信德集團
SHUN TAK HOLDINGS

SHUN TAK HOLDINGS LIMITED
信德集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 242)

Website: http://www.shuntakgroup.com

2019 Interim Results Announcement

GROUP RESULTS

The board of directors (the "Board") of Shun Tak Holdings Limited (the "Company") announces the unaudited consolidated interim results for the six months ended 30 June 2019 of the Company and its subsidiaries (the "Group").

The unaudited profit attributable to owners of the Company for the period was HK$3,409 million (2018: HK$307 million). Underlying profit attributable to the owners which was principally adjusted for unrealised fair value changes on investment properties would be HK$3,404 million (2018: HK$186 million). Basic earnings per share was HK112.7 cents (2018: HK10.1 cents).

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend in respect of the six months ended 30 June 2019 (2018: nil).

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE

	Note	(Unaudited) 2019 *HK$'000*	(Unaudited) 2018 *HK$'000*
Revenue	*4*	**11,809,371**	1,995,986
Other income		**183,222**	170,977
		11,992,593	2,166,963
Other gains/(losses), net	*5*	**9,152**	(2,180)
Cost of inventories sold and services provided		**(4,967,160)**	(626,140)
Staff costs		**(664,436)**	(663,606)
Depreciation and amortisation		**(136,439)**	(82,718)
Other costs		**(343,249)**	(363,920)
Fair value changes on investment properties		**14,294**	129,981
Operating profit	*4, 6*	**5,904,755**	558,380
Finance costs	*7*	**(285,361)**	(126,159)
Share of results of joint ventures		**59,724**	110,164
Share of results of associates		**7,922**	5,465
Profit before taxation		**5,687,040**	547,850
Taxation	*8*	**(725,068)**	(55,035)
Profit for the period		**4,961,972**	492,815
Attributable to:			
Owners of the Company		**3,409,407**	306,933
Non-controlling interests		**1,552,565**	185,882
Profit for the period		**4,961,972**	492,815
Earnings per share (HK cents)	*10*		
— basic		**112.7**	10.1
— diluted		**112.7**	10.1

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE

	(Unaudited) **2019** ***HK$'000***	(Unaudited) (Restated) 2018 *HK$'000*
Profit for the period	**4,961,972**	492,815
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	**(97)**	—
Cash flow hedges:		
Changes in fair value, net of tax	**24,846**	24,311
Transfer to profit or loss	**10,623**	(22,704)
Reversal of asset revaluation reserve upon sales of properties, net of tax	**(342,876)**	(502)
Currency translation differences	**12,276**	(95,435)
Share of currency translation differences of joint ventures	**(7,404)**	(20,625)
Share of currency translation differences of associates	**(27,829)**	9,519
Items that will not be reclassified to profit or loss:		
Equity instruments at fair value through other comprehensive income		
Changes in fair value	**(314,553)**	847,937
Other comprehensive (loss)/income for the period, net of tax	**(645,014)**	742,501
Total comprehensive income for the period	**4,316,958**	1,235,316
Attributable to:		
Owners of the Company	**2,815,032**	832,787
Non-controlling interests	**1,501,926**	402,529
Total comprehensive income for the period	**4,316,958**	1,235,316

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**(Unaudited) 30 June 2019**	(Restated) 31 December 2018	(Restated) 1 January 2018
		HK$'000	*HK$'000*	*HK$'000*
Non-current assets				
Property, plant and equipment		**3,801,733**	3,251,417	2,836,564
Right-of-use assets		**858,181**	—	—
Investment properties		**8,358,863**	8,342,001	8,232,314
Prepaid premium for land lease and land use rights		—	680,844	302,841
Joint ventures		**8,573,849**	8,476,142	6,887,540
Associates		**3,001,178**	2,958,282	1,476,977
Intangible assets		**2,400**	2,525	36,427
Financial assets at fair value through other comprehensive income	*11*	**3,547,831**	3,862,749	3,288,558
Derivative financial instruments		—	6,746	107
Mortgage loans receivable		**1,653**	1,925	3,914
Deferred tax assets		**18,488**	8,119	2,476
Other non-current assets		**1,450,195**	1,474,036	704,067
		29,614,371	29,064,786	23,771,785
Current assets				
Properties for or under development		**6,045,705**	5,631,404	13,872,138
Inventories		**12,410,710**	17,034,801	7,626,127
Trade and other receivables, deposits paid and prepayments	*12*	**1,074,158**	1,179,675	1,141,722
Derivative financial instruments		**17,895**	—	16,927
Taxation recoverable		**9,759**	10,695	11,356
Cash and bank balances		**17,111,127**	14,317,651	12,665,880
		36,669,354	38,174,226	35,334,150
Assets held for sale		**23,757**	36,625	—
		36,693,111	38,210,851	35,334,150

	Note	(Unaudited) 30 June 2019 HK$'000	(Restated) 31 December 2018 HK$'000	(Restated) 1 January 2018 HK$'000
Current liabilities				
Trade and other payables, and deposits received	*12*	**1,963,631**	1,832,808	2,418,153
Contract liabilities		**884,666**	4,621,996	3,509,112
Lease liabilities		**37,936**	—	—
Bank borrowings		**6,632,141**	5,170,760	5,212,254
Medium term notes		**3,178,347**	—	—
Provision for employee benefits		**12,424**	12,289	13,010
Derivative financial instruments		**1,538**	21,763	—
Taxation payable		**1,199,524**	321,696	141,131
Loans from non-controlling interests		**873,121**	799,122	1,215,733
		14,783,328	12,780,434	12,509,393
Liabilities directly associated with assets held for sale		—	506	—
		14,783,328	12,780,940	12,509,393
Net current assets		**21,909,783**	25,429,911	22,824,757
Total assets less current liabilities		**51,524,154**	54,494,697	46,596,542
Non-current liabilities				
Contract liabilities		**20,272**	10,527	—
Lease liabilities		**52,913**	—	—
Bank borrowings		**8,198,151**	10,133,675	6,829,789
Medium term notes		—	3,184,001	3,172,788
Deferred tax liabilities		**931,087**	1,123,431	1,308,380
Loans from non-controlling interests		—	393,737	—
		9,202,423	14,845,371	11,310,957
Net assets		**42,321,731**	39,649,326	35,285,585
Equity				
Share capital		**9,858,250**	9,858,250	9,858,250
Other reserves		**25,361,986**	22,553,755	19,028,580
Proposed dividends		—	484,070	181,864
Equity attributable to owners of the Company		**35,220,236**	32,896,075	29,068,694
Non-controlling interests		**7,101,495**	6,753,251	6,216,891
Total equity		**42,321,731**	39,649,326	35,285,585

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements of Shun Tak Holdings Limited (the "Company") and its subsidiaries (together, the "Group") are prepared in accordance with the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2018 which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The accounting policies and methods of recognition and presentation used in the preparation of the condensed consolidated interim financial statements are consistent with those described in the 2018 annual financial statements except as stated in notes 2 and 3 below.

The financial information relating to the year ended 31 December 2018 that is included in the condensed consolidated interim financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company had delivered the financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company's auditor had reported on the financial statements for the year ended 31 December 2018. The auditor's report was qualified; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance (Cap. 622).

The preparation of the condensed consolidated interim financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Except for the valuation of the unlisted equity investment in Sociedade de Turismo e Diversões de Macau, S.A. ("STDM") which was classified as financial assets at fair value through other comprehensive income as disclosed in respective notes to the condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the accounting estimates in preparing these condensed consolidated interim financial statements, were consistent with those that were applied to the consolidated financial statements for the year ended 31 December 2018. Those areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates were significant to the Group's consolidated financial statements were detailed in the 2018 annual financial statements and respective notes to the condensed consolidated interim financial statements.

2 PRIOR PERIOD ADJUSTMENTS

The Group held an unlisted equity investment in 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 Hong Kong Financial Reporting Standard ("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 condensed consolidated interim financial statements for the six-month period ended 30 June 2018 and consolidated financial statements for the year ended 31 December 2018.

During the period ended 30 June 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 condensed consolidated interim financial statements. Appropriate adjustments have been made to the condensed consolidated financial statements, including the necessary prior period adjustments which are further described below.

The effects of the prior period adjustments as a result of the fair value measurement of the equity investment in STDM on the condensed consolidated statement of comprehensive income for the period ended 30 June 2018 are as follows. Line items that were not affected have not been included.

Condensed consolidated statement of comprehensive income (extract)

	For the period ended 30 June 2018, as previously reported	**Prior period adjustments**	**For the period ended 30 June 2018, as restated**
	HK$'000	*HK$'000*	*HK$'000*
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Equity instruments at FVOCI:			
Change in fair value	1,075	846,862	847,937
Total comprehensive income for the period	388,454	846,862	1,235,316
Attributable to:			
Owners of the Company	217,663	615,124	832,787
Non-controlling interests	170,791	231,738	402,529

* *The table above only shows extracts of the financial information*

The effects of the prior period adjustments as a result of the fair value measurement of the equity investment in STDM on the condensed 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.

Condensed consolidated balance sheet (extract)

	At 31 December 2018, as previously reported	**Prior period adjustments**	**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*

Condensed consolidated balance sheet (extract)

	At 1 January 2018, as previously reported	**Prior period adjustments**	**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*

3 IMPACT OF NEW OR REVISED HKFRS

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

The following new standard, amendments to standards and interpretation are relevant to the Group's operations and first effective for the Group's financial year beginning on 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 to the accounting policies and the effects of the changes 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.

Changes to the accounting policies – Leases

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. 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. 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.

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.

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.

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.

Effects of the changes to the accounting policies – Leases

In accordance with the transition provisions of HKFRS 16, the Group has adopted the modified retrospective application for existing leases 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 transition 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

- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

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 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.

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.

Condensed consolidated balance sheet (extract)

	At 31 December 2018, as previously stated	Effects of adoption of HKFRS 16 Reclassification	Effects of adoption of HKFRS 16 Recognition of leases	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)

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:

Condensed consolidated income statement (extract)

	For the period ended 30 June 2019		
	Before adoption of HKFRS 16	**Effects of adoption of HKFRS 16**	**As reported**
	HK$'000	*HK$'000*	*HK$'000*
Depreciation and amortisation	(108,753)	(27,686)	(136,439)
Other costs	(372,845)	29,596	(343,249)
Finance costs	(282,057)	(3,304)	(285,361)
Profit for the period	4,963,366	(1,394)	4,961,972
Attributable to:			
Owners of the Company	3,410,770	(1,363)	3,409,407
Non-controlling interests	1,552,596	(31)	1552,565

Condensed consolidated balance sheet (extract)

	At 30 June 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	3,901,453	(99,720)	—	3,801,733
Right-of-use assets	—	768,726	89,455	858,181
Prepaid premium for land lease and land use rights	669,006	(669,006)	—	—
Current liabilities				
Lease liabilities	—	—	(37,936)	(37,936)
Non-current liabilities				
Lease liabilities	—	—	(52,913)	(52,913)
Equity				
Retained profits	24,002,470	—	(1,363)	24,001,107
Non-controlling interests	7,101,526	—	(31)	7,101,495

(b) 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 HKAS 1 and HKAS 8[(1)]	Amendments to Definition of Material
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.

4 SEGMENT INFORMATION

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

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

The principal activities of each reportable segment are as follows:

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

(b) Segment results, assets and liabilities

Management evaluates performance of the reportable segments on the basis of operating profit or loss before fair value changes on investment properties, non-recurring gains and losses, interest income and unallocated net corporate 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 since 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.

For the six months ended 30 June 2019

	Property *HK$'000*	Transportation *HK$'000*	Hospitality *HK$'000*	Investment *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Revenue and other income						
External revenue						
Revenue from contracts with customers						
— Recognised at a point in time	10,225,193	16,785	59,070	11,938	—	10,312,986
— Recognised over time	83,372	739,323	333,832	—	—	1,156,527
	10,308,565	756,108	392,902	11,938	—	11,469,513
Revenue from other sources						
— Rental income	243,105	4,290	—	204	—	247,599
— Dividend income	—	—	—	92,259	—	92,259
	243,105	4,290	—	92,463	—	339,858
	10,551,670	760,398	392,902	104,401	—	11,809,371
Inter-segment revenue	1,356	1,308	15,920	—	(18,584)	—
Other income (external and excluding interest income)	19,063	11,744	4,790	361	—	35,958
	10,572,089	773,450	413,612	104,762	(18,584)	11,845,329
Segment results	5,843,229	(69,910)	(25,432)	89,012	—	5,836,899
Fair value changes on investment properties	14,294	—	—	—	—	14,294
Interest income						147,264
Unallocated net corporate expenses						(93,702)
Operating profit						5,904,755
Finance costs						(285,361)
Share of results of joint ventures	72,542	1,936	(14,754)	—	—	59,724
Share of results of associates	5,537	(96)	(3,122)	5,603	—	7,922
Profit before taxation						5,687,040
Taxation						(725,068)
Profit for the period						4,961,972

For the six months ended 30 June 2018

	Property *HK$'000*	Transportation *HK$'000*	Hospitality *HK$'000*	Investment *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Revenue and other income						
External revenue						
Revenue from contracts with customers						
— Recognised at a point in time	96,902	27,961	51,354	12,641	—	188,858
— Recognised over time	69,990	1,090,001	329,030	—	—	1,489,021
	166,892	1,117,962	380,384	12,641	—	1,677,879
Revenue from other sources						
— Rental income	237,583	1,003	—	228	—	238,814
— Dividend income	—	—	—	79,293	—	79,293
	237,583	1,003	—	79,521	—	318,107
	404,475	1,118,965	380,384	92,162	—	1,995,986
Inter-segment revenue	1,356	893	23,103	—	(25,352)	—
Other income (external and excluding interest income)	57,151	16,610	3,120	1,166	—	78,047
	462,982	1,136,468	406,607	93,328	(25,352)	2,074,033
Segment results	178,793	186,258	(8,505)	74,264	—	430,810
Fair value changes on investment properties	129,981	—	—	—	—	129,981
Interest income						92,930
Unallocated net corporate expenses						(95,341)
Operating profit						558,380
Finance costs						(126,159)
Share of results of joint ventures	118,533	5,007	(13,376)	—	—	110,164
Share of results of associates	253	251	(372)	5,333	—	5,465
Profit before taxation						547,850
Taxation						(55,035)
Profit for the period						492,815

As at 30 June 2019

	Property *HK$'000*	Transportation *HK$'000*	Hospitality *HK$'000*	Investment *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Assets						
Segment assets	33,311,991	5,036,765	4,422,058	3,609,435	(39,437)	46,340,812
Joint ventures	8,802,696	65,403	(294,250)	—	—	8,573,849
Associates	2,777,618	24,892	188,588	10,080	—	3,001,178
Unallocated assets						8,391,643
Total assets						66,307,482
Liabilities						
Segment liabilities	1,877,494	330,921	264,558	12,307	(39,437)	2,445,843
Unallocated liabilities						21,539,908
Total liabilities						23,985,751

As at 31 December 2018, as restated

	Property *HK$'000*	Transportation *HK$'000*	Hospitality *HK$'000*	Investment *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'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

5 OTHER GAINS/(LOSSES), NET

	For the six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Net gain on disposal of a subsidiary	**9,157**	—
Net loss on disposal of a joint venture	**—**	(799)
Net loss on disposal of an associate	**—**	(3)
Net loss on disposal of property, plant and equipment	**(5)**	(1,378)
	9,152	(2,180)

6 OPERATING PROFIT

	For the six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
After crediting:		
Interest income from bank deposits and others	**147,340**	93,063
Rental income from investment properties	**151,974**	161,251
Dividend income from listed investments	**7,470**	7,181
Dividend income from unlisted investments	**84,789**	72,112
After charging:		
Cost of inventories sold		
— properties	**4,306,612**	68,733
— fuel	**280,948**	324,990
— others	**45,328**	55,920
	4,632,888	449,643

7 FINANCE COSTS

	For the six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Total finance costs	**329,413**	254,854
Less: amount capitalised in properties for or under development, inventories and hotel building under construction	**(44,052)**	(128,695)
	285,361	126,159

8 TAXATION

	For the six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Current taxation		
Hong Kong profits tax	**16,105**	25,433
Overseas taxation	**869,318**	20,471
	885,423	45,904
Deferred taxation		
Origination and reversal of temporary differences	**(160,355)**	9,131
	725,068	55,035

Hong Kong profits tax is provided for at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits for the period. Overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

9 INTERIM DIVIDEND

	For the six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Interim dividend: nil (2018: nil)	—	—

10 EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to owners of the Company of HK$3,409,407,000 (2018: HK$306,933,000) and the weighted average number of 3,025,196,006 shares (2018: 3,033,780,978 shares) in issue during the period.

Basic and fully diluted earnings per share are the same as the share options of the Company have an anti-dilutive effect on the basic earnings per share for the period ended 30 June 2019 (2018: same).

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

During the period, management has assessed the fair value of the Group's investment in STDM in line with the requirements under HKFRS 9 and the prior periods balances of FVOCI have been restated.

12 TRADE RECEIVABLES AND PAYABLES

Trade receivables are managed in accordance with defined credit policies, with reference to market condition and businesses in which the trade debtors 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 receivables by invoice date is as follows:

	30 June 2019 *HK$'000*	31 December 2018 *HK$'000*
0 — 30 days	**106,493**	103,649
31 — 60 days	**24,096**	35,414
61 — 90 days	**6,493**	5,547
over 90 days	**6,651**	6,111
	143,733	150,721

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

	30 June 2019 *HK$'000*	31 December 2018 *HK$'000*
0 — 30 days	**715,139**	1,052,393
31 — 60 days	**9,725**	6,494
61 — 90 days	**2,280**	1,472
over 90 days	**5,078**	6,645
	732,222	1,067,004

BUSINESS REVIEW

PROPERTY

In the first half of 2019, the Group recorded exceptionally strong results from its property division. The most significant contribution to these results was profit recognition from contracted sales at its Nova Grand residential development, Phase 5 of the Group's multi-phase Nova City community in Macau. In the period, almost 900 completed residential units at Nova Grand were handed over to purchasers with profit recognised. The profit recognition of Nova Grand sales in the period helped the Group achieve a significant year-on-year profit of HK$5,843 million (1H2018: HK$179 million). Elsewhere, the Group continued to engage in a diversified range of property developments in China and Singapore, many of which are expected to come onto the market from 2020 onwards.

Property developments

Projects completed with recent sales

In Macau

Nova Grand [Phase 5 of Nova City] (Group interest: residential 71%)

Nova Grand represents Phase 5 of the Group's large-scale Nova City project. It contains eight towers which comprise approximately 1,700 residential units in total on completion. A total of 33 residential units were newly contracted for sale in 1H2019. In terms of profit recognition, revenue from 887 previously sold units was recognised upon their handover to purchasers. In total, 77% of the residential units in Nova Grand had either been contracted for sale or handed over by the end of the period under review, with the remaining 23% of the units scheduled to be launched for sale from 2H2019 onwards.

In Hong Kong

Chatham Gate (Group interest: 51%)

This development comprises two grand residential towers offering units in layouts from studio to four-bedroom configurations. The development also has a connected shopping arcade, with a total gross floor area of approximately 370,000 square feet. In May 2019, the last two duplex residential units in Chatham Gate, each with two carparks, were contracted for sale for a total consideration of HK$263 million. Completion of the transactions is expected in early 2020.

In Singapore

111 Somerset Road, Singapore (Group interest 70%)

This mixed commercial development includes offices, medical suites and a retail podium, over a gross floor area of 766,550 square feet. Profits arising from sales of eight of the office units were recognised in 1H2019, while a total of 18 office units and one medical suite were contracted for sale during the period. An asset enhancement programme which began in 2016 has continued in the period, with completion due for the end of the year. A soft opening of the retail podium following enhancements took place in March 2019, with tenants currently including restaurants, health and wellness brands, a supermarket, and related facilities. Further diversification of the tenant mix will be undertaken in the year ahead.

Projects under development

In Northern China

Beijing Tongzhou Integrated Development (Group interest: Phase 1 — 24%, Phase 2 — 19.35%)

Completion of this multi-facility business complex in Beijing is scheduled for 2022 and 2023, in two phases. The development is well situated in the up-and-coming business district of Tongzhou, and is sited on the historic Grand Canal. On completion, it will combine retail, office and residential facilities in a single convenient complex. Around 250,000 square metres of the development has been earmarked as retail space, a further 211,000 square metres for office space, while 117,000 square metres will contain residential units. In 1H2019, construction proceeded steadily and on schedule. The two phases of the project will be connected by a retail podium, which will be directly linked to the new Beijing Intercity Railway Line S6, the railway station for which is currently under construction and scheduled for completion in 2021.

Mixed Development at Qiantan, Shanghai (Group interest: 50%)

This Shanghai complex will cover 140,500 square metres of total gross floor area, and contain offices, retail space, and basement retail. In addition, the complex will include a 5-star hotel component offering around 200 rooms, to be managed by the Group’s subsidiary Artyzen Hospitality Group. An arts and cultural centre will also be included in the complex, which will include a concert hall and other multi-purpose halls seating 4,000 in total. The project is a 50:50 joint venture with Shanghai Lujiazui (Group) Company Limited. The Group expects the construction of superstructure for the office and retail zones to begin in the second half of the year, with completion of the complex planned for 2023.

In Southern China

Hengqin Integrated Development (Group interest: 70%)

Work continued steadily on this site in 1H2019, strategically situated on the border of Hengqin and Macau near the Lotus Bridge cross-border facilities. The development consists of 42,300 square metres of office accommodation, 45,500 square metres of retail facilities, 16,700 square metres of hotel space, and 32,800 square metres of apartments. Around 1,300 car parking spaces will also be provided. In total, the site covers 23,834 square metres. Presale will begin in 2020, in anticipation of completion of construction in the same year.

Projects under planning

In Macau

Harbour Mile

The Group's plans for this site have been affected by the decision of the Macau SAR Government to review its Master Plan for the Nam Van area where the site is situated. In view of uncertainties surrounding the Government's plans for the area, the Group has continued to review its arrangements for the site and plan strategically for the most productive use of the land in the long term.

In Singapore

Park House (Group interest: 100%)

In 1H2019, the Group continued to engage in the design and planning work associated with this 46,084 square foot site, acquired in June 2018. The final design will have a maximum gross floor area of around 129,000 square feet, and will be made up of luxury residential condominiums, which are being designed to appeal to affluent buyers wishing to live in close proximity to Orchard Road and the city centre.

14 & 14A Nassim Road (Group interest: 100%)

This site, one of two premium sites in Singapore acquired by the Group in June 2018, covers 66,452 square feet of prime land close to the Orchard Road shopping district. The Group is currently in the process of developing designs for the site that will involve the construction of a luxury residential condominium covering approximately 93,033 square feet.

In China

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

This 76,900 square metre site was acquired by the Group in 2018 in a strategic partnership with Singapore-based Perennial Real Estate Limited ("Perennial"). The partnership will enable the Group to leverage Perennial's extensive experience in the healthcare industry in the joint development of a one-stop regional healthcare and commercial hub on the site to serve Tianjin and its vicinity. Currently, detailed planning is underway for the site, which will include the provision of general hospital, eldercare facilities and apartments. The development will also include a commercial element containing retail and hospitality components. The completed development will be a well-appointed 'health city' covering around 304,000 square metres which, due to its immediate proximity to the Tianjin South High Speed Railway Station, will be well-positioned to service the emerging 'Jing-Jin-Ji' megalopolis. Construction is targeted to begin in Q4 2019, with operations expected to begin by 1H2023.

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

This site, also acquired in partnership with Perennial, was purchased 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 510,000 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 1H2020, with the site becoming operational in 1H2024.

Property investments

In Hong Kong

liberté place (Group interest: 64.56%)

Following a programme of shop sub-division and downsizing carried out in 2018, this popular shopping mall situated at Lai Chi Kok MTR Station in West Kowloon has achieved a rise in rental income due to an increase in the number and variety of the shops and an expansion of the trade mix. In 1H2019, it recorded an average occupancy rate of 100%.

The Westwood (Group interest: 51%)

With 158,000 square feet of leasable area across five storeys, The Westwood is an important shopping mall for Western District on Hong Kong Island. Average occupancy for the period was maintained at 95%. The Group has scheduled targeted renovations in some parts of the mall to maintain its premium image, to be undertaken carefully in order to minimise disruption to shoppers and tenants. The renovation work is scheduled to begin in 2H2019.

Chatham Place (Group interest: 51%)

The trade mix of this 3-storey shopping arcade below Chatham Gate has been adjusted in recent months, with some of the space in the arcade being reprovisioned for a major kindergarten group tenant. Elsewhere, the Chatham Gate leasing arrangements have adopted a focus on children's education and entertainment, complemented by a range of suitable high-quality F&B premises. As a result of these adjustments, Chatham Place has developed a distinctive focus on goods and services for children and families.

Shun Tak Centre 402 (Group interest: 100%)

The Group is currently deliberating on the use of any unleased area, with the aim of achieving a tenant mix that complements the overall image being developed for Shun Tak Centre. Over the period, this large space is partially occupied by an indoor golf club and a coffee shop.

In Macau

Nova Mall (Group interest: 50%)

In 2018, the Group disposed of a 50% stake of Nova Mall to the Abu Dhabi Investment Authority. In the first half of 2019, it has been preparing this major new shopping mall for a planned soft opening in late 2019 or early 2020. Following earlier confirmation of a number of major anchor tenants, further prospective tenants have shown strong interest in establishing premises in the mall. The Group expects the grand opening of the mall to commence with a retail occupancy rate of around 85%. Its aim is to establish the new mall as a significant community hub and retail destination.

One Central Shopping Mall (Group interest: 51%)

One Central is a major Macau shopping destination known for its premium stores and international designer brand outlets. The upmarket mall covers around 400,000 square feet of shops and services. In 1H2019 it recorded a strong average retail occupancy rate of 94% and achieved average rent for the period of MOP208 per square foot.

Shun Tak House (Group interest: 100%)

This 28,000 square foot property is predominantly occupied by two anchor tenants, and enjoys a strong retail presence due to its location in a busy tourist area. It maintained a 100% occupancy rate in 1H2019.

In China

Shun Tak Tower Beijing (Group interest: 100%)

Located adjacent to the airport highway and near some of Beijing's major business and retail destinations, the Shun Tak Tower combines an Artyzen hotel with an office component offering office space for lease. Its site in Beijing Dong Zhi Men occupies 63,000 square feet (5,832 square metres), which has been developed to provide 419,000 square feet (38,900 square metres) of gross floor area. Shun Tak Tower achieved an average office occupancy rate of 92% in 1H2019, reinforcing the quality and convenience of its location and facilities.

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 period. Its average occupancy rate for the period was 85%.

Property Services

Shun Tak Property Management Limited

This property and facility management company, wholly owned by the Group, serves clients in Macau, Hong Kong and China. It has been successfully leveraging its early experience in facility management in Macau to pursue other related opportunities arising in Hong Kong and China, with a special focus on pre-management consultancy and asset enhancement of commercial properties. The company's subsidiaries include Shun Tak Macau Services Limited, which offers property cleaning services, and Clean Living (Macau) Limited, offering retail and institutional laundry services. Both continued to perform well in the period.

TRANSPORTATION

The Group's passenger ferry business between Macau and Hong Kong continued to be impacted by changing travel patterns resulting from the opening of the Hong Kong-Zhuhai-Macau Bridge ("HZM Bridge") in 2018. In the first half of 2019, TurboJET's Hong Kong-Macau route carried a total of 4.6 million passengers, representing a year-on-year decrease of 32%. This led to a loss for the period of HK$70 million (1H2018: profit of HK$186 million). In the face of the new infrastructure and other factors that are influencing travel demand across the entire Greater Bay Area, the Group's transportation division has been working proactively to enhance its service offerings, adjust its services and improve its operational efficiency to capture new opportunities arising.

Shun Tak-China Travel Shipping Investments Limited

TurboJET has been actively bringing travellers more convenience and catering for a wider range of needs. It has continued to provide services from the permanent Taipa Ferry terminal, now in its third year of operations. In light of the new Macau Light Rail Transit (LRT) System in Taipa set to commence operation in late 2019, TurboJET launched a new Taipa-Kowloon sailing route in March 2019 in anticipation of the development of new market segments generated by traffic connecting with the LRT. As new attractions are opened in the Cotai Strip, Coloane and Hengqin, TurboJET is well positioned to capture patronage from new customers wishing to travel to and from this vibrant area. Meanwhile, its Macau Cruise operations have expanded the routes to connect the Taipa Ferry Terminal, Macau Fisherman's Wharf and Coloane Pier, with new scenic spots around Macau being considered for the future.

In order to enhance the convenience and integration of its ferry services with other major local transportation systems in the region, TurboJET collaborated with Octopus on an Interchange Rebate and Seat Class Upgrade scheme in conjunction with MTR, CityBus and New World First Bus. TurboJET has also been actively promoting its successful mobile app eBoarding service to overseas and local travel agents and customers, tapping into new market segments regionally and internationally. Tech-based platforms will be increasingly adopted to further promote eBoarding and broaden its application, enhancing the personalised travel experience for customers, and reducing the carbon footprint.

In March, 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

The division's land transportation arm, which operates cross-border coach services between Hong Kong and Macau, is one of the business partners participating in the provision of the cross-border shuttle bus services across the HZM Bridge known as "Golden Bus". The company recorded HK$70 million in revenue during the period and operated a fleet of 142 vehicles as at 30 June 2019.

HOSPITALITY

The Hospitality Division is going through a development stage and paving its way for future growth. Over the period, recently launched hotels under Artyzen Hospitality Group in China and foreign destinations need time to gain a stronger foothold. Meanwhile, the Artyzen Club which opened last year is striving to establish its reputation as a comprehensive urban club, with membership subscription gradually growing. With the combined investments of these undertakings, the division is posting HK$25 million in loss (1H2018: HK$8 million in loss).

Hotels in operation

Hong Kong SkyCity Marriott Hotel

The Hong Kong SkyCity Marriott Hotel benefits from its location next to the airport and AsiaWorld-Expo, Hong Kong's largest convention and exhibition centre. During the period, the hotel was able to capitalize upon major events hosted at AsiaWorld-Expo to increase revenues from the MICE segment by 19% year on year. The hotel will strategically market its convenient location close to the HZM Bridge and seek to attract a new tranche of travelers traversing the Greater Bay Area for business and leisure. In April 2019, the hotel was proud to achieve the highest recognition in a number of prestigious 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 a TripAdvisor Certificate of Excellence Hall of Fame 2019.

Mandarin Oriental, Macau

Riding on strong year-on-year growth in tourist arrivals in Macau for the period, the hotel has been driving organic growth through reinforcing block booking arrangements with existing travel partners. It has also continued to host high level group visits in Macau, including delegations of the President of Portugal, government groups from China and Macau, and corporate groups from Singapore, Hong Kong and other markets. For the period under review, it achieved an average occupancy rate of about 74% and an average room rate of over MOP2,000. Its reputation as a premium hospitality service provider was further enhanced in January when it was awarded the Triple Five Star for Hotel, Restaurant and Spa at the Forbes Travel Guide Star Awards, and again in March when its Vida Rica Restaurant received acknowledgement as an SCMP 100 Top Tables 2019 from Hong Kong's South China Morning Post newspaper. Its prestigious The Spa is currently recognised as number one in TripAdvisor's list of 14 recommended spa and wellness facilities 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. During the period, its average room occupancy rate was maintained above 70%.

Artyzen Habitat Dongzhimen Beijing

Opened in September 2017 in an up-and-coming area of Beijing, this hotel has leveraged its connections with traditional local neighbourhoods to create its own unique niche for travellers looking for a blend of old and new. For the period under review, it recorded a satisfactory average occupancy rate of approximately 77%.

Artyzen Habitat Hongqiao Shanghai

This hotel is the most recent of the Artyzen own-brand hotels to open, and it has yet to record a full-year performance. The hotel is gradually picking up on occupancy, and is targeting to achieve an average of 70% occupancy by year end. The Artyzen Habitat Hongqiao Shanghai is located in the Shanghai MixC complex, a major retail and leisure complex that is gaining increasing popularity and drawing visitors from across the city. Pitched as a small scale (188-key) upscale hotel, the hotel is attracting new customers on the basis of its mix of convenience, style and exclusivity.

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. It underwent a soft opening in December 2018 and has been active in 1H2019 in building up its target market, with a focus on 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, and piling work is currently in progress with scheduled completion in Q3 2019. Basement and superstructure work will begin in the second half of the year. Facilities will include 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.

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. Over the period, it recorded across-the-board improvement in banquet, F&B and admission income, attributable to a general increase in visitor arrival.

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.

In the first half of 2019, AHG achieved an encouraging 9% growth in total income year on year. This was due to solid business growth both from its existing hotels in the Mainland, Macau and Hawaii, and the new Artyzen Habitat Hongqiao Shanghai, which opened in 2018.

The Artyzen Habitat hotel brand is a relatively new one in Asia, but has already established itself as a prime contender for the patronage of high quality business and leisure travellers. In China, a number of new Artyzen branded hotels are currently approaching completion. Seven are located in Shanghai, one in Hengqin, and one in Chongqing. In the period, the groundbreaking ceremony for the first Artyzen branded hotel outside China took place in Singapore, with the planned opening for this hotel in 2022.

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. As part of the joint venture agreement, the Group and Perennial will set up a hotel management company to take charge of the hotel management aspects of these two developments.

In the period, AHG has been actively pursuing a number of new investment opportunities outside China. The plan is to expand AHG's footprint across the Asia Pacific region.

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. Over 250 member subscriptions have been recorded as at 30 June 2019.

TRAVEL AND MICE

Shun Tak Travel, representing the Group's full-service travel and MICE arm, has been adapting its services to the changing dynamics of regional travel in the period under review. With offices in Hong Kong, Macau, Beijing, Shanghai, Guangzhou and Shenzhen servicing the Pearl River Delta region and beyond, Shun Tak Travel generated revenue of HK$19 million in the first half of 2019 (1H2018: HK$23 million).

The company's travel and MICE segments came under pressure in the first half of 2019 due to the escalation in the China-US trade war. Furthermore, the proliferation of online travel agencies and travel booking websites has continued to erode the market share of traditional travel agencies such as Shun Tak Travel. In response, the company is looking at wider collaborations across the Greater Bay Area to enhance the scope and value of its service offerings, and has recently reviewed its own online sales platform in order to keep it competitive.

With its appointment in 2018 as general sales agent of the Express Rail Link (High Speed Rail) for the Hong Kong region by MTR Hong Kong, Shun Tak Travel has been boosted by steady growth in the number of travellers using its high-speed rail ticketing services. MTR has been extending its high-speed rail coverage to another 14 Mainland destinations in 2019, and by July there were 58 stations served by high-speed rail. This is opening up new opportunities for the Group in terms of growth in business and collaborations with Mainland partners.

INVESTMENT

The Group has an effective interest of approximately 11.5% in Sociedade de Turismo e Diversões de Macau, S.A. ("STDM"), which itself has an effective shareholding of approximately 54.1% in Hong Kong-listed company SJM Holdings Limited, owner of the entire shareholding interests of Sociedade de Jogos de Macau, S.A. This latter body is one of six gaming concessionaires licensed by the Macau SAR Government to operate casinos in Macau.

As a result of the Group's interest in STDM, it received annual investment revenue for the period in the form of dividends. The investment division recorded a profit of HK$89 million (1H2018: HK$74 million), representing an increase from the previous period of 20%.

Kai Tak Cruise Terminal

The Kai Tak Cruise Terminal Hong Kong is operated and managed by a partnership that includes the Group, Worldwide Flight Services Holding SA, and Royal Caribbean Cruises Ltd. In the first half of 2019, the terminal received a total of 93 berthings, with 83 ships calls scheduled for the remainder of the year.

Macau Matters Limited

Macau Matters Limited, the Group's retail division in Macau, possesses the exclusive right to sell toys under the renowned international brand Toys 'R' Us in Macau. In the period under review, this right was exercised through the operation of two Toys 'R' Us stores in the territory, located at Macau Tower and Senado Square respectively. In a reflection of the relatively soft retail environment of the first half of the year, sales from the two outlets fell by around 10% for the period.

A third Toys 'R' Us store has been confirmed for opening in Macau, to be located at the Group's new Nova Mall shopping centre in Taipa. With a positioning as the flagship store of the three, the Nova Mall Toys 'R' Us is expected to develop into a major family shopping destination in Macau.

Progress on the plans of Macau Matters to expand its retail range through the addition of a new 'Stecco Natura' gelato ice cream brand has been steady. The company remains on track to open stores selling the premium ice cream at K11 Shopping Mall and The Peak Galleria in Hong Kong in the second half of the year.

RECENT DEVELOPMENTS AND PROSPECTS

Over the first half of 2019, the Group's newly completed residential project Nova Grand has been the most significant income driver for the division. Sales are scheduled to continue over the year and are expected to provide the Group with strong and steady income in coming quarters. Alongside its residential sales at Nova Grand, the forthcoming opening of the Group's Nova Mall shopping complex, in which the Group holds a 50% stake, is expected to provide a positive new revenue stream for the Group following its opening late this year. In China, the Group's collaboration with Perennial Real Estate Limited on two major mixed-use developments incorporating healthcare components represents a highly promising strategic direction for the Group in the medium term, as these developments are expected to cater to significant untapped demand in the flourishing regions along the high speed railway.

The Group's transportation division faces a number of competitive challenges over the coming year. In the shorter term, recent political unrest in Hong Kong has begun to affect the flow of tourists across the region and reduce passenger numbers for ferry services between Hong Kong and Macau. The division is taking steps to address this temporary downturn through the application of careful cost control measures and other strategic plans to ensure optimum efficiency in services and staffing. With regard to the longer-term impact of new transport infrastructure being developed across the Greater Bay Area, the Group is of the belief that tighter exchanges between business and people will gradually stimulate new demands. As such, the Group will continue to work to enhance the convenience and value of its ferry services, leverage its deep experience in transportation to meet new demand, and continue to support the national government's drive to enhance connectivity across the region.

From the hospitality perspective, the Group is preparing for an inevitable downturn in hospitality revenue for Hong Kong and Macau as analysts point to a potential decline in visitor numbers stifled by recent political unrest in the territory. However, the Group's diversified hotel holdings include properties in China which are expected to be relatively unaffected by Hong Kong events. As its subsidiary Artyzen Hospitality Group has continued to open and operate more hotels in China and abroad, the reputation and performance of this brand is expected to grow further.

In summary, the Group's overall performance within a difficult and politically volatile environment in the first half of 2019 has been satisfactory. Its core property development projects hold steady potential to deliver good returns for the Group for several years to come. In other areas, the Group is using all its experience of local markets to manage change effectively and to identify new opportunities as they arise. It is therefore confident that it can continue to provide investors with satisfactory returns in the future.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group's bank balances and deposits amounted to HK$17,111 million as at 30 June 2019, representing an increase of HK$2,793 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 30 June 2019 amounted to HK$22,474 million, of which HK$7,644 million remained undrawn. The Group's bank borrowings outstanding at the period end amounted to HK$14,830 million. The Group's borrowings also comprised the medium term notes ("MTN") of HK$3,178 million.

Based on a net borrowings of HK$897 million at the interim period end, the Group's gearing ratio (expressed as a ratio of net borrowings to equity attributable to owners of the Company) was 2.5% (31 December 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
54%	13%	31%	2%	100%

In November 2018, the Group entered into a main contract for construction of a hotel property in Singapore. As at 30 June 2019, the Group has an outstanding commitment of approximately HK$557 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 30 June 2019, the Group has an outstanding commitment to contribute capital of approximately US$99 million (equivalent to approximately HK$776 million) to HC Co.

Charges on Assets

At the period end, bank loans to the extent of approximately HK$8,925 million (31 December 2018: HK$9,509 million) were secured with charges on certain assets of the Group amounting to an aggregate carrying value of HK$18,392 million (31 December 2018: HK$29,294 million). Out of the above secured bank loans, an aggregate amount of HK$1,818 million (31 December 2018: HK$1,404 million) was also secured by pledges of shares in certain subsidiaries.

Contingent Liabilities

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 of the pier operation in Hong Kong. At the balance sheet date, the Group's share of such contingent liability amounted to HK$2.0 million (31 December 2018: HK$2.1 million).

Financial Risk

The Group adopts a prudent approach in financial risk management to minimize exposure to currency and interest rate risks. Except for the guaranteed MTN, all funds raised by the Group are on a floating rate basis. Except for the MTN of US$400 million and bank loan of RMB1,223 million and SGD1,172 million, the Group's outstanding borrowings were not denominated in foreign currency at the period end. Approximately 95% of the bank deposits, cash and bank balances as at 30 June 2019 were denominated in Hong Kong dollar ("HKD"), Macau pataca ("MOP") and US dollar ("USD") and the remaining balance was mainly in Renminbi ("RMB"), whereby 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 from time to time review its foreign exchange and market conditions to determine if any hedging is required. The Group currently engages in fuel hedging and currency swap activities to minimise exposure to fluctuations in fuel prices and foreign exchange rate in accordance with the Group's approved treasury policies.

Human Resources

The Group, including subsidiaries but excluding joint ventures and associates, employed approximately 3,360 employees at the period end. The Group adopts competitive remuneration packages for its employees. Promotion and salary increments are based on performance. Social activities are organised to foster team spirit amongst employees and they are encouraged to attend training classes that are related to the Group's businesses and developments.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2019, the Company bought back a total of 2,296,000 shares of the Company at an aggregate consideration of HK$7,060,938 (before expenses) on The Stock Exchange of Hong Kong Limited. All the shares bought back were subsequently cancelled in June and July 2019. 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
	2,296,000			7,060,938

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 had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2019.

CORPORATE GOVERNANCE CODE

The Board is of the opinion that the Company has complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 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, 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 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 Group, assumes her dual capacity.

REVIEW BY AUDIT COMMITTEE

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2019 have been reviewed by the audit committee of the Company. At the request of the directors of the Company, the Company's external auditor, PricewaterhouseCoopers, has carried out a review of the said unaudited condensed consolidated interim financial statements in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

By order of the Board
SHUN TAK HOLDINGS LIMITED
Pansy Ho
Group Executive Chairman and
Managing Director

Hong Kong, 26 August 2019

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