# 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**

## 2023 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 2023 of the Company and its subsidiaries (the "Group").

The unaudited loss attributable to owners of the Company for the period was HK$425 million (2022: profit of HK$229 million). Underlying loss attributable to the owners which principally adjusted for unrealised fair value changes on investment properties would be HK$274 million (2022: profit of HK$458 million). Basic loss per share was HK14.1 cents (2022: basic earnings per share HK7.6 cents).

### INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend in respect of the six months ended 30 June 2023 (2022: nil).

**CONDENSED CONSOLIDATED INCOME STATEMENT**
*FOR THE SIX MONTHS ENDED 30 JUNE*

| | Note | (Unaudited) 2023 HK$'000 | (Unaudited) 2022 HK$'000 |
|---|---|---|---|
| **Revenue** | 3 | **1,495,148** | 1,889,517 |
| Other income | | **188,407** | 79,983 |
| | | **1,683,555** | 1,969,500 |
| Other (losses)/gains, net | 4 | **(272,092)** | 10,968 |
| Cost of inventories sold and services provided | | **(752,419)** | (859,932) |
| Staff costs | | **(282,120)** | (257,368) |
| Depreciation and amortisation | | **(77,034)** | (80,935) |
| Other costs | | **(283,901)** | (281,891) |
| Fair value changes on investment properties | | **(132,767)** | (153,703) |
| **Operating (loss)/profit** | 3, 5 | **(116,778)** | 346,639 |
| Finance costs | 6 | **(299,878)** | (152,879) |
| Share of results of joint ventures | | **(10,845)** | 378,948 |
| Share of results of associates | | **11,108** | (205,437) |
| **(Loss)/profit before taxation** | | **(416,393)** | 367,271 |
| Taxation | 7 | **(1,356)** | (61,567) |
| **(Loss)/profit for the period** | | **(417,749)** | 305,704 |
| **Attributable to:** | | | |
| Owners of the Company | | **(424,732)** | 228,557 |
| Non-controlling interests | | **6,983** | 77,147 |
| **(Loss)/profit for the period** | | **(417,749)** | 305,704 |
| **(Loss)/earnings per share *(HK cents)*** | 9 | | |
| — basic | | **(14.1)** | 7.6 |
| — diluted | | **(14.1)** | 7.6 |

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*FOR THE SIX MONTHS ENDED 30 JUNE*

| | **(Unaudited)**<br>**2023**<br>***HK$'000*** | (Unaudited)<br>2022<br>*HK$'000* |
|---|---|---|
| **(Loss)/profit for the period** | **(417,749)** | 305,704 |
| **Other comprehensive loss** | | |
| **Items that may be reclassified to profit or loss:** | | |
| Debt instruments at fair value through other comprehensive income: | | |
| Changes in fair value | **179** | (494) |
| Reversal of asset revaluation reserve upon sales of properties, net of tax | **(3,728)** | (19,249) |
| Currency translation differences | **(324,320)** | (344,506) |
| Share of currency translation difference of joint ventures | **(225,300)** | (295,163) |
| Share of currency translation difference of associates | **(71,961)** | (123,202) |
| Share of other comprehensive loss of associates | **(449)** | — |
| **Item that will not be reclassified to profit or loss:** | | |
| Equity instruments at fair value through other comprehensive income: | | |
| Changes in fair value | **(475,366)** | (546,051) |
| **Other comprehensive loss for the period, net of tax** | **(1,100,945)** | (1,328,665) |
| **Total comprehensive loss for the period** | **(1,518,694)** | (1,022,961) |
| **Attributable to:** | | |
| Owners of the Company | **(1,514,705)** | (1,088,168) |
| Non-controlling interests | **(3,989)** | 65,207 |
| **Total comprehensive loss for the period** | **(1,518,694)** | (1,022,961) |

## CONDENSED CONSOLIDATED BALANCE SHEET

| | Note | **(Unaudited) 30 June 2023** | (Audited) 31 December 2022 |
|---|---|---|---|
| | | ***HK$'000*** | *HK$'000* |
| **Non-current assets** | | | |
| Property, plant and equipment | | **3,693,328** | 3,581,707 |
| Right-of-use assets | | **708,317** | 746,310 |
| Investment properties | | **10,001,075** | 10,180,737 |
| Joint ventures | | **10,729,018** | 11,980,319 |
| Associates | | **5,620,758** | 5,650,658 |
| Intangible assets | | **2,165** | 2,610 |
| Financial assets at fair value through other comprehensive income | | **1,745,962** | 2,221,619 |
| Financial assets at fair value through profit or loss | | **30,522** | 302,613 |
| Deferred tax assets | | **81,278** | 96,013 |
| Other non-current assets | | **421,625** | 387,483 |
| | | **33,034,048** | 35,150,069 |
| **Current assets** | | | |
| Properties for or under development | | **2,406,669** | 2,838,621 |
| Inventories | | **9,036,322** | 9,201,380 |
| Financial assets at fair value through other comprehensive income | | **14,728** | 14,549 |
| Trade and other receivables, deposits paid and prepayments | *10* | **1,084,899** | 973,528 |
| Contract assets | | **444,398** | 305,117 |
| Taxation recoverable | | **174** | 656 |
| Cash and bank balances | | **7,097,192** | 6,538,029 |
| | | **20,084,382** | 19,871,880 |

| | Note | (Unaudited) 30 June 2023 HK$'000 | (Audited) 31 December 2022 HK$'000 |
|---|---|---|---|
| **Current liabilities** | | | |
| Trade and other payables, and deposits received | *10* | **1,073,969** | 1,892,158 |
| Contract liabilities | | **113,439** | 149,508 |
| Lease liabilities | | **21,606** | 31,044 |
| Bank borrowings | | **4,119,272** | 4,266,508 |
| Provision for employee benefits | | **7,962** | 7,084 |
| Taxation payable | | **186,274** | 176,439 |
| Loans from non-controlling interests | | **50,361** | 60,361 |
| | | **5,572,883** | 6,583,102 |
| **Net current assets** | | **14,511,499** | 13,288,778 |
| **Total assets less current liabilities** | | **47,545,547** | 48,438,847 |
| **Non-current liabilities** | | | |
| Contract liabilities | | **40,289** | 39,414 |
| Lease liabilities | | **42,143** | 27,988 |
| Bank borrowings | | **12,437,127** | 11,705,945 |
| Deferred tax liabilities | | **834,847** | 886,665 |
| | | **13,354,406** | 12,660,012 |
| **Net assets** | | **34,191,141** | 35,778,835 |
| **Equity** | | | |
| Share capital | | **9,858,250** | 9,858,250 |
| Other reserves | | **22,019,356** | 23,534,061 |
| **Equity attributable to owners of the Company** | | **31,877,606** | 33,392,311 |
| Non-controlling interests | | **2,313,535** | 2,386,524 |
| **Total equity** | | **34,191,141** | 35,778,835 |

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements of Shun Tak Holdings Limited (the "Company") and its subsidiaries (together, the "Group") are prepared in accordance with the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2022 which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The accounting policies and methods of recognition and presentation used in the preparation of the condensed consolidated interim financial statements are consistent with those described in the 2022 annual financial statements except as stated in note 2 below.

The financial information relating to the year ended 31 December 2022 that is included in the condensed consolidated interim financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company had delivered the financial statements for the year ended 31 December 2022 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 2022. 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. 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 2022 annual financial statements and respective note to these condensed consolidated interim financial statements.

## 2 IMPACT OF NEW AMENDMENTS TO HKFRS

### (a) New amendments to standards adopted by the Group

The following amendments to standards are relevant to the Group's operations and first effective for the Group's financial year beginning on 1 January 2023:

| | |
|---|---|
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies |
| Amendments to HKAS 8 | Disclosure of Accounting Estimates |
| Amendments to HKAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| Amendments to HKAS 12 | International Tax Reform — Pillar Two Model Rules |

The adoption of the above amendments to standards did not have any significant impact to the Group's results for the six months ended 30 June 2023 and the Group's financial position as at 30 June 2023.

### (b) Amendments to standards and interpretation 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 2023 and have not been early adopted:

| | |
|---|---|
| Amendments to HKAS 1[(1)] | Classification of Liabilities as Current or Non-current |
| Amendments to HKAS 1[(1)] | Non-current Liabilities with Covenants |
| Amendments to HKFRS 16[(1)] | Lease Liability in a Sale and Leaseback |
| HK Interpretation 5 (Revised)[(1)] | Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause |
| Amendments to HKAS 7 and HKFRS 7[(1)] | Supplier Finance Arrangements |
| 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 2024

(2) Effective date to be determined

The Group has already commenced an assessment of the impact of these amendments to standards and interpretation. These amendments to standards and interpretation would not be expected to have a material impact to the results of the Group.

## 3 SEGMENT INFORMATION

### (a) Description of segments

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 and hotel management |
| 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, 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 2022.

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

### For the six months ended 30 June 2023

| | Property *HK$'000* | Transportation *HK$'000* | Hospitality *HK$'000* | Investment *HK$'000* | Eliminations *HK$'000* | Consolidated *HK$'000* |
|---|---|---|---|---|---|---|
| **Revenue and other income** | | | | | | |
| External revenue | | | | | | |
| Revenue from contracts with customers | | | | | | |
| — Recognised at a point in time | 175,165 | — | 64,888 | 13,725 | — | 253,778 |
| — Recognised over time | 783,519 | — | 165,373 | — | — | 948,892 |
| | 958,684 | — | 230,261 | 13,725 | — | 1,202,670 |
| Revenue from other sources | | | | | | |
| — Rental income | 226,682 | — | — | 165 | — | 226,847 |
| — Dividend income | — | — | — | 65,631 | — | 65,631 |
| | 226,682 | — | — | 65,796 | — | 292,478 |
| | 1,185,366 | — | 230,261 | 79,521 | — | 1,495,148 |
| Inter-segment revenue | 332 | — | 615 | — | (947) | — |
| Other income (external income and excluding interest income) | 7,946 | — | 79,353[(i)] | 415 | — | 87,714 |
| | 1,193,644 | — | 310,229 | 79,936 | (947) | 1,582,862 |
| **Segment results** | 223,171 | — | 5,941 | (220,793)[(ii)] | — | 8,319 |
| Fair value changes on investment properties | (132,767) | — | — | — | — | (132,767) |
| Interest income | | | | | | 100,693 |
| Unallocated net corporate expenses | | | | | | (93,023) |
| Operating loss | | | | | | (116,778) |
| Finance costs | | | | | | (299,878) |
| Share of results of joint ventures | (4,266) | — | (6,579) | — | — | (10,845) |
| Share of results of associates | 28,750 | 8,800 | (7,085) | (19,357) | — | 11,108 |
| Loss before taxation | | | | | | (416,393) |
| Taxation | | | | | | (1,356) |
| Loss for the period | | | | | | (417,749) |

*Notes:*

(i) Amount included hotel management contract termination income of HK$75,353,000.

(ii) Amount included fair value loss on financial assets at fair value through profit or loss of HK$272,091,000 (note 4).

For the six months ended 30 June 2022

| | Property *HK$'000* | Transportation *HK$'000* | Hospitality *HK$'000* | Investment *HK$'000* | Eliminations *HK$'000* | Consolidated *HK$'000* |
|---|---|---|---|---|---|---|
| **Revenue and other income** | | | | | | |
| External revenue | | | | | | |
| Revenue from contracts with customers | | | | | | |
| — Recognised at a point in time | 680,710 | — | 29,539 | 14,179 | — | 724,428 |
| — Recognised over time | 813,516 | — | 87,537 | — | — | 901,053 |
| | 1,494,226 | — | 117,076 | 14,179 | — | 1,625,481 |
| Revenue from other sources | | | | | | |
| — Rental income | 208,196 | — | — | 166 | — | 208,362 |
| — Dividend income | — | — | — | 55,674 | — | 55,674 |
| | 208,196 | — | — | 55,840 | — | 264,036 |
| | 1,702,422 | — | 117,076 | 70,019 | — | 1,889,517 |
| Inter-segment revenue | 507 | — | 715 | 448 | (1,670) | — |
| Other income (external income and excluding interest income) | 24,860 | — | 12,358 | 4,066 | — | 41,284 |
| | 1,727,789 | — | 130,149 | 74,533 | (1,670) | 1,930,801 |
| **Segment results** | 601,041 | — | (103,313) | 49,854 | — | 547,582 |
| Fair value changes on investment properties | (153,703) | — | — | — | — | (153,703) |
| Interest income | | | | | | 38,699 |
| Unallocated net corporate expenses | | | | | | (85,939) |
| Operating profit | | | | | | 346,639 |
| Finance costs | | | | | | (152,879) |
| Share of results of joint ventures | 402,004(iii) | — | (23,056) | — | — | 378,948 |
| Share of results of associates | (62,463) | (94,393) | (3,297) | (45,284) | — | (205,437) |
| Profit before taxation | | | | | | 367,271 |
| Taxation | | | | | | (61,567) |
| Profit for the period | | | | | | 305,704 |

*Notes:*

(iii) Amount included share of gain arising from transfer of inventories to investment properties in a joint venture, net of tax, amounted to HK$501,087,000.

**As at 30 June 2023**

| | Property *HK$'000* | Transportation *HK$'000* | Hospitality *HK$'000* | Investment *HK$'000* | Eliminations *HK$'000* | Consolidated *HK$'000* |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Segment assets | **26,192,833** | **225,201** | **4,626,991** | **1,840,969** | **—** | **32,885,994** |
| Joint ventures | **11,169,977** | **—** | **(440,959)** | **—** | **—** | **10,729,018** |
| Associates | **4,399,772** | **396,532** | **122,141** | **702,313** | **—** | **5,620,758** |
| Unallocated assets | | | | | | **3,882,660** |
| Total assets | | | | | | **53,118,430** |
| **Liabilities** | | | | | | |
| Segment liabilities | **988,892** | **20** | **256,242** | **8,357** | **—** | **1,253,511** |
| Unallocated liabilities | | | | | | **17,673,778** |
| Total liabilities | | | | | | **18,927,289** |

**As at 31 December 2022**

| | Property *HK$'000* | Transportation *HK$'000* | Hospitality *HK$'000* | Investment *HK$'000* | Eliminations *HK$'000* | Consolidated *HK$'000* |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Segment assets | 26,824,288 | 225,199 | 4,618,113 | 2,580,644 | — | 34,248,244 |
| Joint ventures | 12,414,699 | — | (434,380) | — | — | 11,980,319 |
| Associates | 4,413,013 | 386,260 | 129,115 | 722,270 | — | 5,650,658 |
| Unallocated assets | | | | | | 3,142,728 |
| Total assets | | | | | | 55,021,949 |
| **Liabilities** | | | | | | |
| Segment liabilities | 1,819,161 | 20 | 263,684 | 10,436 | — | 2,093,301 |
| Unallocated liabilities | | | | | | 17,149,813 |
| Total liabilities | | | | | | 19,243,114 |

## 4 OTHER (LOSSES)/GAINS, NET

| | For the six months ended 30 June | |
|---|---|---|
| | **2023** | 2022 |
| | ***HK$'000*** | *HK$'000* |
| Net gain/(loss) on disposal of property, plant and equipment | **4** | (4) |
| Net loss on disposal of a subsidiary | **(5)** | — |
| Fair value (loss)/gain on financial assets at fair value through profit or loss | **(272,091)** | 10,972 |
| | **(272,092)** | 10,968 |

## 5 OPERATING (LOSS)/PROFIT

| | For the six months ended 30 June | |
|---|---|---|
| | **2023** | 2022 |
| | ***HK$'000*** | *HK$'000* |
| **After crediting:** | | |
| Interest income from bank deposits and others | **100,714** | 38,721 |
| Rental income from investment properties | **112,224** | 113,968 |
| Dividend income from listed investments | **9,207** | 9,985 |
| Dividend income from unlisted investments | **56,424** | 45,689 |
| Wage, salary and other subsidies from governments under COVID-19 | **—** | 16,816 |
| **After charging:** | | |
| Cost of inventories sold | | |
| — properties | **699,163** | 803,400 |
| — others | **20,690** | 13,422 |
| | **719,853** | 816,822 |

## 6 FINANCE COSTS

| | For the six months ended 30 June | |
|---|---|---|
| | **2023** | 2022 |
| | ***HK$'000*** | *HK$'000* |
| Interest on bank borrowings | **321,951** | 144,219 |
| Interest on lease liabilities | **1,577** | 1,356 |
| Other finance costs | **12,479** | 21,195 |
| Total finance costs | **336,007** | 166,770 |
| *Less:* Amount capitalised in hotel building under construction | **(36,129)** | (13,891) |
| | **299,878** | 152,879 |

## 7 TAXATION

| | For the six months ended 30 June | |
|---|---|---|
| | **2023** | 2022 |
| | ***HK$'000*** | *HK$'000* |
| **Current taxation** | | |
| Hong Kong profits tax | **3,645** | 3,507 |
| Non-Hong Kong taxation | **24,417** | 67,368 |
| | **28,062** | 70,875 |
| **Deferred taxation** | | |
| Origination and reversal of temporary differences | **(26,706)** | (9,308) |
| | **1,356** | 61,567 |

Hong Kong profits tax is calculated at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits for the period. Non-Hong Kong taxation is calculated at tax rates applicable to jurisdictions in which the Group operates, mainly in Macau, the PRC and Singapore at 12%, 25% and 17% (2022: 12%, 25% and 17%) respectively.

## 8 INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend in respect of the six months ended 30 June 2023 (2022: nil).

## 9 (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on loss attributable to owners of the Company of HK$424,732,000 (2022: profit of HK$228,557,000) and the weighted average number of 3,020,379,785 shares (2022: 3,020,379,785 shares) in issue during the period.

Basic and diluted loss per share were the same as the Company had no potentially dilutive ordinary shares in issue for the period ended 30 June 2023 (2022: 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 2023** *HK$'000* | 31 December 2022 *HK$'000* |
|---|---|---|
| 0 — 30 days | **227,198** | 143,128 |
| 31 — 60 days | **17,414** | 16,436 |
| 61 — 90 days | **4,933** | 6,838 |
| over 90 days | **10,462** | 25,335 |
| | **260,007** | 191,737 |

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

| | **30 June 2023** *HK$'000* | 31 December 2022 *HK$'000* |
|---|---|---|
| 0 — 30 days | **423,879** | 265,804 |
| 31 — 60 days | **21,731** | 5,263 |
| 61 — 90 days | **484** | 40 |
| over 90 days | **2,723** | 2,131 |
| | **448,817** | 273,238 |

## BUSINESS REVIEW

## PROPERTY

The regional economy is picking up slower than expected despite the relaxation of anti-pandemic measures and border reopening. Although property launches were reactivated, consumer confidence wavered in the first half of 2023 under the environment of hawkish US monetary policy, weak economic recovery in China, new sets of cooling measures in Singapore, as well as expanding Sino-US trade tensions. Against the challenging backdrop, the property division recorded a profit of HK$223 million (1H 2022: HK$601 million) with profit recognition from Park Nova and Les Maisons Nassim in Singapore, and Nova Grand in Macau.

### Property Developments

***Projects completed with recent sales***

*In Macau*

Nova Park (Group interest: 100%)

Nova Park is the fourth phase of the Group's landmark project, Nova City. Sitting at the core of Taipa, Nova Park covers a gross floor area of around 680,000 square feet. In the first half of 2023, one residential unit was sold. The development has proven to be a success as 98% of its 620 residential units have been sold as of 30 June 2023.

Nova Grand (Group interest: 71%)

Nova Grand, the final phase of Nova City, features eight towers containing more than 1,700 residential units. During the first half of 2023, 24 units were transacted and six units were recognized. As of 30 June 2023, 88% of the units were sold, a testimony to the project's popularity with local residents in Macau.

*In Southern China*

Hengqin Integrated Development (Group interest: 100%)

Strongly supported by the Central Government, the Hengqin-Guangdong-Macao In-Depth Cooperation Zone (the "Zone") aims to promote economic diversification and attract high-end talents. Hengqin Integrated Development is located within the Zone, conveniently connected to the Hengqin Port – a cross-border facility operating 24 hours a day. It also sits at the intersection of the Guangzhou-Zhuhai Intercity Railway and the future Macau Light Rapid Transit station.

While Hengqin rolled out preferential policies for Macau-funded enterprises and rental subsidies for the finance industry, the office leasing segment picked up gradually during the post-pandemic period. Meanwhile, the mall is expected to open in the third quarter of 2024, and pre-leasing is progressing as planned. To cater for local families and tourists, the mall will focus on a leisure-themed tenant mix with specialty and casual dining.

As of 30 June 2023, a total of 422 residential units were sold, of which 421 units were handed over to homebuyers. The remaining four show flats are expected to be sold within 2023.

Scheduled to open in the first quarter of 2024, the 230-room Artyzen Habitat Hotel featuring vibrant social areas will further support the emergence of the development as a prime residence and travel destination.

*In Singapore*

111 Somerset (Group interest: 100%)

Located in the commercial district of Orchard Road near the Somerset MRT station, 111 Somerset is a 17-storey integrated development featuring two office towers, a two-level retail podium and a two-level basement car park, covering a gross floor area of approximately 766,550 square feet. The recovery of the overall business environment in Singapore remained resilient, as of 30 June 2023, the development achieved an overall committed occupancy rate at 94% across all sectors including business, retail, medical and office zones.

***Projects under development***

*In Northern China*

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

Tongzhou Beijing is the new home for the headquarters of Beijing's Central Government and many state-owned enterprises. Strategically located on the Grand Canal in Tongzhou Beijing, the iconic Tongzhou Integrated Development is set to offer 127,000 square meters of retail space, 119,000 square meters of office space, and 50,000 square meters of apartment units. The retail podium will link with the M6 metro line to offer direct connection to the heart of Beijing. The first stage of the project is scheduled to complete in 2025, while presales of its apartments are expected to begin in the end of 2023 once the presale consent is granted by the government.

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

The 77,000-square-meter site of Tianjin South HSR Integrated Development was acquired in 2018 – as part of a strategic partnership between the Group and Singapore-based Perennial Holdings Private Limited ("Perennial"). Positioned as a state-of-the-art "health city" adjacent to the Tianjin South High-Speed Railway Station, the development is set to meet the growing demand for quality medical care in the fast-growing "Jing-Jin-Ji" megalopolis. In addition to a modern general hospital and elder care facilities, the development will offer retail and hospitality services with a hotel over a commercial area spanning 330,000 square meters. The development's electrical, mechanical and facade works are in progress, while operations are expected to begin in phases from the last quarter of 2023.

*In Eastern China*

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

NEW BUND 31 is a 50/50 joint venture between the Group and Shanghai Lujiazui (Group) Company Limited. The mixed development comprises a 140,500-square-meter cultural and community hub featuring offices, retail space, a 202-room five-star hotel to be managed by Artyzen Hospitality Group, and the inspiring Performing Arts Center which houses a 2500-seat concert hall and a multi-purpose Black Box Arts Space – offering a total capacity of 4,000 spectators altogether. The project has been awarded Silver Award by China Real Estate & Design Award (CREDAWARD) and Gold Award by GBE Mixed-Development Award. The construction and fit-out works for the entire project are fully completed and leasing is in progress. All facilities are under testing and getting prepared for the opening in the last quarter of 2023.

Shanghai Suhe Bay Area Mixed-use Development Project (Group interest: 50%)

Developed jointly with China Resources Land Limited, this mega integrated development is located alongside the Suhe Creek in the buoyant commercial hub of Jingan. It comprises the grade A office Suhe Centre, two residential towers, three commercial blocks, as well as the premium shopping mall MixC World. Encompassing the heritage retail lane Shen Yu Lane and the Tin Hau Temple, Shanghai Suhe Bay as a whole contains more than 82,000 square meters of aboveground gross floor areas for sales, while its leasing space exceeds 158,000 square meters of gross floor areas.

All of the project's residential units have been handed over to individual buyers. Meanwhile, MixC World – the lifestyle destination shopping complex built around heritage buildings embedded within central Jingan's largest park – achieved 91% occupancy in the first half of 2023. It features a diverse mix of tenants, from industry-leading boutiques and fashion stores to gourmet restaurants and chic cafés. Leasing of Suhe Centre is in progress, with several multinational tenants already moved in.

*In Western China*

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

Like the Group's Tianjin project, the 65,000-square-meter Kunming South HSR Integrated Development was acquired by the Group in partnership with Perennial in December 2018. Located near a high-speed railway station, the development is positioned to become a regional healthcare and commercial hub featuring modern hospitality, medical care, elder care, MICE and retail spaces across a gross floor area of approximately 550,000 square meters. Superstructure works are in progress, and operations are scheduled to begin in 2024.

*In Singapore*

Park Nova (Group interest: 100%)

Situated in Singapore's upscale residential area near the famed Orchard Road shopping belt, Park Nova is a 21-storey residential tower featuring a strata area of approximately 125,000 square feet with 51 simplex units and three penthouses. Towering above Orchard Boulevard, the exclusive residence offers panoramic views above lush greenery. Each unit is served by a private lift lobby to deliver residents a bespoke urban, luxury lifestyle.

Sales and construction of the 43,356-square-foot development is progressing as planned and expected to be completed in 2024. Presales, which began in May 2021, have proven resilient to the pandemic. In the first half of 2023, four units were transacted. As of 30 June 2023, 48 units including the three penthouses have been sold.

Imbued with a biophilic design philosophy, Park Nova epitomizes the Group's pioneering concept of "smart new urban homes" in harmony with the local environment. Its innovative design has been honoured by some of the most esteemed awards in the industry, including the five-star "Best Apartment/Condominium Singapore" by Asia Pacific Property Awards 2022, and "Best Condo Architectural Design (Asia)" at 2022 PropertyGuru Asia Property Awards.

Les Maisons Nassim (Group interest: 100%)

Located in one of Singapore's most exclusive districts, the prestigious site of Les Maisons Nassim is set to become the city's "Bungalow-in-the-Sky". Spanning approximately 110,000 square feet and situated near other prestigious bungalows in the district, this majestic development will feature a total of 14 luxurious units, including nine simplex apartments, two duplexes and three penthouses. Each residence is equipped with a private lift and comes with personal parking space, while large avenues surrounded by luxuriant plants exude subtle luxury and sophistication defining the exclusive enclave. Construction is scheduled to be completed within 2023. During the first half of 2023, three units were transacted. As of 30 June 2023, a total of 12 units have been sold.

***Projects under planning***

*In Macau*

Harbour Mile

The Group will, upon receiving notice from the Macau SAR Government regarding the allotment of the land parcels, set out the most appropriate development strategy for the site.

**Property Investments**

*In Hong Kong*

liberté place (Group interest: 64.56%)

Located at Lai Chi Kok MTR station in West Kowloon, the mall has proven to be a consistent source of income growth for the Group. In the first half of 2023, the leasing team reshuffled the tenant mix by upgrading shop subdivisions and re-configurating the layout, to diversify the property's retail portfolio and maximize its income potential. As of 30 June 2023, the occupancy rate stood at 98%.

The Westwood (Group interest: 51%)

Having undergone a full renovation in July 2021, the Westwood, a prominent shopping destination on Hong Kong Island's Western District, is focused on reinforcing its family-oriented positioning. A sizable portion of the mall is currently occupied by a supermarket and a major entertainment tenant, serving to engage with families, kids and youngsters. Meanwhile, more educational institutions were recruited to cater to families' needs. As of 30 June 2023, the Westwood recorded an 89% occupancy rate.

Chatham Place (Group interest: 51%)

This three-storey arcade adjoining Chatham Gate is dedicated to becoming an educational hub. During the first half of 2023, the mall witnessed a resurgence of interest from educational institutions. Meanwhile, the leasing team continues to explore potential prospects spanning various trades, creating a more diverse retail experience. As of 30 June 2023, the property recorded a 44% occupancy rate.

Shun Tak Centre Portfolio

The Group owns a 100% interest of Shop 402 and, overall, a 55% interest in a collection of assets at Shun Tak Centre, which comprises 213,786 square feet of retail area, 13,827 square feet of gross office area and 85 parking spaces.

Following the resumption of ferry services after border reopening with Macau and Mainland China in early 2023, tenants particularly in food and beverage have shown obvious improvement in business performance. Meanwhile, the renovation on the third and fourth floors were completed. To strengthen the Group's retail portfolio, the tenant mix will be refined in anticipation of the final phase of the mall revamp to complete by early 2024.

For the Shop 402 owned by the Group, the fencing academy and exhibition hall remain the anchor tenants. The Group is currently studying the possibility of dedicating the space previously occupied by an indoor golf club to food and beverage outlets to increase customer footfall of upper floors.

*In Macau*

Nova Mall (Group interest: 50%)

Located at the heart of Taipa's Nova residential community, Nova Mall is a one-stop shopping destination in Macau dedicated to serving the daily needs of local shoppers. In the first half of 2023, the leasing team successfully retained all anchor tenants as the initial tenancy agreements were set to expire, contributing to 88% in the occupancy rate. Meanwhile, the division is committed to recalibrating the trade mix, to better cater to the diverse needs of customers and residents.

One Central Shopping Mall (Group interest: 51%)

A joint venture with Hongkong Land Holdings Limited, One Central is a prominent shopping destination – home to around 400,000 square feet of spaces occupied by some of the world's most iconic luxury brands. The mall is readjusting its tenant mix with top selling brands invited to open new and even flagship stores in this unique location. With increasing tourist arrivals, tenant sales experienced a strong recovery. As of 30 June 2023, the occupancy rate stood at 88%.

Shun Tak House (Group interest: 100%)

Located at the heart of Macau's major tourist locale, this 28,000-square-foot property is predominantly occupied by two anchor tenants and maintained full occupancy as of 30 June 2023.

*In China*

Shun Tak Tower Beijing (Group interest: 100%)

Shun Tak Tower is located at Dong Zhi Men in Beijing, next to the airport highway and near Beijing's thriving downtown and embassy area. It comprises an office area of approximately 240,000 square feet (22,273 square meters) and houses the 138-room Artyzen Habitat Hotel. With the lifting of pandemic-related measures and the gradual resumption of business traffic, the property experienced recovery in both the office and hotel segments. Office occupancy stood at 67% as of 30 June 2023.

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

A 32-storey office tower atop a six-storey shopping mall, this development in Guangzhou maintained an average occupancy rate of 78% as of 30 June 2023.

### Property Services

The division offers professional property and facility management services in Hong Kong and Macau with a portfolio of over 16 million square feet of gross floor area. The property services division also offers professional cleaning and laundry services in Macau. Going forward, the division is committed to capturing the resumption of normalcy and exploring new opportunities to further expand the business.

## TRANSPORTATION

Cross-border transportation services has gradually resumed operation since early 2023, as the borders between Hong Kong, Macau and Mainland China reopened. The transportation division saw a pent-up regional travel demand during the Chinese New Year holidays which was further sustained by Macau government's half-year tourism promoting initiatives. Despite uncertainties still clouding the pace of overall recovery, the division has been well placed in the recovery trajectory riding on its continuous strategic planning that sharpens its competitiveness in playing a significant role in the multi-modal transportation network in the region. The overall business performance of the transportation division took a favorable turn in the first half of 2023, posting a share of profit of HK$9 million (1H 2022: share of loss HK$94 million).

### Shun Tak – China Travel Shipping Investments Limited

Shun Tak – China Travel Shipping Investments Limited ("STCTSI") became a 50/50 company co-owned by the Company and China Travel International Investment Hong Kong Limited ("CTII") through a shareholding restructuring exercise in July 2020 with an aim to further strengthen and widen its multi-modal transportation platform for seizing the business opportunities in the Greater Bay Area ("GBA") by consolidating both sea and land transportation resources as well as network advantages under STCTSI.

In the first half of 2023, the division's cross-border transportation services connecting Hong Kong, Macau and the GBA has resumed operation after almost three years of suspension, marking a resurgence of cross-border travelers. TurboJET, the key operating arm of the Group's transportation division, resumed its ferry services between Hong Kong and Macau and has been continuously gearing up efforts to restore its capacity during the period. As of the report date, TurboJET's sailing capacity between the ferry terminals in Hong Kong and Macau has been restored to approximately half of pre-pandemic levels. In addition, TurboJET also participated in "Macao Treat", a two-phase travel promotional campaign launched by the Macao Government Tourism Office offering a complimentary return ticket to eligible overnight visitors from Hong Kong, Taiwan and overseas, which successfully propelled Macau's tourist arrivals.

On other cross-border ferry services under the company's management, Macau-Shekou and Macau-Shenzhen routes have also resumed operation. To seize the growth opportunities from the tourism recovery in the GBA, the division has also extended management of ferry services from Hong Kong-Macau Ferry Terminal and China Ferry Terminal to Zhuhai operated by Zhuhai's high-speed ferry operators.

In respect of the company's cross-border land transportation businesses, "TurboJET Cross Border Limo", "HK-MO Express", "Macau HK Airport Direct" and "Golden Bus" gradually resumed operation in January 2023. Echoing the Macau government's incentive in boosting tourist arrivals, Golden Bus also offered complimentary return tickets to eligible overnight visitors from Hong Kong during the first quarter of 2023. Overall, the land transportation businesses recorded a steady recovery in business performance, while it will continue to restore its full capacity through deploying new vehicles and new hires. As of 30 June 2023, popular lines in Guangdong took up around 60% of the company's land transport services.

As one of the division's new business endeavors, Turbojet Shipyard Limited, the wholly-owned subsidiary operating two shipyards, continued to provide vessel repair and maintenance services to local ferry operators. It has also become one of the authorized contractors to provide vessel maintenance for the HKSAR Government.

Looking ahead, the division will closely review the transforming travel landscape, including passenger traffic and patterns in the GBA cities. It will strive to offer diversified traveling options to passengers in the region, and strengthen its multi-modal transportation platform with cross-boundary land transport operators in future.

## HOSPITALITY

Subsequent to border reopening, the tourism and hospitality sectors of Hong Kong, Macau and Mainland China were able to pick up gradually in the first half of 2023. During the period under review, many hotels owned or managed by the Group demonstrated an improvement in business performance with higher occupancy rates, while the return of MICE events and banquets added impetus to business recovery. However, the pace of economic recovery is still uncertain and there are challenges such as labor shortage. As a result, the performance of the hospitality division posted a profit of HK$6 million in the first half of 2023 (1H 2022: loss of HK$103 million).

**Hotels owned by the Group**

***Hong Kong SkyCity Marriott Hotel (Group interest: 70%)***

Strategically located adjacent to the AsiaWorld-Expo ("AWE") – Hong Kong's largest convention and exhibition center – and in close proximity to the Hong Kong International Airport, Hong Kong SkyCity Marriott is a 658-room airport hotel boasting a well-established reputation for hosting major MICE events attendees and serving the airline corporate market.

Following the lifting of the closed-loop arrangements for air crews at the end of 2022, the hotel has resumed its normal business activities. With an increasing number of tourists in the first six months of 2023 and the comeback of AWE events planned for the second half of the year, the hotel has refocused on the MICE and group segments targeting exhibitions and airlines to establish a base demand for its businesses. However, the growing room inventory in the airport and Tung Chung areas has exerted pressure on the room rates, affecting the hotel's business performance. As of 30 June 2023, the average occupancy rate stood at 56%.

***Mandarin Oriental, Macau (Group interest: 51%)***

Globally renowned for its exceptional hospitality and impeccable bespoke services, Mandarin Oriental, Macau is a mainstay of the global luxury travel circuit.

The Macao SAR Government lifted all COVID-19 travel restrictions for travelers from Hong Kong and Mainland China in early January 2023, followed by the gradual resumption of international flights and ferry services between Macau, Hong Kong and the GBA, as well as bus services across the Hong Kong-Zhuhai-Macao Bridge. As tourists returned, the hotel recorded a steady improvement in its revenues from room bookings, MICE, Spa and F&B segments in the first half of 2023. As of 30 June 2023, the average occupancy rate stood at 56%.

Recognized for the 13th year with a Triple Five Star rating for Hotel, Restaurant and Spa by the 2023 Forbes Travel Guide, Mandarin Oriental was ranked first in Macau for the first time by "Travel + Leisure Luxury Awards Asia Pacific 2023", and awarded the Best Hotel Spa in Macau by Haute Grandeur Global Spa Awards 2023.

**Artyzen Hospitality Group**

Artyzen Hospitality Group Limited ("AHG"), a hotel management subsidiary of the Group, is headquartered in Hong Kong with regional offices in Macau, Shanghai and Singapore. Since its establishment, AHG has created a range of premium proprietary brands tailored to meet the rising aspirations of the fast-changing Asian and millennial markets. Dedicated to fusing local art with heritage and traditions, it seeks to craft a unique, contemporary and luxury experience for discerning travelers in search of authenticity. AHG is recognized as the Most Anticipated Lifestyle Brand 2023 by GoGoShanghai, and named the New Lifestyle Brand of the Year Award by The Bund D.E.S.I.G.N Hotels Award.

In the second half of 2023, AHG plans to launch two new hotels in Mainland China, namely Artyzen NEW BUND 31 in Shanghai and Artyzen Habitat Yuelai Chongqing. It will boast a prominent footprint in Shanghai with 10 properties by end of the year. Meanwhile, AHG is working on two hotel projects with Singapore-based Perennial Holdings Private Limited, and will play an asset management role for a 982-room hotel in Tianjin via Nexus Hospitality Management Limited, an AHG joint venture. AHG will also continue sourcing new projects throughout the GBA and across other promising locations, while Artyzen Habitat Hengqin is slated for opening in 2024.

Artyzen Singapore will debut in the Lion City in the year, helping to deepen AHG's market penetration in the global hospitality sector. AHG also offers management services to hotels in Beijing, Macau and Singapore, creating cross-selling opportunities across different markets. Looking ahead, AHG will continue to harness the power of social media to enhance brand awareness and renewal.

**Hotels owned by the Group and managed by Artyzen Hospitality Group**

***Grand Coloane Resort (Group interest: 34.9%)***

An exclusive resort nestling by the secluded Hac Sa Beach in Coloane, Grand Coloane Resort, managed by Artyzen Hospitality Group, offers guests a tantalizingly luxurious and carefree environment perfect for leisure and relaxation. After operating as a medical observation hotel during the pandemic, the resort reopened to the public at the end of December 2022. The average occupancy rate stood at 51% in the first half of 2023. During the year, the hotel received Traveler's Choice Award 2023 by TripAdvisor, and Travel Awards 2023 by KAYAK.

*Artyzen Habitat Dongzhimen Beijing (Group interest: 100%)*

The 138-room Artyzen Habitat Dongzhimen Beijing blends contemporary design with cultural heritage to deliver an immersive old-meets-new experience for discerning travelers. As the tourism industry has been recovering significantly, the hotel's average occupancy climbed to 77% as of 30 June 2023.

*Artyzen Habitat Hongqiao Shanghai (Group interest: 100%)*

Enjoying close proximity to Shanghai's National Exhibition and Convention Center, Artyzen Habitat Hongqiao Shanghai has been favored by senior executives from around the world and other parts of China. Located at the buoyant retail and leisure hub Shanghai MixC complex, the 188-room hotel exudes a dynamic urban vibe, while offering an attractive combination of social, dining and event spaces to inspire close connections between travelers in search of an authentic experience. Over the first half of 2023, the hotel's average occupancy rose to 57%, especially benefitting from a strong rebound in the exhibition industry.

*YaTi by Artyzen Hongqiao Shanghai (Group interest: 100%)*

Located within Shanghai's MixC complex, YaTi by Artyzen Hongqiao Shanghai is a 303-room stylish budget hotel. The hotel reopened in 2022 after a year-long rebranding, attracting the patronage of many domestic travelers. The occupancy rate reached 40% as of 30 June 2023.

**Hotels managed by Artyzen Hospitality Group**

*Artyzen Grand Lapa Macau*

Set in the heart of Macau, Artyzen Grand Lapa Macau is a 426-room upscale lifestyle urban city resort hotel, offering a window into the city's culturally rich and remarkable heritage. The hotel's food and beverage outlets offer innovative culinary dishes serving Portuguese, Macanese, Chinese, and Thai cuisines, as well as eclectic bar offerings and stylish function facilities. The hotel's resort features a large variety of leisure facilities including pools, fitness, tennis and spa surrounded by lush gardens. Upon the reopening of the Macau border from the end of 2022, the hotel's average occupancy grew steadily to 62% over the first half of 2023, as fueled by leisure, MICE and corporate market segments.

*Artyzen, Artyzen Habitat and Eature Residences Lingang*

Encapsulating premium modern lifestyle, the three properties are strategically located in Shanghai's Lingang Special Area, and within walking distance to the Shanghai Astronomy Museum and Shanghai Haichang Ocean Park. In addition, Shanghai Disneyland is just a 40-minute drive away.

Artyzen Lingang's 305 well-appointed guestrooms fuse with tradition and modern elegance, with some rooms overlooking the spectacular Dishui Lake. Artyzen Habitat Lingang offers 364 contemporary rooms with modern facilities providing a warm and welcoming experience for social and business travellers. These two hotels were opened in March 2023.

Launched in December 2021, Eature Residences Lingang is a hotel-apartment property providing 128 units.

*Artyzen Habitat Qiantan Shanghai and The Shàng by Artyzen*

Located a mere 20 minutes away from the heart of Shanghai and a short 40-minute ride to the Pudong and Hongqiao international airports, Artyzen Habitat Qiantan Shanghai and The Shàng are strategically located in an emerging hub for business, entertainment, residences, as well as world-class sporting facilities. Featuring 246 rooms and 210 rooms respectively, the two hotels commenced operation in September 2022.

*Artyzen Habitat Yuelai Chongqing*

Close to Yuelai International Convention and Exhibition City, Artyzen Habitat Yuelai Chongqing is situated at the core of Liangjiang New Area in Yubei District. The area has been developed to integrate with international business, exhibitions, conferences, leisure tourism and cultural creativity. Touted as a "lifestyle sanctuary" catering to the upscale market, the 377-room hotel houses the brand's hallmark social space Townsquare that is designed to become the center of work, leisure, dining and pop-up retail activities. The hotel is expected to open in the second half of 2023.

**Hotels under planning and development**

*Artyzen Habitat Hotel Hengqin Zhuhai (Group interest: 100%)*

Seated next to the port facility connecting to Macau and Zhuhai, Artyzen Habitat Hotel Hengqin Zhuhai is located minutes from Macau's Cotai area and only 15 minutes away from the popular Hengqin Chimelong Ocean Kingdom. The 230-guestroom property is scheduled to open in the first quarter of 2024.

***Artyzen NEW BUND 31 (Group interest: 50%)***

Adjacent to the NEW BUND 31 Performing Arts Center, the largest indoor theater in Shanghai, NEW BUND 31 embodies Artyzen Hotels and Resorts' philosophy of commitment and dedication to art, culture and authenticity. The 202-room lifestyle hotel will be the flagship of the "Artyzen" brand in China and is slated to open in October 2023.

***Artyzen Singapore (Group interest: 100%)***

Located in the heart of Singapore's iconic downtown Orchard area, the 142-room Artyzen Singapore is set to become Artyzen Hotels and Resort's flagship and top-of-the-line property in the Group's hotel portfolio. The hotel features a high-end restaurant and bar, a rooftop dining area, an outdoor swimming pool, a gym and other wellness facilities. The hotel's groundbreaking design has earned itself multiple awards, such as the "Best Hospitality Interior Design (Asia)" and "Best Hospitality Architectural Design (Singapore)" in the 2022 PropertyGuru Asia Property Awards. It is scheduled to open in November 2023.

**Tourism Facility Management**

One of Macau's most iconic tourist attractions, the Macau Tower Convention & Entertainment Centre ("Macau Tower") is the first non-gaming attraction and international standard MICE venue in Macau. In the first half of 2023, Macau has seen a significant increase in tourist numbers from Hong Kong and Mainland China as the city reopened its borders since early January. Macau Tower was able to improve its revenues from various business segments, including the observation deck, food and beverages and MICE, as a result of a rebound in visitor numbers especially during peak seasons of the Chinese New Year and the Labor Day holiday. However, there are still challenges from staffing and the uncertainty in the pace of economic recovery. Macau Tower will continue to optimize its operation model and implement cost control, while partnering with airlines and hotels to draw more visitors from different Asian markets.

**Membership Club**

Artyzen Club, a subsidiary of the Group, is a contemporary networking and dining venue in Central for business executives and professionals. Its haute Asian, Portuguese and Western cuisines, outdoor swimming pool, sports and wellness amenities and versatile event facilities are popular among its 476 members.

Embracing an economic recovery in the post-pandemic era, the Club has been proactively promoting its exclusive membership schemes in the bustling business and office areas, especially in its neighborhood. Leveraging its prime location at Shun Tak Centre with high accessibility, it is planning to target business groups and start-ups in the GBA. To make use of the Group's expansive hospitality networks, the Club has also been arranging activities in different spots of Hong Kong and Macau, while its members can enjoy exclusive benefits through special hospitality arrangements provided by the Club.

## INVESTMENTS

Being a long-term investor in Sociedade de Turismo e Diversões de Macau, S.A. ("STDM"), the Group held an approximately 15.8% effective interest in the company as at 30 June 2023. Incorporated in 1962 in Macau, STDM is the second largest shareholder of Macau International Airport Company Limited. It has also built and owns the renowned tourism and MICE landmark, Macau Tower. STDM had a shareholding of around 54.81% in SJM Holdings Limited as at 30 June 2023, whereas the latter is effectively entitled to a 100% economic interest in SJM Resorts, Limited (formerly known as "Sociedade de Jogos de Macau, S.A."), which is one of the six gaming concessionaires awarded a new gaming license by the Macau SAR Government in 2022. During the first half of 2023, a dividend of HK$56 million was received (1H 2022: HK$46 million) from STDM, representing a 24% increase year on year.

### Kai Tak Cruise Terminal

The Group operates and manages Kai Tak Cruise Terminal in partnership with Worldwide Flight Services Holding SA and Royal Caribbean Cruises Ltd. During the first half of 2023, the terminal was resuming its normal business activities given the gradual return of cruises to Hong Kong. It has also received new ISO certificates and industry awards in recognition of its outstanding ESG (environment, social and governance) performance.

### Retail Matters Company Limited

Retail Matters Company Limited holds the Macau franchise for the international toy brand "Toys'R'Us", and globally owns Italian gelato brand "Stecco Natura Gelaterie". The company is operating three Toys'R'Us outlets in Macau, located at Macau Tower, Senado Square and Nova Mall where a 22,000-square-foot flagship store offers an immersive retail-entertainment experience for customers with the amusement center FunPark.

During the first half of 2023, the company's overall business performance improved as sales increased considerably. Toys'R'Us has been resuming in-store activities to the delight of families and children in Macau, while Stecco Natura Gelaterie extended its business into Macau by opening its first gelato café in the city at Nova Mall, as well as introducing its products to Macau Tower. It is also planning to land in Shanghai in the second half of 2023, as the company continues to explore business opportunities across Hong Kong, Macau and Mainland China.

**RECENT DEVELOPMENTS AND PROSPECTS**

During the first half of 2023, the Group's key markets, including Hong Kong, Macau, Mainland China and Singapore, reopened their borders, adding fresh impetus to the recovery of both the regional economy and the tourism industry. Notably, the Group maintained its momentum in selling units at properties located in its Macau and Singapore projects. Driven by the swift resurgence in tourist numbers, the transportation and hospitality divisions also displayed signs of business improvement. Riding the wave of tourism recovery, the Group is set to launch two flagship properties in the second half of the year.

Resilient throughout the pandemic, the property division will continue to develop new high-quality integrated properties. In the fourth quarter of 2023, it will launch NEW BUND 31 in Shanghai, a landmark project developed in collaboration with Shanghai Lujiazui (Group) Company Limited. This visionary venture aspires to become a vibrant hub that seamlessly blends tourism with art and culture in the bustling area of Qiantan in Shanghai. Moreover, the Group's Tongzhou Integrated Development in Beijing is poised to pre-sell its apartments in the end of the year once it receives presale consent from the government. Meanwhile, the property division will continue to monitor various metrics – including rising interest rates, persistent inflation, developments in Mainland China's property market and the impact of Singapore's property market cooling measures – and will remain prudent as it explores development opportunities in its key markets.

Welcoming back travelers following the reopening of borders in the region, the hospitality division is experiencing a steady recovery. AHG, the division's hotel management arm, is poised to open two flagship hotels in the fourth quarter of 2023: Artyzen NEW BUND 31 and the award-winning Artyzen Singapore. These new hotels will embody AHG's brand philosophy of commitment and dedication to art. By the end of the year, AHG will have laid the foundation for growth in Shanghai, where it will be operating 10 properties. Additionally, Artyzen Habitat Yuelai will be opening its doors in Chongqing in the second half of 2023, further solidifying the brand's presence across Mainland China.

Since January 2023, the transportation division has also made strides towards recovery with the resumption of cross-border transportation services. Throughout the first half of the year, the capacity of the ferry terminals in Hong Kong and Macau has been restored to approximately half of its pre-pandemic levels. At the same time, the division's joint ventures have been awarded new contracts from the Airport Authority Hong Kong, further strengthening its multi-modal transportation platform that seamlessly connects cities in the GBA to the world via Hong Kong International Airport ("HKIA"). By the third quarter of 2023, the division with its joint venture partners will start operating cross-boundary bonded bus services between Macau/Zhuhai and transiting to and from HKIA via the Hong Kong-Zhuhai-Macao Bridge. With its extensive experience in inter-modal transit operation, the division's joint venture at SkyPier will also participate in the provision of cross-boundary bonded bus passenger and baggage handling services at HKIA, further enhancing convenience and connectivity for travelers in the region.

In the future, both the hospitality and transportation divisions are expected to continue their gradual recovery, buoyed by the anticipation of an influx of tourists during major holidays and events, including China's National Day Golden Week holidays, the "70th Macau Grand Prix" and "Light Up Macao 2023". While the backdrop appears promising, the pace of tourism resurgence is still uncertain while other challenges like labor shortages remain. In light of these circumstances, the two divisions are resolute in their commitment to optimizing their operational models through cost-saving strategies to strike a balance between service enhancement and expense control to ensure a sustainable growth.

Looking ahead, the Group is committed to fostering even stronger synergy among its property, hospitality, and transportation divisions by implementing "Tourism Plus", a growth strategy which entails infusing fresh elements, such as art and culture, across the Group's integrated properties to enrich the overall guest experience. With the prospect of economic and tourism recovery drawing near, the Group is devoted to continuing its business growth. Embracing a culture of innovation and adaptability, the Group will seize strategic opportunities in order to deliver sustainable business results to its shareholders, while upholding its core values.

## FINANCIAL REVIEW

### Liquidity, Financial Resources and Capital Structure

The Group's bank balances and deposits amounted to HK$7,097 million as at 30 June 2023, representing an increase of HK$559 million as compared with the position as at 31 December 2022. 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 2023 amounted to HK$21,177 million, of which HK$4,558 million remained undrawn. The principal amount of Group's bank borrowings outstanding at the period end amounted to HK$16,619 million.

Based on net borrowings of approximately HK$9,459 million at the interim period end, the Group's gearing ratio (expressed as a ratio of net borrowings to equity attributable to owners of the Company) was 29.7% (31 December 2022: 28.3%). 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 principal amount of Group's borrowings is set out below:

### Maturity Profile

| Within 1 year | 1-2 years | 2-5 years | over 5 years | Total |
|---|---|---|---|---|
| 25% | 43% | 31% | 1% | 100% |

### Material Acquisitions, Disposals and Commitments

There was no material acquisition or disposal of the Group during the period.

As at 30 June 2023, the Group has outstanding commitments of approximately HK$43 million for development of hotel properties in Singapore and Hengqin.

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 committed capital for HC Co is US$500 million. The Group holds 30% equity interest in HC Co and thus has its share of commitment at US$150 million. As at 30 June 2023, the Group has an outstanding commitment to contribute capital of approximately US$88 million (equivalent to approximately HK$688 million) to HC Co.

**Charges on Assets**

At the period end, bank loans with principal amount of approximately HK$6,539 million (31 December 2022: HK$6,859 million) were secured with charges on certain assets of the Group amounting to an aggregate carrying value of HK$13,840 million (31 December 2022: HK$14,371 million). Out of the above secured bank loans, an aggregate principal amount of HK$563 million (31 December 2022: HK$664 million) was also secured by pledges of shares in certain subsidiaries.

**Contingent Liabilities**

The Company has provided a corporate guarantee for securing a banking facility granted to an associate. As at 30 June 2023, the bank loan balance proportionate to the Company's shareholding amounted to HK$161 million (31 December 2022: HK$175 million).

**Financial Risk**

The Group adopts a prudent approach to financial risk management to minimise currency exposure and interest rate risks. Majority of funds raised by the Group are on a floating rate basis. Except for bank loans with principal amount of RMB266 million and SGD984 million, the Group's outstanding borrowings at the period end are not denominated in foreign currencies. Approximately 65% 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 Singapore dollar ("SGD") and Renminbi ("RMB"). MOP and USD are pegged to HKD. The Group's principal operations are primarily conducted in HKD while its financial assets and liabilities are also denominated in USD, MOP, SGD and RMB. The Group will from time-to-time review its foreign exchange and market conditions to determine if hedging is required.

**Human Resources**

The Group, including subsidiaries but excluding joint ventures and associates, employed approximately 1,550 employees at the period end. The Group adopts competitive remuneration packages for its employees. Promotion and salary increments are based on performance. Social activities are organised to foster team spirit amongst employees and they are encouraged to attend training classes that are related to the Group's businesses and developments.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2023, 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 2023, except for code provision C.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 AND RISK MANAGEMENT COMMITTEE

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2023 have been reviewed by the audit and risk management 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, 30 August 2023

*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.*