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

2013 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 2013 of the Company and its subsidiaries (the "Group").

The unaudited profit attributable to owners of the Company for the period amounted to HK$672 million, as compared with the profit of HK$1,004 million for the same period last year. Basic earnings per share was HK22.5 cents (2012: HK36.0 cents).

The unaudited profit attributable to owners of the Company for the period would be HK$164 million (2012: HK$97 million), after excluding the effect of attributable revaluation surplus (net of deferred tax) of HK$508 million (2012: HK$907 million) arising on investment properties held by the Group and a joint venture (holding 51% interest in One Central).

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend (2012: nil) in respect of the six months ended 30 June 2013.

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE

	Note	(Unaudited) 2013 (HK$'000)	(Unaudited) 2012 (HK$'000)
Turnover	3	**1,690,979**	1,560,271
Other income		**60,918**	68,166
		1,751,897	1,628,437
Other gains, net	4	**213**	335
Cost of inventories sold and services provided		**(740,798)**	(733,135)
Staff costs		**(511,393)**	(470,710)
Depreciation and amortisation		**(99,001)**	(123,434)
Other costs		**(210,413)**	(215,010)
Fair value changes on investment properties		**213,303**	505,874
Operating profit	3, 5	**403,808**	592,357
Finance costs	6	**(103,299)**	(70,013)
Share of results of associates		**9,035**	5,134
Share of results of joint ventures		**489,614**	564,413
Profit before taxation		**799,158**	1,091,891
Taxation	7	**(49,472)**	(22,626)
Profit for the period		**749,686**	1,069,265
Attributable to:			
Owners of the Company		**671,626**	1,003,628
Non-controlling interests		**78,060**	65,637
Profit for the period		**749,686**	1,069,265
Earnings per share (HK cents)	9		
- basic		**22.5**	36.0
- diluted		**22.2**	34.6

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE

	(Unaudited)	(Unaudited)
	2013	2012
	(HK$'000)	*(HK$'000)*
Profit for the period	**749,686**	1,069,265
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale investments:		
Changes in fair value	**(22,652)**	(1,255)
Reversal of reserve upon disposal of available-for-sale investments	**(787)**	9,547
Cash flow hedges:		
Changes in fair value, net of tax	**(8,108)**	(3,215)
Reversal of reserve upon the closure of cash flow hedges, net of tax	**—**	(10,520)
Exchange differences on translation of financial statements of foreign operations	**(17,427)**	(5,171)
Other comprehensive loss for the period, net of tax	**(48,974)**	(10,614)
Total comprehensive income for the period	**700,712**	1,058,651
Attributable to:		
Owners of the Company	**618,122**	1,002,844
Non-controlling interests	**82,590**	55,807
Total comprehensive income for the period	**700,712**	1,058,651

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	(Unaudited) 30 June 2013 (HK$'000)	(Audited) 31 December 2012 (HK$'000)
Non-current assets			
Property, plant and equipment		**2,140,799**	2,262,702
Investment properties		**6,080,398**	5,049,944
Prepaid premium for land lease		**8,293**	8,414
Associates		**1,523,577**	962,362
Joint ventures		**4,321,379**	3,569,337
Intangible assets		**364,923**	365,047
Available-for-sale investments		**989,511**	1,017,242
Mortgage loans receivable		**16,025**	14,020
Deferred tax assets		**18,820**	25,747
Other non-current assets		**764,969**	675,174
		16,228,694	13,949,989
Current assets			
Properties for or under development		**8,449,265**	8,238,777
Inventories		**1,952,214**	1,945,670
Trade and other receivables, and deposits paid	10	**1,302,134**	2,431,154
Derivative financial instruments		**2,235**	4,749
Taxation recoverable		**1,335**	1,344
Cash and bank balances		**8,850,341**	7,681,879
		20,557,524	20,303,573

	Note	(Unaudited) 30 June 2013 (HK$'000)	(Audited) 31 December 2012 (HK$'000)
Current liabilities			
Trade and other payables, and receipts in advance	10	**962,315**	1,012,239
Deposits received from sale of properties		**637,188**	497,441
Bank borrowings		**1,841,825**	3,103,025
Provision for employee benefits		**17,099**	18,015
Taxation payable		**95,221**	86,247
Loans from non-controlling shareholders		**1,177,591**	—
		4,731,239	4,716,967
Net current assets		**15,826,285**	15,586,606
Total assets less current liabilities		**32,054,979**	29,536,595
Non-current liabilities			
Receipts in advance		**42,114**	40,896
Bank borrowings		**3,378,000**	2,847,000
Convertible bonds		**820,071**	813,379
Medium term notes		**3,133,717**	—
Derivative financial instruments		**9,975**	—
Deferred tax liabilities		**1,041,148**	1,011,077
Loans from non-controlling shareholders		**128,250**	1,796,316
		8,553,275	6,508,668
Net assets		**23,501,704**	23,027,927
Equity			
Share capital		**749,220**	746,720
Share premium		**8,876,887**	8,851,587
Reserves		**10,761,753**	10,144,536
Proposed dividends		**—**	253,885
Equity attributable to owners of the Company		**20,387,860**	19,996,728
Non-controlling interests		**3,113,844**	3,031,199
Total equity		**23,501,704**	23,027,927

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1 Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial statements are prepared in accordance with the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The accounting policies and methods of computation and presentation used in the preparation of the condensed consolidated interim financial statements are consistent with those described in the 2012 annual financial statements except as stated in note 2 below.

The preparation of the condensed consolidated interim financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the consolidated financial statements for the year ended 31 December 2012. Those areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group's consolidated financial statements are detailed in the 2012 annual financial statements.

2 Impact of revised HKFRSs

The following revised HKFRSs and amendments that are relevant to its operations and first effective for the Group's financial year beginning on 1 January 2013:

HKAS 1 (Revised) (Amendments)	Presentation of Financial Statements
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurements
Amendments to HKFRS 10, HKFRS 11 & HKFRS 12	Transition Guidance

Except as described below, the adoption of the above does not have any significant impact to the Group's results for the six months ended 30 June 2013 and the Group's financial position as at 30 June 2013.

HKAS 1 (Revised) (Amendments) Presentation of financial statements

HKAS 1 (Revised) (Amendments) requires the identification of other comprehensive income items that are subsequently re-classifiable to the profit or loss in the statement of comprehensive income. The amendment affected presentation only and had no impact on the Group's financial position or performance.

HKFRS 11 Joint arrangements

Under HKFRS 11, investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement.

Before 1 January 2013, the Group's interest in its jointly controlled entities were accounted for using the equity method. Under HKFRS 11, the jointly controlled entities have been assessed to be joint ventures.

HKFRS 13 Fair value measurement

HKFRS 13 measurement and disclosure requirements are applicable for the year ending 31 December 2013. The Group has included the disclosures for financial assets and non-financial assets.

For the six months ended 30 June 2013, the Group has adopted all other new or revised standards, amendments and interpretations that are currently in issue and are mandatory for the year ending 31 December 2013.

The HKICPA has issued new and revised standards, amendments to standards which are relevant to the Group's operations but are not yet effective for the Group's financial year beginning on 1 January 2013 and have not been early adopted:

HKAS 32 (Amendment)	Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date and Transition Disclosures
HKFRS 9	Financial Instruments
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities

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

3 Segment information

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

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

The principal activities of each reportable segment are as follows:

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

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 expense. Inter-segment transactions have been entered into on terms agreed by the parties concerned. The Group's measurement methods used to determine reported segment profit or loss remain unchanged from 2012.

Sales among segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenues from external parties reported to management are measured in a manner consistent with that in this condensed consolidated interim income statement.

For the six months ended 30 June 2013	**Property** *(HK$'000)*	**Transportation** *(HK$'000)*	**Hospitality** *(HK$'000)*	**Investment** *(HK$'000)*	**Eliminations** *(HK$'000)*	**Total** *(HK$'000)*
Turnover and other income						
External turnover	**161,929**	**1,073,738**	**336,787**	**118,525**	**—**	**1,690,979**
Inter-segment turnover	**335**	**181**	**23,987**	**—**	**(24,503)**	**—**
Other income (external and excluding interest income)	**1,673**	**14,331**	**876**	**572**	**—**	**17,452**
	163,937	**1,088,250**	**361,650**	**119,097**	**(24,503)**	**1,708,431**
Segment results	**34,162**	**48,032**	**34,793**	**100,096**	**—**	**217,083**
Fair value changes on investment properties	**213,303**	**—**	**—**	**—**	**—**	**213,303**
Interest income from bank deposits						**43,466**
Unallocated net expense						**(70,044)**
Operating profit						**403,808**
Finance costs						**(103,299)**
Share of results of associates	**6,465**	**183**	**850**	**1,537**	**—**	**9,035**
Share of results of joint ventures	**492,405**	**7,309**	**(10,100)**	**—**	**—**	**489,614**
Profit before taxation						**799,158**
Taxation						**(49,472)**
Profit for the period						**749,686**

For the six months ended 30 June 2012	Property *(HK$'000)*	Transportation *(HK$'000)*	Hospitality *(HK$'000)*	Investment *(HK$'000)*	Eliminations *(HK$'000)*	Total *(HK$'000)*
Turnover and other income						
External turnover	164,492	1,016,390	309,618	69,771	—	1,560,271
Inter-segment turnover	1,494	—	20,827	—	(22,321)	—
Other income (external and excluding interest income)	2,995	12,548	1,065	538	—	17,146
	168,981	1,028,938	331,510	70,309	(22,321)	1,577,417
Segment results	8,363	2,161	36,123	43,774	—	90,421
Fair value changes on investment properties	505,874	—	—	—	—	505,874
Interest income from bank deposits						51,020
Unallocated net expense						(54,958)
Operating profit						592,357
Finance costs						(70,013)
Share of results of associates	(4)	332	3,535	1,271	—	5,134
Share of results of joint ventures	575,329	7,491	(15,944)	(2,463)	—	564,413
Profit before taxation						1,091,891
Taxation						(22,626)
Profit for the period						1,069,265

4 Other gains, net

For the six months ended 30 June

	2013	2012
	(HK$'000)	*(HK$'000)*
Net loss on disposal of property, plant and equipment	**(928)**	(234)
Net gain on disposal of available-for-sale investments	**779**	—
Others	**362**	569
	213	335

5 Operating profit

For the six months ended 30 June

	2013	2012
	(HK$'000)	*(HK$'000)*
After crediting:		
Interest income from bank deposits and mortgage loans	**43,920**	51,289
Rental income from investment properties	**95,102**	86,098
Dividend income from listed investments	**10,132**	6,423
Dividend income from unlisted investments	**96,673**	52,485
After charging:		
Cost of inventories		
- properties	**7,352**	7,222
- fuel	**475,622**	478,078
- others	**34,010**	50,141
	516,984	535,441
Impairment losses on available-for-sale investments	**—**	9,547

6 Finance costs

For the six months ended 30 June

	2013	2012
	(HK$'000)	*(HK$'000)*
Total finance costs incurred	**126,150**	82,243
Less: Amount capitalised in properties under development	**(22,851)**	(12,230)
	103,299	70,013

7 Taxation

For the six months ended 30 June

	2013	2012
	(HK$'000)	*(HK$'000)*
Hong Kong profits tax	**9,160**	9,079
Overseas taxation	**5,529**	4,006
Deferred taxation	**34,783**	9,541
	49,472	22,626

Hong Kong profits tax is provided for at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits for the period. Overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

8 Interim dividend

The Board has resolved not to declare an interim dividend (2012: nil) in respect of the six months ended 30 June 2013.

9 Earnings per share

The calculation of basic earnings per share is based on profit attributable to owners of the Company of HK$671,626,000 (2012: HK$1,003,628,000) and the weighted average number of 2,988,814,421 (2012: 2,790,629,323) shares in issue during the period.

The calculation of diluted earnings per share is based on profit attributable to owners of the Company of HK$692,076,000 (2012: HK$1,041,129,000) and the weighted average number of 3,122,223,305 (2012: 3,005,359,286) shares in issue during the period after adjusting for the effects of all dilutive potential ordinary shares.

10 Trade receivables and payables — ageing analysis

Trade debtors are managed in accordance with defined credit policies, dependent on market requirements and businesses which they operate. Subject to negotiation, credit is only available for major customers with well-established trading records. The Group offers general credit terms ranging from 1 to 60 days to its customers, except for sale of properties the proceeds from which are receivable pursuant to the terms of the relevant agreements.

The ageing analysis of trade debtors is as follows:

	30 June 2013	31 December 2012
	(HK$'000)	*(HK$'000)*
0 - 30 days	**83,171**	92,183
31 - 60 days	**17,624**	25,058
61 - 90 days	**8,973**	4,969
over 90 days	**937**	5,503
	110,705	127,713

The ageing analysis of trade creditors is as follows:

	30 June 2013	31 December 2012
	(HK$'000)	*(HK$'000)*
0 - 30 days	**536,267**	636,610
31 - 60 days	**4,515**	9,867
61 - 90 days	**3,456**	5,326
over 90 days	**3,220**	4,364
	547,458	656,167

11 Comparatives

Certain comparative figures of the condensed consolidated income statement and the condensed consolidated cash flow statement have been reclassified to conform to the current period's presentation. These reclassifications have no impact on the Group's total equity, the Group's profit and net change in cash and cash equivalents for the periods ended 30 June 2013 and 2012.

BUSINESS REVIEW

PROPERTY

Though the Group has not recorded any development profit booking during the period, its investment and management portfolio made solid returns to bring an operating profit of HK$34 million (1H 2012: HK$8 million), plus HK$499 million (1H 2012: HK$575 million) share of profits from joint ventures and associates, primarily from the One Central project, with share of revaluation surplus arising from investment properties of HK$331 million (1H 2012: HK$456 million). The first six months of 2013 is also a period of rapid expansion for the division as it concludes various large scale land purchases in Northern China.

Major Acquisitions in the Period

In Hong Kong

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

In January 2013, the Group purchased the property from The Open University of Hong Kong, and has entered into a lease with the institution following the acquisition. The Group has a profound understanding of the optimal tenant mix for the retail leasing market of Shun Tak Centre, and anticipates this acquisition will create positive synergy and enhance the future value of the property.

In China

In April 2013, the Group announced its participation in two Northern China real estate projects.

Beijing Tongzhou Integrated Development Phase 2 (Group interest: 19.35%)

The first of which is the Beijing Tongzhou Integrated Development Phase 2, spanning a total land area of about 1.1 million square feet (104,000 square meters) and a developable gross floor area (excluding car park) of about 4.6 million square feet (426,000 square meters), to include retail, office, hotel and serviced apartments. Phase 2 is an extension of the same project announced by the Group earlier in October 2012. By acquiring Phase 2, the larger combined site will enable the consortium to further optimize the masterplan, rendering it one of the largest and most representative integrated developments in Tongzhou along the Grand Canal when completed in 2016.

Beijing Dong Zhi Men commercial land use project (Group interest: 100%)

The project is a wholly-owned property in the Beijing Dong Cheng District near East 2nd Ring Road, comprising both office and hospitality components. The site spans 63,000 square feet (5,832 square meters), with a developable gross floor area of approximately 417,000 square feet (38,700 square meters) rising 21 levels aboveground, and 180,000 square feet (16,800 square meters) in 4 underground levels. It commands a prominent location next to the airport highway and enjoys close proximity to Beijing downtown, embassy area, and YanSha district. Superstructure and majority of external facade have been completed, with handover of the property scheduled for July 2014.

PROPERTY DEVELOPMENTS

Projects Completed with Recent Sales

In Macau

One Central (Group interest: 51%)

One Central is a prominent architectural feature on the Macau Peninsula waterfront jointly developed with Hongkong Land Holdings Limited. As of 30 June 2013, 99% of the residential towers have been sold. 7 units of serviced apartments and residentials were handed over in the first half of 2013. Two penthouses at The Residences and Apartments at Mandarin Oriental, Macau remain in the inventory for exclusive viewing.

Taipa Hills Memorial Garden (Group interest: 79%)

Taipa Hills Memorial Garden is a contemporary columbarium opened in 2011. Approximately 100 niches were sold in the first half of 2013, with cumulative sales over 3,900 niches as of date. A new subsidiary providing funeral services, under the name Wing Nim Memorial Services, was launched in Hong Kong in the first quarter of 2013, offering tailored solutions to families opting for one-stop services. Demand for this service has been growing steadily since its launch.

In Hong Kong

Chatham Gate (Group interest: 51%)

This grand residential mansion comprises two grand residential towers offering units from studio to four-bedroom configurations, and an appending shopping arcade covering a gross floor area of approximately 370,000 square feet. Occupation permit was issued in October 2012 and handover of units commenced in March 2013. As of 30 June 2013, 237 out of 334 residential units have been sold. The shopping arcade is expected to open in the fourth quarter of 2013.

Projects Under Development with Recent Sales

In Macau

Nova City Phase 4 (Group interest: 100%)

Nova Park, Phase 4 of Nova City, is a striking urban park-side residential development set at the heart of the thriving Taipa community with an unimpeded view of the stunning Taipa Central Park. Its three residential towers cover a gross floor area of approximately 680,000 square feet. Foundation works have been completed and superstructure works have commenced. Project completion is slated for the fourth quarter of 2014. As of 30 June 2013, 344 out of 620 residential units have been sold.

Projects Under Development

In Macau

Nova City Phase 5 (Group interest: 100%)

The next phase of this popular residential community comprises over 2.3 million square feet of residential units in eight towers. These towers will sit above a large-scale lifestyle shopping centre with a gross floor area of over 650,000 square feet. It will house a diverse range of tenants including supermarkets, dining outlets, leisure retail and entertainment components to provide unparalleled convenience to residents. The project is under planning and foundation works are expected to commence by the third quarter of 2013.

Harbour Mile (Group interest: 100%)

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

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

The Group has made application for land grant and is in discussion with the Macau SAR Government on its plan to develop 5-star hotels on the site.

<u>In Hong Kong</u>

Proposed House Development at Chung Hom Kok (Group interest: 100%)

This proposed development comprises five luxury residential houses in a premium and tranquil location at Chung Hom Kok. Superstructure works are in progress and the project is scheduled for completion in the fourth quarter of 2013.

<u>In China</u>

Beijing Tongzhou Integrated Development Phase 1 (Group interest: 24%)

In October 2012, the Group entered into a joint venture with a consortium of investors to develop an iconic landmark in the new business district of Beijing - the Tongzhou district. The proposed mixed use development comprises retail, office and serviced apartments components. It is located on a prime site fronting the famous Grand Canal and enjoys direct connectivity to future subway and bus interchange stations. The gross floor area of the proposed development is approximately 4.3 million square feet (402,000 square meters). The Integrated Development Phase 1 & 2 are currently under planning.

Property Investments

<u>In Macau</u>

One Central Shopping Mall (Group interest: 51%)

One of the defining hallmarks of One Central is a 400,000 square feet premium shopping mall, which houses a supreme collection of international designer brands. Its popularity demonstrates the Group's vision and strength in creating projects appealing to top quality tenants. The retail mall maintained an occupancy rate of around 93% as at 30 June 2013, and encouraging fee revisions have been achieved.

Shun Tak House (Group interest: 100%)

The property, situated in a busy tourist locale at the heart of the Macau Peninsula, covers over 28,000 square feet of leasable area and consistently maintains 100% occupancy with two major retail anchor tenants.

In Hong Kong

The Westwood (Group interest: 51%)

Home to a myriad of chain retailers, The Westwood, a 5-storey shopping centre at The Belcher's with approximately 158,000 square feet of leasable area, is the largest shopping destination in the Western Mid-Levels. As of 30 June 2013, occupancy rate stood above 94%. Accessibility to The Westwood will be further improved when construction work of the MTR West Island Line is completed in 2014.

Liberté Place (Group interest: 64.56%)

Liberté Place, the shopping podium of Liberté, offers a wide variety of dining and household conveniences to residents of the West Kowloon community, including the neighboring Banyan Garden and The Pacifica. Occupancy consistently stands close to 100%. After the opening of a direct access connecting to Lai Chi Kok MTR Station, foot traffic has been further enhanced.

In China

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

The Guangzhou Shun Tak Business Centre, a 32-storey office tower on a 6-storey shopping arcade, recorded satisfactory leasing revenue and an occupancy rate of around 86%.

Property Services

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

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

TRANSPORTATION

The transportation division made significant headway in the first half of 2013, resulting from a fare increment implemented in March 2013, as well as an expansion in regional tourism demand. Total volume of passengers serviced by the Hong Kong — Macau routes increased by 4.7% as compared with the same period last year, posting a profit of HK$48 million. The Group also made a defining stride to strengthen its transportation presence, further spreading its catchment reach and enhancing regional multi modal connections by investing in Jetstar Hong Kong, a new low-cost carrier based in Hong Kong.

Shun Tak-China Travel Shipping Investments Limited

In February 2013, the Airport Authority Hong Kong extended the management contract of ferry operations at SkyPier with Hong Kong International Airport Ferry Terminal Services Limited, a joint venture under the Group. The new 6-year contract commenced in April 2013. During the period, SkyPier continued to exhibit dynamic growth, setting record numbers in terms of passenger throughput at 1.3 million.

The Group expanded its operation to Taipa from Hong Kong since June 2012, and further enhanced its network by adding another new service from Shekou starting from August 2012.

TurboJET continued to enrich its products and offerings to meet the heightening demand of luxury travelers. In April 2013, Premier Service has been extended to cover its Kowloon-Macau route.

Jetstar Hong Kong Airways Limited (“Jetstar Hong Kong”)

In June 2013, the Group has taken an equal third share in Jetstar Hong Kong partnering with Qantas Group and China Eastern Airlines. The new airline is progressing with regulatory approvals and intends to service destinations within a five-hour radius from Hong Kong, such as Southeast Asia, Japan, South Korea and Greater China.

Shun Tak & CITS Coach (Macao) Limited

The land transportation arm, Shun Tak & CITS Coach (Macao) Limited, continued to deliver strong returns through its cross-border and local rental business. In June 2013, it operates a fleet of 136 vehicles, and recorded HK$45 million in revenue over the first half of 2013.

HOSPITALITY

Tourism performance continued its strong momentum in the first half of 2013, with the hospitality division experiencing all-rounded growth across different facets of the business, led by increased return from hotel investments. The division posted HK$35 million in operating profit (1H 2012: HK$36 million).

Furthermore, the Group announced in July 2013 the establishment of Artyzen Hospitality Group, a wholly-owned subsidiary that provide hotel management solutions through its own collection of luxury hotel brands characterized by distinctive Asian offerings.

Hotels

In Hong Kong, the 658-room Hong Kong SkyCity Marriott Hotel located close to the AsiaWorld-Expo, the Hong Kong International Airport and the SkyPier, experienced 7% year-on-year growth in revenue, and an average occupancy rate of 78%.

Mandarin Oriental, Macau leveraged upon its convenient location and strong brand affiliation to lead the room rate of properties in its competitive set and an occupancy of 73%, which is the leader among the non gaming hotels in Macau. Over the first half of 2013, the hotel posted a revenue of MOP101 million (equivalent to HK$98 million), with banquet business exhibiting an uptrend driving food & beverage sales.

Westin Resort Macau continued to focus on delivering value resort experiences for holidaymakers who prefer a uniquely tranquil, leisure and non-gaming environment near the beach and mountains of Coloane. The property achieved a 60% occupancy rate and satisfactory revenue.

Hospitality Management

The Group is renowned for providing integrated management solutions for tourism facilities. It is instrumental to positioning Macau Tower as a prominent destination in the world map with its international management and expansive sales and marketing network. In the first half of 2013, Macau Tower registered exceptional performance in all segments of business including food & beverage, observation decks and retail rental. Compared with the same period last year, it recorded a 7% year-on-year gain and MOP91 million (equivalent to HK$88 million) in revenue. (1H 2012: MOP85 million, equivalent to HK$83 million).

Travel and MICE

Shun Tak Travel registered encouraging growth in corporate and wholesale ticketing sales by 108% and 43% respectively compared with the same period last year. Retail business also grew, as the brand solidified awareness through cross promotions and social media campaigns. During the first half of 2013, the MICE team has been appointed to provide hospitality and ground handling service for various high profile events, building solid reputation and track record for further expansion. Total net revenue for Shun Tak Travel and MICE amounted to HK$24 million (1H 2012: HK$23 million), a 4% year-on-year increase.

INVESTMENTS

The investment division recorded a gain of HK$100 million (1H 2012: HK$44 million) over the period, with the substantial improvement resulting from an increase in dividend income from Sociedade de Turismo e Diversões de Macau, S.A..

The Group partnered with Worldwide Flight Services Holding SA and Royal Caribbean Cruises Ltd. to operate and manage the new Kai Tak Cruise Terminal, designed to accommodate a new generation of mega-cruisers. Drawing from its management experience of port facilities and mixed use complexes, the Group will contribute its expertise in retail leasing. The terminal soft opened to welcome the first cruise ship in June 2013, marking a new chapter in Hong Kong cruise tourism.

Macau Matters Company Limited is the Group's retail arm, operating Toys "R" Us Macau in Macau Tower.

PROSPECT AND RECENT DEVELOPMENTS

The first half of 2013 has been an exciting and strategically important period for the Group, as it entered into various significant ventures that define the development roadmap for the future of its property and hospitality divisions. These synergistic projects are expected to elevate the Group's profile as a leading travel and tourism conglomerate, consolidate its air-sea-land gateway advantage, expand the customer base for its portfolio, as well as expand its footprint in integrated property and tourism assets in the Greater China Region.

In February 2013, the Group established a US$1,000 million guaranteed medium term note programme ("MTN Programme"). In March 2013, the 7-year 5.7% guaranteed notes in an aggregate principal amount of US$400 million were issued under the MTN Programme, proceeds of which would be used for financing new investment opportunities and for general working capital purposes.

The acquisitions of new sites in Tongzhou and Dong Zhi Men in Beijing, PRC reflect the Group's confidence in the Northern China real estate market and the financial strength of the nation's capital. These premium sites hold significant development potentials, in particular, the Dong Zhi Men property promises medium term recurring property investment returns for the Group due to its short completion timeline.

In July 2013, the Group further announced the successful bidding for an approximately 256,000 square feet (23,834 square meters) site (maximum gross floor area at 1.4 million square feet or 131,088.7 square meters) in Hengqin, Zhuhai, PRC through listing-for-sale at a consideration of approximately HK$911.3 million. A plan to develop an exemplary landmark comprising office, hotel, commercial and serviced apartments is now underway with site works anticipated to commence in late 2013. The land is located at a prime location enjoying superior connectivity, to be serviced by the Hengqin and Macau light rails, together with the extension of Guangzhou-Zhuhai Intercity-Rail in the future, and only a few minutes' drive away from the Cotai strip, Macau.

Investment in Jetstar Hong Kong completes the Group's vision to provide a multi modal air-sea-land network servicing the Pearl River Delta and facilitate its integration. With the successful track record of Jetstar in other Asian bases, and the profound aviation experience and extensive networks of Qantas Group and China Eastern Airlines, this new low cost airline is expected to drive substantial travel demand within the Hong Kong market.

In July 2013, the Group further announced the establishment of Artyzen Hospitality Group ("AHG"), a wholly-owned subsidiary set to create its own luxury hotel brands emblazoned with distinctive Asian art and culture features and service offerings. These brands will be tailored to capitalize on the rapidly growing travel markets in China and other Asia Pacific countries. AHG will offer management solutions to hotel owners and developers, including the Group's own properties.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group's bank balances and deposits amounted to HK$8,850 million at 30 June 2013, representing an increase of HK$1,168 million as compared with the position as at 31 December 2012. 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 2013 amounted to HK$13,655 million, of which HK$8,435 million remained undrawn. The Group's bank borrowings outstanding at the period end amounted to HK$5,220 million. The Group's borrowings also comprised the medium term notes ("MTN") of HK$3,134 million and the liability component of guaranteed convertible bonds of HK$820 million.

On 20 February 2013, the Group's wholly-owned subsidiary (the "issuer") established a US$1,000 million (equivalent to approximately HK$7,750 million) medium term note programme. The MTN may be issued by the issuer from time to time and will be unconditionally and irrevocably guaranteed by the Company. On 7 March 2013, the Group has drawn down US$400 million under the programme by issuing MTN to professional investors at an annual coupon of 5.7% for financing new investment opportunities and for general working capital purposes. The note will mature on 7 March 2020.

Based on a net borrowings of HK$323 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 1.6%. At 31 December 2012, no gearing ratio is presented as the Group had a net cash balance. The Group will continue with its financial strategy of maintaining a healthy gearing ratio and consider steps to reduce its finance costs.

The maturity profile of the Group's borrowings as at 30 June 2013 is set out below:

Maturity Profile

Within 1 year	1-2 years	2-5 years	Over 5 years	Total
20%	9%	37%	34%	100%

During the period, 10,000,000 new shares were issued upon exercise of share options granted by the Company.

Material Acquisitions and Commitments

In January 2013, the Group completed the acquisition of a property located at Shop No.402, 4th floor of the retail podium of Shun Tak Centre at a price of HK$770 million. The transaction was financed by internal resources of the Group and bank loans.

In April 2013, the Group further acquired an effective 19.35% interests in Beijing Tongzhou Integrated Development Phase 2 for approximately SGD96 million (equivalent to approximately HK$599 million) which is an extension of the same project of Tongzhou Phase 1 announced by the Group earlier in October 2012.

In April 2013, the Group agreed to acquire a wholly-owned property project in the Beijing Dong Cheng District near East 2nd Ring Road, comprising both office and hospitality components at a consideration of RMB1,290 million subject to adjustments. The maximum outstanding commitment amounted to approximately RMB990 million (equivalent to approximately HK$1,249 million) at the period end.

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

Event after the Balance Sheet Date

On 31 July 2013, the Group has successfully bid for a piece of land located in Hengqin New Area, Zhuhai, the PRC at the land price of approximately RMB721 million (equivalent to approximately HK$911 million) through listing-for-sale held by the Zhuhai Land and House Property Exchange Center. In accordance with the listing-for-sale documents, the Group entered into the land contract with the Land and Resources Bureau of Zhuhai in relation to the said acquisition on 2 August 2013. A mixed-used complex comprising office, hotel, commercial and serviced apartments will be developed.

Charges on Assets

At the period end, bank loans to the extent of approximately HK$1,930 million (31 December 2012: HK$1,610 million) were secured with charges on certain assets of the Group amounting to an aggregate carrying value of HK$10,367 million (31 December 2012: HK$9,479 million). Out of the above secured bank loans, an aggregate amount of HK$1,803 million (31 December 2012: HK$1,449 million) was also secured by pledges of shares in certain subsidiaries.

Contingent Liabilities

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

Financial Risk

The Group adopts a conservative policy in financial risk management with minimal exposure to currency and interest rate risks. Except for the guaranteed convertible bonds and MTN, all the funds raised by the Group are on a floating rate basis. Except for the MTN of US$400 million, none of the Group's outstanding borrowings was denominated in foreign currency at the period end. Approximately 85% of the bank deposits, cash and bank balances are denominated in Hong Kong dollar and United States dollar with the remaining balance mainly in Renminbi. The Group's principal operations are primarily conducted in Hong Kong dollar so that the exposure to foreign exchange fluctuations is minimal. While the Group has financial assets and liabilities denominated in the United States dollar and Macau pataca, they are continuously pegged to Hong Kong dollar and the exposure to currency risk for such currencies is minimal to the Group. The Group engages in fuel hedging and currency swap activities to minimise its exposure to fluctuations in fuel prices and foreign exchange rate in accordance with the Group's approved treasury policies.

Human Resources

The Group, including subsidiaries but excluding associates and joint ventures, employed approximately 3,310 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 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

In the opinion of the Board of the Company, the Company has complied with the code provisions in the Corporate Governance Code (the "Code") set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2013, except as noted hereunder.

The second part of code provision A.6.7 in the Code provides that independent non-executive directors and other non-executive directors should attend general meetings. Dato' Dr. Cheng Yu Tung, a Non-executive Director, was unable to attend the annual general meeting of the Company held on 7 June 2013 ("2013 AGM") due to health reason.

The first part of code provision E.1.2 in the Code states that the chairman of the board should attend the annual general meeting. In the absence of the Group Executive Chairman of the Company at the 2013 AGM, the Managing Director of the Company (who is also the chairman of the executive committee) took the chair and, together with the chairmen of the audit committee, remuneration committee and nomination committee and other directors, made themselves available to answer shareholders' questions regarding the activities of the Company and various board committees.

Save as aforesaid, the corporate governance practices adopted by the Company during the period were generally in line with those disclosed in the report on corporate governance practices set out in 2012 annual report of the Company.

REVIEW BY AUDIT COMMITTEE

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2013 of the Company 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
Managing Director

Hong Kong, 21 August 2013

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