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

2017 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 2017 of the Company and its subsidiaries (the "Group").

The unaudited profit attributable to owners of the Company for the period was HK$699 million (2016: loss of HK$53 million). Underlying profit attributable to the owners which principally adjusted for unrealised fair value changes on investment properties would be HK$718 million (2016: HK$239 million). Basic earnings per share was HK23 cents (2016: basic loss per share HK1.7 cents).

INTERIM DIVIDEND

The Board has declared an interim dividend of HK6 cents per share (2016: nil) in respect of the six months ended 30 June 2017, and expected to be paid on 28 September 2017 to shareholders of the Company whose names appear on the register of members of the Company on 20 September 2017.

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE

	Note	**(Unaudited) 2017** *HK$'000*	(Unaudited) 2016 *HK$'000*
Revenue	3	**3,678,372**	1,867,797
Other income		**133,718**	125,427
		3,812,090	1,993,224
Other gains/(losses), net	4	**31,835**	(150)
Cost of inventories sold and services provided		**(1,843,605)**	(502,481)
Staff costs		**(647,537)**	(616,451)
Depreciation and amortisation		**(73,480)**	(72,479)
Other costs		**(285,403)**	(306,470)
Fair value changes on investment properties		**(13,375)**	37,673
Operating profit	3, 5	**980,525**	532,866
Finance costs	6	**(93,712)**	(88,482)
Share of results of joint ventures		**47,785**	(231,949)
Share of results of associates		**3,442**	(3,704)
Profit before taxation		**938,040**	208,731
Taxation	7	**(112,730)**	(67,405)
Profit for the period		**825,310**	141,326
Attributable to:			
Owners of the Company		**699,311**	(53,027)
Non-controlling interests		**125,999**	194,353
Profit for the period		**825,310**	141,326
Earnings/(loss) per share (HK cents)	9		
- basic		**23.0**	(1.7)
- diluted		**23.0**	(1.7)

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

	(Unaudited) 2017 *HK$'000*	(Unaudited) 2016 *HK$'000*
Profit for the period	**825,310**	141,326
Other comprehensive income/(loss)		
Items that may be reclassified to profit or loss:		
Available-for-sale investments:		
Changes in fair value	**6,218**	(3,583)
Cash flow hedges:		
Changes in fair value, net of tax	**(45,009)**	57,440
Transfer to profit or loss	**(23,276)**	29,147
Reversal of asset revaluation reserve upon sales of properties, net of tax	**(4,960)**	(220)
Currency translation differences	**190,383**	(45,940)
Share of currency translation differences of joint ventures	**28,309**	(359)
Share of currency translation differences of associates	**39,419**	(15,593)
Other comprehensive income for the period, net of tax	**191,084**	20,892
Total comprehensive income for the period	**1,016,394**	162,218
Attributable to:		
Owners of the Company	**871,623**	(50,838)
Non-controlling interests	**144,771**	213,056
Total comprehensive income for the period	**1,016,394**	162,218

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**(Unaudited) 30 June 2017** *HK$'000*	(Audited) 31 December 2016 *HK$'000*
Non-current assets			
Property, plant and equipment		**2,777,084**	2,671,944
Investment properties		**7,949,580**	7,898,202
Prepaid premium for land lease and land use rights		**295,447**	290,840
Joint ventures		**6,671,749**	5,265,386
Associates		**1,418,322**	1,378,462
Intangible assets		**37,189**	37,553
Available-for-sale investments		**1,000,734**	995,263
Derivative financial instruments		**—**	22,903
Mortgage loans receivable		**4,189**	4,919
Deferred tax assets		**4,118**	6,683
Other non-current assets		**552,250**	1,014,993
		20,710,662	19,587,148
Current assets			
Properties for or under development		**11,955,996**	10,549,594
Inventories		**7,572,194**	1,918,437
Trade and other receivables, deposits paid and prepayments	10	**1,032,657**	979,413
Derivative financial instruments		**—**	11,416
Taxation recoverable		**4,438**	5,468
Cash and bank balances		**12,845,206**	13,275,396
		33,410,491	26,739,724

	Note	(Unaudited) 30 June 2017 HK$'000	(Audited) 31 December 2016 HK$'000
Current liabilities			
Trade and other payables, and deposits received	10	**1,883,462**	1,636,839
Deposits received from sale of properties		**2,609,749**	1,469,358
Bank borrowings		**5,348,264**	533,571
Derivative financial instruments		**4,242**	—
Provision for employee benefits		**14,100**	13,332
Taxation payable		**124,295**	28,282
Loans from non-controlling interests		**1,179,332**	775,089
		11,163,444	4,456,471
Net current assets		**22,247,047**	22,283,253
Total assets less current liabilities		**42,957,709**	41,870,401
Non-current liabilities			
Bank borrowings		**6,553,810**	7,095,775
Medium term notes		**3,168,041**	3,144,979
Derivative financial instruments		**11,333**	—
Deferred tax liabilities		**1,282,333**	1,072,080
Loans from non-controlling interests		**162,363**	—
		11,177,880	11,312,834
Net assets		**31,779,829**	30,557,567
Equity			
Share capital		**9,858,250**	9,858,250
Other reserves		**16,461,603**	15,772,528
Proposed dividends		**182,548**	—
Equity attributable to owners of the Company		**26,502,401**	25,630,778
Non-controlling interests		**5,277,428**	4,926,789
Total equity		**31,779,829**	30,557,567

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements of Shun Tak Holdings Limited (the "Company") and its subsidiaries (together, the "Group") are prepared in accordance with the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The accounting policies and methods of computation and presentation used in the preparation of the condensed consolidated interim financial statements are consistent with those described in the 2016 annual financial statements except as stated in note 2 below.

The financial information relating to the year ended 31 December 2016 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 these 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 2016 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 2016. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance (Cap. 622).

The preparation of the condensed consolidated interim financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the consolidated financial statements for the year ended 31 December 2016. 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 2016 annual financial statements.

2 Impact of new or revised HKFRS

The following amendments and interpretations that are relevant to its operations and first effective for the Group's financial year beginning on 1 January 2017:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual improvement to HKFRSs 2014-2016 Cycle	

The adoption of the above does not have any significant impact to the Group's results for the six months ended 30 June 2017 and the Group's financial position as at 30 June 2017.

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 2017 and have not been early adopted:

Amendments to HKFRS 2(1)	Share-based Payment
HKFRS 9 (2014)(1)	Financial Instruments
HKFRS 15(1)	Revenue from Contracts with Customers
Amendments to HKAS 40(1)	Transfers of Investment Property
HK(IFRIC) Interpretation 22(1)	Foreign Currency Transactions and Advance Consideration
Annual improvement to HKFRSs 2014-2016 Cycle(1)	
HK(IFRIC) Interpretation 23(2)	Uncertainty over Income Tax Treatments
Amendments to HKFRS 15(1)	Revenue from Contracts with Customers
HKFRS 16 (2)	Leases
Amendments to HKFRS 10 and HKAS 28(3)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

(1) Effective for annual periods beginning 1 January 2018

(2) Effective for annual periods beginning 1 January 2019

(3) Effective date to be determined

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

3 Segment information

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

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

The principal activities of each reportable segment are as follows:

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

(b) Segment results, assets and liabilities

Management evaluates performance of the reportable segments on the basis of operating profit or loss before fair value changes on investment properties, non-recurring gains and losses, interest income and unallocated net corporate expenses. Inter-segment transactions have been entered into on terms agreed by the parties concerned. The Group's measurement methods used to determine reported segment profit or loss remain unchanged from 2016.

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 2017

	Property	Transportation	Hospitality	Investment	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue and other income						
External revenue	**2,048,627**	**1,137,675**	**368,368**	**123,702**	**—**	**3,678,372**
Inter-segment revenue	**1,319**	**246**	**23,205**	**—**	**(24,770)**	**—**
Other income (external and excluding interest income)	**10,719**	**22,541**	**3,499**	**263**	**—**	**37,022**
	2,060,665	**1,160,462**	**395,072**	**123,965**	**(24,770)**	**3,715,394**
Segment results	**630,239**	**190,378**	**30,849**	**109,154**	**—**	**960,620**
Fair value changes on investment properties	**(13,375)**	**—**	**—**	**—**	**—**	**(13,375)**
Interest income						**96,696**
Unallocated net corporate expenses						**(63,416)**
Operating profit						**980,525**
Finance costs						**(93,712)**
Share of results of joint ventures	**59,618**	**6,688**	**(18,521)**	**—**	**—**	**47,785**
Share of results of associates	**(940)**	**262**	**2**	**4,118**	**—**	**3,442**
Profit before taxation						**938,040**
Taxation						**(112,730)**
Profit for the period						**825,310**

For the six months ended 30 June 2016

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

As at 30 June 2017

	Property	**Transportation**	**Hospitality**	**Investment**	**Eliminations**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Assets						
Segment assets	**31,580,410**	**4,675,908**	**2,520,904**	**1,042,340**	**(40,192)**	**39,779,370**
Joint ventures	**6,817,063**	**67,008**	**(212,322)**	**—**	**—**	**6,671,749**
Associates	**1,209,283**	**4,165**	**195,449**	**9,425**	**—**	**1,418,322**
Unallocated assets						**6,251,712**
Total assets						**54,121,153**
Liabilities						
Segment liabilities	**3,969,428**	**407,598**	**144,097**	**3,797**	**(40,192)**	**4,484,728**
Unallocated liabilities						**17,856,596**
Total liabilities						**22,341,324**

As at 31 December 2016

	Property	Transportation	Hospitality	Investment	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets						
Segment assets	24,220,033	4,509,860	2,178,933	1,028,729	(40,479)	31,897,076
Joint ventures	5,399,741	60,320	(194,675)	—	—	5,265,386
Associates	1,170,806	3,902	195,447	8,307	—	1,378,462
Unallocated assets						7,785,948
Total assets						46,326,872
Liabilities						
Segment liabilities	2,565,389	420,023	142,063	4,157	(40,479)	3,091,153
Unallocated liabilities						12,678,152
Total liabilities						15,769,305

4 Other gains/(losses), net

	For the six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Net loss on disposal of property, plant and equipment	**(241)**	(150)
Gain on bargain purchase	**32,076**	—
	31,835	(150)

5 Operating profit

	For the six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
After crediting:		
Interest income from bank deposits and others	**96,868**	109,146
Rental income from investment properties	**175,868**	130,585
Dividend income from listed investments	**6,607**	6,577
Dividend income from unlisted investments	**105,595**	165,198
After charging:		
Cost of inventories sold		
- properties	**1,219,968**	2,786
- fuel	**259,878**	235,224
- others	**71,448**	72,435
	1,551,294	310,445

6 Finance costs

	For the six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Total finance costs	**197,552**	166,433
Less: Amount capitalised in properties for or under development, inventories and hotel building under construction	**(103,840)**	(77,951)
	93,712	88,482

7 Taxation

	For the six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Current taxation		
Hong Kong profits tax	**79,522**	34,358
Overseas taxation	**21,132**	7,159
	100,654	41,517
Deferred taxation		
Origination and reversal of temporary differences	**12,076**	25,888
	112,730	67,405

Hong Kong profits tax is provided for at the rate of 16.5% (2016: 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

	For the six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Interim dividend of HK6 cents per share (2016: nil)	**182,548**	—

9 Earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on profit attributable to owners of the Company of HK$699,311,000 (2016: loss of HK$53,027,000) and the weighted average number of 3,042,465,785 shares (2016: 3,042,465,785 shares) in issue during the period.

Basic and fully diluted earnings/(loss) per share are the same as the share options of the Company have an anti-dilutive effect on the basic earnings/(loss) per share for the period ended 30 June 2017 (2016: same).

10 Trade receivables and payables

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

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

	30 June 2017	31 December 2016
	HK$'000	*HK$'000*
0 - 30 days	**91,341**	91,314
31 - 60 days	**27,482**	20,065
61 - 90 days	**5,061**	6,287
over 90 days	**2,101**	5,412
	125,985	123,078

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

	30 June 2017	31 December 2016
	HK$'000	*HK$'000*
0 - 30 days	**1,061,822**	959,758
31 - 60 days	**15,634**	47,720
61 - 90 days	**2,524**	786
over 90 days	**1,980**	835
	1,081,960	1,009,099

BUSINESS REVIEW

PROPERTY

Over the first half of 2017, the real estate markets across both Hong Kong and Macau have exhibited solid growth in prices and transaction volume, driven by strong economic fundamentals and local demands. Capitalizing upon this uptrend, the Group has continued to launch Nova Grand and received popular market response. During the period, revenue from previously contracted sales of Nova Park and income from the disposal of the Chung Hom Kok Collection have been recognised, attributing to an increased year-on-year profit of HK$630 million (1H2016: HK$55 million).

Property Developments

PROJECTS COMPLETED WITH RECENT SALES

IN HONG KONG

Chung Hom Kok Collection (Group interest: 100%)

This development comprises five luxury residential houses, each fitted with its own private pool and interior elevator, located in a premium and tranquil neighborhood at Chung Hom Kok. The whole development has been purchased by a PRC-based listed company at a consideration of HK$1,588 million, with the transaction completed in January 2017.

IN MACAU

Nova Park (Group interest: 100%)

Nova Park, Phase 4 of Nova City, is a striking urban park-side residential development with an unimpeded view of the stunning Taipa Central Park, set in the heart of the thriving Taipa community. Its three residential towers cover a gross floor area of approximately 680,000 square feet and offer 620 residential units in total. 99% of all available units have been sold and a portion of previously contracted sales has been recognised during the period. There has been no sale during the period. As of 30 June 2017, 85% of units have been handed over to homeowners.

IN SINGAPORE

111 Somerset Road, Singapore (Group interest: 70%)

In March 2017, the Group acquired a 70% interest in a premium commercial development located at 111 Somerset Road, comprising a gross floor area of about 766,550 square feet. Total consideration of the transaction amounts to approximately SG$347.1 million or HK$1,915 million. The property is in close proximity to Orchard Road, surrounded by a prime shopping, entertainment and tourism belt with direct MRT access. It is currently undergoing a substantial asset enhancement program, upon the completion of which, will comprise a total net strata area of approximately 572,000 square feet. The 13 storeys of strata office units is currently 75% leased, and three office units have been sold and recognised during the period. Two levels of retail facilities and two storeys of strata medical suites have been vacated for renovation, with expected completion by 2019.

PROJECTS UNDER DEVELOPMENT WITH RECENT SALES

IN MACAU

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

Phase 5 of Nova City, Nova Grand, will comprise over 2.3 million square feet of residential units in eight towers. The towers will sit above a large-scale lifestyle shopping centre, the Nova Mall, which spans over 655,000 square feet. It is planned to house a diverse range of tenants including a cineplex, a supermarket, and an exciting array of differentiated lifestyle brands and dining options, bringing a new dimension of convenience to residents of Nova and fulfilling unmet demand in the entire Macau local community. During the period, 397 units of 2-bedroom and 3-bedroom apartments have been launched for presale, bringing cumulative number of units sold to 45%, out of all available units. Topping out of the tower blocks was conducted in June 2017 with completion scheduled for late 2018.

The Group has entered into a sale and purchase agreement with HIP Company Limited (“HIP”), a wholly-owned subsidiary of the Abu Dhabi Investment Authority on 22 June 2016 for the sale of Nova Mall. Upon final completion of the transaction at a consideration of HK$3,150 million, the Group will jointly hold the retail component of Nova Grand with HIP on a 50:50 basis.

PROJECTS UNDER DEVELOPMENT

IN NORTHERN CHINA

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

This project is set to become an iconic landmark in Tongzhou, as the city is earmarked to become the new Central Business District and new municipal government administration office in Beijing. The development will comprise approximately 250,000 square meters of retail space, 211,000 square meters of office, and 117,000 square meters of serviced apartments, all amalgamated under one prime address along the famous Grand Canal. It will enjoy direct connectivity to future subway and bus interchange stations. Substructure works are in progress and superstructure works have commenced with project completion expected for 2019/20.

IN SOUTHERN CHINA

Hengqin Integrated Development (Group interest: 70%)

This integrated project located immediately at the border connecting Hengqin and Macau, has a site area of 23,834 square meters, atop of which approximately 42,500 square meters of office, 39,300 square meters of retail, 16,500 square meters of hotel and 32,800 square meters of serviced apartments have been planned. This landmark will be serviced by the future extension of the Guangzhou-Zhuhai Intercity Rail and the planned Hengqin light rail. It is a few minutes' drive away from Cotai strip where ultra-luxurious gaming resorts thrive. Substructure works are in progress and superstructure works have commenced with project completion expected in 2020.

PROJECTS UNDER PLANNING

IN CHINA

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

In November 2016, the Group formed a 50:50 joint venture with Shanghai Lujiazui (Group) Company Limited to acquire the land use rights of a 26,707 square meters site in Qiantan at a consideration of approximately RMB1,950 million. Under the current plan, the site is to comprise approximately 70,000 square meters of office space, 13,500 square meters of retail space, 20,000 square meters of hotel component, and a 30,000 square meters art and cultural centre including auxiliary retail facilities. The total investment of the entire project is expected to be approximately RMB6,000 million (or approximately HK$6,900 million) with project completion scheduled for 2022. Upon completion, the hotel is planned to be managed by the Group's hotel management subsidiary, Artyzen Hospitality Group.

IN MACAU

Harbour Mile (Group interest: 100%)

In consideration that the Macau SAR Government is continuing to review the Master Plan of Nam Van area, the Group has renegotiated its position with the original sellers of the site in November 2016, in order to facilitate future strategizing of its investment in accordance to the best interest of its shareholders.

Property Investments

IN MACAU

One Central Shopping Mall (Group interest: 51%)

One of the defining hallmarks of One Central is a 400,000 square feet premium shopping mall, which houses a supreme collection of international designer brands. Its popularity demonstrates the Group's vision and strength in creating projects appealing to top quality tenants. The retail mall maintained an occupancy rate of around 93% as at 30 June 2017.

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.

Nova Mall (Group interest: 100%)

Directly connected to Nova Grand, Nova Mall is the largest lifestyle shopping centre in Macau spanning over 655,000 square feet . It is planned to house a diverse range of tenants including a cineplex, a supermarket, and an exciting array of differentiated lifestyle brands and dining options, providing daily conveniences to the Nova neighbourhood and the larger Macau community. Leasing of the mall is currently in progress.

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. It is home to a wide selection of dining and retail chains providing daily conveniences to West Island. Occupancy was maintained at 99% as at 30 June 2017.

Chatham Place (Group interest: 51%)

Chatham Place is a 3-storey shopping arcade below Chatham Gate with approximately 50,000 square feet of leasable area comprising restaurants, educational institutions and a supermarket to provide everyday conveniences to the neighboring community. The property registered 36% occupancy as at 30 June 2017. A major tenant has already been identified and shall commence new lease in August 2017.

liberté place (Group interest: 64.56%)

liberté place, the shopping podium of liberté which connects directly to the Lai Chi Kok MTR Station, offers dining and household conveniences to residents of the West Kowloon community, including the neighboring Banyan Garden, The Pacifica and Aquamarine. The mall has achieved full occupancy as at 30 June 2017.

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

The premise has achieved 100% occupancy with two main anchor tenants, namely a 20,000 square feet upscale supermarket, the largest in Central and Sheung Wan districts, as well as a private indoor golf club. These lifestyle options have generated increased footfall and enhanced the overall value of the mall.

IN CHINA

Shun Tak Tower (Group interest: 100%)

This project, a wholly-owned property in Beijing Dong Zhi Men near East 2nd Ring Road, comprises both office and hospitality components. The site spans 63,000 square feet (5,832 square meters), with a developable gross floor area of approximately 419,000 square feet (38,900 square meters) rising 21 levels aboveground, and 182,000 square feet (16,900 square meters) in 4 underground levels. It commands a prominent location next to the airport highway and enjoys close proximity to Beijing downtown, embassy area, and YanSha district. Office leasing is well underway with occupancy standing at 79% as of 30 June 2017. A 138-room Artyzen Habitat is slated for opening in the third quarter of 2017.

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

The Guangzhou Shun Tak Business Centre, a 32-storey office tower on a 6-storey shopping arcade, recorded satisfactory leasing revenue and an occupancy rate of approximately 87% over the period.

Property Services

Shun Tak Property Management Limited, the Group's wholly-owned subsidiary, offers professional property management service of residential and retail developments, clubhouse, office tower and car park to Hong Kong and Macau clients. Its experience in providing higher education institutions with integrated facility management service has opened up business opportunities in similar markets. Being specialized in pre-management consultancy and asset enhancement projects, it has helped owners unlock substantial value for their properties and enhance the quality in the long run.

As part of its integrated approach, the company also operates complementary businesses including Shun Tak Macau Services Limited, which specializes in property cleaning; and Clean Living (Macau) Limited which offers both retail and institutional laundry services.

TRANSPORTATION

Benefiting from a solid recovery of tourist arrivals across the two SARs, the Group's flagship ferry operation has experienced satisfactory top-line growth over the first half of 2017. TurboJET's Hong Kong-Macau flagship routes collectively serviced 6.7 million passengers over the first half of 2017, representing a 5% improvement. Nonetheless, with appreciated fuel costs, the division faced a contraction in yield and posted a moderate year-on-year decrease in profit at HK$190 million (1H2016: HK$213 million).

Shun Tak - China Travel Shipping Investments Limited

Since the opening of Tuen Mun Ferry Terminal in January last year, the new service has registered an increase of 40% in passenger throughput. Leveraging its strategic location within the Pearl River Delta, additional cross-boundary routes to Macau, Shenzhen Airport Fuyong Ferry Terminal and Zhuhai have been successively launched. As a result of population growth in Northwest New Territories and major land infrastructures completing by phases, this new terminal is expected to become an important anchor point for Hong Kong in the future.

Aside from Tuen Mun Ferry Terminal, another important destination was introduced in June, as the permanent Taipa Ferry Terminal came into operation. In its initial launch phase, TurboJET will be operating out of two berths. As the facility enhances its capacity in the future, the company will extend its service to up to 90 daily sailings, in order to cater for the growing demand of vacation-makers heading to Taipa and Coloane.

In support of Central Government's initiative to develop the Guangdong-Hong Kong-Macau Greater Bay Area and contribute to seamless people and economic exchanges, TurboJET is set to further strengthen its capacities and sailing frequencies to facilitate travel within the region. In August, the company will start to increase the number of sailings between ferry terminals in Shenzhen and Taipa. TurboJET will continue to stay committed in reinforcing its multi-modal transportation network and promote greater integration in the new era. Culmination of the two aforementioned ports bear solid testimony to its vision.

In addition to reinforcing its network advantage, TurboJET has also invested heavily in sustainability planning. Since the launching of mobile eBoarding service last November, the company is further improving the mobile application with new functionalities to enable paperless ticketing and minimize carbon footprint. The mobile application gained immense popularity among contemporary travelers as it brings a new dimension of ease and convenience to their travel experiences. The company will continue to explore new ways to leverage technology to improve customer experiences for the digital age.

Over the first half of 2017, Premier Grand class passengers registered a year-on-year increase of 19%. With its all-rounded and attentive complementary services including Premier Plus, Premier Lounge and Travel Planning Hotline Centre, TurboJET has solidified the luxury travel segment through successful product diversification.

TurboJET was conferred a number of accolades to recognize its efforts in service excellence and social awareness over the first half of 2017. These include the "2016 SE Supporter" from Fullness Social Enterprises Society, "2016/17 Smiling Enterprises 5+ Year Award — Transportation Services" from Mystery Shopper Service Association and "Manpower Developer Award Scheme" from Employees Retraining Board.

Shun Tak & CITS Coach (Macao) Limited

The land transportation arm, Shun Tak & CITS Coach (Macao) Limited, continued to perform solidly on the back of robust growth in corporate bookings from new hotels and resorts. As of 30 June 2017, it operates a fleet of 144 vehicles, and recorded HK$85 million in revenue over the first half of 2017 (1H2016: HK$65 million).

HOSPITALITY

Over the first half of 2017, visitor arrivals into Hong Kong and Macau have rebounded steadily with single digit growth. Despite the encouraging momentum, prices remained suppressed under fierce competition in the market, underscored by contracted corporate spending and a weakened Renminbi. In addition, Macau has experienced a marked increase in room supplies over the previous quarters, eroding shares from independent hotels. Meanwhile, Artyzen Hospitality Group ("AHG") has undergone a period of expenditures as it prepares for the opening of a number of new hotels. Collectively, these factors have contributed to a lowered profit for the hospitality division at HK$31 million (1H2016: HK$44 million in profit).

Hotels in Operation

Hong Kong SkyCity Marriott Hotel

In Hong Kong, the 658-room Hong Kong SkyCity Marriott Hotel located immediately adjacent to the AsiaWorld-Expo ("AWE"), and in close proximity to Hong Kong International Airport and SkyPier, has registered an average occupancy rate of 84%. Group and MICE business attributable to AWE events have declined, while bookings from corporate accounts have also dropped due to spending cuts. Nonetheless, FIT segment has performed solidly with successful marketing and promotions. The hotel received a number of accolades in 2017, including "Best Airport Hotel in China 2016"- The 12th China Hotel Starlight Awards and "Asia's Leading Airport Hotel — World Travel Awards 2017".

Mandarin Oriental, Macau

Mandarin Oriental, Macau is one of the leading luxury hotels in Macau renowned for its bespoke services and fine elegance. Amid strong competition from large scale resort hotels, it maintained an average room rate above MOP2,000 with a 49% occupancy through clear differentiation strategies in the upmarket non-gaming segments. Mandarin Oriental, Macau has been awarded "Triple Five Star for Hotel, Restaurant and Spa" from Forbes Travel Guide Star Awards for 3 consecutive years, and maintained leading ranking in online booking platforms.

Grand Coloane Resort

Grand Coloane Resort, currently managed by AHG, offers 208 rooms and suites each opening to a private and spacious terrace with an uninterrupted picturesque view of the beach. It continues to occupy a niche market popular among holidaymakers, who prefer a green resort at a short drive away from Macau's action. The resort posted 76% in occupancy rate amid intense competition from new hotels in adjacent Cotai as of June 2017. During the period, it was named "Luxury Resort of year 2017" by Luxury Travel Guide, and received the "Macau Green Hotel Award" from Macau Environmental Protection Bureau.

Hotels under Planning and Development

Hotel property at Shanghai MixC

In April 2015, the Group acquired the full interest of a hotel property in Shanghai as part of the Shanghai MixC integrated commercial development project, at a consideration of approximately RMB700 million. The property is currently under construction and will be developed into an 8-storey hotel building spanning 29,200 square meters of gross floor area and 491 rooms, scheduled for completion by the fourth quarter of 2017. When completed, the hotel property will be operated by the Group's hotel management subsidiary, AHG, under the brands of citizenM and Artyzen Habitat. Operation is expected to commence in the second quarter of 2018.

No. 9 Cuscaden Road, Singapore

In August 2016, the Group completed the acquisition of a prime freehold site located at No. 9 Cuscaden Road Singapore, at a consideration of SG$145 million or approximately HK$835.2 million. The 25,741 square feet land parcel is located within the central business district in Singapore, surrounded by a number of tourist attractions and renowned hotels. It is within walking distance to the Orchard MRT station where major shopping complexes stand. The Group will be redeveloping the property into a new hotel facility and is now in its design stage. It is expected that construction will begin in mid-2018.

Tourism Facility Management

The Group is renowned for providing integrated management solutions for tourism facilities with its top notch hospitality team and well established sales and marketing network. Under its management, Macau Tower Convention & Entertainment Centre ("Macau Tower") has become one of the most recognizable hotspots among Asian destinations. Its F&B and observation ticket sales have both performed solidly, with the latter registering a 16% increase, outpacing general market growth rate.

Artyzen Hospitality Group

Over the first half of year, AHG, a subsidiary under the Group which specializes in hotel management solutions, has diligently paved way for the debut of two of its hotel brands. These include citizenM Taipei North Gate and Artyzen Habitat Dongzhimen Beijing, with a total key count of 405. Along with its two non-branded hotel properties in Macau, AHG is expected to bring the total opened key count to 1,029 within the year. Four other hotels are geared to open in year 2018 in gateway cities including Shanghai, Kuala Lumpur and Nanjing. By end of 2018, there will be 8 operating hotels with approximately 1,900 keys under management.

AHG continues to seek third party management opportunities in key metropolitan cities across Asia. In Q1 2017, AHG entered into a management contract with Pinnacle Supreme Sdn Bhd, a member of Cornerstone Partners Group for a 198 room citizenM hotel in Bukit Bintang, Kuala Lumpur, which will be the third citizenM in Asia opening in Q2 2018.

Following the exciting opening of its upcoming properties, AHG is expecting to gain accelerated traction capitalizing on third party management opportunities.

Travel and MICE

With offices in Hong Kong, Macau, Beijing, Shanghai, Guangzhou and Shenzhen, Shun Tak Travel offers upscale concierge services to MICE organizers and corporate travelers, extending integrated ticketing and reservations, logistics handling, hospitality services and production expertise to clients.

The first half of 2017 continues to be a challenging time for the business, as it faces significant competition and tightening yield. Through disciplined cost control and efficient resource allocation, it has been able to weather market pressures and maintained comparable revenue year-on-year. Combined revenue for the Group's travel and MICE business amounted to HK$24 million over the period (1H2016: HK$20 million). Notable events handled include, "INOAC China — Annual Meeting 2017 Macau" and "The Chartered Institute of Logistics and Transport — International Convention 2017 in Macao".

INVESTMENT

The investment division recorded a profit of HK$109 million (1H2016: HK$167 million), or a 35% decline, attributable to lowered dividend payout from Sociedade de Turismo e Diversões de Macau, S.A. ("STDM"), a lagged reflection of the performance of SJM Holdings Limited ("SJM") a year earlier. Following months of market correction, gaming performance has navigated out of its trough and re-established a positive trajectory over the first half of 2017.

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

The Group partnered with Worldwide Flight Services Holding SA and Royal Caribbean Cruises Ltd. to operate and manage the new Kai Tak Cruise Terminal, designed to accommodate a new generation of mega-cruisers. The terminal received 86 berthings in the first half of 2017, with 102 ship calls scheduled for the remainder of the year. As of 30 June 2017, 100% of retail space has been leased.

Kai Tak Cruise Terminal was named one of the three finalists for the "Seatrade Cruise Awards 2016 Port of the Year Award", becoming the first Asian finalist in the award's history.

Macau Matters Company Limited, the Group's retail divisional arm, is the largest single brand toys business in Macau and operates the internationally renowned toy brand, Toys "R" US. It has a flagship store at Macau Tower and a second outlet near Senado Square. Despite an upturn in tourist arrivals, consumer spending has not recovered in tandem. However, the retailer was able to maintain its bottom line at the same level as last year through strategic inventory management and proactive marketing.

RECENT DEVELOPMENTS AND PROSPECT

Entering 2017, the economy has undergone a period of sustained growth as bolstered by a buoyant stock market, increased trade, strong property sector, sound fundamentals and positive global outlook. The Group's property division has navigated out of a cyclical trough in terms of profit recognition and its transportation and hospitality divisions have both registered stable returns on the back of higher visitor numbers.

Following the successful launch of Nova Grand in the last quarter of 2016, the Group continued to roll out additional units on track with its sales plan and target, with approximately 45% of total inventory sold. As Macau first hand properties are in short supply, on top of which Nova Grand is the only residential development that offers direct convenience to a large scale lifestyle shopping mall, the Group will adopt an agile approach in its sales strategy to meet market demands.

In March 2017, the Group acquired a 70% interest in a commercial complex at 111 Somerset Road in Singapore downtown, a prime location in close proximity to the Orchard road shopping and tourist district with direct MRT access. The complex is currently undergoing a substantial refurbishment program, upon the completion of which, shall provide approximately 766,550 square feet of office units, medical suites and 2 levels of retail podium.

On the back of an upbeat recovery in Macau visitor arrivals, TurboJET recorded 5% passenger increase over the first six months of 2017, with its Premier Grand class service continuing to lead the growth. Despite upward pressure on fuel prices, the division has maintained stable returns under effective cost control and yield strategies.

Growing in tandem with demand are new routes and services introduced during the period. In June, the permanent Taipa Ferry Terminal commenced operation. In its initial phase, TurboJET is operating out of two berths in the new facility, with plans to eventually increase its service to 90 daily sailings. TurboJET is constantly embracing innovation to meet the ever-changing demands from modern travelers, ultimately creating a more seamless and integrated travel experience. With its expanded capacity and contemporary amenities, the company is well-positioned to capitalize upon a new era of regional integration and frequent travels.

The first half of 2017 has been an important period for AHG, as it debuts its first private-labeled hotel property citizenM Taipei North Gate in July this year, and soon to be followed by another Artyzen Habitat hotel launching in Dongzhimen Beijing. Moreover, it has newly signed on a 198-room citizenM hotel to be opened in Kuala Lumpur in year 2018. By end of 2018, there will be 8 operating hotels with approximately 1,900 keys under the Group's management, giving it a solid foundation to catapult its expansion into more gateway cities within Asia.

Since August 2016, Macau gross gaming revenue has rebounded with positive medium term outlook, demonstrating the destination's initial successes in diversification of products and market appeal. With this sustained momentum, it is anticipated that dividend income from STDM will gradually improve in subsequent periods, contributing to higher performance from the investment division.

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

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group's bank balances and deposits amounted to HK$12,845 million at 30 June 2017, representing a decrease of HK$430 million as compared with the position as at 31 December 2016. 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 2017 amounted to HK$21,497 million, of which HK$9,595 million remained undrawn. The Group's bank borrowings outstanding at the period end amounted to HK$11,902 million. The Group's borrowings also comprised the medium term notes ("MTN") of HK$3,168 million.

Based on a net borrowing of HK$2,225 million at the interim period end, the Group's gearing ratio (expressed as a ratio of net borrowings to equity attributable to equity holders of the Company) was 8.4%. At 31 December 2016, 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 is set out below:

Maturity Profile

Within 1 year	1-2 years	2-5 years	over 5 years	Total
36%	22%	42%	—	100%

Material acquisition and commitments

In January 2017, Simply Swift Limited, a wholly-owned subsidiary of the Group, entered into sale and purchase agreements for the acquisition of 70% interest in Perennial Somerset Investors Pte. Ltd. The principal asset of which is a 17-storey commercial landmark development known as TripleOne Somerset located near Orchard Road in Singapore. The acquisition was completed on 31 March 2017 at a cash consideration of SGD347.1 million (equivalent to approximately HK$1,915 million).

In November 2016, the Group succeeded in the bid of the land use right of a land located in Shanghai Qiantan at RMB1,950 million (equivalent to approximately HK$2,242 million) with a joint venture partner ("JV partner"). A joint venture agreement was formed with the JV Partner to jointly develop the land. As at 30 June 2017, the Group has an outstanding commitment to contribute capital of RMB250 million to the joint venture.

In April 2015, the Group entered into a framework agreement to agree to acquire a hotel property in Shanghai as part of Shanghai MixC integrated commercial development project at a consideration of RMB700 million subject to adjustments. The framework agreement was replaced by a sale and purchase agreement which contains substantially the same principal terms as those in the framework agreement. The property will be developed into a hotel building with fit-out works. The Group had paid RMB350 million and had an outstanding commitment amounted to RMB350 million (equivalent to approximately HK$402 million) at period end.

Charges on Assets

At the period end, bank loans to the extent of approximately HK$6,647 million (31 December 2016: HK$2,544 million) were secured with charges on certain assets of the Group amounting to an aggregate carrying value of HK$23,602 million (31 December 2016: HK$13,437 million). Out of the above secured bank loans, an aggregate amount of HK$930 million (31 December 2016: HK$865 million) was also secured by pledges of shares in certain subsidiaries.

Contingent Liabilities

There was no material contingent liabilities of the Group at 30 June 2017.

Financial Risk

The Group adopts a conservative policy in financial risk management with insignificant exposure to currency and interest rate risks. Except for the guaranteed MTN, all funds raised by the Group are on a floating rate basis. Except for the MTN of US$400 million, bank loan of RMB432 million and SGD698 million, the Group's outstanding borrowings were not denominated in foreign currency as at the period end. Approximately 91% of the bank deposits, cash and bank balances are denominated in Hong Kong dollar, Macau pataca and US dollar and the remaining balance mainly in Renminbi. The Group's principal operations are primarily conducted in Hong Kong dollar while it has financial assets and liabilities denominated in US dollar, Macau pataca, Singapore dollar and Renminbi. The Group will, from time to time, review its foreign exchange condition and market condition 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 3,390 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.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 18 September 2017 to Wednesday, 20 September 2017, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 15 September 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2017, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

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 2017, except for:

1. code provision E.1.2 which requires the chairman of the board to attend the annual general meeting. The then Group Executive Chairman was absent from the Company's annual general meeting held on 23 June 2017 ("2017 AGM") due to health reasons. The Managing Director who was appointed as the Group Executive Chairman after conclusion of the 2017 AGM (also Chairman of the executive committee ("Executive Committee")), the Deputy Managing Director and other directors, together with the chairmen/members of the audit committee, nomination committee, remuneration committee and Executive Committee, were present during the meeting to answer any shareholders' questions regarding activities of the Company and its Board committees; and

2. code provision A.2.1 which requires the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Board is of the view that there is adequate balance of power and authority in place as all major decisions have been made in discussion with Board members and appropriate Board committees. In addition, there are four independent non-executive directors on the Board offering their experiences, expertise, independent advices and views to the Board's affairs from different perspectives. Therefore, it is in the best interest of the Company that Ms. Pansy Ho, with her in-depth knowledge in the businesses and extensive experience of the operations of the Group, shall continue in her dual capacity as the Group Executive Chairman and Managing Director.

REVIEW BY AUDIT COMMITTEE

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2017 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, 28 August 2017

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 Ng and Mr. Kevin Yip.