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

2016 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 2016 of the Company and its subsidiaries (the "Group").

Consolidated loss attributable to owners of the Company for the year was HK$587 million (2015: profit of HK$745 million). Underlying profit attributable to the owners which principally adjusted for unrealised fair value changes on investment properties would be HK$30 million (2015: HK$548 million). Basic loss per share was HK19.3 cents (2015: basic earnings per share HK24.5 cents).

DIVIDENDS

The Board does not recommend the payment of any final dividend (2015: HK2.0 cents per share) in respect of the year ended 31 December 2016. No interim dividend was declared by the Directors during the year (2015: nil).

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 HK$'000	2015 HK$'000
Revenue	2	**3,851,931**	4,405,312
Other income		**255,248**	290,496
		4,107,179	4,695,808
Other (losses)/gains, net	3	**(4,916)**	23,123
Cost of inventories sold and services provided		**(1,116,839)**	(1,494,894)
Staff costs		**(1,342,255)**	(1,288,973)
Depreciation and amortisation		**(146,981)**	(153,820)
Other costs		**(1,039,740)**	(636,183)
Fair value changes on investment properties		**72,457**	257,508
Operating profit	2, 4	**528,905**	1,402,569
Finance costs	5	**(141,380)**	(170,089)
Share of results of joint ventures		**(502,756)**	122,611
Share of results of associates		**1,065**	(43,753)
(Loss)/profit before taxation		**(114,166)**	1,311,338
Taxation	6	**(118,689)**	(138,371)
(Loss)/profit for the year		**(232,855)**	1,172,967
Attributable to:			
Owners of the Company		**(587,137)**	744,670
Non-controlling interests		**354,282**	428,297
(Loss)/profit for the year		**(232,855)**	1,172,967
(Loss)/earnings per share (HK cents)	8		
- basic		**(19.3)**	24.5
- diluted		**(19.3)**	24.5

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(232,855)**	1,172,967
Other comprehensive (loss)/income		
Items that may be reclassified to profit or loss:		
Available-for-sale investments:		
Changes in fair value	**14,188**	(30,516)
Impairment losses charged to profit or loss	**—**	485
Cash flow hedges:		
Changes in fair value, net of tax	**72,767**	(118,567)
Transfer to profit or loss	**50,217**	117,769
Reversal of asset revaluation reserve upon sales of properties, net of tax	**(1,594)**	(4,764)
Currency translation differences	**(262,148)**	(197,523)
Share of currency translation differences of joint ventures	**(1,674)**	(1,665)
Share of currency translation differences of associates	**(72,471)**	(82,777)
Other comprehensive loss for the year, net of tax	**(200,715)**	(317,558)
Total comprehensive (loss)/income for the year	**(433,570)**	855,409
Attributable to:		
Owners of the Company	**(791,515)**	446,887
Non-controlling interests	**357,945**	408,522
Total comprehensive (loss)/income for the year	**(433,570)**	855,409

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	**2016** **HK$'000**	2015 HK$'000
Non-current assets			
Property, plant and equipment		**2,671,944**	2,118,012
Investment properties		**7,898,202**	7,909,799
Prepaid premium for land lease and land use rights		**290,840**	318,562
Joint ventures		**5,265,386**	5,896,945
Associates		**1,378,462**	1,453,652
Intangible assets		**37,553**	38,281
Available-for-sale investments		**995,263**	965,552
Derivative financial instruments		**22,903**	—
Mortgage loans receivable		**4,919**	7,155
Deferred tax assets		**6,683**	19,295
Other non-current assets		**1,014,993**	384,375
		19,587,148	19,111,628
Current assets			
Properties for or under development		**10,549,594**	9,085,668
Inventories		**1,918,437**	1,939,039
Trade and other receivables, deposits paid and prepayments	9	**979,413**	1,388,777
Derivative financial instruments		**11,416**	—
Taxation recoverable		**5,468**	3,441
Cash and bank balances		**13,275,396**	15,857,945
		26,739,724	28,274,870
Current liabilities			
Trade and other payables, and deposits received	9	**1,636,839**	1,433,304
Deposits received from sale of properties		**1,469,358**	157,665
Bank borrowings		**533,571**	4,359,495
Derivative financial instruments		**—**	75,026
Provision for employee benefits		**13,332**	14,250
Taxation payable		**28,282**	72,622
Loans from non-controlling interests		**775,089**	760,888
		4,456,471	6,873,250
Net current assets		**22,283,253**	21,401,620
Total assets less current liabilities		**41,870,401**	40,513,248

	2016	2015
	HK$'000	*HK$'000*
Non-current liabilities		
Bank borrowings	**7,095,775**	4,883,030
Medium term notes	**3,144,979**	3,140,170
Derivative financial instruments	**—**	29,115
Deferred tax liabilities	**1,072,080**	1,036,786
	11,312,834	9,089,101
Net assets	**30,557,567**	31,424,147
Equity		
Share capital	**9,858,250**	9,858,250
Other reserves	**15,772,528**	16,437,957
Proposed dividends	**—**	60,849
Equity attributable to owners of the Company	**25,630,778**	26,357,056
Non-controlling interests	**4,926,789**	5,067,091
Total equity	**30,557,567**	31,424,147

NOTES TO THE FINANCIAL STATEMENTS

1 Basis of preparation

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 financial statements. Those excluded subsidiary undertakings of the Group are disclosed in the 2016 annual consolidated financial statements.

The financial information relating to the years ended 31 December 2016 and 31 December 2015 included in this preliminary announcement of annual results for the year ended 31 December 2016 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 2015 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. 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 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 2016 annual consolidated financial statements.

Impact of new or revised Hong Kong Financial Reporting Standards

New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2016:

Amendments to HKAS 1	Presentation of Financial Statements
Amendments to HKAS 27 (2011)	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
HKFRS 14	Regulatory Deferral Accounts
Annual improvement to HKFRSs 2012 — 2014 Cycle	

The adoption of the above does not have any significant impact to the Group's results for the year ended 31 December 2016 and the Group's financial position as at 31 December 2016.

New standards and amendments to standards not yet adopted

A number of new standards and amendments to standards, that are relevant to the Group, are issued but not yet effective for financial periods beginning on 1 January 2016, and have not been applied in preparing these consolidated financial statements.

Amendments to HKAS 7(1)	Disclosure Initiative
Amendments to HKAS 12(1)	Recognition of Deferral Tax Assets for Unrealised Losses
Annual improvement to HKFRSs 2014 — 2016 Cycle(1)(2)	
Amendments to HKFRS 2(2)	Share-based Payment
HKFRS 9 (2014)(2)	Financial Instruments
HKFRS 15(2)	Revenue from Contracts with Customers
Amendments to HKFRS 15(2)	Revenue from Contracts with Customers
HKFRS 16(3)	Leases
Amendments to HKFRS 10 and HKAS 28(4)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

(1) Effective for annual periods beginning 1 January 2017

(2) Effective for annual periods beginning 1 January 2018

(3) Effective for annual periods beginning 1 January 2019

(4) Effective date to be determined

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

Other than the new or revised HKFRS explained below, other new and revised HKFRS would not be expected to have a material impact on the Group.

HKFRS 9, "Financial instruments"

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets, debt instruments currently classified as available-for-sale investments would appear to satisfy the conditions for classification as at fair value through other comprehensive income ("FVOCI") and hence there will be no change to the accounting for these assets.

The other financial assets held by the Group include equity instruments currently classified as available-for-sale investments for which a FVOCI election is available.

Accordingly, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 "Financial Instruments: Recognition and Measurement" and have not been changed.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. While the Group is yet to undertake a detailed assessment, it would appear that the Group does not expect a significant impact on the accounting for its hedging relationships.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 "Revenue from Contracts with Customers", lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 9 must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed HKFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The Group does not intend to adopt HKFRS 9 before its mandatory date.

HKFRS 15, "Revenue from contracts with customers"

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management is currently assessing the effects of applying the new standard on the Group's financial statements and has identified the following areas that are likely to be affected:

- revenue from service - the application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue.

- accounting for certain costs incurred in fulfilling a contract - certain costs which are currently expensed may need to be recognised as an asset under HKFRS 15, and

- rights of return in HKFRS 15 requires separate presentation on the balance sheet of the right to recover the goods from the customer and the refund obligation.

At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next twelve months.

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

HKFRS 16, "Leases"

HKFRS 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

2 Segment information

(a) Segment results, assets and liabilities

Management evaluates performance of the reportable segments on the basis of operating profit or loss before fair value changes on investment properties, non-recurring gains and losses, interest income and unallocated 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 2015.

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.

2016

	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 c)	495,025	2,330,707	787,363	238,836	—	3,851,931
Inter-segment revenue	3,523	625	47,717	—	(51,865)	—
Other income (external and excluding interest income)	4,899	30,903	7,512	1,458	—	44,772
	503,447	2,362,235	842,592	240,294	(51,865)	3,896,703
Segment results	124,297	394,027	(262,841)	196,504	—	451,987
Fair value changes on investment properties	72,457	—	—	—	—	72,457
Interest income						210,476
Unallocated income						—
Unallocated expense						(206,015)
Operating profit						528,905
Finance costs						(141,380)
Share of results of joint ventures	(476,204)	11,563	(38,115)	—	—	(502,756)
Share of results of associates	(2,758)	490	(1,841)	5,174	—	1,065
Loss before taxation						(114,166)
Taxation						(118,689)
Loss for the year						(232,855)

	Property HK$'000	Transportation HK$'000	Hospitality HK$'000	Investment HK$'000	Eliminations HK$'000	Consolidated HK$'000
Assets						
Segment assets	24,220,033	4,509,860	2,178,933	1,028,729	(40,479)	31,897,076
Joint ventures	5,399,741	60,320	(194,675)	—	—	5,265,386
Associates	1,170,806	3,902	195,447	8,307	—	1,378,462
Unallocated assets						7,785,948
Total assets						46,326,872
Liabilities						
Segment liabilities	2,565,389	420,023	142,063	4,157	(40,479)	3,091,153
Unallocated liabilities						12,678,152
Total liabilities						15,769,305
Other information						
Additions to non-current assets (other than financial instruments and deferred tax assets)	875,357	81,169	924,071	62	—	1,880,659
Depreciation	9,028	87,664	46,103	1,439	—	144,234
Amortisation						
- prepaid premium for land lease and land use rights	—	—	244	—	—	244
- intangible assets	—	—	639	89	—	728
Impairment losses						
- trade and other receivables, deposits paid and prepayment, net	—	—	4,079	—	—	4,079
- property, plant and equipment	—	—	343,750	—	—	343,750

2015

	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 c)	868,840	2,406,098	801,889	328,485	—	4,405,312
Inter-segment revenue	1,474	647	50,227	—	(52,348)	—
Other income (external and excluding interest income)	5,817	33,956	11,024	779	—	51,576
	876,131	2,440,701	863,140	329,264	(52,348)	4,456,888
Segment results	382,764	356,497	94,723	278,416	—	1,112,400
Fair value changes on investment properties	257,508	—	—	—	—	257,508
Interest income						238,920
Unallocated income						411
Unallocated expense						(206,670)
Operating profit						1,402,569
Finance costs						(170,089)
Share of results of joint ventures	194,793	(36,517)	(35,665)	—	—	122,611
Share of results of associates	(44,892)	776	(2,649)	3,012	—	(43,753)
Profit before taxation						1,311,338
Taxation						(138,371)
Profit for the year						1,172,967

	Property HK$'000	Transportation HK$'000	Hospitality HK$'000	Investment HK$'000	Eliminations HK$'000	Consolidated HK$'000
Assets						
Segment assets	24,793,283	4,089,082	1,489,375	1,002,264	(45,966)	31,328,038
Joint ventures	5,970,013	74,804	(147,872)	—	—	5,896,945
Associates	1,246,035	4,072	198,288	5,257	—	1,453,652
Unallocated assets						8,707,863
Total assets						47,386,498
Liabilities						
Segment liabilities	1,047,877	483,789	154,375	7,163	(45,966)	1,647,238
Unallocated liabilities						14,315,113
Total liabilities						15,962,351
Other information						
Additions to non-current assets (other than financial instruments and deferred tax assets)	363,494	20,189	11,727	169	—	395,579
Depreciation	6,640	98,858	42,101	1,519	—	149,118
Amortisation						
- prepaid premium for land lease and land use rights	—	—	244	—	—	244
- intangible assets	—	—	2,830	90	—	2,920
Impairment losses						
- trade receivables	3,324	—	33	—	—	3,357
- available-for-sale investments	—	—	—	485	—	485

(b) Geographical information

	Hong Kong	Macau	Mainland China	Others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2016					
Revenue and other income from external customers	**1,972,886**	**1,804,951**	**116,310**	**2,556**	**3,896,703**
Non-current assets	**6,359,486**	**1,157,510**	**2,581,881**	**799,662**	**10,898,539**
2015					
Revenue and other income from external customers	2,063,610	2,289,735	99,736	3,807	4,456,888
Non-current assets	6,375,527	1,533,000	2,475,684	443	10,384,654

(c) External revenue

External revenue comprises of revenue by each reportable segment and dividend income from available-for-sale investments.

3 Other (losses)/gains, net

	2016	2015
	HK$'000	*HK$'000*
Net gain on disposal of an associate	**—**	25,472
Net loss on disposal of joint ventures	**(3,323)**	—
Net loss on disposal of property, plant and equipment	**(1,593)**	(2,762)
Others	**—**	413
	(4,916)	23,123

4 Operating profit

	2016	2015
	HK$'000	*HK$'000*
After crediting:		
Rental income from investment properties	**273,562**	203,412
Less: Direct operating expenses arising from investment properties	**(21,000)**	(21,754)
	252,562	181,658
Dividend income from listed investments	**7,217**	8,574
Dividend income from unlisted investments	**199,550**	280,302
After charging:		
Cost of inventories sold		
- properties	**22,394**	154,107
- fuel	**508,303**	685,282
- others	**156,961**	155,318
	687,658	994,707
Impairment losses		
- property, plant and equipment	**343,750**	—
- available-for-sale investments	**—**	485
- trade receivables, net	**544**	3,357
- other receivables, deposits and prepayments	**3,535**	—

5 Finance costs

	2016	2015
	HK$'000	*HK$'000*
Interest on bank borrowings and overdraft	**135,490**	143,490
Interest on medium term notes	**180,475**	180,042
Other finance costs	**16,938**	13,975
Total finance costs	**332,903**	337,507
Less: Amount capitalised in properties for or under development and hotel building under construction	**(191,523)**	(167,418)
	141,380	170,089

During the year, finance costs have been capitalised at weighted average rate of its general borrowings of 2.93% (2015: 2.97%) per annum for properties for or under development.

6 Taxation

	2016	2015
	HK$'000	*HK$'000*
Hong Kong profits tax	**49,085**	45,384
Overseas taxation	**25,126**	60,410
Deferred taxation	**44,478**	32,577
	118,689	138,371

Hong Kong profits tax is calculated at 16.5% (2015: 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.

7 Dividends

	2016	2015
	HK$'000	*HK$'000*
Proposed final dividend: nil (2015: HK2.0 cents on 3,042,465,785 shares)	**—**	60,849

8 (Loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on loss attributable to owners of the Company of HK$587,137,000 (2015: profit of HK$744,670,000) and the weighted average number of 3,042,465,785 shares (2015: 3,042,465,785 shares) in issue during the year.

Basic and fully diluted (loss)/earnings per share are the same as the share options of the Company have an anti-dilutive effect on the basic (loss)/earnings per share for the years ended 31 December 2016 and 2015 respectively.

9 Trade receivables and payables — ageing analysis

Trade debtors are managed in accordance with defined credit policies, dependent on market requirements and businesses which they operate. Subject to negotiation, credit is only available for major customers with well-established trading records. The Group offers general credit terms ranging from 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 debtors by invoice date is as follows:

	2016	2015
	HK$'000	*HK$'000*
0 - 30 days	**91,314**	100,286
31 - 60 days	**20,065**	108,182
61 - 90 days	**6,287**	3,700
over 90 days	**5,412**	7,275
	123,078	219,443

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

	2016	2015
	HK$'000	*HK$'000*
0 - 30 days	**959,758**	742,406
31 - 60 days	**47,720**	4,246
61 - 90 days	**786**	3,117
over 90 days	**835**	3,033
	1,009,099	752,802

10 Events after balance sheet date

On 25 January 2017, Simply Swift Limited, a wholly-owned subsidiary of the Group, entered into sale and purchase agreements for the acquisition of 70% interest in Perennial Somerset Investors Pte. Ltd ("Target Company"), for a total consideration of SGD350 million (equivalent to approximately HK$1,915.5 million) (subject to adjustment), which will be settled by cash. The principal asset of the Target Company is a 17-storey commercial landmark development known as TripleOne Somerset located near Orchard Road in Singapore. The acquisition is scheduled for completion at around end of March 2017.

BUSINESS REVIEW

PROPERTY

Despite underlying concerns in the global socioeconomic environment, including an impending interest hike and softened growth in Mainland China's economy, the real estate markets in Hong Kong and Macau have remained relatively active in 2016. The Group has capitalized upon the opportunity to launch a number of projects, including the Chung Hom Kok Collection and presale of Nova Grand. All projects under development are progressing on schedule, while satisfactory rental reversion in renewals and new lettings have been achieved. Nonetheless, due to a lag time in revenue recognition from sale of properties, the division has recorded a decreased profit of HK$124 million over the year (2015: HK$383 million). Meanwhile, a substantial revaluation loss associated with One Central has also been registered which is non-cash in nature.

Property Developments

Projects Completed with Recent Sales

In Hong Kong

Chung Hom Kok Collection (Group interest: 100%)

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

Chatham Gate (Group interest: 51%)

The development comprises two grand residential towers offering units from studio to four-bedroom configurations with an appended shopping arcade, covering a total gross floor area of approximately 370,000 square feet. As of 31 December 2016, 332 units out of 334 residential units have been sold.

In Macau

Nova Park (Group interest: 100%)

Nova Park, Phase 4 of Nova City, is a striking urban park-side residential development with an unimpeded view of the stunning Taipa Central Park, set in the heart of the thriving Taipa community. Its three residential towers cover a gross floor area of approximately 680,000 square feet and offer 620 residential units in total.

During the year, 7 residential units have been sold in November 2016 with an average price of around HK$9,300 per square foot, bringing cumulative number of units sold to 99% of all available units. As of 31 December 2016, 83% of units have been handed over to homeowners.

Projects Under Development

In Macau

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

Phase 5 of Nova City, Nova Grand, will comprise over 2.3 million square feet of residential units in eight towers. The towers will sit above a large-scale lifestyle shopping centre spanning over 655,000 square feet. It is planned to house a diverse range of tenants including a cineplex, a supermarket, and an exciting array of differentiated lifestyle brands and dining options, bringing a new dimension of convenience to residents of Nova and fulfilling unmet demand in the entire Macau local community. In December, approximately 400 units of 2-bedroom and 3-bedroom apartments have been launched for presale, which were received with exceptional popularity. Foundation works have been completed and superstructure works are in progress with completion scheduled for late 2018.

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

In Northern China

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

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

In Southern China

Hengqin Integrated Development (Group interest: 70%)

This integrated project located immediately at the border connecting Hengqin and Macau, has a site area of 23,834 square meters, atop of which approximately 42,500 square meters of office, 39,300 square meters of retail, 16,500 square meters of hotel and 32,800 square meters of serviced apartments have been planned. This landmark will be serviced by the future extension of the Guangzhou-Zhuhai Intercity Rail and the planned Hengqin light rail. It is a few minutes' drive away from Cotai strip where ultra-luxurious gaming resorts thrive. Substructure works are in progress with project completion expected in 2019.

In Eastern China

Hotel property at Shanghai MixC (Group interest: 100%)

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

Projects Under Planning

In China

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

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

In Macau

Harbour Mile (Group interest: 100%)

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

In Singapore

No. 9 Cuscaden Road, Singapore (Group interest: 100%)

In August 2016, the Group completed the acquisition of a prime freehold site located at No. 9 Cuscaden Road, at a consideration of SG$145 million or approximately HK$835.2 million. The 25,741 square feet land parcel is located within the central business district in Singapore, surrounded by a number of tourist attractions and renowned hotels. It is within walking distance to the Orchard MRT station where major shopping complexes stand. The Group is considering to redevelop the property for hotel purpose.

Property Investments

In Macau

One Central Shopping Mall (Group interest: 51%)

One of the defining hallmarks of One Central is a 400,000 square feet premium shopping mall, which houses a supreme collection of international designer brands. Its popularity demonstrates the Group's vision and strength in creating projects appealing to top quality tenants. The retail mall maintained an occupancy rate of around 95% as at 31 December 2016.

Shun Tak House (Group interest: 100%)

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

In Hong Kong

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

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

The Westwood (Group interest: 51%)

Home to a myriad of chain retailers, The Westwood, a 5-storey shopping centre at The Belcher's with approximately 158,000 square feet of leasable area, is the largest shopping destination in the Western Mid-Levels. It is home to a wide selection of dining and retail chains providing daily conveniences to West Island. Occupancy was maintained at 99% as at 31 December 2016.

liberté place (Group interest: 64.56%)

liberté place, the shopping podium of liberté which connects directly to the Lai Chi Kok MTR Station, offers dining and household conveniences to residents of the West Kowloon community, including the neighboring Banyan Garden, The Pacifica and Aquamarine. The mall has achieved full occupancy as at 31 December 2016.

Chatham Place (Group interest: 51%)

Chatham Place is a 3-storey shopping arcade below Chatham Gate with approximately 50,000 square feet of leasable area comprising restaurants, educational institutions and a supermarket to provide everyday conveniences to the neighboring community. The property registered 76% occupancy as at 31 December 2016, and is undergoing a process of tenancy review.

In China

Shun Tak Tower (Group interest: 100%)

This project, a wholly-owned property in Beijing Dong Zhi Men near East 2nd Ring Road, comprises both office and hospitality components. The site spans 63,000 square feet (5,832 square meters), with a developable gross floor area of approximately 419,000 square feet (38,900 square meters) rising 21 levels aboveground, and 182,000 square feet (16,900 square meters) in 4 underground levels. It commands a prominent location next to the airport highway and enjoys close proximity to Beijing downtown, embassy area, and YanSha district. Office leasing is well underway with occupancy standing at 52% as of 31 December 2016. A 138-room Artyzen Habitat is slated for opening in mid-2017.

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

The Guangzhou Shun Tak Business Centre, a 32-storey office tower on a 6-storey shopping arcade, recorded satisfactory leasing revenue and an occupancy rate of approximately 84% over the year.

Property Services

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

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

TRANSPORTATION

Sluggishness persisted in the tourism industry over the first three quarters, with visitor arrivals curbed by a strong local currency and intensifying competition from other destinations vying to capture market share from Mainland visitors. As a result, TurboJET's flagship Hong Kong-Macau ferry routes have collectively registered 14 million passengers, representing a moderate decline of 4%. However, the company has been successful in weathering the downturn through disciplined yield management and strategic product diversification. In particular, its Premier Grand class has expanded by 270% in the last five years, providing major impetus of growth for the company. The market momentum improved towards year end and fuel price remained at low level. The division concluded with 11% increase in profit at HK$394 million (2015: HK$356 million).

Shun Tak - China Travel Shipping Investments Limited

TurboJET has been at the forefront of revolutionizing maritime transportation in the Pearl River Delta. Today, it runs one of the strongest ferry operations in the world, backed by over fifty years of management and engineering excellence. Embracing innovation and foreseeing changing demands, TurboJET pioneered the Premier Grand class, now available on 8 vessels running at 30-minutes intervals, as well as all VIP cabins across its fleet. Subsequently, Premier Plus was also launched, offering complimentary local land transfers in Macau for Premier Grand passengers. TurboJET continues to push the envelope in 2016 by introducing three new enhancements. Firstly, a brand new Premier Lounge was opened at Shun Tak Centre, extending more exclusive pre-boarding experiences to passengers which are particularly well-catered for modern and business travelers. Secondly, a new mobile application for Premier Grand passengers has been launched, allowing travelers to perform ticketing and add-on bookings with greater power in their hands. Thirdly, a Travel Planning Centre was established to provide comprehensive personalized concierge services for Premier Grand passengers, where all travel arrangements can be fulfilled at one single stop.

Apart from enhancing its offers, TurboJET is constantly striving to expand its network. In January 2016, it commenced management of the Tuen Mun Ferry Terminal. Leveraging Tuen Mun's central location within the Pearl River Delta and its streamlined public transportation system, TurboJET launched services to Macau and Shenzhen Airport Fuyong Ferry Terminal, which quickly gained popularity. In April, a new route to Taipa was added, and later in September, another one to Zhuhai was introduced. Over the course of year, TurboJET has also rolled out the Macau Express Link and Tuen Mun Fly land connecting services at the new terminal, with both services aiming to facilitate intermodal transits for passengers using the two SAR airports. In the future, as new infrastructure projects such as the Tuen Mun-Chek Lap Kok Link, Tuen Mun Western Bypass and Tuen Mun South Extension come on line, the Tuen Mun Ferry Terminal will further consolidate its role as an important node in regional cross-boundary travel.

TurboJET is consistently innovating to bring new convenience to this dynamic market. Its latest and future initiatives include a recently launched eBoarding service which enables paperless ticketing, minimizing hassle for passengers and carbon footprint for the environment. It also has plans to extend its land connection service to Super Class and Economy Class passengers in the second quarter of 2017. Finally, in preparation for the impending launch of the permanent Taipa Ferry Terminal, TurboJET is set to enhance its sailing frequencies and capacities to meet new demands.

TurboJET was conferred a number of accolades within the year, including the "2015/16 Smiling Services Enterprises Award - Transportation Services" from Mystery Shopper Service Association, and the "2015 Hong Kong Awards for Environmental Excellence, Transport and Logistics - Silver Award" from Environmental Campaign Committee and Environmental Protection Department.

Shun Tak & CITS Coach (Macao) Limited

With a fleet of 155 vehicles, this 55.1% owned joint venture engages in cross-border and local coach rental business. With the opening of new hotels and resorts in the third quarter, the company has benefited from a surge in coach bus demand, registering HK$167 million (2015: HK$101 million) in revenue.

HOSPITALITY

Hong Kong and Macau tourism continued to suffer from strong headwind and maintained the downward momentum from the preceding year. Catalysts for this decline include a strong local currency, weakened growth in China's economy, and tightened visa policy for Mainland visitors. The dip was particularly significant in the first six months, with arrivals only picking up in the latter half of the year to narrow the gap. In Macau, as new integrated hotels and resorts vied for market share by pursuing aggressive pricing, independent hotels were faced with serious challenges. In 2016, the hospitality division registered a loss of HK$263 million (2015: HK$95 million in profit), mainly attributable to an impairment loss of HK$344 million, representing a 378% year-on-year decline in return.

Hotels

In Hong Kong, the 658-room Hong Kong SkyCity Marriott Hotel located immediately adjacent to the AsiaWorld-Expo (AWE), and in close proximity to Hong Kong International Airport and SkyPier, has registered a yearly average occupancy rate of 86%. As the number of concerts and MICE events have reduced at AWE, the hotel experienced a decline in the FIT segment. Meanwhile, yield from group and crew bookings have weakened as city hotels offered substantial price slashes. The hotel is preparing to respond dynamically to a number of challenges in 2017 including the opening of the third Disney Hotel in Lantau. It received a number of accolades in 2016, including "Asia's Leading Airport Hotel" by World Travel Awards 2016, "Luxury Hotel & Conference Centre (Country Winner)" by World Luxury Hotel Awards, and a number of recognition from leading online platforms.

Mandarin Oriental, Macau is one of the leading luxury hotels in Macau renowned for its bespoke services and fine elegance. Amid downward pressure on room rates, the hotel was able to maintain an average price above the MOP2,000 mark with a 45%

occupancy. In order to improve business, the hotel focused on expanding its leisure and MICE business as a differentiation strategy through familiarization tours, roadshows and cross-promotion campaigns. It has actively grown its online presence, with the hotel and its Vida Rica restaurant taking third place on TripAdvisor's ranking. The hotel has won a number of respectable awards in 2016, including "Triple Five Star Hotel, Restaurant & Spa" by Forbes Travel Guide 2016, "Best Luxurious Hotels of China" from China Hotel Starlight Awards, "Grand Jury Award" by Spa China 2016 and "Macau Top Presidential Suite Award" from Hurun Presidential Awards 2016.

Grand Coloane Resort, currently managed by AHG, offers 208 rooms and suites each opening to a private and spacious terrace with an uninterrupted picturesque view of the beach. It continues to occupy a niche market popular among holidaymakers, who prefer a green resort at a short drive away from Macau's action. The resort posted 68% in occupancy rate as it continues to be subject to direct competition from new hotels opening in the adjacent Cotai. During the year, it received the "Macau Green Hotel Award" from Macau Environmental Protection Bureau and "Guest Review Awards" by Hotels.com and Bookings.com.

Tourism Facility Management

The Group is renowned for providing integrated management solutions for tourism facilities with its top notch hospitality team and well established sales and marketing network. Under its management, Macau Tower Convention & Entertainment Centre ("Macau Tower") has become one of the most recognizable hotspots among Asian destinations. The number of patronized visitors to its observation levels has grown by 12%, outpacing growth in tourism arrivals in 2016.

Artyzen Hospitality Group

Over the course of the year, AHG, a subsidiary under the Group which specializes in hotel management solutions, has made significant strides expanding its footprint in China.

In 2016, AHG entered into a management contract with Shanghai Lujiazui Xinchen Investment Co. Ltd to manage two new hotels, Artyzen Hotels & Resorts and Artyzen Habitat, co-located at the Shanghai Lingang New City with scheduled completion in 2021. Moreover, it will be managing a convention centre and a serviced apartment which form part of that vibrant community. In November, AHG further confirmed an estimated 160-room Artyzen Hotel located at the Sifang Collective site outside of Nanjing. These appointments reflect AHG's core values and product innovations are highly relevant to market needs.

2017 will be a milestone year for AHG as it debuts its first hotels. These include the 267-room citizenM Taipei at Ximending, and 138-room Artyzen Habitat Dongzhimen Beijing. It is anticipated that these openings will exemplify the culturally rewarding guest experiences embodied in the spirit of its brands, and provide the company with a foundation for accelerated expansion. Other pipeline projects include a hotel property as part of Shanghai MixC integrated development under two of its brands, including a 303-room citizenM hotel and a 188-room Artyzen Habitat hotel, scheduled for launch in the first quarter of 2018.

In addition to branded hotels, the company extends non-branded hotel management to hotel owners with properties that may not meet all the required brand criteria. It currently manages two hotel properties in Macau, namely the Grand Lapa hotel and Grand Coloane Resort, under such service.

Travel and MICE

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

2016 has been a challenging year for the division on two fronts; corporate clients continue to tighten budget on discretionary spending amid weakened sales, while service providers are increasingly reaching out to consumers directly by offering savings online. Nonetheless, with the division's trusted reputation and reliable services, its overseas business is gradually gaining traction. It has secured a number of commissions outside of Hong Kong and Macau, with the market showing signs of medium term growth.

The division is well poised for new opportunities brought forth by two important catalysts in the near future. Upon the launch of Hong Kong-Zhuhai-Macau Bridge, inter-regional traffic is expected to experience a phenomenal surge, creating new pockets of growth in the entire spectrum of tourism products. At the same time, Hong Kong government is stepping up efforts to tackle substandard travel operators through legislation. It is expected that the Company, as a well-established operator, will benefit from the healthy and sustainable development of the industry after enactment of the new bill.

Combined revenue for the Group's travel and MICE business amounted to HK$44 million in 2016 (2015: HK$62 million).

INVESTMENT

The investment division recorded a profit of HK$197 million (2015: HK$278 million), representing a setback of 29%, as dividend payout from Sociedade de Turismo e Diversões de Macau, S.A. ("STDM") continued to remain at low levels under the declined gaming performance and reduced visitor spending in year 2015, the effect of which is fully reflected in the Group's dividend received in 2016.

The Group owns an effective interest in STDM of approximately 11.5%, which in turn owns approximately 54.89% effective shareholding in SJM Holdings Limited, a listed company in Hong Kong. SJM Holdings Limited owns the entire shareholding interests of Sociedade de Jogos de Macau, S.A., one of six gaming concessionaires licensed by the Macau SAR Government to operate casinos in Macau. Following consecutive months of contraction, the market has started to stabilize with gaming revenue outperforming general forecasts in the last quarter of 2016. However, it remains to see how the market works to absorb the latest supply additions.

The Group partnered with Worldwide Flight Services Holding SA and Royal Caribbean Cruises Ltd. to operate and manage the new Kai Tak Cruise Terminal, designed to accommodate a new generation of mega-cruisers. The terminal received 95 berthings and 372,946 visitors in year 2016, with 143 ship calls scheduled for year 2017, representing an encouraging increase of 1.5-fold. As of 31 December 2016, 87% of retail space has been leased.

Macau Matters Company Limited, the Group's retail divisional arm, is the largest single brand toys business in Macau and operates the internationally renowned toy brand, Toys "R" US. It has a flagship store at Macau Tower and a second outlet near Senado Square. Despite the economic downturn and fragile consumer confidence, the company was able to maintain its bottom line results through prudent cost control and inventory management.

RECENT DEVELOPMENTS AND PROSPECT

Year 2016 has been characterized by mixed performance, as the economy overcame a sluggish first half of year and started to recover in the last quarter. Despite the upturn, uncertainties in the global environment continued to give reasons for the Group to remain cautious. The Group has made well-paced progress throughout the last 12 months, and shall build upon its well-balanced portfolio with focus and agility.

Underpinned by a low interest environment, healthy end-user demand and capital inflow in light of Renminbi devaluation, the property market has seen accelerated activities over the year, and the Group is satisfactorily on track with its property sales.

In September, the Chung Hom Kok Collection has been sold to a corporate investor at a consideration of HK$1,588 million, with the transaction completed in January 2017. In December, the Group has rolled out the much anticipated Nova City Phase 5, Nova Grand. As of 31 December 2016, approximately 400 units of 2-bedroom and 3-bedroom apartments have been launched with remarkable success. As Macau first hand properties are in short supply, on top of which Nova Grand is the only residential development that offers direct convenience to a large scale lifestyle shopping mall, it is expected that subsequent batches to be launched will continue to attract strong market support.

Year 2016 is marked by important strides made by the Group, with the objectives of capitalizing on growth opportunities in other key gateway cities beyond Hong Kong and Macau.

In May 2016, the Group made its foray into Singapore through the acquisition of a prime site located at No. 9 Cuscaden Road, within short walking distance to the burgeoning Orchard road tourism and business district and earmarked for hotel development purpose. In January 2017, the Group has further agreed to purchase a 70% interest in a commercial complex within the same locale at 111 Somerset Road, comprising approximately a gross floor area of 766,550 square feet of office units, medical suites and 2 levels of retail podium. The property is currently undergoing a substantial asset enhancement program with anticipated completion in early 2019.

In China, the Group together with Shanghai Lujiazui (Group) Company Limited announced the joint development of a 26,707 square meters site in Qiantan with the vision of creating an integrated community comprising office, retail, hotel and an art and cultural centre. The total investment of the entire project is expected to be approximately RMB6,000 million (or approximately HK$6,900 million). This is the second major investment made by the Group in Shanghai, following the acquisition of a hotel property as part of Shanghai MixC in 2015.

On the back of stable fuel prices and innovative product differentiation strategies, the transportation division has maintained solid earnings. Premier Grand class service has been a core driver in yield improvement, as its popularity grew alongside ever-improving services, including the introduction of Premier Plus (a land transit service), Premier Lounge, and a dedicated mobile application.

Since January 2016, the Group has commenced operation at Tuen Mun Ferry Terminal as a pivotal anchor to its Pearl River Delta multimodal network. Another major initiative in 2017 will be a launch of service at the soon-to-be-completed permanent Taipa Ferry Terminal. With efficient resource allocation and operating experience, TurboJET will be significantly enhancing its capacity to meet new demands of travelers in association with Cotai expansion.

The Group's hotel management arm, AHG, has progressively expanded its footprint in year 2016. These include two hotels as part of Shanghai Lingang New City, scheduled for opening in 2021, as well as a 160-room hotel located at the Sifang Collective site outside of Nanjing. Furthermore, in March 2017, AHG announced a management appointment of citizenM Kuala Lumpur. With a total of 8 hotel management agreements signed under the various brands of AHG, these brand reflective hotels will be opening progressively, building exciting momentum for further growth.

The investment division posted a 29% year-on-year decline in profits attributable to constricted dividend payout from Sociedade de Turismo e Diversões de Macau, S.A. ("STDM"). Although it is anticipated that the gaming market has navigated out of its trough since August 2016 and displayed signs of stabilization, it remains to be observed STDM's portfolio performance in light of intensified competition from new resorts and entertainment offers.

The Group has solid fundamentals and is firmly confident in the long term development potentials of its portfolio. It will remain disciplined, patient and committed to improving long term returns for its shareholders.

GROUP FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group's bank balances and deposits amounted to HK$13,275 million at 31 December 2016, representing a decrease of HK$2,583 million as compared with the position as at 31 December 2015. 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 2016 amounted to HK$15,289 million, of which HK$7,660 million remained undrawn. The Group's bank borrowings outstanding at the year end amounted to HK$7,629 million. The Group's borrowings also comprised the medium term notes ("MTN") of HK$3,145 million.

As the Group had a net cash balance at 31 December 2016 and 31 December 2015, no gearing ratio (expressed as a ratio of net borrowings to equity attributable to equity holders of the Company) is presented. 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
5%	6%	88%	1%	100%

On 1 November 2016, the Group succeeded in the bid of the land use right of a land located in Shanghai Qiantan at RMB1,950 million (equivalent to approximately HK$2,242 million) with a joint venture partner ("JV partner"). A joint venture agreement was formed with the JV Partner to jointly develop the land. As at 31 December 2016, the Group has an outstanding commitment to contribute capital of RMB1,500 million to the joint venture. Deposit of RMB487 million (equivalent to approximately HK$567 million) was paid.

In April 2015, the Group entered into a framework agreement to agree to acquire a property in Shanghai Hongqiao Town, Minhang District at a consideration of RMB700 million subject to adjustments. The framework agreement will subsequently be replaced by a sale and purchase agreement which contains substantially the same principal terms as those in the framework agreement upon fulfillment of certain conditions. The property will be developed into a hotel building with fit-out works. The Group had paid RMB210 million and had an outstanding commitment amounted to RMB490 million (equivalent to approximately HK$545 million) at year end.

Charges on Assets

At the year end, bank loans to the extent of approximately HK$2,544 million (2015: HK$3,293 million) were secured with charges on certain assets of the Group amounting to an aggregate carrying value of HK$13,437 million (2015: HK$15,396 million). Out of the above secured bank loans, an aggregate amount of HK$865 million (2015: HK$2,637 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 conservative policy in financial risk management with insignificant exposure to currency and interest rate risks. Except for the guaranteed MTN, all funds raised by the Group are on a floating rate basis. Except for the MTN of US$400 million and bank loan of RMB289 million, the Group's outstanding borrowings were not denominated in foreign currency as at the year end. Approximately 90% of the bank deposits, cash and bank balances are denominated in Hong Kong dollar, Macau pataca and US dollar and the remaining balance mainly in Renminbi. The Group's principal operations are primarily conducted in Hong Kong dollar so the exposure to foreign exchange fluctuations is insignificant. While the Group has financial assets and liabilities denominated in the US dollar and Macau pataca, both have long been pegged to Hong Kong dollar and exposure to currency risk is therefore insignificant to the Group. The Group 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 3,410 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 2017 annual general meeting of the Company, the register of members of the Company will be closed. Details of such closure are set out below:

Latest time to lodge transfer documents for registration	4:30 p.m. on Friday, 16 June 2017
Closure of register of members	Monday, 19 June 2017 to Friday, 23 June 2017 (both days inclusive)
Record date	Friday, 23 June 2017

During the above closure period, no transfer of shares will be registered. To be eligible to attend and vote at the 2017 annual general meeting of the Company, 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 will be held on Friday, 23 June 2017. 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 ended 31 December 2016, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

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 2016, except for:

1. Code provision E.1.2 which requires the chairman of the Board to attend the annual general meeting. The Group Executive Chairman was absent from the Company's annual general meeting on 7 June 2016. The Managing Director (also Chairman of the executive committee), the Deputy Managing Director and other Directors, together with the chairmen/members of the audit committee, nomination committee, remuneration committee and executive committee, were present during the meeting to answer shareholders' questions regarding activities of the Company and its Board committees; and

2. Code provision A.2.7 which requires the chairman to hold meetings with the non-executive directors (including independent non-executive directors) ("NEDs") without the executive directors present at least annually. During the year ended 31 December 2016, the Group Executive Chairman did not meet with the NEDs due to health reasons.

REVIEW BY AUDIT COMMITTEE

The Group's consolidated financial statements for the year ended 31 December 2016 have been reviewed by the audit committee of the Company. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2016 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
Managing Director

Hong Kong, 27 March 2017

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