信德集團
SHUN TAK HOLDINGS

SHUN TAK HOLDINGS LIMITED
信德集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 242)

Website: http://www.shuntakgroup.com

2019 Annual Results Announcement

GROUP RESULTS

The board of directors (the "Board") of Shun Tak Holdings Limited (the "Company") announces the consolidated annual results for the year ended 31 December 2019 of the Company and its subsidiaries (the "Group").

Consolidated profit attributable to owners of the Company for the year was HK$3,456 million (2018: HK$4,647 million). Underlying profit attributable to the owners which was principally adjusted for unrealised fair value changes on investment properties would be HK$3,624 million (2018: HK$2,529 million). Basic earnings per share was HK114.3 cents (2018: HK153.4 cents).

DIVIDENDS

The Board has recommended a final dividend of HK18.0 cents per share (2018: a final dividend of HK10.0 cents per share and a special dividend of HK6.0 cents per share) for the year ended 31 December 2019. No interim dividend was declared by the Board during the year ended 31 December 2019 (2018: nil). The total dividends for the year amounted to HK18.0 cents per share (2018: HK16.0 cents per share).

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

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	**2019**	2018
		HK$'000	*HK$'000*
Revenue	*4*	**14,649,184**	6,591,582
Other income		**406,281**	324,530
		15,055,465	6,916,112
Other gains, net	*5*	**8,737**	1,344,735
Cost of inventories sold and services provided		**(6,161,386)**	(2,488,414)
Staff costs		**(1,323,725)**	(1,420,581)
Depreciation and amortisation		**(273,968)**	(176,979)
Other costs		**(838,377)**	(731,260)
Fair value changes on investment properties		**(182,401)**	212,520
Operating profit	*4, 6*	**6,284,345**	3,656,133
Finance costs	*7*	**(616,727)**	(317,434)
Share of results of joint ventures		**39,384**	1,445,314
Share of results of associates		**172,935**	793,761
Profit before taxation		**5,879,937**	5,577,774
Taxation	*8*	**(770,988)**	(236,262)
Profit for the year		**5,108,949**	5,341,512
Attributable to:			
Owners of the Company		**3,455,796**	4,647,326
Non-controlling interests		**1,653,153**	694,186
Profit for the year		**5,108,949**	5,341,512
Earnings per share *(HK cents)*	*10*		
— basic		**114.3**	153.4
— diluted		**114.3**	153.4

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

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

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2019

	Note	**31 December 2019 HK$'000**	(Restated) 31 December 2018 HK$'000	(Restated) 1 January 2018 HK$'000
Non-current assets				
Property, plant and equipment		**3,652,657**	3,251,417	2,836,564
Right-of-use assets		**855,823**	—	—
Investment properties		**8,132,054**	8,342,001	8,232,314
Prepaid premium for land lease and land use rights		—	680,844	302,841
Joint ventures		**12,734,445**	8,476,142	6,887,540
Associates		**3,141,999**	2,958,282	1,476,977
Intangible assets		**2,320**	2,525	36,427
Financial assets at fair value through other comprehensive income	*11*	**3,586,492**	3,862,749	3,288,558
Derivative financial instruments		—	6,746	107
Mortgage loans receivable		**1,187**	1,925	3,914
Deferred tax assets		**46,503**	8,119	2,476
Other non-current assets		**1,456,929**	1,474,036	704,067
		33,610,409	29,064,786	23,771,785
Current assets				
Properties for or under development		**6,765,078**	5,631,404	13,872,138
Inventories		**11,569,353**	17,034,801	7,626,127
Trade and other receivables, deposits paid and prepayments	*12*	**1,080,100**	1,179,675	1,141,722
Derivative financial instruments		**16,503**	—	16,927
Taxation recoverable		**6,489**	10,695	11,356
Cash and bank balances		**12,280,902**	14,317,651	12,665,880
		31,718,425	38,174,226	35,334,150
Assets held for sale		—	36,625	—
		31,718,425	38,210,851	35,334,150

	Note	**31 December 2019** *HK$'000*	(Restated) 31 December 2018 *HK$'000*	(Restated) 1 January 2018 *HK$'000*
Current liabilities				
Trade and other payables, and deposits received	*12*	**2,733,511**	1,832,808	2,418,153
Contract liabilities		**666,084**	4,621,996	3,509,112
Lease liabilities		**47,278**	—	—
Bank borrowings		**7,295,263**	5,170,760	5,212,254
Medium term notes		**3,170,586**	—	—
Provision for employee benefits		**11,231**	12,289	13,010
Derivative financial instruments		**—**	21,763	—
Taxation payable		**1,021,385**	321,696	141,131
Loans from non-controlling interests		**896,536**	799,122	1,215,733
		15,841,874	12,780,434	12,509,393
Liabilities directly associated with assets held for sale		**—**	506	—
		15,841,874	12,780,940	12,509,393
Net current assets		**15,876,551**	25,429,911	22,824,757
Total assets less current liabilities		**49,486,960**	54,494,697	46,596,542
Non-current liabilities				
Contract liabilities		**24,164**	10,527	—
Lease liabilities		**69,830**	—	—
Bank borrowings		**8,019,423**	10,133,675	6,829,789
Medium term notes		**—**	3,184,001	3,172,788
Deferred tax liabilities		**912,951**	1,123,431	1,308,380
Loans from non-controlling interests		**—**	393,737	—
		9,026,368	14,845,371	11,310,957
Net assets		**40,460,592**	39,649,326	35,285,585
Equity				
Share capital		**9,858,250**	9,858,250	9,858,250
Other reserves		**25,358,119**	22,553,755	19,028,580
Proposed dividends		**543,866**	484,070	181,864
Equity attributable to owners of the Company		**35,760,235**	32,896,075	29,068,694
Non-controlling interests		**4,700,357**	6,753,251	6,216,891
Total equity		**40,460,592**	39,649,326	35,285,585

NOTES TO THE FINANCIAL STATEMENTS

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

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

These consolidated financial statements comply with the applicable requirements of Hong Kong Companies Ordinance (Cap. 622), with the exception of Section 381 which requires a company to include all the subsidiary undertakings (within the meanings of Schedule 1 to Cap. 622) in the Company's annual consolidated financial statements. Section 381 is inconsistent with the requirements of HKFRS 10 "Consolidated Financial Statements" so far as Section 381 applies to subsidiary undertakings which are not controlled by the Group in accordance with HKFRS 10. For this reason, under the provision of Section 380(6), the Company has departed from Section 381 and has not treated such companies as subsidiaries but they are accounted for in accordance with the accounting policies in notes to the 2019 annual consolidated financial statements. The subsidiaries excluded subsidiary undertakings of the Group are disclosed in the 2019 annual consolidated financial statements.

The financial information relating to the years ended 31 December 2019 and 31 December 2018 included in this preliminary announcement of annual results for the year ended 31 December 2019 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those consolidated financial statements. Further information relating to these statutory consolidated 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 consolidated financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company's auditor had reported on those consolidated financial statements of the Group for both years. For the year ended 31 December 2019, 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 reports; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance (Cap.622). For the year ended 31 December 2018, the auditor's report was qualified and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance (Cap. 622).

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the 2019 annual consolidated financial statements.

2 PRIOR YEAR ADJUSTMENTS

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

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

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

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

Consolidated statement of comprehensive income (extract)

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

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

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

Consolidated balance sheet (extract)

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

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

Consolidated balance sheet (extract)

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

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

3 IMPACT OF NEW OR REVISED HKFRS

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

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

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

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

HKFRS 16, "Leases"

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

Effects of changes in accounting policies – Leases

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

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

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

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

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

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

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

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

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

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

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

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

Consolidated balance sheet (extract)

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

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

Consolidated income statement (extract)

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

Consolidated balance sheet (extract)

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

Consolidated cash flow statement (extract)

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

(b) Amendments to standards not yet adopted

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

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

(1) Effective for annual periods beginning 1 January 2020

(2) Effective date to be determined

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

4 SEGMENT INFORMATION

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

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

The principal activities of each reportable segment are as follows:

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

(b) Segment result, assets and liabilities

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

Inter-segment transactions have been entered into on terms agreed by the parties concerned. The Group's measurement methods used to determine reported segment profit or loss remain unchanged from 2018.

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

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

2019

	Property *HK$'000*	Transportation *HK$'000*	Hospitality *HK$'000*	Investment *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Revenue and other income						
External revenue *(note d)*						
Revenues from contracts with customers						
— Recognised at a point in time	11,714,149	29,581	144,492	27,401	—	11,915,623
— Recognised over time	171,085	1,303,331	641,405	—	—	2,115,821
	11,885,234	1,332,912	785,897	27,401	—	14,031,444
Revenues from other sources						
— Rental income	484,227	7,115	—	419	—	491,761
— Dividend income	—	—	—	125,979	—	125,979
	484,227	7,115	—	126,398	—	617,740
	12,369,461	1,340,027	785,897	153,799	—	14,649,184
Inter-segment revenue	5,207	2,035	24,680	—	(31,922)	—
Other income (external income and excluding interest income)	32,930	31,316	12,513	7,518	—	84,277
	12,407,598	1,373,378	823,090	161,317	(31,922)	14,733,461
Segment results	6,524,886	(122,071)	(219,667)	134,345	—	6,317,493
Fair value changes on investment properties	(182,401)	—	—	—	—	(182,401)
Interest income						322,004
Unallocated expense						(172,751)
Operating profit						6,284,345
Finance costs						(616,727)
Share of results of joint ventures	64,234	2,134	(26,984)	—	—	39,384
Share of results of associates	163,113	3,536	(4,379)	10,665	—	172,935
Profit before taxation						5,879,937
Taxation						(770,988)
Profit for the year						5,108,949

2019

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

2018

	Property *HK$'000*	Transportation *HK$'000*	Hospitality *HK$'000*	Investment *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Revenue and other income						
External revenue *(note d)*						
Revenues from contracts with customers						
— Recognised at a point in time	2,876,482	49,398	117,482	27,907	—	3,071,269
— Recognised over time	142,351	2,106,928	684,461	—	—	2,933,740
	3,018,833	2,156,326	801,943	27,907	—	6,005,009
Revenues from other sources						
— Rental income	473,352	3,977	—	482	—	477,811
— Dividend income	—	—	—	108,762	—	108,762
	473,352	3,977	—	109,244	—	586,573
	3,492,185	2,160,303	801,943	137,151	—	6,591,582
Inter-segment revenue	2,682	1,849	44,356	—	(48,887)	—
Other income (external income and excluding interest income)	73,806	35,396	8,814	6,738	—	124,754
	3,568,673	2,197,548	855,113	143,889	(48,887)	6,716,336
Segment results	3,112,370	245,765	(35,281)	97,010	—	3,419,864
Fair value changes on investment properties	212,520	—	—	—	—	212,520
Interest income						199,776
Unallocated expense						(176,027)
Operating profit						3,656,133
Finance costs						(317,434)
Share of results of joint ventures	1,464,437	9,151	(28,274)	—	—	1,445,314
Share of results of associates	784,947	485	87	8,242	—	793,761
Profit before taxation						5,577,774
Taxation						(236,262)
Profit for the year						5,341,512

2018, as restated

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

(c) Geographical information

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

(d) External revenue

External revenue comprises revenue by each reportable segment and dividend income from financial assets at FVOCI.

5 OTHER GAINS, NET

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

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

6 OPERATING PROFIT

	2019	2018
	HK$'000	*HK$'000*
After crediting:		
Rental income from investment properties	**303,406**	317,822
Less: Direct operating expenses arising from investment properties	**(37,780)**	(34,819)
	265,626	283,003
After charging:		
Cost of inventories sold		
— properties	**5,183,900**	1,346,156
— fuel	**493,001**	647,565
— others	**91,724**	121,645
	5,768,625	2,115,366
Impairment losses recognised/(reversed)		
— property, plant and equipment	**153,535**	—
— trade receivables, net	**132**	(76)

7 FINANCE COSTS

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

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

8 TAXATION

	2019	2018
	HK$'000	*HK$'000*
Hong Kong profits tax	**25,835**	51,932
Overseas taxation	**944,765**	262,252
Deferred taxation	**(199,612)**	(77,922)
Total tax expenses	**770,988**	236,262

Hong Kong profits tax is calculated at 16.5% (2018: 16.5%) on the estimated assessable profits for the year. Overseas taxation is calculated at tax rates applicable to jurisdictions in which the Group operates, mainly in Macau and the PRC with tax rates at 12% and 25% respectively.

9 DIVIDENDS

	2019	2018
	HK$'000	*HK$'000*
Proposed final dividend of HK18 cents on 3,021,479,785 shares (2018: HK10 cents on 3,025,435,785 shares)	**543,866**	302,544
Proposed special dividend: nil (2018: HK6 cents on 3,025,435,785 shares)	**—**	181,526
	543,866	484,070

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

10 EARNINGS PER SHARE

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

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

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

12 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:

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

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

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

13 EVENT AFTER BALANCE SHEET DATE

(a) On 6 March 2020, the Company and China Travel International Investment Hong Kong Limited ("CTII") entered into sale and purchase agreements to implement a restructuring for the transformation of Shun Tak — China Travel Shipping Investments Limited ("STCT"), a company 71% held by Interdragon Limited ("Interdragon"), a non-wholly owned subsidiary of the Group, and 29% held by Dalmore Investments Limited ("Dalmore"), a wholly-owned subsidiary of CTII and a major operator of high-speed passenger ferry services between Hong Kong, Macau and other destinations in the Greater Pearl River Delta Region, into a new transportation platform for the provision of cross boundary transportation services in the Greater Pearl River Delta Region by combining the respective existing ferry and coach businesses of the Company and CTII. The restructuring comprises:

i. Interdragon conditionally agreed to sell to Dalmore 21% of the issued share capital of STCT at a cash consideration of HK$437 million (subject to adjustment);

ii. STCT conditionally agreed to acquire from CTII the entire issued share capital and shareholder loan of China Travel Tours Transportation Development (HK) Limited, a wholly-owned subsidiary of CTII, principally engaged in the operation of cross border land transportation services and other ancillary businesses, at a cash consideration of HK$508 million (subject to adjustment); and

iii. STCT conditionally agreed to acquire the entire issued share capital of Jointmight Investments Limited ("Jointmight"), a wholly-owned subsidiary of the Group, principally engaged in the provision of cross border coach bus services and travel agency service in Macau, at a cash consideration of HK$55 million (subject to adjustment).

Upon completion of the restructuring, each of STCT and Jointmight will cease to be a subsidiary of the Group.

(b) Due to the outbreak of COVID-19 and the relevant precautionary and control measures taken place by the Government and the Group, the passenger transportation services between Hong Kong and Macau, provided by STCT, have been suspended since February 2020. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate the impact on its future financial position and operating results.

BUSINESS REVIEW

PROPERTY

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

Property developments

Projects completed with recent sales

In Macau

Nova Grand (Group interest: residential: 71%)

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

In Hong Kong

Chatham Gate (Group interest: 51%)

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

In Singapore

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

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

Projects under development

In Northern China

Beijing Tongzhou Integrated Development

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

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

NEW BUND 31, Qiantan, Shanghai (Group interest: 50%)

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

Shanghai Suhe Bay Area Mixed-use Development Project (Group interest: 40%)

In December 2019, the Group entered into a strategic partnership with China Resources Land Limited ("CR Land") to acquire a 40% effective interest in the mixed use development project located in Suhe Bay Area in Jingan District of Shanghai. The development comprises four land plots with a total site area of approximately 24,913 square metres and a total developable gross floor area of approximately 329,000 square metres. Situated in one of the core commercial areas of Shanghai, it is in close proximity to major tourism destinations such as the Bund and the People's Square, as well as established central business districts including Nanjing West Road and Luijiazui. Well served by the public transportation network, the complex has direct connection to Tiantong Road subway station served by Metro Line no. 10 and no. 12. Upon completion, all office, commercial and residential developments in the north side are intended for sale, while the retail and office developments in the south side are intended for generating long-term rental income. The retail component will be managed by CR Land under one of its brands. Construction is underway with project completion expected by phases from 2021.

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

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

In Southern China

Hengqin Integrated Development (Group interest: 70%)

This development in Hengqin bordering Macau Lotus Bridge will be one of the property division's priorities in 2020. The project comprises approximately 42,300 square metres of office accommodation, 43,000 square metres of retail facilities, 15,600 square metres of hotel space, and 33,400 square metres of apartments complemented by a 1,250-square-metre clubhouse and a 1,300-space car park.

In conjunction with the operational launch of the new Border Crossing hub with estimated opening in 2020 as announced by government, the Group will also be launching presale of the apartments while proceeding with fit-out works within the same year.

Projects under planning

In Macau

Harbour Mile

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

In China

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

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

In Singapore

Park House (Group interest: 100%)

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

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

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

Property investments

In Hong Kong

liberté place (Group interest: 64.56%)

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

The Westwood (Group interest: 51%)

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

Chatham Place (Group interest: 51%)

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

Shun Tak Centre 402 (Group interest: 100%)

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

In Macau

Nova Mall (Group interest: 50%)

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

One Central Shopping Mall (Group interest: 51%)

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

Shun Tak House (Group interest: 100%)

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

In China

Shun Tak Tower Beijing (Group interest: 100%)

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

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

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

Property Services

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

TRANSPORTATION

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

Shun Tak-China Travel Shipping Investments Limited

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

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

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

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

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

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

Shun Tak & CITS Coach (Macao) Limited

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

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

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

HOSPITALITY

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

Hotels in operation

Hong Kong SkyCity Marriott Hotel

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

Hotel Starlight Awards, 'Best Airport Hotels' and 'Best Airport Hotels in Asia' at the Skytrax World Airport Awards 2019, and Third place-Best Airport Hotel in Asia-Pacific at the Business Traveller Asia-Pacific Awards.

Mandarin Oriental, Macau

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

Grand Coloane Resort

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

Artyzen Habitat Dongzhimen Beijing

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

Artyzen Habitat Hongqiao Shanghai

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

citizenM Shanghai Hongqiao

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

Hotels under planning and development

No.9 Cuscaden Road, Singapore

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

Tourism Facility Management

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

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

Artyzen Hospitality Group

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

The Group's two joint venture projects with Perennial Real Estate Limited, described above in the section on Property Development, both include hospitality components in their development plans. Nexus Hospitality Management Limited, co-owned by Perennial Management Investment Holdings Private Limited and AHG Limited, has been set up to provide hotel management services for hotels in these planned High Speed Railway Medical Developments.

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

Membership Club

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

Travel and MICE

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

INVESTMENT

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

Kai Tak Cruise Terminal

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

Macau Matters Company Limited

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

RECENT DEVELOPMENTS AND PROSPECTS

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

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

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

The Group's transportation division faced formidable challenges in 2019. With the opening of the HZM Bridge in late 2018, its full effect on regional travel dynamics began to play out in the first half of 2019. Tour groups have shifted away from ferry to land routes, as a result, TurboJET has seen a downturn in passenger volumes. In June, the number of passengers further plummeted as sociopolitical unrest in Hong Kong deterred travelers from visiting the city. The negative momentum was aggravated in 2020, when the government stipulated closure of all sea route borders in February at the peak of COVID-19 outbreak, and all ferry routes were forced to suspend until further notice. Amid the dire situation, TurboJET has implemented stringent cost control measures and streamlined its manpower structure.In March 2020, the company announced a shareholding restructuring in association with China Travel International Investment Hong Kong Limited ("CTII"), whereby closer cooperative ties will be forged with the vision of maximizing synergy in the existing ferry and cross-border bus businesses between the parties, to better capitalize on new opportunities arising from the Greater Bay Area new economy. Upon completion of the restructuring, Shun Tak Group will hold 50% of Shun Tak-China Travel Shipping Investments Limited.

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

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

GROUP FINANCIAL REVIEW

The Group's bank balances and deposits amounted to HK$12,281 million as at 31 December 2019, representing an decrease of HK$2,037 million as compared with the position as at 31 December 2018. It is the Group's policy to secure adequate funding to satisfy cash flows required for working capital and investing activities. Total bank loan facilities available to the Group as at 31 December 2019 amounted to HK$21,545 million, of which HK$6,230 million remained undrawn. The Group's bank borrowings outstanding at the year end amounted to HK$15,315 million. The Group's borrowings also comprised the medium term notes ("MTN") of HK$3,171 million.

Based on a net borrowings of HK$6,204 million at the year end, the Group's gearing ratio (expressed as a ratio of net borrowings to equity attributable to owners of the Company) was 17.3% (2018, as restated: 12.7%). The Group will continue with its financial strategy of maintaining a healthy gearing ratio and consider steps to reduce its finance costs.

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

Maturity Profile

Within 1 year	1-2 years	2-5 years	over 5 years	Total
57%	7%	35%	1%	100%

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

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

Charges on Assets

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

Contingent Liabilities

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

Financial Risk

The Group adopts a prudent approach in financial risk management to minimize exposure to currency and interest rate risks. Except for the guaranteed MTN, all funds raised by the Group are on a floating rate basis. Except for the MTN of US$400 million and bank loan of RMB1,584 million and SGD1,128 million, the Group's outstanding borrowings were not denominated in foreign currency at the year end. Approximately 94% of the bank deposits, cash and bank balances are denominated in Hong Kong dollar ("HKD"), Macau pataca ("MOP") and US dollar ("USD") and the remaining balance mainly in Renminbi ("RMB"), whereby MOP and USD are pegged to HKD. The Group's principal operations are primarily conducted in HKD while its financial assets and liabilities are denominated in USD, MOP, Singapore dollar and RMB. The Group will from time to time review its foreign exchange and market conditions to determine if any hedging is required. The Group currently engages in fuel hedging and currency swap activities to minimise exposure to fluctuations in fuel prices and foreign exchange rate in accordance with the Group's approved treasury policies.

Human Resources

The Group, including subsidiaries but excluding joint ventures and associates, employed approximately 3,200 employees at the year end. The Group adopts competitive remuneration packages for its employees. Promotion and salary increments are based on performance. Social activities are organised to foster team spirit amongst employees and they are encouraged to attend training classes that are related to the Group' s businesses and developments.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining shareholders' eligibility to attend and vote at the 2020 annual general meeting of the Company, and entitlement to the final dividend, the register of members of the Company will be closed. Details of such closures are set out below:

(i) For determining shareholders' eligibility to attend and vote at the 2020 annual general meeting of the Company:

Latest time to lodge transfer documents for registration	4:30 p.m. on Wednesday, 17 June 2020
Closure of register of members	Thursday, 18 June 2020 to Wednesday, 24 June 2020 (both days inclusive)
Record date	Wednesday, 24 June 2020

(ii) For determining shareholders' entitlement to the final dividend:

Latest time to lodge transfer documents for registration	4:30 p.m. on Thursday, 2 July 2020
Closure of register of members	Friday, 3 July 2020 to Tuesday, 7 July 2020 (both days inclusive)
Record date	Tuesday, 7 July 2020

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the 2020 annual general meeting of the Company, and to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration 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, no later than the aforementioned latest time.

ANNUAL GENERAL MEETING

The annual general meeting of the Company is currently scheduled to be held on Wednesday, 24 June 2020 subject to any contingency measures which may be announced as appropriate. The notice of annual general meeting will be published on the websites of the Company and The Stock Exchange of Hong Kong Limited and despatched to the shareholders of the Company in due course.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

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

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

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

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance. The Board periodically reviews the Company's practices to ensure compliance with the increasingly stringent requirements and to meet rising expectations of the shareholders of the Company. 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 year ended 31 December 2019, except for code provision A.2.1, which requires the roles of Chairman and Chief Executive to be separate and not to be performed by the same individual. The Board is of the view that since all major decisions have been made in discussion among Board members and appropriate Board committees, the allocation of power and authority within the corporate structure is adequately balanced to satisfy the objective of this code provision. In addition, there are four independent non-executive directors on the Board who offer their respective experience, expertise, and independent advice and views from different perspectives. Therefore, it is in the best interest of the Company that Ms. Pansy Ho, with her in-depth knowledge of the businesses and extensive experience in the operations of the Group, assumes her dual capacity.

REVIEW BY AUDIT COMMITTEE

The Group's consolidated financial statements for the year ended 31 December 2019 have been reviewed by the audit committee of the Company. The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2019, as set out in the preliminary announcement, have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.

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

Hong Kong, 27 March 2020

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