2019	2018
	HK$'000	HK$'000
Hong Kong dollar	**60,361**	391,587
Renminbi	**384,813**	392,800
Singapore dollar	**451,362**	408,472
	896,536	1,192,859

35 SHARE CAPITAL

	2019		2018	
	Number of shares	**HK$'000**	Number of shares	HK$'000
Issued and fully paid ordinary shares				
At beginning of the year	**3,025,435,785**	**9,858,250**	3,042,465,785	9,858,250
Buy-back of shares	**(3,956,000)**	**—**	(17,030,000)	—
At end of the year	**3,021,479,785**	**9,858,250**	3,025,435,785	9,858,250

During the year, the Company bought back its own shares through The Stock Exchange of Hong Kong Limited as follows:

2019

Month of buy-back	Number of shares bought back	Price per share Highest	Lowest	Aggregate consideration
		HK$	HK$	HK$'000
May 2019	1,736,000	3.08	3.01	5,316
June 2019	560,000	3.12	3.10	1,745
July 2019	1,660,000	3.10	3.03	5,104
	3,956,000			12,165
		Total expenses on shares bought back		32
				12,197

2018

Month of buy-back	Number of shares bought back	Price per share Highest	Lowest	Aggregate consideration
		HK$	HK$	HK$'000
January 2018	1,750,000	3.26	3.23	5,692
February 2018	9,650,000	3.28	3.07	30,626
July 2018	5,630,000	3.11	3.00	17,179
	17,030,000			53,497
		Total expenses on shares bought back		138
				53,635

The shares buy-back was governed by section 257 of the Hong Kong Companies Ordinance. The total amount incurred for the shares bought back of HK$12,197,000 (2018: HK$53,635,000) was paid wholly out of the Company's retained profits. All the shares bought back were subsequently cancelled.

36 SHARE OPTION SCHEME

The share option scheme adopted by the Company on 31 May 2002 (the "2002 Share Option Scheme") and 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 currently has a share option scheme (the "2012 Share Option Scheme"), approved by the shareholders of the Company at the annual general meeting of the Company held on 6 June 2012. Pursuant to the 2012 Share Option Scheme, 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.

Details of the share options are as follows:

2019

		Number of share options			
Date of grant	**Exercise price**	**As at 1 January**	**Lapsed during the year**	**As at 31 December**	**Note**
The 2002 Share Option Scheme					
29 March 2011	**HK$3.86**	**2,264,248**	**—**	**2,264,248**	**(a), (b)**
Weighted average exercise price		**HK$3.86**	**—**	**HK$3.86**	

2018

		Number of share options			
Date of grant	Exercise price	As at 1 January	Lapsed during the year	As at 31 December	Note
The 2002 Share Option Scheme					
29 March 2011	HK$3.86	2,264,248	—	2,264,248	(a), (b)
Weighted average exercise price		HK$3.86	—	HK$3.86	

Notes:

(a) The 2,264,248 share options were granted to Directors of the Company and exercisable commencing on 29 March 2011 (i.e. date of grant) and expiring on 27 March 2021. These share options vested on the date of grant.

(b) The weighted average remaining contractual life for the share options outstanding as at 31 December 2019 is 1.24 years (2018: 2.24 years).

(c) 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 year ended 31 December 2019 (2018: same).

37 OTHER RESERVES

	As at 31 December 2019	(Restated) As at 31 December 2018	(Restated) As at 1 January 2018
	HK$'000	HK$'000	HK$'000
Capital reserve (note a)	**14,465**	14,465	14,465
Asset revaluation reserve (note b)	**299,148**	666,188	988,402
Legal reserve (note c)	**12,201**	13,926	13,037
Special reserve (note d)	**(151,413)**	(151,413)	(151,413)
Investment revaluation reserve (note e)	**2,257,130**	1,816,134	1,675,454
Hedging reserve	**2,486**	(31,311)	(16,647)
Exchange reserve	**(516,948)**	(372,755)	37,100
Retained profits	**23,441,050**	20,598,521	16,468,182
	25,358,119	22,553,755	19,028,580

Notes:

(a) Capital reserve comprises the portion of fair value on grant date of unexercised share option granted to Directors of the Company, and is accounted for in accordance with the accounting policy adopted for share-based payments in note 2(w).

(b) 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".

(c) 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 rules and regulations in Macau and the PRC.

(d) 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 acquired from non-controlling interests.

(e) Investment revaluation reserve represents the cumulative changes in fair value of financial assets at FVOCI and is accounted for in accordance with the accounting policy adopted in note 2 (j).

38 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 in respect of 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 and club operations, 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 2018.

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).

38 SEGMENT INFORMATION (Continued)

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

2019

	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)						
Revenues from contracts with customers						
— Recognised at a point in time	11,714,149	29,581	144,492	27,401	—	11,915,623
— Recognised over time	171,085	1,303,331	641,405	—	—	2,115,821
	11,885,234	1,332,912	785,897	27,401	—	14,031,444
Revenues from other sources						
— Rental income	484,227	7,115	—	419	—	491,761
— Dividend income	—	—	—	125,979	—	125,979
	484,227	7,115	—	126,398	—	617,740
	12,369,461	1,340,027	785,897	153,799	—	14,649,184
Inter-segment revenue	5,207	2,035	24,680	—	(31,922)	—
Other income (external income and excluding interest income)	32,930	31,316	12,513	7,518	—	84,277
	12,407,598	1,373,378	823,090	161,317	(31,922)	14,733,461
Segment results	6,524,886	(122,071)	(219,667)	134,345	—	6,317,493
Fair value changes on investment properties	(182,401)	—	—	—	—	(182,401)
Interest income						322,004
Unallocated expense						(172,751)
Operating profit						6,284,345
Finance costs						(616,727)
Share of results of joint ventures	64,234	2,134	(26,984)	—	—	39,384
Share of results of associates	163,113	3,536	(4,379)	10,665	—	172,935
Profit before taxation						5,879,937
Taxation						(770,988)
Profit for the year						5,108,949

38 **SEGMENT INFORMATION** (Continued)

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

2019

	Property	Transportation	Hospitality	Investment	Eliminations	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets						
Segment assets	31,550,063	4,961,646	4,246,840	3,703,197	(20,624)	44,441,122
Joint ventures	12,975,218	64,520	(305,293)	—	—	12,734,445
Associates	2,911,669	29,657	187,331	13,342	—	3,141,999
Unallocated assets						5,011,268
Total assets						65,328,834
Liabilities						
Segment liabilities	1,622,736	1,607,668	231,370	32,039	(20,624)	3,473,189
Unallocated liabilities						21,395,053
Total liabilities						24,868,242
Other information						
Additions to non-current assets (other than financial instruments and deferred tax assets)	4,544,598	47,585	839,385	29,372	—	5,460,940
Depreciation						
— property, plant and equipment	21,716	74,861	90,753	241	—	187,571
— right-of-use assets	6,455	16,778	32,841	5,293	—	61,367
Amortisation						
— intangible assets	—	—	160	45	—	205
Impairment losses provided/ (reversed)						
— property, plant and equipment	—	—	153,535	—	—	153,535
— trade receivables, net	240	—	(108)	—	—	132

38 SEGMENT INFORMATION (Continued)

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

2018

	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)						
Revenues from contracts with customers						
— Recognised at a point in time	2,876,482	49,398	117,482	27,907	—	3,071,269
— Recognised over time	142,351	2,106,928	684,461	—	—	2,933,740
	3,018,833	2,156,326	801,943	27,907	—	6,005,009
Revenues from other sources						
— Rental income	473,352	3,977	—	482	—	477,811
— Dividend income	—	—	—	108,762	—	108,762
	473,352	3,977	—	109,244	—	586,573
	3,492,185	2,160,303	801,943	137,151	—	6,591,582
Inter-segment revenue	2,682	1,849	44,356	—	(48,887)	—
Other income (external income and excluding interest income)	73,806	35,396	8,814	6,738	—	124,754
	3,568,673	2,197,548	855,113	143,889	(48,887)	6,716,336
Segment results	3,112,370	245,765	(35,281)	97,010	—	3,419,864
Fair value changes on investment properties	212,520	—	—	—	—	212,520
Interest income						199,776
Unallocated expense						(176,027)
Operating profit						3,656,133
Finance costs						(317,434)
Share of results of joint ventures	1,464,437	9,151	(28,274)	—	—	1,445,314
Share of results of associates	784,947	485	87	8,242	—	793,761
Profit before taxation						5,577,774
Taxation						(236,262)
Profit for the year						5,341,512

38 SEGMENT INFORMATION (Continued)

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

2018, as restated

	Property	Transportation	Hospitality	Investment	Eliminations	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets						
Segment assets	37,732,009	5,018,663	3,834,292	3,898,301	(36,138)	50,447,127
Joint ventures	8,668,400	63,466	(255,724)	—	—	8,476,142
Associates	2,728,085	28,756	193,964	7,477	—	2,958,282
Unallocated assets						5,394,086
Total assets						67,275,637
Liabilities						
Segment liabilities	5,894,299	370,926	219,056	4,263	(36,138)	6,452,406
Unallocated liabilities						21,173,905
Total liabilities						27,626,311
Other information						
Additions to non-current assets (other than financial instruments and deferred tax assets)	2,560,409	49,163	1,011,125	78	—	3,620,775
Depreciation	22,419	78,488	58,461	282	—	159,650
Amortisation						
— prepaid premium for land lease and land use rights	—	—	12,322	—	—	12,322
— intangible assets	—	—	538	89	—	627
Impairment losses reversed						
— trade receivables, net	—	—	(76)	—	—	(76)

38 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 tangible assets is based on the location of the 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	Mainland China	Others	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2019					
Revenue and other income from external customers	**1,323,974**	**12,289,743**	**225,960**	**893,784**	**14,733,461**
Non-current assets	**6,556,883**	**1,151,792**	**3,301,076**	**1,633,103**	**12,642,854**
2018					
Revenue and other income from external customers	1,891,427	4,382,901	178,240	263,768	6,716,336
Non-current assets	6,650,977	1,213,342	3,528,294	884,174	12,276,787

(d) Information about major customers

For the year ended 31 December 2019 and 2018, 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 revenue by each reportable segment and dividend income from financial assets at FVOCI (note 4).

39 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Note	2019	2018
		HK$'000	HK$'000
STDM Group	(i)		
Dividend income from STDM		115,887	99,128
Ferry tickets sold (after discount) to STDM Group		90,997	110,373
Fees received from STDM Group for provision of hospitality management and related services		36,158	35,015
Fees received from STDM Group for provision of property related services		5,222	4,675
Fees received from STDM Group for provision of business support services		18,223	6,083
Rental and related expenses paid to STDM Group		29,264	29,456
Fee paid to STDM Group for purchase of travel products		16,681	21,471
Fuel purchased from STDM Group for Macau shipping operations		—	287,346
Fuel arrangement fee paid to STDM Group for Macau shipping operations		6,337	—
Amount reimbursed by STDM Group for staff expenses and administrative resources shared		47,095	45,449
Revenue of duty free goods sold on board collected for STDM		11,972	13,422
Shun Tak Centre Limited ("STCL")	(ii), (iii)		
Rental and related expenses paid to STCL		19,171	19,527
Joint ventures			
Ferry passengers handling fees received on behalf of a joint venture		9,593	15,012
Associates			
Insurance premium paid to an associate		44,256	48,742
Fuel costs paid to an associate		37,421	66,357
Key management personnel			
Directors' emoluments	(iv)		
— Salaries and other short-term employee benefits		37,351	38,742
— Provident fund contributions		1,603	1,562
Consideration for sale of residential units	(v)	—	49,983
Consideration paid for acquisition of an associate	(iii)	—	444,331

39 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

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

	Note	2019	2018
		HK$'000	HK$'000
STDM Group	(i)		
Net (payable to)/receivable from STDM Group	29, (vi)	**(1,343,097)**	30,140
Joint ventures			
Amounts due by joint ventures	(vii)	**1,382,493**	1,403,398
Amounts due to joint ventures	(vii)	**3,195**	4,407
Associates			
Amounts due by associates	(viii)	**10,110**	10,011
Amounts due to associates	(viii)	**3,498**	5,135
Key management personnel			
Deposit paid by a subsidiary to Sai Wu Investment Limited ("Sai Wu")	(ix)	**500,000**	500,000
Deposits received for sale of residential units	(v)	**—**	52,880

Notes:

(i) Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho and Mr. David Shum, Directors of the Company, have beneficial interests in STDM. Ms. Pansy Ho and Mr. David Shum are directors of STDM. Ms. Daisy Ho is an appointed representative of Lanceford Company Limited, which is a corporate director of STDM. Ms. Maisy Ho is an appointed representative of the Company, which is a corporate director of STDM.

(ii) Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho and Mr. David Shum are directors of STCL.

(iii) The consideration was paid for acquiring 10% Class A shares in the share capital of STCL from Full Energy Company Limited which is owned by Dr. Stanley Ho, a close family member of Ms. Pansy Ho, Ms. Daisy Ho and Ms. Maisy Ho. The acquisition was completed on 18 September 2018 and STCL became an associate of the Group.

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

(v) During the year ended 31 December 2018, Ms. Daisy Ho and Ms. Maisy Ho, Directors of the Company entered into sale and purchase contracts with the Group to purchase certain residential units of Nova Grand in Taipa, Macau developed by the Group at a total consideration of HK$49,983,000. As at 31 December 2018, sale deposits of HK$52,880,000 was recognised as contract liabilities.

During the year ended 31 December 2019, revenue amounting to HK$78,715,000 (2018: HK$80,394,000) was recognised in the consolidated income statement in relation to the sale and purchase contracts mentioned above.

39 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

Notes: (Continued)

(vi) Net (payable to)/receivable from STDM Group comprises trade and other receivables and payables.

(vii) Amounts due to joint ventures are unsecured, non-interest bearing and with no fixed term of repayment.

Amounts due by joint ventures are unsecured and with no fixed term of repayment. As at 31 December 2018, an amount of HK$22,606,000 carries interest at HIBOR plus 3% per annum. This interest bearing receivable balance was repaid in full by the joint venture during the year ended 31 December 2019. The remaining balances are non-interest bearing.

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

(ix) On 11 November 2004, Shun Tak Nam Van Investment Limited ("Shun Tak Nam Van"), a wholly-owned subsidiary of the Group, entered into a conditional sale and purchase agreement ("SPA") 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 ("Nam Van Sites") (note 25(d)). 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.

On 1 November 2016, Shun Tak Nam Van, the Company and Sai Wu entered into a supplemental agreement in respect of (i) the extension of the long stop date of the SPA and (ii) the proposed transfer of entire share capital of companies holding the respective leasehold grant or promissory land rights (the "Target Companies") and the assignment of relevant promissory land rights held by Sai Wu to Shun Tak Nam Van (the "Proposed Transfer"), enabling the Group to have authority to directly negotiate on behalf of Sai Wu and the Target Companies in relation to the land sites and the promissory land rights. The Proposed Transfer was completed in 2018.

Depending on the results of such negotiation, Shun Tak Nam Van may (i) obtain the replacement site(s) to its satisfaction and pay the pro-rata consideration; or (ii) revoke the Proposed Transfer and request Sai Wu to return the deposit paid by Shun Tak Nam Van under the SPA.

40 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 (2018: 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 governments. The subsidiaries are required to contribute a certain percentage of their payroll costs 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 2019 were HK$54,357,000 (2018: HK$55,389,000). 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$18,037,000 (2018: HK$17,853,000).

41 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	**2019**	2018
		HK$'000	HK$'000
Contracted but not provided for			
Property, plant and equipment	(i)	**515,787**	673,542
Capital contribution to			
Joint ventures	(ii)	**69,601**	227,710
Associates	(iii)	**792,732**	868,499
		862,333	1,096,209

41 COMMITMENTS (Continued)

(a) Capital commitments (Continued)

Notes:

(i) As at 31 December 2019, the outstanding commitments mainly include approximately HK$501 million (2018: HK$579 million) for development of a hotel property in Singapore.

(ii) As at 31 December 2018, the Group has an outstanding commitment to contribute capital of RMB200 million to a joint venture for jointly developing a land located in Shanghai Qiantan. The outstanding commitment has been honoured and fully settled during the year ended 31 December 2019. In addition, the Group's share of capital commitment of this joint venture is HK$637 million as at 31 December 2019 (2018: HK$1,151 million).

(iii) As at 31 December 2019, the outstanding commitment mainly includes capital contribution of USD99 million (2018: USD108 million) to an associate for investing in real estate projects in the PRC for healthcare usage, with hotel and/or retails components, complemented by healthcare-related amenities and mixed use properties.

(b) Lease commitments

The Group leases various offices, warehouses and retail stores under non-cancellable operating leases expiring with 1 year to 5 years. The leases have varying terms and renewal rights. On renewal, the terms of the leases are renegotiated.

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

	2018
	HK$'000
Within one year	59,722
In the second to fifth year inclusive	37,343
	97,065

From 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases. Details can be referred to note 2(b)(ii) and note 13.

(c) Committed leases not yet commenced

As at 31 December 2019, the total future lease payments for leases committed but not yet commenced are payable as follows:

Land and building

	2019
	HK$'000
Within one year	**1,637**
In the second to fifth year inclusive	**1,901**
	3,538

41 COMMITMENTS (Continued)

(d) Future minimum lease payments receivable

The Group leases out properties under operating leases. The majority of the leases typically run for periods of 1 to 20 years. None of the leases include material contingent rentals.

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

	2019	2018
	HK$'000	HK$'000
Within one year	**352,382**	284,394
After 1 year but within 2 years	**280,974**	187,376
After 2 years but within 3 years	**134,800**	121,753
After 3 years but within 4 years	**70,516**	67,733
After 4 years but within 5 years	**23,018**	42,922
After 5 years	**26,686**	38,234
	888,376	742,412

(e) Property development commitments

The Group had outstanding commitments of HK$287 million (2018: HK$885 million) under various contracts for property development projects.

In addition to the above, the Group had commitments of payment up to HK$250 million (2018: HK$250 million) in cash and of issue of up to 148,883,374 (2018: 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 25(d) and 39(b)(ix)).

42 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Bank borrowings	Finance costs payable	Medium term notes	Cross-currency swaps held to hedge against currency risk of medium term notes	Lease liabilities	Loans from non-controlling interests	Dividend payable to shareholders	Dividend payable to non-controlling interest	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2019	15,304,435	15,135	3,184,001	(6,746)	—	1,192,859	4,134	—	19,693,818
Cash flows	(19,721)	(485,440)	(178,156)	—	(56,611)	(331,225)	(483,585)	(1,647,534)	(3,202,272)
Adoption of HKFRS 16	—	—	—	—	94,685	—	—	—	94,685
Fair value change	—	—	—	(8,281)	—	—	—	—	(8,281)
Exchange adjustments	29,972	—	(17,250)	—	—	(4,600)	—	—	8,122
Finance costs	—	492,107	181,991	—	5,491	39,502	—	—	719,091
Dividends declared	—	—	—	—	—	—	484,070	3,016,037	3,500,107
Dividends on shares bought-back	—	—	—	—	—	—	(278)	—	(278)
Addition to lease liabilities (note 13(b))	—	—	—	—	73,679	—	—	—	73,679
Remeasurement of lease liabilities	—	—	—	—	(136)	—	—	—	(136)
As at 31 December 2019	15,314,686	21,802	3,170,586	(15,027)	117,108	896,536	4,341	1,368,503	20,878,535

	Bank borrowings	Finance costs payable	Medium term notes	Cross-currency swaps held to hedge against currency risk of medium term notes	Loans from non-controlling interests	Dividend payable to shareholders	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2018	12,042,043	11,349	3,172,788	(107)	1,215,733	4,015	16,445,821
Cash flows	3,370,319	(374,762)	(178,163)	–	(3,228)	(181,655)	2,632,511
Fair value change	–	–	–	(6,639)	–	–	(6,639)
Exchange adjustments	(107,927)	–	7,540	–	(28,880)	–	(129,267)
Finance costs	–	378,548	181,836	–	9,234	–	569,618
Dividends declared	–	–	–	–	–	181,864	181,864
Dividends on shares bought-back	–	–	–	–	–	(90)	(90)
As at 31 December 2018	15,304,435	15,135	3,184,001	(6,746)	1,192,859	4,134	19,693,818

43 CONTINGENCY AND FINANCIAL GUARANTEES

The Group has 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$1.9 million (2018: HK$2.1 million).

44 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, debt securities classified as financial assets at FVOCI, 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. The Group's investment in debt securities are considered to be low risk because of their high credit ratings. The credit ratings of the investments are monitored for credit deterioration.

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

	2019	2018
	HK$'000	HK$'000
Mortgage loans receivable	**1,521**	2,459
Other non-current assets (excluding deposits and prepayments)	**1,391,536**	1,412,424
Trade receivables, other receivables and deposits paid (excluding deposits and prepayments)	**367,989**	284,163
Derivative financial instruments	**16,503**	6,746
Debt securities classified as financial assets at FVOCI	**52,197**	52,294
Cash and bank balances	**12,280,902**	14,317,651
	14,110,648	16,075,737

44 FINANCIAL INSTRUMENTS (Continued)

Financial risk management (Continued)

(a) Credit risk (Continued)

As at 31 December 2019 and 2018, 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 43, the Group does not provide any other guarantees which would expose the Group or the Company to material credit risk.

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 and debt securities classified as financial assets at FVOCI, 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.

Other non-current assets mainly include amount due by joint ventures amounting to HK$1,382 million (2018: HK$1,402 million), which is contributed by three (2018: two) joint ventures. As the joint ventures have strong financial positions, the Directors consider that the credit risk is minimal.

For the trade receivables, the counterparties primarily are large corporation and have strong financial position and management considers the credit risk is not high. The Group maintains frequent communications with these counterparties. Management has closely monitored the credit qualities and the collectability of these receivables and consider that the expected credit risks of them are minimal in view of the history of cooperation with them and forward looking information.

The Directors of the Group consider the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis during the year. To assess whether there is a significant increase in credit risk the Group compares risk of a default occurring on the assets as at the balance sheet date with the risk of default as at the date of initial recognition. Especially the following indicators are incorporated.

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the company's ability to meet its obligations;

- actual or expected significant changes in the operating results of the company; and

- significant changes in the expected performance and behavior of the company, including changes in the payment status of the third party.

As at 31 December 2019 and 2018, management consider other receivables, mortgage loan receivable, other non-current assets, derivative financial assets, debt securities classified as financial assets at FVOCI and cash and bank balances as low credit risk as counterparties have a strong capacity to meet its contractual cash flow obligations in the near future. The Group has assessed that the ECL for these balances are immaterial under 12 months expected losses method. Thus, the loss allowance recognised during the year for these balances is close to zero.

44 FINANCIAL INSTRUMENTS (Continued)

Financial risk management (Continued)

(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 non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

2019

	Less than 1 year	**Later than 1 year and not later than 5 years**	**Later than 5 years**	**Total undiscounted cash flows**	**Carrying amount at 31 December**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Non-derivative financial liabilities					
Lease liabilities	**53,855**	**72,759**	**1,725**	**128,339**	**117,108**
Bank borrowings	**7,691,906**	**8,398,703**	**434,308**	**16,524,917**	**15,314,686**
Medium term notes	**3,145,198**	**—**	**—**	**3,145,198**	**3,170,586**
Trade and other payables	**2,733,511**	**—**	**—**	**2,733,511**	**2,733,511**
Loans from non-controlling interests	**906,457**	**—**	**—**	**906,457**	**896,536**
	14,530,927	**8,471,462**	**436,033**	**23,438,422**	**22,232,427**

2018

	Less than 1 year	Later than 1 year and not later than 5 years	Total undiscounted cash flows	Carrying amount at 31 December
	HK$'000	HK$'000	HK$'000	HK$'000
Non-derivative financial liabilities				
Bank borrowings	5,616,339	10,664,058	16,280,397	15,304,435
Medium term notes	178,558	3,221,879	3,400,437	3,184,001
Trade and other payables	1,832,808	—	1,832,808	1,832,808
Loans from non-controlling interests	838,495	403,580	1,242,075	1,192,859
	8,466,200	14,289,517	22,755,717	21,514,103

44 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

	2019	2018
	HK$'000	HK$'000
Variable-rate financial assets/(liabilities)		
Mortgage loans receivable	1,521	2,459
Amount due by a joint venture	—	22,606
Bank balances and deposits	11,904,054	13,949,492
Bank borrowings	(15,314,686)	(15,304,435)
	(3,409,111)	(1,329,878)
Fixed-rate financial assets/(liabilities)		
Financial assets at FVOCI	52,197	52,294
Medium term notes	(3,170,586)	(3,184,001)
	(3,118,389)	(3,131,707)
Net interest-bearing liabilities	(6,527,500)	(4,461,585)

Sensitivity analysis

As at 31 December 2019, if interest rates had been 50 basis points (2018: 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 for or under development, inventories and hotel buildings under construction would increase by HK$0.9 million (2018: increase by HK$8.8 million)/increase by HK$2.1 million (2018: increase by HK$10.6 million) 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.

44 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 Renminbi ("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 relatively 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

As at 31 December 2019, if HKD weakened 10% (2018: 10%) against RMB and SGD with all other variable held constant, the Group's profit after taxation would increase by HK$2.0 million (2018: decrease by HK$10.4 million) and increase by HK$89.4 million (2018: increase by HK$82.1 million) respectively. Conversely, if HKD had strengthened 10% (2018: 10%) against RMB and SGD with all other variables held constant, the Group's profit after taxation would decrease by HK$2.0 million (2018: increase by HK$10.4 million) and decrease by HK$89.4 million (2018: decrease by HK$82.1 million).

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.

44 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

	31 December 2019	(Restated) 31 December 2018	(Restated) 1 January 2018
	HK$'000	HK$'000	HK$'000
Financial assets, at fair value			
Financial assets at FVOCI	**3,586,492**	3,862,749	3,288,558

Sensitivity analysis

The Group's equity investments amounting to 12% (2018, as restated: 13%) of its financial assets carried at fair value are classified as financial assets at FVOCI with exposure to equity price risk and are listed on recognised stock exchanges in Hong Kong and the United States. A 10% (2018: 10%) increase in stock prices as at 31 December 2019 would increase the equity by HK$43.6 million (2018: HK$50.5 million). An equal change in the opposite direction would decrease the equity by HK$43.6 million (2018: HK$50.5 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.

44 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 2019, around 10% of the anticipated fuel consumption for 2020 (2018: around 23% of the anticipated fuel consumption for 2019) was hedged at the balance sheet date.

Summary quantitative data

	2019	2018
	HK$'000	HK$'000
Financial asset, at fair value		
Fuel swap contract	**1,476**	—
Financial liabilities, at fair value		
Fuel swap contracts	**—**	21,763

Sensitivity analysis

If the fuel price increased by 10% (2018: 10%) with all other variables held constant, the Group's profit after taxation for the year ended 31 December 2019 would decrease by HK$42.3 million (2018: HK$55.5 million), representing the after-tax effect of change in fuel price for the year and equity as at 31 December 2019 would increase by HK$1.8 million (2018: HK$8.4 million), representing the after-tax effect of change in fair value of fuel swap contracts at the balance sheet date. Conversely, if the fuel price decreased by 10% (2018: 10%) with all other variables held constant, the Group's profit after taxation for the year ended 31 December 2019 would increase by HK$42.3 million (2018: HK$55.5 million) and equity as at 31 December 2019 would decrease by HK$1.8 million (2018: HK$8.4 million).

The sensitivity analysis has been prepared with the assumption that the change in fuel prices had occurred during the year and 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 represent management's assessment of a reasonably possible range at that date over the period until the next annual balance sheet date.

44 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:

	2019	(Restated) 2018
	HK$'000	HK$'000
Financial assets		
Financial assets measured at amortised cost (including cash and bank balances)	**14,041,948**	16,016,697
Financial assets at FVOCI	**3,586,492**	3,862,749
Derivative financial assets	**16,503**	6,746
Financial liabilities		
Financial liabilities measured at amortised cost	**22,232,427**	21,514,103
Derivative financial liabilities	**—**	21,763

(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 observable market data (that is, unobservable inputs) (level 3).

31 December 2019

	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Assets				
Derivatives used for hedging				
— cross-currency swaps	—	15,027	—	15,027
— fuel swap contracts	—	1,476	—	1,476
Financial assets at FVOCI				
— equity securities	436,485	8,357	3,089,453	3,534,295
— debt securities	52,197	—	—	52,197
Total assets	488,682	24,860	3,089,453	3,602,995

44 **FINANCIAL INSTRUMENTS** (Continued)

Financial risk management (Continued)

(e) **Fair value estimation** (Continued)

31 December 2018 (Restated)

	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Assets/(liabilities)				
Derivatives used for hedging				
— cross-currency swaps	—	6,746	—	6,746
— fuel swap contracts	—	(21,763)	—	(21,763)
Financial assets at FVOCI				
— equity securities	505,423	8,290	3,296,742	3,810,455
— debt securities	52,294	—	—	52,294
Total assets/(liabilities)	557,717	(6,727)	3,296,742	3,847,732

1 January 2018 (Restated)

	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Assets				
Derivatives used for hedging				
— cross-currency swaps	—	107	—	107
— fuel swap contracts	—	16,927	—	16,927
Financial assets at FVOCI				
— equity securities	182,779	7,103	3,079,845	3,269,727
— debt securities	16,250	—	—	16,250
Total assets	199,029	24,137	3,079,845	3,303,011

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 and debt investments classified as FVOCI.

44 FINANCIAL INSTRUMENTS (Continued)

Financial risk management (Continued)

(e) Fair value estimation (Continued)

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.

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

Level 2 equity securities are valued based on the net asset value per share.

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.

Level 3 equity securities are fair valued using market approach which is based on the capitalisation of the dividend income expected from the investment by a capitalisation rate, which is derived with reference to the dividend yields of comparable listed companies with similar business nature and business model, as well as the relative risk profile of the comparable listed companies and the investment itself.

During the year, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements. There were no significant changes in the business or economic circumstances that affect the fair values of the Group's financial assets and financial liabilities and there were no reclassifications of financial assets during the year.

(e) Fair value estimation (Continued)

Information about fair value measurements using significant unobservable inputs

Fair value as at 31 December 2019 HK$'000	Valuation method	Range of significant unobservable inputs: Expected dividend stream per year	Range of significant unobservable inputs: Dividend yield
3,089,453	**Market approach**	**HK$120 million**	**3.89%**

Fair value as at 31 December 2018 HK$'000	Valuation method	Range of significant unobservable inputs: Expected dividend stream per year	Range of significant unobservable inputs: Dividend yield
3,296,742	Market approach	HK$118 million	3.59%

Fair value as at 1 January 2018 HK$'000	Valuation method	Range of significant unobservable inputs: Expected dividend stream per year	Range of significant unobservable inputs: Dividend yield
3,079,845	Market approach	HK$107 million	3.47%

44 FINANCIAL INSTRUMENTS (Continued)

Financial risk management (Continued)

(e) Fair value estimation (Continued)

***Information about fair value measurements using significant unobservable inputs** (Continued)*

The determination of fair value of the investment using significant unobservable input involves a high degree of judgement and estimates. For illustration purpose, the sensitivity of the fair value of such investment as at 31 December 2019, 31 December 2018 and 1 January 2018 to hypothetical changes in the significant principal assumptions (while holding all other assumptions constant) is as follows:

31 December 2019

		Impact on fair value and other comprehensive income	
	Change in assumptions	**Positive impact**	**Negative impact**
Expected dividend stream	**Increase/decrease by 10% per year**	**Increase by HK$309 million**	**Decrease by HK$309 million**
Dividend yield	**Decrease/increase by 0.5%**	**Increase by HK$456 million**	**Decrease by HK$352 million**

31 December 2018

		Impact on fair value and other comprehensive income	
	Change in assumptions	Positive impact	Negative impact
Expected dividend stream	Increase/decrease by 10% per year	Increase by HK$330 million	Decrease by HK$330 million
Dividend yield	Decrease/increase by 0.5%	Increase by HK$534 million	Decrease by HK$403 million

1 January 2018

		Impact on fair value and other comprehensive income	
	Change in assumptions	Positive impact	Negative impact
Expected dividend stream	Increase/decrease by 10% per year	Increase by HK$308 million	Decrease by HK$308 million
Dividend yield	Decrease/increase by 0.5%	Increase by HK$519 million	Decrease by HK$388 million

44 FINANCIAL INSTRUMENTS (Continued)

Financial risk management (Continued)

(e) Fair value estimation (Continued)

Information about fair value measurements using significant unobservable inputs *(Continued)*

The movement of the carrying value of the unlisted equity investment which is categorised at Level 3 fair value hierarchy are as follows:

	HK$'000
As at 1 January 2018, as restated	**3,079,845**
Change in fair value recognised in other comprehensive income	**216,897**
As at 31 December 2018, as restated	**3,296,742**
Change in fair value recognised in other comprehensive income	**(207,289)**
As at 31 December 2019	**3,089,453**

45 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 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 borrowing 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 2019, the Group's strategy, which was unchanged from 2018, was to maintain a healthy net debt-to-adjusted capital ratio.

The net debt-to-adjusted capital ratio as at 31 December 2019 and 2018 was as follows:

	2019	(Restated) 2018
	HK$'000	HK$'000
Bank borrowings (note 31)	**15,314,686**	15,304,435
Medium term notes (note 33)	**3,170,586**	3,184,001
Less: Cash and bank balances (note 27)	**(12,280,902)**	(14,317,651)
Net borrowing	**6,204,370**	4,170,785
Equity attributable to owners of the Company	**35,760,235**	32,896,075
(Less)/add: Hedging reserve (note 37)	**(2,486)**	31,311
Adjusted capital	**35,757,749**	32,927,386
Net debt-to-adjusted capital ratio	**17.4%**	12.7%

46 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	31 December 2019	(Restated) 31 December 2018	(Restated) 1 January 2018
	HK$'000	HK$'000	HK$'000
Non-current assets			
Property, plant and equipment	**841**	1,002	1,038
Subsidiaries	**1,695,916**	630,805	630,805
Associate	**250**	250	250
Financial assets at fair value through other comprehensive income (note (a))	**3,043,527**	1,041,412	972,896
Other non-current assets	**15,324,744**	14,827,499	14,129,823
	20,065,278	16,500,968	15,734,812
Current assets			
Trade and other receivables, and deposits paid	**25,120**	34,479	37,992
Cash and bank balances	**4,733,472**	4,891,689	4,874,942
	4,758,592	4,926,168	4,912,934
Current liabilities			
Trade and other payables, and receipts in advance	**7,219,800**	6,315,032	5,686,455
Provision for employee benefits	**3,443**	3,288	3,900
	7,223,243	6,318,320	5,690,355
Net current liabilities	**(2,464,651)**	(1,392,152)	(777,421)
Net assets	**17,600,627**	15,108,816	14,957,391
Equity			
Share capital	**9,858,250**	9,858,250	9,858,250
Other reserves (note (b))	**7,198,511**	4,766,496	4,917,277
Proposed dividends	**543,866**	484,070	181,864
Total equity	**17,600,627**	15,108,816	14,957,391

The balance sheet of the Company was approved by the Board of Directors on 27 March 2020 and was signed on its behalf

Pansy Ho
Director

Daisy Ho
Director

46 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

Notes:

(a) The balances represented the Company's investment in STDM which was stated at cost in prior years as prescribed by provisions under HKAS 39. As detailed in note 2(b)(i), the Company was unable to obtain sufficient information of STDM for fair value assessment as required by HKFRS 9 and stated it at cost in the financial statements for the year ended 31 December 2018. During the year, the fair value was assessed and a prior year adjustment was made.

(b) The reserve movement of the Company is as follows:

	Capital reserve	Investment revaluation reserve	Retained profits	Total
	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 December 2018	14,451	—	4,428,382	4,442,833
Restatement	—	807,733	—	807,733
Restated balance as at 1 January 2019	**14,451**	**807,733**	**4,428,382**	**5,250,566**
Profit for the year	**—**	**—**	**3,053,281**	**3,053,281**
Fair value changes of equity investments as financial assets at FVOCI	**—**	**(65,481)**	**—**	**(65,481)**
2018 final dividend	**—**	**—**	**(302,440)**	**(302,440)**
2018 special dividend	**—**	**—**	**(181,630)**	**(181,630)**
Dividends on shares bought-back	**—**	**—**	**278**	**278**
Buy-back of shares	**—**	**—**	**(12,197)**	**(12,197)**
As at 31 December 2019	**14,451**	**742,252**	**6,985,674**	**7,742,377**
Represented by:				
Proposed dividend				**543,866**
Other reserves				**7,198,511**
				7,742,377

46 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

Notes: (Continued)

(b)

	Capital reserve	Investment revaluation reserve	Retained profits	Total
	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2018	14,451	—	4,345,473	4,359,924
Restatement	—	739,217	—	739,217
Restated balance at 1 January 2018	14,451	739,217	4,345,473	5,099,141
Profit for the year	—	—	318,318	318,318
Fair value changes of equity investments as financial assets at FVOCI	—	68,516	—	68,516
Dividends	—	—	(181,864)	(181,864)
Dividends on shares bought-back	—	—	90	90
Buy-back of shares	—	—	(53,635)	(53,635)
Restated balance as at 31 December 2018	14,451	807,733	4,428,382	5,250,566

47 EVENT AFTER BALANCE SHEET DATE

(a) On 6 March 2020, the Company and China Travel International Investment Hong Kong Limited ("CTII") entered into sale and purchase agreements to implement a restructuring for the transformation of Shun Tak – China Travel Shipping Investments Limited ("STCT"), a company 71% held by Interdragon Limited ("Interdragon"), a non-wholly owned subsidiary of the Group, and 29% held by Dalmore Investments Limited ("Dalmore"), a wholly-owned subsidiary of CTII and a major operator of high-speed passenger ferry services between Hong Kong, Macau and other destinations in the Greater Pearl River Delta Region, into a new transportation platform for the provision of cross boundary transportation services in the Greater Pearl River Delta Region by combining the respective existing ferry and coach businesses of the Company and CTII. The restructuring comprises:

i. Interdragon conditionally agreed to sell to Dalmore 21% of the issued share capital of STCT at a cash consideration of HK$437 million (subject to adjustment);

ii. STCT conditionally agreed to acquire from CTII the entire issued share capital and shareholder loan of China Travel Tours Transportation Development (HK) Limited, a wholly-owned subsidiary of CTII, principally engaged in the operation of cross border land transportation services and other ancillary businesses, at a cash consideration of HK$508 million (subject to adjustment); and

iii. STCT conditionally agreed to acquire the entire issued share capital of Jointmight Investments Limited ("Jointmight"), a wholly-owned subsidiary of the Group, principally engaged in the provision of cross border coach bus services and travel agency service in Macau, at a cash consideration of HK$55 million (subject to adjustment).

Upon completion of the restructuring, each of STCT and Jointmight will cease to be a subsidiary of the Group.

(b) Due to the outbreak of COVID-19 and the relevant precautionary and control measures taken place by the Government and the Group, the passenger transportation services between Hong Kong and Macau, provided by STCT, have been suspended since February 2020. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate the impact on its future financial position and operating results.

48 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 2019	2018	Principal activities
Property – Hong Kong					
Goform Limited	Hong Kong	Ordinary shares: HK$2	**100**	100	Property investment
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
Ranex Investments Limited	Hong Kong	Ordinary shares: HK$100	**51**	51	Property investment and development
Shun Tak Development Limited	Hong Kong	Ordinary shares: HK$634,445,380	**100**	100	Investment holding
Shun Tak Property Investment & Management Holdings Limited	Hong Kong	Ordinary shares: HK$2	**100**	100	Property investment and provision of management services
Shun Tak Property Management Limited	Hong Kong/ Hong Kong and Macau	Ordinary shares: HK$2	**100**	100	Property management
Sonata Kingdom Limited ^^	Hong Kong	Ordinary share: HK$1	**100**	100	Property investment
Shun Tak Centre Limited # ("STCL")	Hong Kong	Ordinary Class A shares: HK$100,000 Ordinary Class B shares: HK$4,500 Ordinary Class C shares: HK$5,500	**(Note 1)**	(Note 1)	Property investment and investment holding
Property – Macau					
Ace Wonder Limited	British Virgin Islands	Ordinary share: US$1	**100**	100	Investment holding
Basecity Investments Limited ^	British Virgin Islands	Ordinary shares: US$10,000	**51 (Note 2)**	51 (Note 2)	Investment holding
Properties Sub F, Limited ^	Macau	MOP1,000,000	**51 (Note 2)**	51 (Note 2)	Property development, investment and trading and hotel management
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 Non-voting Class B share	**100 (Note 3) (Note 4)**	100 (Note 3) (Note 4)	Investment holding
Nova Taipa – Urbanizações, Limitada ("NTUL")	Macau	Quota capital: MOP10,000,000	**(Note 4)**	(Note 4)	Property development
Nextor Holdings Limited ^	British Virgin Islands	Ordinary shares: US$10	**50**	50	Investment holding
Viver Taipa Limitada ^	Macau	Quota capital: MOP25,000	**50**	50	Property investment
Shun Tak Nam Van Investimento Limitada	Macau	Quota capital: MOP25,000	**100**	100	Property development
Winning Reward Investments Limited	British Virgin Islands	Ordinary share: US$1	**100**	100	Investment holding

48 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 2019	2018	Principal activities
Property – Mainland China					
Beijing Mega Hall Hotel Operating Management Co. Ltd. * β 北京萬國城酒店運營管理有限公司	PRC	RMB465,000,000 @	**100**	100	Property investment and hotel development
Guangzhou Shun Tak Real Estate Company Limited β	PRC	HK$130,000,000 @	**60**	60	Property investment
Perennial HC Holdings Pte. Ltd. #	Singapore	Ordinary shares: US$168,880,000	**30**	30	Investment holding
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
Shun Tak Cultural Centre Limited	Hong Kong	Ordinary shares: HK$10	**60**	60	Investment holding
Sonic City Limited	Hong Kong	Ordinary share: HK$1	**100**	100	Investment holding
Zhuhai Hengqin Shun Tak Property Development Co. Ltd *^^ β 珠海橫琴信德房地產開發有限公司	PRC	RMB1,150,000,000 @	**70**	70	Property development
Shun Tak Qiantan (Shanghai) Cultural and Real Estate Company Limited *^Ω 信德前灘(上海)文化置業有限公司	PRC	RMB3,000,000,000 @	**50**	50	Property development
Shun Yin Limited	Hong Kong	Ordinary shares: HK$100	**100**	–	Investment holding
Tak Hope Limited	Hong Kong	Ordinary shares: HK$100	**100**	–	Investment holding
Shanghai Suzuan Investment Company Limited *^ 上海蘇鑽投資有限公司	PRC	RMB2,529,880,000 @	**80 (Note 2)**	–	Property development
Shanghai Tongxin Investment Company Limited *^ 上海潼信投資有限公司	PRC	RMB2,270,120,000 @	**80 (Note 2)**	–	Property development

	Place of incorporation/ principal place of operation	Issued and paid up capital/ registered capital	Percentage held by the Group 2019	2018	Principal activities
Property – Singapore					
Perennial Somerset Investors Pte. Ltd.	Singapore	Ordinary shares: S$343,501 Preference shares: S$95,607,500	**70**	70	Investment holding
Perennial (Somerset) Pte. Ltd.	Singapore	Ordinary shares: S$10,001	**70**	70	Property holding
Shun Tak Residential Development Pte. Ltd.	Singapore	Ordinary shares: S$1,000,000	**100**	100	Property development
Shun Tak Cuscaden Residential Pte. Ltd.	Singapore	Ordinary shares: S$2,000,000	**100**	100	Property development
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
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/ Hong Kong	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	Ordinary shares: HK$200 Non-voting deferred shares: HK$1,000,000	**42.6**	42.6	Ship management
Shun Tak – China Travel Shipping Investments Limited	British Virgin Islands/ Hong Kong	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	Ordinary share: HK$1	**42.6**	42.6	Shipping
Wealth Trump Limited	Hong Kong	Ordinary share: HK$1	**42.6**	42.6	Shipping

48 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 2019	2018	Principal activities
Hospitality					
Artyzen Hospitality Group Limited	Hong Kong	Ordinary share: HK$1	**100**	100	Hospitality management and auxiliary services
Host Wise International Limited	Hong Kong	Ordinary share: HK$1	**100**	100	Property investment for hotel operation
Shun Tak Property (Shanghai) Co., Ltd. * β 信德置業(上海)有限公司	PRC	RMB880,000,000 @	**100**	100	Hotel owning and operation
Shun Tak Real Estate (Singapore) Pte. Ltd.	Singapore	Ordinary share: S$1	**100**	100	Hotel development
Shun Tak Travel Services Limited	Hong Kong	Ordinary shares: HK$2,000,000	**100**	100	Travel agency services
Sociedade de Turismo e Desenvolvimento Insular, S.A. #	Macau	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 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

48 PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (Continued)

Notes:

1. On 18 September 2018, the Group acquired 10% Ordinary Class A shares in the share capital of STCL from Full Energy Company Limited. The 10% Ordinary Class A shares are entitled to the pro-rata share of the profits or net assets attributable to the Ordinary Class A shares in STCL which comprises certain investment properties situated at Shun Tak Centre, Hong Kong.

2. The Group holds more than 50% interests in these joint ventures. However, under the contractual agreements, the Group does not control these joint ventures as the decisions about relevant activities require the unanimous consent of the parties sharing the control.

3. Non-voting Class B share (representing 100% non-voting Class B shares) with no par value.

4. 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.

5. 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.

6. 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 listed in the above table are held indirectly.

@ 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 31)
β Wholly-owned foreign enterprise (WOFE) registered under PRC law
Ω Equity joint venture registered under PRC law
* For identification purpose only

49 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 27 March 2020.

Five-Year Financial Summary

	Note	2019	(Restated) 2018	(Restated) 2017	2016	2015
	Note	**(HK$ million)**	(HK$ million)	(HK$ million)	(HK$ million)	(HK$ million)
Consolidated Income Statement						
Revenue		**14,649**	6,592	6,389	3,852	4,405
Profit/(loss) attributable to owners of the Company		**3,456**	4,647	1,450	(587)	745
Consolidated Balance Sheet						
Non-current assets		**33,611**	29,064	23,772	19,587	19,111
Current assets		**31,718**	38,211	35,334	26,740	28,275
Current liabilities		**(15,842)**	(12,781)	(12,509)	(4,456)	(6,873)
Non-current liabilities		**(9,026)**	(14,845)	(11,311)	(11,313)	(9,089)
Net assets		**40,461**	39,649	35,286	30,558	31,424
Share capital and other statutory capital reserve		**9,858**	9,858	9,858	9,858	9,858
Other reserves		**25,358**	22,554	19,029	15,773	16,438
Proposed dividends		**544**	484	182	—	61
Equity attributable to owners of the Company		**35,760**	32,896	29,069	25,631	26,357
Non-controlling interests		**4,701**	6,753	6,217	4,927	5,067
Total equity		**40,461**	39,649	35,286	30,558	31,424
Number of issued and fully paid shares (million)	1	**3,021**	3,025	3,042	3,042	3,042
Performance Data						
Earnings/(loss) per share (HK cents)						
— basic		**114.3**	153.4	47.7	(19.3)	24.5
— diluted		**114.3**	153.4	47.7	(19.3)	24.5
Dividends per share (HK cents)						
— interim		**—**	—	6.0	—	—
— final		**18.0**	10.0	6.0	—	2.0
— special		**—**	6.0	—	—	—
Dividend cover		**6.4**	9.6	4.0	N/A	12.3
Current ratio		**2.0**	3.0	2.8	6.0	4.1
Gearing (%)	2	**17.3**	12.7	8.8	N/A	N/A
Return on equity attributable to owners of the Company (%)		**9.7**	14.1	5.0	(2.3)	2.8
Net asset value per share (HK$)		**13.4**	13.1	11.6	10.0	10.3

	2019	2018	2017	2016	2015
Headcount by Division					
Head Office	**250**	255	250	255	253
Property	**593**	532	503	563	509
Transportation	**1,587**	1,948	2,016	2,056	2,092
Hospitality	**755**	766	594	511	511
Investment	**38**	25	24	24	29

Notes:

1. Number of issued and fully paid shares is based on the number of shares in issue at the balance sheet date.

2. Gearing represents the ratio of net borrowings to equity attributable to owners of the Company.

3. The consolidated balance sheets have been restated due to prior year adjustments, as set out in note 2(b)(i) in the consolidated financial statements.

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