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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>

2014 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 2014 of the Company and its subsidiaries (the “Group”).

The unaudited profit attributable to owners of the Company for the period amounted to HK\$1,102 million, as compared with the profit of HK\$672 million for the same period last year. Basic earnings per share was HK36.5 cents (2013: HK22.5 cents).

The unaudited profit attributable to owners of the Company for the period would be HK\$534 million (2013: HK\$164 million), after excluding the effect of attributable revaluation surplus and related tax arising on investment properties held by the Group and a joint venture (holding 51% interest in One Central).

INTERIM DIVIDEND

The Board has declared an interim dividend of HK5.0 cents (2013: nil) per share in respect of the six months ended 30 June 2014, payable on or around 26 September 2014 to shareholders of the Company whose names appear on the register of members of the Company on 19 September 2014.

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

		(Unaudited) 2014	(Unaudited) 2013
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	3	3,726,314	1,690,979
Other income		<u>100,147</u>	<u>60,918</u>
		3,826,461	1,751,897
Other (loss)/gains, net	4	(26)	213
Cost of inventories sold and services provided		(2,035,697)	(740,798)
Staff costs		(560,804)	(511,393)
Depreciation and amortisation		(77,522)	(99,001)
Other costs		(258,646)	(210,413)
Fair value changes on investment properties		<u>264,282</u>	<u>213,303</u>
Operating profit	3, 5	1,158,048	403,808
Finance costs	6	(50,867)	(103,299)
Share of results of joint ventures		466,500	489,614
Share of results of associates		<u>38,656</u>	<u>9,035</u>
Profit before taxation		1,612,337	799,158
Taxation	7	<u>(146,762)</u>	<u>(49,472)</u>
Profit for the period		<u>1,465,575</u>	<u>749,686</u>
Attributable to:			
Owners of the Company		1,102,051	671,626
Non-controlling interests		<u>363,524</u>	<u>78,060</u>
Profit for the period		<u>1,465,575</u>	<u>749,686</u>
Earnings per share (HK cents)	9		
- basic		<u>36.5</u>	<u>22.5</u>
- diluted		<u>35.7</u>	<u>22.2</u>

Details of interim dividend to shareholders of the Company are set out in note 8.

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

	(Unaudited) 2014 <i>HK\$'000</i>	(Unaudited) 2013 <i>HK\$'000</i>
Profit for the period	<u>1,465,575</u>	<u>749,686</u>
Other comprehensive loss		
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale investments:		
Changes in fair value	1,371	(22,652)
Reversal of reserve upon disposal of available-for-sale investments	—	(787)
Cash flow hedges:		
Changes in fair value, net of tax	(34)	(5,033)
Transfer to profit or loss	(2,504)	(3,075)
Currency translation differences	<u>(51,746)</u>	<u>(17,427)</u>
Other comprehensive loss for the period, net of tax	<u>(52,913)</u>	<u>(48,974)</u>
Total comprehensive income for the period	<u>1,412,662</u>	<u>700,712</u>
Attributable to:		
Owners of the Company	1,068,735	618,122
Non-controlling interests	<u>343,927</u>	<u>82,590</u>
Total comprehensive income for the period	<u>1,412,662</u>	<u>700,712</u>

CONDENSED CONSOLIDATED BALANCE SHEET

	(Unaudited)	(Audited)
	30 June	31 December
	2014	2013
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets		
Property, plant and equipment	2,233,138	2,067,927
Investment properties	7,778,034	6,471,180
Prepaid premium for land lease and land use rights	354,710	8,170
Joint ventures	4,872,710	4,738,077
Associates	1,560,676	1,519,039
Intangible assets	399,375	399,500
Available-for-sale investments	999,932	999,070
Mortgage loans receivable	12,248	14,480
Deferred tax assets	10,929	12,890
Other non-current assets	<u>313,427</u>	<u>813,042</u>
	<u>18,535,179</u>	<u>17,043,375</u>
Current assets		
Properties for or under development	9,243,272	8,880,551
Inventories	1,627,378	2,136,386
Trade and other receivables, and deposits paid	10 1,696,831	2,170,633
Derivative financial instruments	—	8,113
Taxation recoverable	2,567	3,498
Cash and bank balances	<u>12,849,225</u>	<u>8,138,435</u>
	25,419,273	21,337,616
Assets of disposal group classified as held for sale	11 <u>943,248</u>	<u>—</u>
	<u>26,362,521</u>	<u>21,337,616</u>

		(Unaudited) 30 June 2014 HK\$'000	(Audited) 31 December 2013 HK\$'000
	<i>Note</i>		
Current liabilities			
Trade and other payables, and receipts in advance	10	2,097,203	1,943,117
Derivative financial instruments		2,390	—
Deposits received from sale of properties		1,395,056	730,529
Bank borrowings		806,000	670,000
Convertible bonds		834,323	827,279
Provision for employee benefits		15,674	17,059
Taxation payable		102,134	17,861
Loans from non-controlling shareholders		<u>1,403,318</u>	<u>1,158,114</u>
		6,656,098	5,363,959
Liabilities of disposal group classified as held for sale	11	<u>157,683</u>	<u>—</u>
		6,813,781	5,363,959
Net current assets		19,548,740	15,973,657
Total assets less current liabilities		38,083,919	33,017,032
Non-current liabilities			
Receipts in advance		—	49,435
Bank borrowings		6,047,750	4,245,000
Medium term notes		3,134,720	3,134,161
Derivative financial instruments		363	4,556
Deferred tax liabilities		<u>1,036,192</u>	<u>1,067,807</u>
		10,219,025	8,500,959
Net assets		27,864,894	24,516,073
Equity			
Share capital: nominal value	12	—	749,220
Other statutory capital reserves	12	—	<u>8,977,057</u>
Share capital and other statutory capital reserves	12	9,837,268	9,726,277
Other reserves		13,388,572	11,411,830
Proposed dividends		<u>151,840</u>	<u>—</u>
Equity attributable to owners of the Company		23,377,680	21,138,107
Non-controlling interests		<u>4,487,214</u>	<u>3,377,966</u>
Total equity		27,864,894	24,516,073

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1 Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial statements are prepared in accordance with the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The accounting policies and methods of computation and presentation used in the preparation of the condensed consolidated interim financial statements are consistent with those described in the 2013 annual financial statements except as stated in note 2 below.

The preparation of the condensed consolidated interim financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the consolidated financial statements for the year ended 31 December 2013. 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 2013 annual financial statements.

2 Impact of revised HKFRSs

The following amendments and interpretation that are relevant to its operations and first effective for the Group’s financial year beginning on 1 January 2014:

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
HK(IFRIC) — Int 21	Levies

The adoption of the above does not have any significant impact to the Group’s results for the six months ended 30 June 2014 and the Group’s financial position as at 30 June 2014.

The HKICPA has issued new and revised standards, amendments to standards which are relevant to the Group's operations but are not yet effective for the Group's financial year beginning on 1 January 2014 and have not been early adopted:

Amendments to HKAS 19 (2011) ⁽¹⁾	Defined Benefit Plans: Employee Contribution
Annual improvement to HKFRSs 2010 — 2012 Cycle ⁽¹⁾	
Annual improvement to HKFRSs 2011 — 2013 Cycle ⁽¹⁾	
Amendments to HKFRS 11 ⁽²⁾	Accounting for Acquisitions of Interests in Joint Operation
Amendments to HKAS 16 and HKAS 38 ⁽²⁾	Clarification of Acceptable Methods of Depreciation and Amortisation
HKFRS 15 ⁽³⁾	Revenue from Contracts with Customers
HKFRS 9 ⁽⁴⁾	Financial Instruments (Hedge Accounting and Amendments to HKFRS 7, HKFRS 9 and HKAS 39)

⁽¹⁾ Effective for annual periods beginning 1 July 2014

⁽²⁾ Effective for annual periods beginning 1 January 2016

⁽³⁾ Effective for annual periods beginning 1 January 2017

⁽⁴⁾ The original effective date of 1 January 2015 is removed and it will be set once the other phase of HKFRS 9 is completed and finalised

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

3 Segment information

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

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

The principal activities of each reportable segment are as follows:

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

(b) Segment results, assets and liabilities

Management evaluates performance of the reportable segments on the basis of operating profit or loss before fair value changes on investment properties, non-recurring gains and losses, interest income and unallocated net corporate expense. Inter-segment transactions have been entered into on terms agreed by the parties concerned. The Group's measurement methods used to determine reported segment profit or loss remain unchanged from 2013.

The revenues from external parties reported to management are measured in a manner consistent with that in this condensed consolidated interim income statement.

For the six months ended 30 June 2014	Property HK\$'000	Transportation HK\$'000	Hospitality HK\$'000	Investment HK\$'000	Eliminations HK\$'000	Total HK\$'000
Turnover and other income						
External turnover	1,965,409	1,174,054	353,206	233,645	—	3,726,314
Inter-segment turnover	611	325	23,748	—	(24,684)	—
Other income (external and excluding interest income)	<u>2,716</u>	<u>16,261</u>	<u>965</u>	<u>20</u>	<u>—</u>	<u>19,962</u>
	<u>1,968,736</u>	<u>1,190,640</u>	<u>377,919</u>	<u>233,665</u>	<u>(24,684)</u>	<u>3,746,276</u>
Segment results	562,465	99,345	41,666	216,271	—	919,747
Fair value changes on investment properties	264,282	—	—	—	—	264,282
Interest income						80,185
Unallocated net corporate expense						(106,166)
Operating profit						1,158,048
Finance costs						(50,867)
Share of results of joint ventures	520,985	(52,521)	(1,964)	—	—	466,500
Share of results of associates	30,129	400	4,194	3,933	—	38,656
Profit before taxation						1,612,337
Taxation						(146,762)
Profit for the period						<u>1,465,575</u>

For the six months ended 30 June 2013	Property HK\$'000	Transportation HK\$'000	Hospitality HK\$'000	Investment HK\$'000	Eliminations HK\$'000	Total HK\$'000
Turnover and other income						
External turnover	161,929	1,073,738	336,787	118,525	—	1,690,979
Inter-segment turnover	335	181	23,987	—	(24,503)	—
Other income (external and excluding interest income)	<u>1,673</u>	<u>14,331</u>	<u>876</u>	<u>572</u>	<u>—</u>	<u>17,452</u>
	<u>163,937</u>	<u>1,088,250</u>	<u>361,650</u>	<u>119,097</u>	<u>(24,503)</u>	<u>1,708,431</u>
Segment results	34,162	48,032	34,793	100,096	—	217,083
Fair value changes on investment properties	213,303	—	—	—	—	213,303
Interest income						43,466
Unallocated net corporate expense						<u>(70,044)</u>
Operating profit						403,808
Finance costs						(103,299)
Share of results of joint ventures	492,405	7,309	(10,100)	—	—	489,614
Share of results of associates	6,465	183	850	1,537	—	<u>9,035</u>
Profit before taxation						799,158
Taxation						<u>(49,472)</u>
Profit for the period						<u>749,686</u>
As at 30 June 2014						
	Property HK\$'000	Transportation HK\$'000	Hospitality HK\$'000	Investment HK\$'000	Eliminations HK\$'000	Total HK\$'000
Assets						
Segment assets	24,610,744	3,413,788	1,502,948	1,088,130	(24,033)	30,591,577
Joint ventures	4,765,644	209,233	(102,167)	—	—	4,872,710
Associates	1,352,662	4,036	198,059	5,919	—	1,560,676
Unallocated assets						<u>7,872,737</u>
Total assets						<u>44,897,700</u>
Liabilities						
Segment liabilities	3,195,981	347,955	118,859	5,446	(24,033)	3,644,208
Unallocated liabilities						<u>13,388,598</u>
Total liabilities						<u>17,032,806</u>
As at 31 December 2013						
	Property HK\$'000	Transportation HK\$'000	Hospitality HK\$'000	Investment HK\$'000	Eliminations HK\$'000	Total HK\$'000
Assets						
Segment assets	21,801,225	3,178,485	1,444,536	1,038,154	(21,103)	27,441,297
Joint ventures	4,575,778	261,754	(99,455)	—	—	4,738,077
Associates	1,318,893	4,296	193,864	1,986	—	1,519,039
Unallocated assets						<u>4,682,578</u>
Total assets						<u>38,380,991</u>
Liabilities						
Segment liabilities	2,257,217	341,518	122,310	5,419	(21,103)	2,705,361
Unallocated liabilities						<u>11,159,557</u>
Total liabilities						<u>13,864,918</u>

4 Other (loss)/gains, net

	For the six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Net loss on disposal of property, plant and equipment	(342)	(928)
Net gain on disposal of available-for-sale investments	—	779
Others	<u>316</u>	<u>362</u>
	<u>(26)</u>	<u>213</u>

5 Operating profit

	For the six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
After crediting:		
Interest income from bank deposits and others	80,588	43,920
Rental income from investment properties	95,822	95,102
Dividend income from listed investments	9,159	10,132
Dividend income from unlisted investments	211,541	96,673
After charging:		
Cost of inventories		
- properties	1,178,692	7,352
- fuel	464,016	475,622
- others	<u>57,046</u>	<u>34,010</u>
	<u>1,699,754</u>	<u>516,984</u>

6 Finance costs

	For the six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Total finance costs incurred	156,361	126,150
Less: Amount capitalised in properties under development	<u>(105,494)</u>	<u>(22,851)</u>
	<u>50,867</u>	<u>103,299</u>

7 Taxation

	For the six months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong profits tax	86,319	9,160
Overseas taxation	6,363	5,529
Deferred taxation	<u>54,080</u>	<u>34,783</u>
	<u>146,762</u>	<u>49,472</u>

Hong Kong profits tax is provided for at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits for the period. Overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

8 Interim dividend

	For the six months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend of HK5.0 cents per share (2013: nil)	<u>151,840</u>	<u>—</u>

9 Earnings per share

The calculation of basic earnings per share is based on profit attributable to owners of the Company of HK\$1,102,051,000 (2013: HK\$671,626,000) and the weighted average number of 3,015,909,499 (2013: 2,988,814,421) shares in issue during the period.

The calculation of diluted earnings per share is based on profit attributable to owners of the Company of HK\$1,122,853,000 (2013: HK\$692,076,000) and the weighted average number of 3,142,910,268 (2013: 3,122,223,305) shares in issue during the period after adjusting for the effects of all dilutive potential ordinary shares.

10 Trade receivables and payables

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 to 60 days to its customers, except for sale of properties the proceeds from which are receivable pursuant to the terms of the relevant agreements.

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

	30 June 2014 HK\$'000	31 December 2013 HK\$'000
0 - 30 days	326,290	103,504
31 - 60 days	4,857	23,208
61 - 90 days	2,126	4,327
over 90 days	<u>3,513</u>	<u>4,793</u>
	<u>336,786</u>	<u>135,832</u>

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

	30 June 2014 HK\$'000	31 December 2013 HK\$'000
0 - 30 days	909,160	698,852
31 - 60 days	3,179	3,735
61 - 90 days	1,325	1,367
over 90 days	<u>9,139</u>	<u>7,918</u>
	<u>922,803</u>	<u>711,872</u>

11 Assets/liabilities of disposal group classified as held for sale

The assets and liabilities related to the disposal of Tin Wai Development Company, Limited and Joyous Park International Limited (collectively “disposal group”) have been presented as held for sale. The major assets in the disposal group comprise of inventories of HK\$474,348,000 and properties for or under development of HK\$359,585,000.

12 Share capital

	Note	30 June 2014		31 December 2013	
		Number of shares	HK\$'000	Number of shares	HK\$'000
Authorised	(i)				
Ordinary shares of HK\$0.25 each	(ii)	<u>—</u>	<u>—</u>	<u>6,000,000,000</u>	<u>1,500,000</u>
Issued and fully paid					
Ordinary shares of HK\$0.25 each					
At beginning of the period		2,996,880,719	749,220	2,986,880,719	746,720
Exercise of share options	(iii)	39,924,689	110,991	10,000,000	2,500
Transition to no-par value regime on 3 March 2014	(iv)	<u>—</u>	<u>8,977,057</u>	<u>—</u>	<u>—</u>
		<u>3,036,805,408</u>	<u>9,837,268</u>	<u>2,996,880,719</u>	<u>749,220</u>

Notes:

- (i) Under the Hong Kong Companies Ordinance (Cap. 622), which came into effect on 3 March 2014, the concept of authorised share capital no longer exists.
- (ii) In accordance with section 135 of the Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the shareholders of the Company as a result of this transition.
- (iii) During the period, share options were exercised to subscribe for 39,924,689 (2013: 10,000,000) ordinary shares in the Company at a consideration of HK\$110,991,000 (2013: HK\$27,800,000).
- (iv) In accordance with the transitional provisions set out in section 37 of Schedule 11 to Hong Kong Companies Ordinance (Cap. 622) on 3 March 2014, any amount standing to the credit of the share premium account and the capital redemption reserve has become part of the Company's share capital.

13 Event after the Balance Sheet Date

On 22 May 2014, Oriental Pride Group Limited (“Oriental Pride”), an indirect wholly-owned subsidiary of the Company and Excel Smart Venture Limited (“Excel Smart”), an independent third party, entered into a sale and purchase agreement. Pursuant to the agreement, Oriental Pride agreed to dispose 79% issued share capital of and the shareholder loan due from Tin Wai Development Company, Limited to Excel Smart, at a consideration of HK\$624 million (subject to adjustment). On the same day, the Company also entered into a sale and purchase agreement to dispose the entire issued share capital of Joyous Park International Limited to Excel Smart, at a consideration of HK\$3 million. Further details of the said transactions are described in the Company’s announcement dated 22 May 2014.

The above transactions are completed on 31 July 2014 and a gain (net of transaction costs) of approximately HK\$19 million is recorded. The Group will no longer has any interest in the business of columbarium operation and the funeral service.

BUSINESS REVIEW

Property

The real estate market has regained traction over the first half of 2014 evident through accelerated activities in the first-hand property market. Over the period, the Group registered an operating profit of HK\$563 million (1H 2013: HK\$34 million), mainly attributable to the sales of Chatham Gate, as well as HK\$551 million (1H 2013: HK\$499 million) share of profits from joint ventures and associates primarily derived from the One Central project, with HK\$351 million (1H 2013: HK\$331 million) revaluation surplus arising from investment properties. A pipeline of new projects remains solidly on track, with sales and leasing expected to commence in the latter half of year.

Property Developments

Projects Completed with Recent Sales

In Macau

One Central (Group interest: 51%)

One Central is a prominent architectural feature on the Macau Peninsula waterfront jointly developed with Hongkong Land Holdings Limited. All residential units at One Central Residences and The Residences and Apartments at Mandarin Oriental, Macau have been sold. Two units were handed over in the first half of 2014, while the last 3 units will be handed over in the second half of 2014. For the latter, the last triplex unit was sold in February 2014 at record breaking market price.

In Hong Kong

Chatham Gate (Group interest: 51%)

The development comprises two grand residential towers offering units from studio to four-bedroom configurations, and an appending shopping arcade covering a total gross floor area of approximately 370,000 square feet. Over the first six months of 2014, 87 units have been sold at satisfactory prices, which represents close to 90% of the remaining inventory, bringing the total number of residential units sold to 324 out of 334 as of 30 June 2014. The shopping arcade opened in January 2014 to support the underserved neighborhood with supermarkets and dining options to provide everyday conveniences. The shopping arcade registers 87% occupancy as of 30 June 2014.

Disposal of Asset

In Macau

Taipa Hills Memorial Garden (Group interest: 79%)

This contemporary columbarium was launched in 2011 and offers approximately 40,000 niches with themed halls and concierge memorial arrangements. On 31 July 2014, the Group and its joint venture partner has completed the respective sales agreements with a third party to dispose the entire property, along with its value-adding services developed by the Group, for a total consideration of HK\$793 million, subject to completion adjustment. The third party undertakes to continue with the operation of Taipa Hills Memorial Garden, while the Group has successfully monetized the assets with favorable returns during the investment period.

Project Under Development with Recent Sales

In Macau

Nova Park (Group interest: 100%)

Nova Park, Phase 4 of Nova City, is a striking urban park-side residential development set at the heart of the thriving Taipa community with an unimpeded view of the stunning Taipa Central Park. Its three residential towers cover a gross floor area of approximately 680,000 square feet and offers 620 residential units in total. Superstructure works have been completed and fitting out works are in progress. As of 30 June 2014, a total of 76% of units have been sold. Sales launch for the remaining units is scheduled for the second half of 2014.

Projects Under Development

In Macau

Nova City Phase 5 (Group interest: residential - 71%; commercial - 100%)

A joint development with China State Construction International Holdings Limited, this next phase of Nova City will comprise over 2.3 million square feet of residential units in eight towers. These towers will sit above a large-scale lifestyle shopping centre spanning over 650,000 square feet to provide unparalleled convenience to the Taipa neighborhood. Foundation works are in progress with substructure works expected to commence in the third quarter of 2014.

Harbour Mile (Group interest: 100%)

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

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

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

In Hong Kong

Luxury Mansions at Chung Hom Kok (Group interest: 100%)

This development comprises five luxury residential houses in a premium and tranquil location at Chung Hom Kok. Superstructure works are completed and fitting out works are in progress. Two show houses will be available for viewing before the end of 2014.

In China

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

An iconic landmark in Tongzhou, a new business district of Beijing, this integrated development will comprise retail, office and serviced apartments in one prime address along the famous Grand Canal and enjoys direct connectivity to future subway and bus interchange stations. The project has a combined gross floor area of approximately 6.8 million square feet (634,200 square meters), and is slated for completion in 2016.

Shun Tak Tower (Group interest: 100%)

The project is a wholly-owned property in the Beijing Dong Zhi Men near East 2nd Ring Road, comprising both office and hospitality components. The site spans 63,000 square feet (5,832 square meters), with a developable gross floor area of approximately 419,000 square feet (38,900 square meters) rising 21 levels aboveground, and approximately 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. Handover of the property was completed in June 2014 and fitting out works are in progress. It is expected that leasing of units will commence in upcoming months.

Hengqin Integrated Development (Group interest: 70%)

In January 2014, the Group entered into a strategic partnership with Perennial Hengqin Investment Group Pte. Ltd. to develop an integrated landmark in Hengqin that will comprise office, hotel, commercial, and serviced apartments in the future. The 23,834 square meter site boasts unparalleled connectivity, adjacent to the port and commercial facilities at the border to Macau, to be serviced by the Hengqin and Macau light rails as well as the extension of Guangzhou-Zhuhai Intercity Rail in the future. It is a few minutes' drive away from Cotai strip where ultra-luxurious gaming resorts thrive. Site works are underway with foundation works anticipated to commence in the second half of 2014.

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 96% as at 30 June 2014, and encouraging fee revisions have been achieved.

Shun Tak House (Group interest: 100%)

The property, situated in a busy tourist locale at the heart of the Macau Peninsula, covers over 28,000 square feet of leasable area and consistently maintains 100% occupancy with two major retail anchor tenants. As tourism in Macau develops rapidly, the property has achieved substantial revaluation gain and has attained promising rental revisions upon lease renewal.

In Hong Kong

The Westwood (Group interest: 51%)

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

Liberté Place (Group interest: 64.56%)

Liberté Place, the shopping podium of Liberté which connects directly to the Lai Chi Kok MTR Station, offers a wide variety of dining and household conveniences to residents of the West Kowloon community, including the neighboring Banyan Garden and The Pacifica. Occupancy consistently stands over 90%.

In China

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 around 89%.

Property Services

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

In March 2013, STPML was awarded an Integrated Facility Management Services contract for the University of Macau, Hengqin Campus, with a scheduled in-take of over 10,000 students in the third quarter of 2014. The premise spans over 10.8 million square feet (1 kilometer square) in size and covers a gross floor area of around 10 million square feet. With this appointment, the management portfolio of STPML is extended to cover over 26 million square feet of gross floor area.

Transportation

Following six months of solid execution in 2014, the transportation division posted a profit of HK\$99 million (1H 2013: HK\$48 million) across its land and sea operations. TurboJET's flagship routes which link multiple ports across Hong Kong and Macau serviced over 7 million passengers over the period, edging up by 2% year-on-year. This is the eighth consecutive quarter of positive growth and enables the company to continuously reinvest in asset quality improvements, paving way to fulfill future demand growth in anticipation of passenger needs.

Shun Tak - China Travel Shipping Investments Limited

TurboJET is squarely focused on enhancing cost efficiency as well as product stratification to drive higher yield and profitability. The fleet currently comprises four refurbished Premier Jetfoil vessels and expects to launch the fifth one in the second half of 2014. Premier Grand class exhibited a 41% year-on-year surge over the first half of 2014, reaffirming TurboJET's foresight in developing products closely aligned with market pulses. At the same time, TurboJET continues to innovate and strengthen its electronic sales channels to enhance passenger convenience and cater for the needs of the evolving tech-savvy generation. In the first half of 2014, sales through such channels, including online platform, mobile apps, e-tickets and stored value cards, collectively registered more than 40% year-on-year growth.

In the first half of 2014, SkyPier air-sea connection continued to be well received by international travelers and has serviced 1.3 million passengers over the period. In January 2014, Shun Tak - China Travel started to manage Shenzhen Airport Ferry Terminal for a term of 8 years. Together with the ferry terminals in Hong Kong and Macau, the company is running a network of ports that are strategic anchors to the multi-modal transportation development within the Pearl River Delta region.

Shun Tak & CITS Coach (Macao) Limited

The land transportation arm, Shun Tak & CITS Coach (Macao) Limited, continued to deliver strong returns through its cross-border and local rental business. As of 30 June 2014, it operates a fleet of 154 vehicles, and recorded HK\$49 million in revenue over the first half of 2014.

Hospitality

Macau tourism experienced yet another record-setting first half of 2014 in terms of visitor arrivals. Riding on this uptrend, the hospitality division experienced comprehensive growth across its portfolio. The division posted HK\$42 million in operating profit (1H 2013: HK\$35 million), with Hong Kong SkyCity Marriott Hotel and Mandarin Oriental, Macau exhibiting remarkable growth. The overall profitability of the division is partially offset by pre-operational expenses in relation to the establishment of Artyzen Hospitality Group.

Hotels

In Hong Kong, the 658-room Hong Kong SkyCity Marriott Hotel located close to the Asia World-Expo, the Hong Kong International Airport and the SkyPier, attained an average occupancy rate of 84% and a 10% year-on-year growth in revenue. Its spa facility received a number of accolades from “World Luxury Spa Awards” in 2014.

Mandarin Oriental, Macau leveraged upon its convenient location and strong brand loyalty from customers to lead the room rate of non-gaming properties, and attained an average occupancy rate of 81%. Over the first half of 2014, the hotel posted MOP125 million (equivalent to HK\$121 million) in revenue. The hotel was conferred a number of prestigious awards including “Five Star Hotel & Five Star Spa” by Forbes Travel Guide 2014, and “Best Luxurious Hotels of China” from China Hotel Starlight Awards.

Westin Resort Macau has recently been rebranded as the Grand Coloane Resort. It continues to be a favorite among holidaymakers who prefer an idyllic and leisurely resort experience in a non-gaming environment. The property maintained an occupancy rate of 65% albeit going through a room upgrade program in the first half of 2014.

Hotel Management

In July 2013, the Group established Artyzen Hospitality Group (“AHG”) to provide property owners with hotel management solutions and create asset values. Under AHG is a portfolio of originally created luxury hotel brands characterized by distinctive Asian offerings, and will also be managing the rollout of a popular European brand in Asia - citizenM.

Tourism Facility Management

The Group is renowned for providing integrated management solutions for tourism facilities. It is instrumental to placing Macau Tower as a prominent destination on the world map with its international management and expansive sales and marketing network. AJ Hackett Macau Tower continues to fare well especially in capturing international markets.

Travel and MICE

With offices in Hong Kong, Macau, Beijing, Shanghai, Guangzhou and Shenzhen, Shun Tak Travel is fast becoming a popular hospitality brand offering concierge services to MICE groups and corporate travelers. Its service scope includes ticket reservation, baggage logistics, local transportation and meet and greet. It is named an official agent for APEC — Tourism Ministerial Meeting, a top-level event to be held in Macau in September 2014. Total revenue for Shun Tak Travel and MICE over the period amounted to HK\$26 million (1H 2013: HK\$28 million).

Investments

The investment division recorded a gain of HK\$216 million (1H 2013: HK\$100 million) over the first half of 2014, with the outstanding performance attributable to strong dividend income from Sociedade de Turismo e Diversões de Macau, S.A. (“STDM”) on the back of another period of robust growth in gaming revenue.

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’s two largest commercial spaces are expected to be operational in the second half of 2014, which are expected to drive promising growth to its MICE business. As of 30 June 2014, the terminal is outperforming forecast, with 87% of retail space leased and a total of 27 berth bookings received for the full calendar year of 2014.

Macau Matters Company Limited (“MMCL”), the Group’s retail divisional arm which operates the internationally renowned toy brand, Toys “R” Us. MMCL continues to generate double-digit growth returns, and is planning to expand into a new store in the heart of the Macau Peninsula by the end of 2014.

PROSPECTS AND RECENT DEVELOPMENTS

The first six months of 2014 sees strong earnings as the Group capitalized upon a solid portfolio of businesses amidst positive market sentiment and tourism demand. All divisions registered favorable results and are well-positioned to enter the second half of year with an encouraging start.

The real estate market turned active after Chinese New Year, most evidently in first-hand property sales. Chatham Gate is popularly received by homebuyers with 87 units sold, contributing significantly to the first half of 2014 financial results. Furthermore, 4 additional units have been sold in the month of July 2014.

Taipa Hills Memorial Garden and its value-adding services were sold to a third party for a total consideration of HK\$793 million subject to the completion adjustment. Sale of this project has been completed on 31 July 2014.

Currently, construction for all projects across Hong Kong, Macau and China are progressing as scheduled. For the second half of year, sales and leasing efforts will be channeled to a number of developments approaching completion, including Shun Tak Tower in Beijing, luxury mansions at Chung Hom Kok in Hong Kong and the remainder of Nova Park in Macau. These projects are expected to generate a promising revenue stream for the Group over the medium term.

Transportation division benefitted from the sustained strength in regional tourism performance. It is committed to upgrading its offerings in anticipation of a new phase of rapid growth with the opening of new resorts in Cotai in year 2015, as well as to meet the evolving needs from passengers. Reinvestments are being made to increase its Premier fleet size, while new ticketing counters and check-in facilities are introduced in phases to the Macau Maritime Ferry Terminal. The company is also planning ahead for introduction of services upon the completion of the future permanent Taipa Ferry Terminal.

Hospitality division went from strength to strength, led by remarkable performance from the Group's hotel portfolio. In particular, Hong Kong SkyCity Marriott Hotel and Mandarin Oriental Macau both registered significant increase in revenue. During the period, the former Westin Resort Macau has been renamed Grand Coloane Resort, which also coincided with the completion of a room upgrade program.

It is expected that growing affluence among the Chinese middle class visitors will continue to drive expansion in Macau's premium mass market, bringing direct and broad-based benefits to all four pillars of business under the Group.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group's bank balances and deposits amounted to HK\$12,849 million (excluding bank balances in assets of disposal group classified as held for sale) at 30 June 2014, representing an increase of HK\$4,711 million as compared with the position as at 31 December 2013. 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 2014 amounted to HK\$15,974 million, of which HK\$9,120 million remained undrawn. The Group's bank borrowings outstanding at the period end amounted to HK\$6,854 million. The Group's borrowings also comprised the medium term notes ("MTN") of HK\$3,135 million and the liability component of guaranteed convertible bonds of HK\$834 million.

As the Group had a net cash balance at the period end, no gearing ratio is presented (at 31 December 2013: a gearing ratio of 3.5% expressed as a ratio of net borrowings to equity attributable to owners of the Company). The Group will continue with its financial strategy of maintaining a healthy gearing ratio and consider steps to reduce its finance costs.

The maturity profile of the Group's borrowings as at 30 June 2014 is set out below:

Maturity Profile

Within 1 year	1-2 years	2-5 years	Over 5 years	Total
15%	33%	23%	29%	100%

During the period, 39,924,689 new shares were issued upon exercise of share options granted by the Company.

Material Acquisitions, Disposal and Commitments

In January 2014, the Group issued class B share to City Universe Limited ("CUL"), an indirect wholly-owned subsidiary of China State Construction International Holdings Limited at a consideration of HK\$2,066 million. Upon the share subscription, CUL entitled to or bear 29% of the economic benefits in or losses arising from the residential portion of Nova City Phase V development. The Group recognised a gain of HK\$1,056 million directly in retained profits of the Group.

In June 2014, the Group completed the acquisition of a wholly-owned property project in the Beijing Dong Cheng District near East 2nd Ring Road, comprising both office and hospitality components at a consideration of RMB1,290 million subject to adjustments.

In May 2014, the Group agreed to dispose its interests in the business of columbarium operation and the funeral service. Related assets and liabilities were reclassified as disposal group held for sale at the balance sheet date. The sale transaction was completed on 31 July 2014. Further details are described under note on event after the balance sheet date.

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

Charges on Assets

At the period end, bank loans to the extent of approximately HK\$2,614 million (31 December 2013: HK\$1,865 million) were secured with charges on certain assets of the Group amounting to an aggregate carrying value of HK\$13,715 million (31 December 2013: HK\$10,794 million). Out of the above secured bank loans, an aggregate amount of HK\$2,283 million (31 December 2013: HK\$1,770 million) was also secured by pledges of shares in certain subsidiaries.

Contingent Liabilities

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

Financial Risk

The Group adopts a conservative policy in financial risk management with insignificant exposure to currency and interest rate risks. Except for the guaranteed convertible bonds and MTN, all the funds raised by the Group are on a floating rate basis. Except for the MTN of US\$400 million and RMB200 million bank loan, none of the Group's outstanding borrowings was denominated in foreign currency at the period end. Approximately 81% of the bank deposits, cash and bank balances were denominated in Hong Kong dollar and United States dollar with the remaining balance mainly in Renminbi and Macau Pataca. The Group's principal operations are primarily conducted in Hong Kong dollar so that the exposure to foreign exchange fluctuations is insignificant. While the Group has financial assets and liabilities denominated in the United States dollar and Macau pataca, they are continuously

pegged to Hong Kong dollar and the exposure to currency risk for such currencies is minimal to the Group. The Group engages in fuel hedging and currency swap activities to minimise its exposure to fluctuations in fuel prices and foreign exchange rate in accordance with the Group's approved treasury policies.

Human Resources

The Group, including subsidiaries but excluding associates and joint ventures, employed approximately 3,340 employees at the period end. The Group adopts competitive remuneration packages for its employees. Promotion and salary increments are based on performance. Social activities are organised to foster team spirit amongst employees and they are encouraged to attend training classes that are related to the Group's businesses and developments.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 17 September 2014 to Friday, 19 September 2014, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 16 September 2014.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

In the opinion of the Board of the Company, the Company has complied with the code provisions in the Corporate Governance Code (the "Code") set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2014, except for deviation from the first part of code provision E.1.2 in the Code, which states that the chairman of the board should attend the annual general meeting. In the absence of the Group Executive Chairman of the Company at the annual general meeting of the Company held on 10 June 2014, the Managing Director (who is also the chairman of the executive committee) and the Deputy Managing Director, together with the chairmen of the audit committee, remuneration committee and nomination committee and other directors of the Company, made themselves available to answer shareholders' questions regarding the activities of the Company and various board committees.

Save as aforesaid, the corporate governance practices adopted by the Company during the period were generally in line with those disclosed in the corporate governance report set out in 2013 annual report of the Company.

REVIEW BY AUDIT COMMITTEE

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2014 of the Group have been reviewed by the audit committee of the Company. At the request of the directors of the Company, the Company's external auditor, PricewaterhouseCoopers, has carried out a review of the said unaudited condensed consolidated interim financial statements in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

By order of the Board
SHUN TAK HOLDINGS LIMITED
Pansy Ho
Managing Director

Hong Kong, 29 August 2014

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