信德集團
SHUN TAK HOLDINGS
STOCK CODE 股份代號：242

2020 信德集團有限公司中期業績報告
Shun Tak Holdings Limited Interim Report

厚德載物

VIRTUES OF NATURE

厚德載物

The Virtuous Bear Duties Onerous

As the Book of Changes goes, "Mother Earth is forbearing, nurturing and all-embracing." Like the timeless virtues of nature, Shun Tak Group has evolved with remarkable foresight, far-reaching aspirations, and a harmonious balance of diversity and inclusion. Combining our strengths with our partners', the Group has expanded into new frontiers with the views of creating values for its shareholders, promoting regional integration and contributing to the development of the nation.

《周易》曰：「地勢坤，君子以厚德載物」。信德集團多年來以遠大目光、恢宏企劃，兼容並濟，與時俱進；揉合我們和夥伴的優勢，開拓多元化及創新的業務和服務，為股東和持份者創造價值，為促進區域和諧融合發展、推動國家建設貢獻力量。

CONTENTS

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 2020 of the Company and its subsidiaries (the "Group").

The unaudited loss attributable to owners of the Company for the period was HK$279 million (2019: profit of HK$3,409 million). Underlying profit attributable to the owners which principally adjusted for unrealised fair value changes on investment properties would be HK$272 million (2019: HK$3,404 million). Basic loss per share was HK9.2 cents (2019: basic earnings per share HK112.7 cents).

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend in respect of the six months ended 30 June 2020 (2019: nil).

PROPERTY

Under the impact of COVID-19 pandemic, transactional volume for residential properties have declined substantially under recessionary pressure and shaken buyers' confidence across Hong Kong and Macau. Commercial properties have taken an even larger toll, as the retail industry was battered by months of subdued economic activities. During the first half of 2020, the Group has not launched any properties for sale, and rental income has declined due to both lower turnover revenue and concessionary reliefs granted to help tenants navigate the challenging time. In tandem with a downward fair value adjustments in investment properties and a decrease in recognized sales of residential units at Nova Grand, the division posted a decline in profit, at HK$879 million (1H2019: HK$5,843 million).

Property developments

Projects completed with recent sales

In Macau

Nova Grand
(Group interest: residential: 71%)

Nova Grand, the final phase of the Group's flagship Nova City development comprising approximately 1,700 residential units in eight towers, has consistently generated popular interest from the market. Due to social distancing measures and dampened consumer confidence brought about by the pandemic, no new units have been launched for sale during the period. However, 102 units have been handed over to homebuyers during the period. As of 30 June 2020, 77% of total units has been sold.

In Hong Kong

Chatham Gate
(Group interest: 51%)

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

In Singapore

111 Somerset Road, Singapore
(Group interest: 100%)

Located on 111 Somerset Road, within the venerable Orchard Road precinct and a stone's throw away from the Somerset MRT station, the property is a 17-storey integrated development with a total gross floor area of approximately 766,550 square feet. It composes of two office towers, a 2-level retail podium and a 2-level basement carpark. During the first quarter of 2020, the property completed an asset enhancement initiative. In May, the Group acquired the remaining 30% interest and became the sole owner of the project. This allows for greater flexibility in future management strategies. The investment is expected to provide enhanced diversification into the Group's portfolio.

Projects Under Development

In Northern China

Tongzhou Integrated Development, Beijing
(Group interest: Phase 1 — 24%, Phase 2 — 19.35%)

Situated in the up-and-coming business district of Tongzhou Beijing, this iconic development sited on the Grand Canal aims to complete in two phases, in 2022 and 2023 respectively. The integrated community will feature 250,000 square metres of retail space, 211,000 square metres of office space, and 117,000 square metres of residential units. Its retail podium will be directly linked to the currently operating metro line M6, which connects to the Beijing city centre.

Out of its six towers, two towers have been topped out while a third will follow before the end of year. Substructure works for the remaining three lots are being carried out in 2020.

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

This cultural and community hub in Shanghai spans 140,500 square metres of total gross floor area, bringing together offices, retail space, basement retail, and a 5-star hotel offering around 200 rooms, to be managed by Artyzen Hospitality Group. Moreover, an art and cultural centre featuring a concert hall and other multi-purpose halls with a capacity of 4,000 spectators will be incorporated.

The project is a 50:50 joint venture with Shanghai Lujiazui (Group) Company Limited. Superstructure works for the hotel and the Performing Art Center (PAC) has begun, with completion of the complex planned for 2023. When it completes, it is expected to become a prominent cultural icon in Shanghai.

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

In December 2019, the Group entered into agreements to acquire a 40% effective interest in this mixed-use development located in Suhe Bay Area in Jingan District of Shanghai, and formed a strategic partnership with China Resources Land Limited ("CR Land") to co-develop the project. The development comprises residential, office, commercial and cultural components, with a total developable gross floor area of approximately 186,500 square metres above ground and approximately 47,000 square metres of basement retail, to be managed by CR Land under one of its brands, as well as 95,400 square metres of underground carparks and ancillaries.

Situated in one of the core commercial areas of Shanghai, it is close to major tourist destinations such as the Bund and the People's Square, as well as established central business districts including Nanjing West Road and Lujiazui. Two residential towers of approximately 23,000 square metres were first launched for presale in June 2020. Construction is underway with project completion expected by phases from 2021 onward.

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

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

In Southern China

Hengqin Integrated Development
(Group interest: 70%)

This development in Hengqin bordering Macau Lotus Bridge comprises approximately 42,300 square metres of office space, 43,000 square metres of retail facilities, 15,600 square metres of hotel, and 33,400 square metres of apartments complemented by a 1,250-square-metre clubhouse and a 1,300-space car park. Presale of apartments is expected to be launched within the year, while the new Border Crossing facility has come into operation in August 2020 as announced by the government.

In Singapore

Park Nova
(Group interest: 100%)

Located in Singapore's prestigious residential district and within walking distance to the world-renowned Orchard Road Shopping Belt, design and planning work of this 46,084 square foot site has progressed well on track within the period. The 21-storey residential tower will feature a maximum gross floor area of approximately 142,000 square feet and will have 51 simplex units and 3 penthouses. The building is lifted high above Orchard Boulevard on elliptical columns to create unobstructed private views above the lush greenery. Each unit is served by a private lift, catered for upmarket buyers seeking an exclusive yet central urban lifestyle at the heart of actions. The project is scheduled for launch in 2021 and is expected to complete in 2023.

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

This majestic development standing on a 66,452 square feet prime site located at one of the most coveted addresses in town, will be developed into approximately 102,000 square feet of Bungalow-in-the-Sky. Nestled in the ultra-luxurious heritage mansion district, this epic development will have a total of 14 units comprising 8 simplex units, 4 duplex units and 2 penthouses, slated for launch in 2021 with expected completion in 2022. Each residence is fitted with its own dedicated private lobby and lift, and features a grand arrival experience with verdant landscape which speaks subtle luxury and sophistication.

Projects Under Planning

In Macau

Harbour Mile

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

In China

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

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

Property Investments

In Hong Kong

liberté place
(Group interest: 64.56%)

This mall is located at Lai Chi Kok MTR Station in West Kowloon. As a neighborhood mall offering everyday household conveniences to the four largest residential developments in Kowloon West, business has been relatively less affected under the impact of COVID-19 in comparison with other retail facilities under the Group's portfolio. During the first half of 2020, the mall maintained an occupancy rate of 100%.

The Westwood

(Group interest: 51%)

With 158,000 square feet of leasable area across five storeys, The Westwood is a prominent shopping destination serving the Western District on Hong Kong Island. The mall is currently undergoing major renovation with expected completion by mid-2021, upon which, an optimized tenancy program will be introduced to better cater to the needs of the local community. With the prevailing headwinds faced by the retail industry, the Group is proactively implementing tenant retention measures to support retailers with their business. During the first half of 2020, the mall maintained an occupancy rate of 89%.

Chatham Place

(Group interest: 51%)

This 3-storey shopping arcade appending to Chatham Gate is positioned as an educational hub with a major kindergarten as its key anchor tenant complemented by a host of children learning centres. With the extended period of school closures and social distancing orders under the pandemic, the Group has offered special concessions to support its tenants. The mall posted an average occupancy of 52% during the period.

Shun Tak Centre Portfolio

The Group owns 100% interests of Shop 402 of Shun Tak Centre, a retail mall connected to the main sea border between Hong Kong, Macau and China. Under the impact of COVID-19, all ferry services were suspended since February which caused a significant drop in customer footfall. During the period, occupancy of this space was 26%.

In June 2020, the Group completed an acquisition of 45% interest in certain assets from the New World group comprising 213,786 square feet of total lettable retail area, 13,827 square feet of gross office area and 85 parking spaces in Shun Tak Centre. Upon completion of the acquisition, the Group now has a 55% effective interest in those assets. This strategic move enabled the Group to have greater versatility and synergy over the leasing strategy of the retail development's target positioning and tenant mix in the future.

In Macau

Nova Mall

(Group interest: 50%)

The long anticipated Nova Mall made its debut in April 2020 as its largest anchor tenant IKEA opened its first shop in Macau, followed by a number of other retailers at B1 level in June. As the first shopping destination in Macau created with local needs in mind, the Mall immediately gained wide popularity despite under an exceptionally challenging retail environment. Other floors of the mall will be opened by phases, subject to government approval and the pandemic situation. It is expected that the property will generate strong rental income for the Group, as well as bring new vitality to Macau's retail economy. The mall is targeting to achieve an average occupancy of at least 80% by end of 2020.

One Central Shopping Mall

(Group interest: 51%)

Widely known for its premium flagship stores and international designer brands, One Central is a prominent shopping destination housing around 400,000 square feet of shops and services. It maintained a satisfactory average occupancy of 92% during the period under lease relief programs extended by landlord.

Shun Tak House

(Group interest: 100%)

This 28,000 square foot property situated at the heart of Macau's major tourist locale is predominantly occupied by two anchor tenants. The property maintained a 100% occupancy rate during the period. With the significant decline in tourist arrivals, tenants suffered a major loss in revenue. To help its long term tenants weather the downturn, the Group has extended special concessions as relief and support.

In China

Shun Tak Tower Beijing
(Group interest: 100%)

Shun Tak Tower is situated in Beijing Dong Zhi Men, conveniently located next to the airport highway and enjoys proximity to Beijing downtown and the embassy area. The site spans 63,000 square feet (5,832 square metres), with a gross floor area of approximately 419,000 square feet (38,900 square metres) rising 21 levels aboveground, and 182,000 square feet (16,900 square metres) in 4 underground levels. The property also houses a 138-room Artyzen Habitat Hotel. Shun Tak Tower achieved an average office occupancy rate of 87% in 1H2020.

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

This development in Guangzhou, a 32-storey office tower over a six-storey shopping mall in Guangzhou, generated steady revenue for the Group in the year. Its average occupancy rate over the period was 96%.

Property Services

The Group's property and facility management arm has a sizable portfolio across Hong Kong, Macau and China. In light of the COVID-19 situation, the company has substantially heightened cleaning and precautionary protocols to protect occupants in its properties.

Amid the pandemic, there has been a substantial slowdown in tourism, gaming and hospitality industries in Macau, leading to decline in business for Shun Tak Macau Services Limited and Clean Living (Macau) Limited. Nonetheless, with the addition of Nova Mall into its management portfolio and Macau's quick recovery from the pandemic, it is anticipated that performance will pick up in the latter half of year.

TRANSPORTATION

2020 heralded one of the most trying periods in the transportation division's history. The COVID-19 pandemic has forced cross-border travels to a near standstill. As part of governments' containment measures, sea borders were ordered to close in February until further notice, while land transport via the Hong Kong-Zhuhai-Macau Bridge was reduced to minimal service and travelers are subject to stringent quarantine measures.

During the first half of 2020, the division's flagship TurboJET brand, which runs between Macau and Hong Kong, only operated for 34 days and carried 0.5 million passengers, a decline of 90% year-on-year. This led to an inevitable widened loss of HK$275 million in the first half of 2020 (1H2019: loss of HK$70 million).

In light of the dire circumstances, the transportation division has imposed various cost control measures to help it navigate through the rough terrain. Moreover, it has entered a restructuring agreement with China Travel International Investment Hong Kong Limited ("CTII"). Through closer collaboration, the companies aim to generate stronger synergy in the offer of future land and sea services to take full advantage of anticipated growth in the Greater Bay Area, and adapt to forecasted shifts in regional travel patterns and structural demand.

TurboJET's 2020 operations were brought to an abrupt halt due to widespread disruptions caused by the COVID-19 pandemic. To contain the outbreak, the HKSAR government tightened border controls, closing all sea route borders from January 30 for China Ferry Terminal and Tuen Mun Ferry Terminal, and from February 4 for Hong Kong Macau Ferry Terminal. All Hong Kong-Macau ferry services have been suspended until further notice.

Amid the suspension, TurboJET undertook a special charter arrangement with the Macau government. It operated 64 trips between Hong Kong International Airport and Macau over a period of one month, and offered transfer services for students and residents abroad, as well as stranded foreigners to facilitate their return home.

In a positive turn of events, in celebration of the 15th Anniversary of the Inscription of the "Historic Centre of Macao" on the World Heritage List, Macau Cruise resumed its service in late June under a new sailing schedule, offering special prices for traveling between Macau Fisherman's Wharf and Coloane. Macau Cruise also participated in the "Macao Ready Go! Local Tours" scheme, a government-subsidized programme coordinated by Macao Government Tourism Office to drive domestic consumption and reinvigorate tourism business.

During these trying times, the division implemented a comprehensive review of all aspects of its operations to enhance TurboJET's cost-efficiency and sustainability. Stringent cost control measures were introduced, which included employee pay cuts and organizational restructuring. As a result, over the first half of 2020, total operating cost has been reduced by 50% year-on-year. Coupling these savings with relief subsidies extended by the Hong Kong and Macau governments, TurboJET is cautiously confident that it is positioned to surmount the current economic turmoil and prolonged recovery process.

The land transport branch of the division has also been detrimentally affected by COVID-19 related border closures. The division's investments in various cross boundary bridge transport services, including "Golden Bus", "HK-MO Express", "Macau HK Airport Direct" as well as "TurboJET Cross Border Limo" service, were completely suspended. As a result, the company recorded HK$13 million in revenue, representing a 81% decrease year-on-year in the first half of 2020.

It is widely believed that COVID-19 will usher in a new era of cross-border travel, catalyzing structural demand changes in the tourism and transportation industry. When travel restrictions are loosened, Hong Kong and Macau tourism shall benefit from a resurgence of regional demand and shifting consumer preferences towards short haul travel. A regional "travel bubble" system between Hong Kong, Macau and Guangdong province, anticipated reinstatement of the individual visitor scheme, and proposed stimulus plans from regional governments will all help restore travel confidence and promote tourism demand within the region.

Foreseeing a paradigm shift in regional travel dynamics, in March 2020, the Group announced a shareholding restructuring in association with CTII to widen its multi-modal transportation platform in the Greater Bay Area. Through such, the Group will be forging closer cooperative ties with CTII to help diversify its business, maximize synergy in cross-border land and sea transportation businesses, and capitalize on new opportunities arising from the integration of the Greater Bay Area.

HOSPITALITY

COVID-19 has impacted every sphere of life and has upended all economies, with travel and tourism being one of the worst hit industries. Hong Kong and Macau were among the first regions to institute travel bans and border closures; in addition to other countermeasures including a 14-day quarantine policy and local gathering restrictions, visitor arrivals took a nosedive and triggered mass cancellations. Visitors to Hong Kong and Macau have dropped precipitously by 99% year-on-year, while the hotel industry's average occupancy rate has plunged to single digit or low-double. Operating under such exceptionally adverse headwinds, the division posted HK$128 million in loss (1H2019: HK$25 million in loss).

Hotels in Operation

Hong Kong SkyCity Marriott Hotel

The 658-room Hong Kong SkyCity Marriott Hotel is strategically located next to Hong Kong International Airport and AsiaWorld-Expo ("AWE"), Hong Kong's largest convention and exhibition centre. Amid the pandemic, AWE has been commissioned as a testing centre of COVID-19 for arriving visitors by the government, while a total of 60 events were canceled.

As a result, hotel revenue has been significantly affected and posted a 61% decline year-on-year. Nonetheless, the hotel maintains an occupancy forecast above 35% for the full year, mainly attributable to business from cargo and airline crew, private jets and airport projects.

During the period, the hotel was a proud recipient of the ESDlife Quality Wedding Merchant Scheme award.

Mandarin Oriental, Macau

The prestigious Mandarin Oriental, Macau has established a solid foothold in the luxury travel market with its exceptional hospitality and bespoke services. However, under the prevailing pandemic, the hotel suffered substantial cancellations from MICE groups which resulted in a significant decline in occupancy to an average of 14% over the first half of 2020.

To weather the loss of inbound business, the hotel pivoted to the promotion of wedding, celebrations and local catering offers for the remainder of the year. Beyond that, focus will be placed upon driving direct bookings and strengthening collaboration with key travel partners once government-mandated restrictions are gradually lifted. The hotel was a proud recipient of Triple Five Star rating for Hotel, Restaurant and Spa from Forbes Travel Guide 2020 Star Awards.

Grand Coloane Resort

Managed by Artyzen Hospitality Group, this resort hotel offers travelers a tranquil upmarket environment for leisure and relaxation. Facing Hac Sa beach in Coloane and surrounded by greenery, the hotel has a "retreat" character appealing to those looking for a break from Macau's vibrant city life.

In light of the COVID-19 pandemic, Grand Coloane Resort was one of the more resilient properties recording an average occupancy of 43% over the first half of the year. This was due to both its long-established popularity among locals as a staycation destination, as well as a special appointment from the government to use the hotel as a medical observation facility for a period of 30 days, which bolstered occupancy and revenue in March and April. The hotel shall continue to implement a series of cost control and savings initiatives to narrow its deficit.

The hotel was a proud recipient of the 2020 Hotel.com Luxury Category Winner and Beach Award Winner.

Artyzen Habitat Dongzhimen Beijing

Opened in September 2017, the 138-key hotel is located within Beijing's old fortress wall, offering a blend of contemporary designs amid the traditional local community and the perfect balance of old and new for travelers seeking authentic local experiences.

The hotel enjoyed a promising start in January before the onset of COVID-19 pandemic, which drove its occupancy to plunge to 38% as of June 2020. In July, as intercity travel restrictions were temporarily eased, the hotel experienced an encouraging rebound which bore solid testament to strong fundamentals and local demands. However, due to a resurgence of local infection cases, the government reintroduced containment policies which, once again, significantly stifled demand.

Artyzen Habitat Hongqiao Shanghai

As part of the vibrant Shanghai MixC Complex, a major retail and leisure hub, this 188-key hotel features a distinct urban vibe, and offers social, dining and event spaces that inspire connections between travelers.

The hotel has been gradually gaining momentum particularly among the business community. Yet, with drastic disruptions in travel, the hotel posted an average occupancy of 31% over the first half of year. Nonetheless, in light of government subsidies, cost-control measures, and the gradual recovery of the Shanghai market, the hotel managed to break even in profit. The hotel will continue to focus on the growing MICE tourism in the upcoming quarters.

citizenM Shanghai Hongqiao

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

Hotels Under Planning and Development

No.9 Cuscaden Road, Singapore

The Group is in the process of developing this premium site into a 5-star luxury hotel with no fewer than 142 rooms. The hotel will provide a high-end restaurant and bar, a rooftop dining area, an outdoor swimming pool, gym among other wellness facilities.

Foundation work was completed and superstructure work has already commenced, with topping out scheduled for Q4 2020. With the impact of COVID-19, construction is expected to be delayed by approximately six months with completion expected in early 2022 and planned opening in mid-2022. The hotel will be managed by the Artyzen Hospitality Group under the Artyzen Hotels & Resorts brand.

Artyzen Hospitality Group

The Group's subsidiary, Artyzen Hospitality Group Limited ("AHG"), is a hotel management company that manages a range of self-branded hotels. It also provides comprehensive white-label solutions for other properties. Headquartered in Hong Kong with regional offices in Macau, Shanghai and Singapore, the company has local art, heritage and traditions as its central philosophy, and aims to deliver culturally rewarding experiences for its guests.

The Group is currently developing two joint venture hotel projects with Perennial to be managed by Nexus Hospitality Management Limited, a subsidiary of AHG. The 982-room property in Tianjin and 1152-room property in Kunming are expected to be opened in Q1 2023 and Q1 2024 respectively.

Under the impact of COVID-19, AHG's pipeline properties are experiencing varying degrees of construction delays. AHG is working closely with owners on the newest opening timelines and keeping pre-opening expenses within range. Upon the opening of its pipeline hotels including seven in Shanghai, one in Hengqin, one in Chongqing and one in Singapore, profitability of AHG is expected to improve.

During the period, AHG has also been actively pursuing a number of new investment opportunities outside China with the objective of expanding its footprint across the Asia Pacific region.

Tourism Facility Management

In support of Macau government's measures to contain the pandemic, Macau Tower Convention & Entertainment Centre ("Macau Tower") has suspended its operations for 3 weeks during the month of February 2020, and partially reopened its facilities thereafter. Over the first half of the year, the number of patronized visitors to the Observation Deck declined to 68,000 (1H2019: 326,000). In addition, banquet and MICE businesses suffered extensive postponement and cancellations. In the short term, Macau Tower has dedicated great effort to improving its cost efficiency, as well as collaborating with the authorities in campaigns targeted to stimulate domestic consumption and to invigorate the local economy.

Membership Club

Artyzen Club is the latest urban business club in town, dedicated to connecting business and social communities in Hong Kong. Its well-appointed facilities include a Chinese restaurant and a Western lifestyle eatery and bar, along with various sports and wellness facilities as well as business function rooms which are rare gems in a city centre location. By June 2020, the Club has established a membership base of more than 350 members. Its banqueting service is highly popular among corporate members for hosting annual general meetings and client relationship programs.

As customers seek more private and exclusive dining environments during the pandemic, the Club saw an increase in lunch patronage. Nonetheless, its bottom-line was affected due to periods of forced closures as mandated by the government.

Travel and MICE

Shun Tak Travel is the Group's full-service travel and MICE arm. In 2020, the Group announced the decision to streamline its operation in order to redirect resources to other core operations. This re-alignment and its refocused corporate strategy will allow the division to generate savings to deliver on its financial objectives and advance other higher growth opportunities.

INVESTMENT

The Group is a long term investor in Sociedade de Turismo e Diversões de Macau, S.A. ("STDM"), and holds 15.7% effective interest in the company as at 30 June 2020. STDM in turn owns an effective shareholding of approximately 54.03% in SJM Holdings Limited, which is effectively entitled to a 100% economic interest in Sociedade de Jogos de Macau, S.A., one of six gaming concessionaires licensed by the Macau SAR Government to operate casinos in Macau. Over the first half of 2020, dividends received amounted to HK$139 million (1H2019: HK$85 million), representing an increase of 64% year-on-year.

Kai Tak Cruise Terminal

The Group operates and manages Kai Tak Cruise Terminal Hong Kong in partnership with Worldwide Flight Services Holding SA and Royal Caribbean Cruises Ltd. Global cruise businesses took a heavy toll from COVID-19 after multiple cases of mass outbreak onboard cruise liners around the world and general border closures. In Hong Kong, ship berthing has been suspended since 5 February 2020 as mandated by the government, and future ship calls are pending confirmation.

Retail Matters Company Limited

The Group's retail division, Macau Matters Company Limited and recently rebranded as "Retail Matters Company Limited", is the license holder of international toy brand "Toys'R'Us" in Macau. It has been operating two outlets located at tourist hotspots Macau Tower and Senado Square.

The retail sector suffered greatly during the public health crisis and uncertainties continued to weigh on consumer sentiment. Nonetheless, Toys'R'Us Macau has managed to maintain profitability while expanding at the same time. In June, Toys'R'Us Macau successfully opened its third and largest 20,000 square-foot store at Nova Mall in Taipa. This flagship store offers a new retail experience that combined a toy store with multiple entertainment concepts. "FunPark", the entertainment area within the store, will be opened in the second half of the year.

During the period, Retail Matters also successfully acquired Stecco Natura from Italy to become the worldwide owner of this gelato brand. It directly operates 2 outlets in Hong Kong, while the brand also distributes to 6 other outlets worldwide. Stecco Natura HK opened at The Peak in March 2020, being its second outlet following K11. Further expansions for the brand worldwide are expected in the second half of this year.

RECENT DEVELOPMENTS AND OUTLOOK

The global outbreak of COVID-19 has decimated many sectors of the economy, with travel, tourism and retail being some of the worst hit areas. As international and regional borders closed off, travel has come to a near standstill. The Group's transportation division, which primarily operates sea and land passenger services between Hong Kong, Macau and Mainland China, has been forced to suspend operation since February. The pandemic, which dovetailed months of social unrest in the preceding year resulting in curbed visitor arrivals in Hong Kong, has profoundly impacted revenue. During the period, the division has imposed stringent cost control measures which minimized operating and overhead costs, and implemented other strategic plans, such as a shareholding restructure with CTII which was completed in July, in order to better position the business in unlocking the full growth potential arising from the fast integrating Greater Bay Area living circle.

In terms of property, the Group has not launched any residential units for sale during the period in light of negative market sentiment and dampened consumer confidence. Commercial investments have been particularly vulnerable, as retailers struggle with a drastic decline in revenue. In support of government's call to support local businesses, the Group tides over difficult time with its tenants by offering concessionary rental relief and helping them stay in business. Going forward, it is anticipated that retail rent will face significant recessionary pressure and lease renewals will be challenging. In April, Nova Mall in Taipa was launched with the opening of two of its anchor tenants, while the majority of the remaining space is expected to start operation in late 2020 or early 2021. With the mall's local positioning and the pandemic largely under control in Macau, Nova Mall has quickly gained wide popularity and generated strong performance. During the period, the Group has ensured consistent construction progress in its pipeline developments and is preparing for the pre-sale of three overseas projects, including Hengqin Integrated Development in Zhuhai, Park Nova as well as 14 &14A Nassim Road in Singapore. The Group will be launching these uniquely distinctive projects according to market conditions.

RECENT DEVELOPMENTS AND OUTLOOK

COVID-19 has hammered tourism around the world, leaving restaurants, entertainment, scenic spots and hotels in the doldrums. The Group's hotel holdings have turned to developing the domestic market, as well as building brand loyalty locally. During the May Day Holiday, the first silver lining began to emerge as domestic travels begin to revive in China. In July, Macau and the nine Greater Bay Area cities have lifted the 14-day quarantine requirement under a mutually recognized health code system. It is anticipated that recovery will be a gradual process, but pent up demand for travel is evidently strong. In August, the Group and citizenM have mutually and amicably decided to deflag the citizenM Shanghai Hongqiao hotel.

In a COVID-era defined by uncertainty and challenges, the Group is making every effort to manage costs, conserve cash flow, as well as taking measures to protect the long term sustainability of its investments, tenants, customers and staff. In spite of the unprecedentedly tough operating environment, the Group remains financially strong and resilient. It shall continue to stay agile and manage change effectively in order to deliver on planned projects for the rest of year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's bank balances and deposits amounted to HK$8,984 million as at 30 June 2020, representing a decrease of HK$3,297 million as compared with the position as at 31 December 2019. 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 2020 amounted to HK$24,183 million, of which HK$5,706 million remained undrawn. The Group's bank borrowings outstanding at the period end amounted to HK$18,477 million.

Based on a net borrowings of HK$9,493 million at the interim period end, the Group's gearing ratio (expressed as a ratio of net borrowings to equity attributable to owners of the Company) was 27.6% (31 December 2019: 17.3%). The Group will continue with its financial strategy of maintaining a healthy gearing ratio and consider steps to reduce its finance costs.

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

Maturity Profile

Within 1 year	1-2 years	2-5 years	over 5 years	Total
18%	11%	59%	12%	100%

MATERIAL ACQUISITION, DISPOSAL AND COMMITMENT

In June 2020, the Group entered into a sale and purchase agreement to acquire the 450 Class A shares ("A Shares") and 450 Class B shares ("B Shares") in the capital of Shun Tak Centre Limited ("STCL") together with the shareholder's loan of HK$23 million for the consideration of HK$2,387 million. The transaction was completed on 30 June 2020. Upon completion, the Group shall be entitled to a pro rata of profits and the net assets of the STCL group attributable to or comprised in the A Shares, which include the certain investment properties situated at Shun Tak Centre, Hong Kong, and the B Shares, respectively.

In April 2020, the Group entered into the sale and purchase agreement to acquire 30% of the total issued ordinary shares, 30% of issued redeemable preference shares and 30% of junior bonds issued by Perennial Somerset Investors Pte. Ltd. at a consideration of SGD157 million (equivalent to approximately HK$854 million). The transaction was completed on 29 May 2020. Upon completion, it became an indirect wholly-owned subsidiary of the Group and was renamed as Shun Tak Somerset Investors Pte. Ltd. subsequently.

In March 2020, the Group entered into sale and purchase agreements to implement the restructuring and transformation of Shun Tak – China Travel Shipping Investments Limited ("STCT"), which is held as to 71% by Interdragon Limited, a non-wholly owned subsidiary of the Group, into a new transportation platform for the provision of cross boundary transportation services in the Greater Pearl River Delta Region. The restructuring comprised: i) the disposal of 21% of the issued share capital of STCT at a cash consideration of HK$422 million; ii) the acquisition of the entire issued share capital and shareholder loan of China Travel Tours Transportation Development (HK) Limited ("CTTT"), by STCT at a cash consideration of HK$496 million; and iii) the acquisition of the entire issued share capital of Jointmight Investments Limited ("Jointmight"), a wholly-owned subsidiary of the Group, by STCT, at a cash consideration of HK$55 million. The restructuring was completed on 16 July 2020. After the completion of the restructuring, each of STCT and Jointmight would cease to be a subsidiary of the Group. STCT (inclusive of Jointmight and CTTT) would be accounted for as an associate of the Group.

In November 2018, the Group entered into a main contract to construct a hotel property in Singapore. As at 30 June 2020, the Group has an outstanding commitment of approximately HK$457 million.

In January 2018, the Group entered into an agreement with other partners to jointly invest in Perennial HC Holdings Pte. Ltd. ("HC Co"), which will invest in potential real estate projects in the PRC predominantly for healthcare usage, with hotel and/or with retails components, complemented by healthcare-related amenities and mixed use properties. The total committed capital for HC Co is USD500 million. The Group holds 30% equity interest in HC Co and thus has its share of commitment at USD150 million. As at 30 June 2020, the Group has an outstanding commitment to contribute capital of approximately USD99 million (equivalent to approximately HK$770 million) to HC Co.

CHARGES ON ASSETS

At the period end, bank loans to the extent of approximately HK$9,192 million (31 December 2019: HK$9,040 million) were secured with charges on certain assets of the Group amounting to an aggregate carrying value of HK$18,021 million (31 December 2019: HK$18,434 million). Out of the above secured bank loans, an aggregate amount of HK$2,382 million (31 December 2019: HK$2,171 million) was also secured by pledges of shares in certain subsidiaries. HK$1,584 million shares consideration payable for acquisition of shares in STCL was secured by 300 A Shares of STCL.

CONTINGENT LIABILITIES

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

FINANCIAL RISK

The Group adopts a prudent approach in financial risk management to minimize exposure to currency and interest rate risks. Majority of funds raised by the Group are on a floating rate basis. Except for the bank loan of Renminbi ("RMB") 1,809 million and Singapore dollar ("SGD") 1,163 million, the Group's outstanding borrowings were not denominated in foreign currency at the period end. Approximately 90% of the bank deposits, cash and bank balances are denominated in Hong Kong dollar ("HKD"), Macau pataca ("MOP") and US dollar ("USD") and the remaining balance mainly in RMB, whereby MOP and USD are pegged to HKD. The Group's principal operations are primarily conducted in HKD while its financial assets and liabilities are denominated in USD, MOP, SGD and RMB. The Group will from time to time review its foreign exchange and market conditions to determine if any hedging is required. The Group currently engages in fuel hedging activities to minimise exposure to fluctuations in fuel prices in accordance with the Group's approved treasury policies.

HUMAN RESOURCES

The Group, including subsidiaries but excluding joint ventures and associates, employed approximately 2,900 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.

Condensed Consolidated Income Statement

For the six months ended 30 June

	Note	(Unaudited) 2020	(Unaudited) 2019
		HK$'000	HK$'000
Revenue	3	**2,141,406**	11,809,371
Other income		**175,389**	183,222
		2,316,795	11,992,593
Other (losses)/gains, net	4	**(63)**	9,152
Cost of inventories sold and services provided		**(703,398)**	(4,967,160)
Staff costs		**(529,144)**	(664,436)
Depreciation and amortisation		**(101,453)**	(136,439)
Other costs		**(367,886)**	(343,249)
Fair value changes on investment properties		**(275,421)**	14,294
Operating profit	3, 5	**339,430**	5,904,755
Finance costs	6	**(216,426)**	(285,361)
Share of results of joint ventures		**(184,688)**	59,724
Share of results of associates		**(63,209)**	7,922
(Loss)/profit before taxation		**(124,893)**	5,687,040
Taxation	7	**(94,578)**	(725,068)
(Loss)/profit for the period		**(219,471)**	4,961,972
Attributable to:			
Owners of the Company		**(279,152)**	3,409,407
Non-controlling interests		**59,681**	1,552,565
(Loss)/profit for the period		**(219,471)**	4,961,972
(Loss)/earnings per share *(HK cents)*	9		
— basic		**(9.2)**	112.7
— diluted		**(9.2)**	112.7

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June

	(Unaudited) 2020 HK$'000	(Unaudited) 2019 HK$'000
(Loss)/profit for the period	**(219,471)**	4,961,972
Other comprehensive (loss)/income		
Items that may be reclassified to profit or loss:		
Debt instruments at fair value through other comprehensive income:		
Changes in fair value	**(770)**	(97)
Cash flow hedges:		
Changes in fair value, net of tax	**(19,240)**	24,846
Transfer to profit or loss	**7,518**	10,623
Reversal of asset revaluation reserve upon sales of properties, net of tax	**(38,250)**	(342,876)
Currency translation differences	**(166,260)**	12,276
Share of currency translation differences of joint ventures	**(105,058)**	(7,404)
Share of currency translation differences of associates	**(41,553)**	(27,829)
Items that will not be reclassified to profit or loss:		
Equity instruments at fair value through other comprehensive income:		
Changes in fair value	**(180,026)**	(314,553)
Other comprehensive loss for the period, net of tax	**(543,639)**	(645,014)

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June

	(Unaudited) 2020 HK$'000	(Unaudited) 2019 HK$'000
Total comprehensive (loss)/income for the period	**(763,110)**	4,316,958
Attributable to:		
Owners of the Company	**(780,222)**	2,815,032
Non-controlling interests	**17,112**	1,501,926
Total comprehensive (loss)/income for the period	**(763,110)**	4,316,958

	Note	(Unaudited) 30 June 2020	(Audited) 31 December 2019
		HK$'000	HK$'000
Non-current assets			
Property, plant and equipment	10	**3,395,871**	3,652,657
Right-of-use assets		**788,998**	855,823
Investment properties	11	**7,844,341**	8,132,054
Joint ventures		**12,381,205**	12,734,445
Associates		**5,337,480**	3,141,999
Intangible assets		**2,240**	2,320
Financial assets at fair value through other comprehensive income	12	**3,404,825**	3,586,492
Deferred tax assets		**26,921**	46,503
Other non-current assets		**1,483,690**	1,458,116
		34,665,571	33,610,409
Current assets			
Properties for or under development		**6,364,395**	6,765,078
Inventories		**10,582,737**	11,569,353
Trade and other receivables, deposits paid and prepayments	13	**935,463**	1,080,100
Derivative financial instruments		**—**	16,503
Taxation recoverable		**4,501**	6,489
Cash and bank balances		**8,984,223**	12,280,902
		26,871,319	31,718,425
Assets held for sale	14	**1,708,357**	—
		28,579,676	31,718,425

Condensed Consolidated Balance Sheet

	Note	(Unaudited) 30 June 2020	(Audited) 31 December 2019
		HK$'000	HK$'000
Current liabilities			
Trade and other payables, and deposits received	13	**2,398,546**	2,733,511
Contract liabilities		**392,634**	666,084
Lease liabilities		**30,277**	47,278
Bank borrowings		**3,219,893**	7,295,263
Medium term notes	15	**—**	3,170,586
Provision for employee benefits		**6,767**	11,231
Taxation payable		**1,103,008**	1,021,385
Loans from non-controlling interests		**474,460**	896,536
		7,625,585	15,841,874
Liabilities directly associated with assets held for sale	14	**183,558**	—
		7,809,143	15,841,874
Net current assets		**20,770,533**	15,876,551
Total assets less current liabilities		**55,436,104**	49,486,960
Non-current liabilities			
Contract liabilities		**29,231**	24,164
Lease liabilities		**38,113**	69,830
Bank borrowings		**15,257,239**	8,019,423
Deferred tax liabilities		**847,078**	912,951
Other non-current liabilities	16	**828,798**	—
		17,000,459	9,026,368
Net assets		**38,435,645**	40,460,592

	Note	(Unaudited) 30 June 2020	(Audited) 31 December 2019
		HK$'000	HK$'000
Equity			
Share capital	17	**9,858,250**	9,858,250
Other reserves		**24,573,586**	25,358,119
Proposed dividends		**—**	543,866
Equity attributable to owners of the Company		**34,431,836**	35,760,235
Non-controlling interests		**4,003,809**	4,700,357
Total equity		**38,435,645**	40,460,592

Pansy Ho
Director

Daisy Ho
Director

For the six months ended 30 June 2020 (unaudited)

	Equity attributable to owners of the Company												
	Share capital	Capital reserve	Legal reserve	Special reserve	Investment revaluation reserve	Hedging reserve	Asset revaluation reserve	Exchange reserve	Retained profits	Proposed dividends	Total	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2020	9,858,250	14,465	12,201	(151,413)	2,257,130	2,486	299,148	(516,948)	23,441,050	543,866	35,760,235	4,700,357	40,460,592
(Loss)/profit for the period	–	–	–	–	–	–	–	–	(279,512)	–	(279,512)	59,681	(219,471)
Items that may be reclassified to profit or loss:													
Debt instruments at fair value through other comprehensive income:													
Changes in fair value	–	–	–	–	(770)	–	–	–	–	–	(770)	–	(770)
Cash flow hedges:													
Changes in fair value, net of tax	–	–	–	–	–	(9,320)	–	–	–	–	(9,320)	(9,920)	(19,240)
Transfer to profit or loss	–	–	–	–	–	3,202	–	–	–	–	3,202	4,316	7,518
Reversal of asset revaluation reserve upon sales of properties, net of tax	–	–	–	–	–	–	(38,250)	–	–	–	(38,250)	–	(38,250)
Currency translation differences	–	–	–	–	–	–	–	(129,750)	–	–	(129,750)	(36,510)	(166,260)
Share of currency translation differences of joint ventures	–	–	–	–	–	–	–	(105,058)	–	–	(105,058)	–	(105,058)
Share of currency translation differences of associates	–	–	–	–	–	–	–	(41,553)	–	–	(41,553)	–	(41,553)
Item that will not be reclassified to profit or loss:													
Equity instruments at fair value through other comprehensive income:													
Changes in fair value	–	–	–	–	(179,571)	–	–	–	–	–	(179,571)	(455)	(180,026)
Other comprehensive loss for the period, net of tax	–	–	–	–	(180,341)	(6,118)	(38,250)	(276,361)	–	–	(501,070)	(42,569)	(543,639)
Total comprehensive (loss)/income for the period	–	–	–	–	(180,341)	(6,118)	(38,250)	(276,361)	(279,152)	–	(780,222)	17,112	(763,110)

	Equity attributable to owners of the Company												
	Share capital	Capital reserve	Legal reserve	Special reserve	Investment revaluation reserve	Hedging reserve	Asset revaluation reserve	Exchange reserve	Retained profits	Proposed dividends	Total	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2019 final dividend	–	–	–	–	–	–	–	–	–	(543,866)	(543,866)	–	(543,866)
Dividend to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(290,000)	(290,000)
Transfers	–	–	(2)	–	–	–	–	2	–	–	–	–	–
Acquisition of interests in subsidiaries without change of control (Note 22)	–	–	–	–	–	–	–	–	(4,311)	–	(4,311)	(423,660)	(427,971)
	–	–	(2)	–	–	–	–	–	(4,309)	(543,866)	(548,177)	(713,660)	(1,261,837)
At 30 June 2020	9,858,250	14,465	12,199	(151,413)	2,076,789	(3,632)	260,898	(793,309)	23,157,589	–	34,431,836	4,003,809	38,435,645

For the six months ended 30 June 2019 (unaudited)

	Equity attributable to owners of the Company												
	Share capital	Capital reserve	Legal reserve	Special reserve	Investment revaluation reserve	Hedging reserve	Asset revaluation reserve	Exchange reserve	Retained profits	Proposed dividends	Total	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2019	9,858,250	14,465	13,926	(151,413)	2,805	(31,311)	666,188	(372,755)	20,598,521	484,070	31,082,746	6,082,854	37,165,600
Restatement	–	–	–	–	1,813,329	–	–	–	–	–	1,813,329	670,397	2,483,726
Restated balance at 1 January 2019	9,858,250	14,465	13,926	(151,413)	1,816,134	(31,311)	666,188	(372,755)	20,598,521	484,070	32,896,075	6,753,251	39,649,326
Profit for the period	–	–	–	–	–	–	–	–	3,409,407	–	3,409,407	1,552,565	4,961,972
Items that may be reclassified to profit or loss:													
Debt instruments at fair value through other comprehensive income:													
Changes in fair value	–	–	–	–	(97)	–	–	–	–	–	(97)	–	(97)
Cash flow hedges:													
Changes in fair value, net of tax	–	–	–	–	–	16,984	–	–	–	–	16,984	7,862	24,846
Transfer to profit or loss	–	–	–	–	–	8,792	–	–	–	–	8,792	1,831	10,623
Reversal of asset revaluation reserve upon sales of properties, net of tax	–	–	–	–	–	–	(342,876)	–	–	–	(342,876)	–	(342,876)
Currency translation differences	–	–	–	–	–	–	–	9,587	–	–	9,587	2,689	12,276
Share of currency translation differences of joint ventures	–	–	–	–	–	–	–	(7,404)	–	–	(7,404)	–	(7,404)
Share of currency translation differences of associates	–	–	–	–	–	–	–	(27,829)	–	–	(27,829)	–	(27,829)
Item that will not be reclassified to profit or loss:													
Equity instruments at fair value through other comprehensive income:													
Changes in fair value	–	–	–	–	(251,532)	–	–	–	–	–	(251,532)	(63,021)	(314,553)
Other comprehensive income/(loss) for the period, net of tax	–	–	–	–	(251,629)	25,776	(342,876)	(25,646)	–	–	(594,375)	(50,639)	(645,014)
Total comprehensive income/(loss) for the period	–	–	–	–	(251,629)	25,776	(342,876)	(25,646)	3,409,407	–	2,815,032	1,501,926	4,316,958

	Equity attributable to owners of the Company												
	Share capital	Capital reserve	Legal reserve	Special reserve	Investment revaluation reserve	Hedging reserve	Asset revaluation reserve	Exchange reserve	Retained profits	Proposed dividends	Total	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2018 final dividend	–	–	–	–	–	–	–	–	–	(302,266)	(302,266)	–	(302,266)
2018 final dividend on share bought-back	–	–	–	–	–	–	–	–	278	(278)	–	–	–
2018 special dividend	–	–	–	–	–	–	–	–	–	(181,526)	(181,526)	–	(181,526)
Dividend to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(1,118,980)	(1,118,980)
Buy-back of shares	–	–	–	–	–	–	–	–	(7,079)	–	(7,079)	–	(7,079)
Disposal of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	(34,702)	(34,702)
Disposal of financial assets at fair value through other comprehensive income	–	–	–	–	20	–	–	–	(20)	–	–	–	–
	–	–	–	–	20	–	–	–	(6,821)	(484,070)	(490,871)	(1,153,682)	(1,644,553)
At 30 June 2019	9,858,250	14,465	13,926	(151,413)	1,564,525	(5,535)	323,312	(398,401)	24,001,107	–	35,220,236	7,101,495	42,321,731

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June

	(Unaudited) 2020	(Unaudited) 2019
	HK$'000	HK$'000
Operating activities		
Cash generated from operations	**393,764**	5,732,112
Income tax paid	**(55,677)**	(6,669)
Net cash generated from operating activities	**338,087**	5,725,443
Investing activities		
Purchase of property, plant and equipment	**(48,847)**	(735,726)
Addition to investment properties	**(22,359)**	(5,619)
Capital contribution to a joint venture	**—**	(233,156)
Capital contribution to an associate	**(779,203)**	(71,725)
Advances to joint ventures	**(15,862)**	—
Advances to associates	**(26,975)**	(2,036)
Net proceeds from disposal of assets and liabilities held for sale	**—**	10,326
Repayments from joint ventures	**—**	184,911
Prepayment for purchasing of property, plant and equipment	**(4,206)**	—
Decrease/(increase) in bank deposits with maturities over three months	**624,933**	(3,630,532)
Interest received	**117,613**	135,619
Dividends received from financial assets at fair value through other comprehensive income	**146,378**	92,259
Dividends received from joint ventures	**9,000**	—
Dividends received from associates	**12,037**	8,922
Cash inflows from other investing activities	**1,026**	645
Net cash from/(used) in investing activities	**13,535**	(4,246,112)

	(Unaudited) 2020	(Unaudited) 2019
	HK$'000	HK$'000
Financing activities		
Drawdown of new bank loans	9,092,654	3,513,508
Repayments of bank loans	(5,657,745)	(4,035,566)
Loans from non-controlling interests	35,987	—
Repayments of loans from non-controlling interests	(425,576)	(322,426)
Acquisition of interest in subsidiaries	(246,579)	—
Redemption of medium term notes	(3,078,455)	—
Payment for lease liabilities (including interest)	(28,715)	(29,429)
Buy-back of shares	—	(7,079)
Finance costs (including interests and bank charges) paid	(346,996)	(318,176)
Dividends paid to shareholders	(33)	(6)
Dividends paid to non-controlling interests	(1,658,503)	(1,118,980)
Net cash used in financing activities	(2,313,961)	(2,318,154)
Net decrease in cash and cash equivalents	(1,962,339)	(838,823)
Effect of foreign exchange rates changes	(10,646)	1,299
Cash and cash equivalents at 1 January	10,182,848	9,058,561
Cash and cash equivalents at 30 June	8,209,863	8,221,037
Analysis of cash and cash equivalents		
Cash and bank balances	8,984,223	17,111,127
Bank deposits with maturities over three months	(1,473,121)	(8,890,090)
Cash and bank balances of a subsidiary reclassified as assets held for sale	698,761	—
Cash and cash equivalents at 30 June	8,209,863	8,221,037

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements of Shun Tak Holdings Limited (the "Company") and its subsidiaries (together, the "Group") are prepared in accordance with the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2019 which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The accounting policies and methods of recognition and presentation used in the preparation of the condensed consolidated interim financial statements are consistent with those described in the 2019 annual financial statements except as stated in note 2 below.

The financial information relating to the year ended 31 December 2019 that is included in the condensed consolidated interim financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company had delivered the financial statements for the year ended 31 December 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company's auditor had reported on the financial statements for the year ended 31 December 2019. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance (Cap. 622).

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

(Continued)

The preparation of the condensed consolidated interim financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Those areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates were significant to the Group's consolidated financial statements were detailed in the 2019 annual financial statements and note 23 to these condensed consolidated interim financial statements.

2 IMPACT OF NEW AMENDMENTS TO HKFRS

(a) New amendments to standards adopted by the Group

The following new amendments to standards are relevant to the Group's operations and first effective for the Group's financial year beginning on 1 January 2020:

Amendments to HKAS 1 and HKAS 8	Amendments to Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

The adoption of the above amended standards does not have any significant impact to the Group's results for the six months ended 30 June 2020 and the Group's financial position as at 30 June 2020.

(b) Amendment to standards early adopted by the Group

The Group has early adopted the following amendments to standard, which is relevant to its operations.

Amendments to HKFRS 16	COVID-19-Related Rent Concessions

2 IMPACT OF NEW AMENDMENTS TO HKFRS (Continued)

(b) Amendment to standards early adopted by the Group (Continued)

Amendments to HKFRS 16 "COVID-19-Related Rent Concessions" allow lessee to elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic ("COVID-19") is a lease modification. Such practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 and only if all of the following conditions are met:

— the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than the consideration for the lease immediately preceding the change;

— any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

— there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to all qualifying COVID-19-related rent concessions. Rent concessions for long-term leases and short-term leases of HK$3,746,000 and HK$17,486,000 respectively have been recognised in other costs in the consolidated income statement for the period ended 30 June 2020. There is no impact on the opening balance of equity at 1 January 2020.

2 IMPACT OF NEW AMENDMENTS TO HKFRS (Continued)

(c) Amendments to standards not yet adopted

The HKICPA has issued amendments to standards which are relevant to the Group's operations but are not yet effective for the Group's financial year beginning on 1 January 2020 and have not been early adopted:

Amendments to HKAS 1[2]	Classification of Liabilities as Current or Non-current
Amendments to HKAS 16[1]	Property, Plant and Equipment
Amendments to HKAS 37[1]	Provisions, Contingent Liabilities and Contingent Assets
Amendments to HKFRS 10 and HKAS 28[3]	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Annual Improvements 2018-2020 Cycle[1]	

[1] Effective for annual periods beginning 1 January 2022

[2] Effective for annual periods beginning 1 January 2023

[3] Effective date to be determined

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

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 and club operation, hotel management and travel agency services
Investment	—	investment holding and others

(b) Segment results, assets and liabilities

Management evaluates performance of the reportable segments on the basis of operating profit or loss before fair value changes on investment properties, non-recurring gains and losses, interest income and unallocated net corporate expenses. Inter-segment transactions have been entered into on terms agreed by the parties concerned. The Group's measurement methods used to determine reported segment profit or loss remain unchanged since 2019.

3 SEGMENT INFORMATION (Continued)

(b) Segment results, assets and liabilities (Continued)

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.

As detailed in note 14, the Group has completed its restructuring in its transportation businesses on 16 July 2020. Subsequent to the completion of the transaction, the results and assets and liabilities of Shun Tak – China Travel Shipping Investments Limited ("STCT") would continue to be grouped under the transportation segment but under the lines "Share of results of associates" and "Associates" for the purpose of segment reporting.

3 SEGMENT INFORMATION (Continued)

(b) Segment results, assets and liabilities (Continued)

For the six months ended 30 June 2020

	Property	Transportation	Hospitality	Investment	Eliminations	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue and other income						
External revenue						
Revenue from contracts with customers						
– Recognised at a point in time	1,469,292	2,038	29,513	12,222	–	1,513,065
– Recognised over time	81,522	84,870	97,800	–	–	264,192
	1,550,814	86,908	127,313	12,222	–	1,777,257
Revenue from other sources						
– Rental income	217,353	215	–	203	–	217,771
– Dividend income	–	–	–	146,378	–	146,378
	217,353	215	–	146,581	–	364,149
	1,768,167	87,123	127,313	158,803	–	2,141,406
Inter-segment revenue	997	217	1,344	–	(2,558)	–
Other income (external and excluding interest income)	12,649	45,989	10,634	973	–	70,245
	1,781,813	133,329	139,291	159,776	(2,558)	2,211,651
Segment results	878,946	(274,894)	(127,560)	134,088	–	610,580
Fair value changes on investment properties	(275,421)	–	–	–	–	(275,421)
Interest income						103,135
Unallocated net corporate expenses						(98,864)
Operating profit						339,430
Finance costs						(216,426)
Share of results of joint ventures	(155,801)	(1,026)	(27,861)	–	–	(184,688)
Share of results of associates	(56,154)	(1,087)	(10,302)	4,334	–	(63,209)
Loss before taxation						(124,893)
Taxation						(94,578)
Loss for the period						(219,471)

3 SEGMENT INFORMATION (Continued)

(b) Segment results, assets and liabilities (Continued)

For the six months ended 30 June 2019

	Property	Transportation	Hospitality	Investment	Eliminations	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue and other income						
External revenue						
Revenue from contracts with customers						
– Recognised at a point in time	10,225,193	16,785	59,070	11,938	–	10,312,986
– Recognised over time	83,372	739,323	333,832	–	–	1,156,527
	10,308,565	756,108	392,902	11,938	–	11,469,513
Revenue from other sources						
– Rental income	243,105	4,290	–	204	–	247,599
– Dividend income	–	–	–	92,259	–	92,259
	243,105	4,290	–	92,463	–	339,858
	10,551,670	760,398	392,902	104,401	–	11,809,371
Inter-segment revenue	1,356	1,308	15,920	–	(18,584)	–
Other income (external and excluding interest income)	19,063	11,744	4,790	361	–	35,958
	10,572,089	773,450	413,612	104,762	(18,584)	11,845,329
Segment results	5,843,229	(69,910)	(25,432)	89,012	–	5,836,899
Fair value changes on investment properties	14,294	–	–	–	–	14,294
Interest income						147,264
Unallocated net corporate expenses						(93,702)
Operating profit						5,904,755
Finance costs						(285,361)
Share of results of joint ventures	72,542	1,936	(14,754)	–	–	59,724
Share of results of associates	5,537	(96)	(3,122)	5,603	–	7,922
Profit before taxation						5,687,040
Taxation						(725,068)
Profit for the period						4,961,972

3 SEGMENT INFORMATION (Continued)

(b) Segment results, assets and liabilities (Continued)

As at 30 June 2020

	Property	Transportation	Hospitality	Investment	Eliminations	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets						
Segment assets	30,863,334	3,356,122	4,084,749	3,493,363	–	41,797,568
Joint ventures	12,714,359	–	(333,154)	–	–	12,381,205
Associates	5,182,131	–	146,073	9,276	–	5,337,480
Unallocated assets						3,728,994
Total assets						63,245,247
Liabilities						
Segment liabilities	2,954,862	167,928	139,199	28,033	–	3,290,022
Unallocated liabilities						21,519,580
Total liabilities						24,809,602

As at 31 December 2019

	Property	Transportation	Hospitality	Investment	Eliminations	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets						
Segment assets	31,550,063	4,961,646	4,246,840	3,703,197	(20,624)	44,441,122
Joint ventures	12,975,218	64,520	(305,293)	–	–	12,734,445
Associates	2,911,669	29,657	187,331	13,342	–	3,141,999
Unallocated assets						5,011,268
Total assets						65,328,834
Liabilities						
Segment liabilities	1,622,736	1,607,668	231,370	32,039	(20,624)	3,473,189
Unallocated liabilities						21,395,053
Total liabilities						24,868,242

4 OTHER (LOSSES)/GAINS, NET

	For the six months ended 30 June	
	2020	2019
	HK$'000	HK$'000
Net gain on disposal of a subsidiary	**—**	9,157
Net loss on disposal of property, plant and equipment	**(63)**	(5)
	(63)	9,152

5 OPERATING PROFIT

	For the six months ended 30 June	
	2020	2019
	HK$'000	HK$'000
After crediting:		
Interest income from bank deposits and others	**103,179**	147,340
Rental income from investment properties	**144,430**	151,974
Dividend income from listed investments	**7,823**	7,470
Dividend income from unlisted investments	**138,555**	84,789
Wage, salary and other subsidies from governments under COVID-19	**56,476**	—
After charging:		
Cost of inventories sold		
— properties	**565,133**	4,306,612
— fuel	**45,226**	280,948
— others	**20,699**	45,328
	631,058	4,632,888

6 FINANCE COSTS

	For the six months ended 30 June 2020	2019
	HK$'000	HK$'000
Interest on bank borrowings and overdrafts	**218,707**	222,130
Interest on medium term notes	**32,979**	90,154
Interest on lease liabilities	**2,296**	3,304
Other finance costs	**17,832**	13,825
Total finance costs	**271,814**	329,413
Less: amount capitalised in properties for or under development, inventories and hotel building under construction	**(55,388)**	(44,052)
	216,426	285,361

7 TAXATION

	For the six months ended 30 June 2020	2019
	HK$'000	HK$'000
Current taxation		
Hong Kong profits tax	**18,088**	16,105
Overseas taxation	**119,334**	869,318
	137,422	885,423
Deferred taxation		
Origination and reversal of temporary differences	**(42,844)**	(160,355)
	94,578	725,068

7 TAXATION (Continued)

Hong Kong profits tax is provided for at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits for the period. Overseas taxation is calculated at tax rates applicable to jurisdictions in which the Group operates, mainly in Macau and the PRC at 12% and 25% respectively.

8 INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend in respect of the six months ended 30 June 2020 (2019: nil).

9 (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on loss attributable to owners of the Company of HK$279,152,000 (2019: profit of HK$3,409,407,000) and the weighted average number of 3,021,479,785 shares (2019: 3,025,196,006 shares) in issue during the period.

Basic and 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 period ended 30 June 2020 (2019: same).

10 PROPERTY, PLANT AND EQUIPMENT

During the period, additions to property, plant and equipment mainly comprised hotel land and buildings of HK$17,205,000 and hotel buildings under construction of HK$30,222,000 (2019: hotel land and buildings of HK$613,030,000) and there was a transfer from property for or under development to hotel buildings under construction amounted to HK$333,245,000. In the same period, net book value of property, plant and equipment disposed of amounted to HK$75,000 (2019: HK$142,000).

11 INVESTMENT PROPERTIES

A revaluation of all investment properties was performed on 30 June 2020 by reference to sales evidence as available on the market and where appropriate on the basis of capitalisation of net income. The revaluation of the Group's investment properties was conducted by Savills Valuation and Professional Services Limited, an independent professional valuer, in accordance with the Hong Kong Institute of Surveyors Valuation Standards issued by the Hong Kong Institute of Surveyors.

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The fair value of the Group's unlisted equity investment in Sociedade de Turismo e Diversões de Macau, S.A. ("STDM") that is not traded in an active market is estimated using valuation technique. The Group uses its judgement to apply the market approach as the valuation method and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The fair value derived for the Group's investment in STDM was HK$3,012,826,000 as at 30 June 2020 (31 December 2019: HK$3,089,453,000). Details of the key assumptions used and the impact of changes to these assumptions are disclosed in note 23.

13 TRADE RECEIVABLES AND PAYABLES

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

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

	30 June 2020	31 December 2019
	HK$'000	HK$'000
0 — 30 days	**42,420**	89,393
31 — 60 days	**11,798**	24,820
61 — 90 days	**4,010**	5,764
over 90 days	**10,823**	6,282
	69,051	126,259

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

	30 June 2020	31 December 2019
	HK$'000	HK$'000
0 — 30 days	**528,189**	794,849
31 — 60 days	**2,009**	4,434
61 — 90 days	**2,315**	6,524
over 90 days	**2,207**	5,268
	534,720	811,075

14 ASSETS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE

On 6 March 2020, the Company and China Travel International Investment Hong Kong Limited ("CTII") (through their respective subsidiaries) entered into sale and purchase agreements to implement the restructuring and transformation of STCT, which is held as to 71% by Interdragon Limited ("Interdragon"), a non-wholly owned subsidiary of the Group, and 29% by Dalmore Investments Limited ("Dalmore"), a wholly-owned subsidiary of CTII, into a new transportation platform for the provision of cross boundary transportation services in the Greater Pearl River Delta Region. The restructuring comprises:

i. the disposal of 21% of the issued share capital of STCT by Interdragon to Dalmore at a cash consideration of HK$421,805,000;

ii. the acquisition of the entire issued share capital and shareholder loan of China Travel Tours Transportation Development (HK) Limited ("CTTT"), a wholly-owned subsidiary of CTII, by STCT from CTII, at a cash consideration of HK$495,687,000; and

iii. the acquisition of the entire issued share capital of Jointmight Investments Limited ("Jointmight"), a wholly-owned subsidiary of the Group, by STCT, at a cash consideration of HK$55,362,000.

14 ASSETS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE (Continued)

The major classes of assets held for sale and liabilities directly associated with assets held for sale are as follows:

	STCT Group	Jointmight	Total
	HK$'000	HK$'000	HK$'000
Assets held for sale			
Property, plant and equipment	525,922	—	525,922
Right-of-use assets	107,226	—	107,226
Joint ventures	26,197	28,297	54,494
Associates	28,570	28,768	57,338
Deferred tax assets	29,084	—	29,084
Other non-current assets	4,063	—	4,063
Inventories	176,022	—	176,022
Trade and other receivables, deposits paid and prepayments	52,141	—	52,141
Taxation recoverable	3,306	—	3,306
Cash and bank balances	698,761	—	698,761
Total assets held for sale	1,651,292	57,065	1,708,357
Liabilities directly associated with assets held for sale			
Trade and other payables, and deposits received	136,992	4	136,996
Derivative financial instruments	10,214	—	10,214
Contract liabilities	4,375	—	4,375
Lease liabilities	13,655	—	13,655
Provision for employee benefits	2,388	—	2,388
Taxation payable	1,125	—	1,125
Deferred tax liabilities	14,805	—	14,805
Total liabilities directly associated with assets held for sale	183,554	4	183,558

15 MEDIUM TERM NOTES

On 7 March 2013, the Company issued guaranteed medium term notes (the "Notes") with principal amounts of USD400 million (approximately HK$3,125 million) at an annual coupon rate of 5.7% per annum through a wholly-owned subsidiary. The Notes were guaranteed by the Company. It matured and was repaid on 7 March 2020.

The cross-currency swaps used by the Group to hedge against the foreign currency risk in respect of the Notes with aggregate principal amount of USD400 million were expired on 7 March 2020.

16 OTHER NON-CURRENT LIABILITIES

On 29 June 2020, the Group entered into a sale and purchase agreement to acquire the 450 Class A Shares and 450 Class B Shares in the capital of Shun Tak Centre Limited ("STCL") and the shareholder's loan of HK$23,587,000 for the total consideration of HK$2,387,200,000. The transaction was completed on 30 June 2020.

The second instalment of the shares consideration payable of HK$779,203,000 will be payable by 30 June 2021 and is included within trade and other payables under current liabilities, whereas the other non-current liabilities represent the final instalment of share consideration payable of HK$805,211,000 and shareholder's loan of HK$23,587,000, which are payable by 30 June 2022. These share consideration payables are secured and bear interest at 2% per annum.

17 SHARE CAPITAL

	30 June 2020		31 December 2019	
	Number of shares	**HK$'000**	Number of shares	HK$'000
Issued and fully paid				
Ordinary shares				
At beginning of the period/year	**3,021,479,785**	**9,858,250**	3,025,435,785	9,858,250
Buy-back of shares	**—**	**—**	(3,956,000)	—
At end of the period/year	**3,021,479,785**	**9,858,250**	3,021,479,785	9,858,250

During the year ended 31 December 2019, the Company bought back its own shares through The Stock Exchange of Hong Kong Limited as follows:

Month of buy-back	Number of shares bought back	Price per share Highest	Price per share Lowest	Aggregate consideration
		HK$	HK$	HK$'000
May 2019	1,736,000	3.08	3.01	5,316
June 2019	560,000	3.12	3.10	1,745
July 2019	1,660,000	3.10	3.03	5,104
	3,956,000			12,165
		Total expenses on shares bought back		32
				12,197

17 SHARE CAPITAL (Continued)

As at 31 December 2019, the shares buy-back was governed by section 257 of the Hong Kong Companies Ordinance. The total amount incurred for the shares bought back including the transaction costs of HK$12,197,000 was paid wholly out of the Company's retained profits. All the shares bought back were cancelled subsequently. There is no shares buy-back during the period ended 30 June 2020.

18 CHARGES ON ASSETS

At the period end, bank loans to the extent of approximately HK$9,192 million (31 December 2019: HK$9,040 million) were secured with charges on certain assets of the Group amounting to an aggregate carrying value of HK$18,021 million (31 December 2019: HK$18,434 million). Out of the above secured bank loans, an aggregate amount of HK$2,382 million (31 December 2019: HK$2,171 million) was also secured by pledges of shares in certain subsidiaries. HK$1,584 million shares consideration payable for acquisition of shares in STCL was secured by 300 Class A Shares of STCL.

19 SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Details of significant related party transactions during the period were as follows:

		For the six months ended 30 June	
		2020	2019
	Note	**HK$'000**	HK$'000
STDM Group	(i)		
Dividend income from STDM		**138,498**	84,460
Ferry tickets sold (after discount) to STDM Group		**6,894**	48,427
Fees received from STDM Group for provision of hospitality management and related services		**9,197**	16,592
Fees received from STDM Group for provision of property related services		**8,242**	2,493
Fees received from STDM Group for provision of business support services		**2,441**	7,482
Rental and related expenses paid to STDM Group		**8,747**	14,735
Fees paid to STDM Group for purchase of travel products		**1,004**	10,247
Fuel arrangement fee paid to STDM Group for Macau shipping operations		**970**	3,694
Amount reimbursed by STDM Group for staff expenses and administrative resources shared		**17,373**	18,454
Revenue of duty free goods sold on board collected for STDM		**973**	6,338
Joint venture			
Ferry passengers handling fees received on behalf of a joint venture		**673**	5,324
Associates			
Rental and related expenses paid to STCL	(ii)	**8,885**	9,571
Insurance premium paid to an associate		**16,970**	22,357
Fuel costs paid to an associate		**1,849**	19,717
Key management personnel			
Directors' emoluments			
— Salaries and other short-term employee benefits		**16,294**	16,412
— Provident fund contributions		**706**	806

19 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(b) At the balance sheet date, the Group had the following balances with related parties:

	Note	30 June 2020 HK$'000	31 December 2019 HK$'000
STDM Group	(i)		
Net receivable from/(payable to) STDM Group	(iv)	**7,060**	(1,343,097)
Joint ventures			
Amounts due by joint ventures	(iii)	**1,397,336**	1,382,493
Amounts due to joint ventures	(iii)	**2,253**	3,195
Associates			
Amounts due by associates	(v)	**33,966**	10,110
Amounts due to associates	(v)	**450**	3,498
Key management personnel			
Deposit paid by a subsidiary to Sai Wu Investment Limited ("Sai Wu")	(vi)	**500,000**	500,000

Notes:

(i) Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho and Mr. David Shum, Directors of the Company, have beneficial interests in STDM. Ms. Pansy Ho and Mr. David Shum are directors of STDM. Ms. Daisy Ho is an appointed representative of Lanceford Company Limited, which is a corporate director of STDM. Ms. Maisy Ho is an appointed representative of the Company, which is a corporate director of STDM.

(ii) Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho and Mr. David Shum are directors of STCL.

(b) At the balance sheet date, the Group had the following balances with related parties: (Continued)

Notes: (Continued)

(iii) Amounts due by joint ventures and amounts due to joint ventures are unsecured, non-interest bearing and with no fixed term of repayment.

(iv) Net receivable from/(payable to) STDM Group comprises trade and other receivables and payables.

(v) Amounts due by associates and amounts due to associates are unsecured, non-interest bearing and with no fixed term of repayment.

(vi) On 11 November 2004, Shun Tak Nam Van Investment Limited ("Shun Tak Nam Van"), a wholly-owned subsidiary of the Group, entered into a conditional sale and purchase agreement ("SPA") with Sai Wu, a company beneficially owned as to 60% by Dr. Stanley Ho and 40% by other independent third parties, to acquire the interest in the land development right in respect of the property sites adjoining the Macau Tower in Nam Van, Macau. The refundable deposit of HK$500,000,000 was paid by Shun Tak Nam Van to Sai Wu in order to further extend the completion date of the acquisition without changing the consideration or other terms of the acquisition.

On 1 November 2016, Shun Tak Nam Van, the Company and Sai Wu entered into a supplemental agreement in respect of (i) the extension of the long stop date of the SPA and (ii) the proposed transfer of entire share capital of companies holding the respective leasehold grant or promissory land replacement rights (the "Target Companies") and the assignment of relevant promissory land replacement rights held by Sai Wu to Shun Tak Nam Van (the "Transfer"), enabling the Group to have authority to directly negotiate on behalf of Sai Wu and the Target Companies in relation to the land sites and the promissory land replacement rights. The Transfer was completed in 2018.

Depending on the results of such negotiation, Shun Tak Nam Van may (i) obtain the replacement site(s) to its satisfaction and pay the pro-rata consideration; or (ii) revoke the Transfer and request Sai Wu to return the deposit paid by Shun Tak Nam Van under the SPA.

20 COMMITMENTS

(a) Capital commitments

	Note	30 June 2020 HK$'000	31 December 2019 HK$'000
Contracted but not provided for			
Property, plant and equipment	(i)	**478,176**	515,787
Capital contribution to			
Joint ventures	(ii)	**68,359**	69,601
Associates	(iii)	**788,230**	792,732
		856,589	862,333

Notes:

(i) As at 30 June 2020, the outstanding commitments mainly include approximately HK$457 million (31 December 2019: HK$501 million) for development of a hotel property in Singapore.

(ii) The Group's share of capital commitments to a joint venture for jointly developing a land in Shanghai Qiantan is HK$765 million at 30 June 2020 (31 December 2019: HK$637 million).

(iii) As at 30 June 2019, the outstanding commitments mainly includes capital contribution of USD99 million (31 December 2019: USD99 million) to an associate for investing in real estate projects in the PRC for healthcare usage, with hotel and/or retail components, complemented by healthcare-related amenities and mixed use properties.

(b) Property development commitments

The Group had outstanding commitments of HK$213 million (31 December 2019: HK$287 million) under various contracts for property development projects.

In addition to the above, the Group had commitments to pay HK$250 million (31 December 2019: HK$250 million) in cash and to issue up to 148,883,374 (31 December 2019: 148,883,374) ordinary shares of the Company for the conditional acquisition of the interest in the land development right in respect of the property sites adjoining the Macau Tower in Nam Van, Macau.

21 CONTINGENT LIABILITIES

The Group has provided guarantee to a third party in respect of the sum owing by a joint venture to the third party under a license agreement of the pier operation in Hong Kong. At the balance sheet date, the Group's share of such contingent liability amounted to approximately HK$20 thousand (31 December 2019: HK$1.9 million).

22 ACQUISITION OF INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL

On 16 April 2020, Simply Swift Limited ("Simply Swift"), an indirect wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with Perennial Singapore Investment Holdings Pte. Limited ("Perennial"). Pursuant to the agreement, Simply Swift conditionally agreed to purchase from Perennial 30% of the total issued ordinary shares, 30% of issued redeemable preference shares and 30% of junior bonds issued by Perennial Somerset Investors Pte. Ltd. ("Somerset"), a 70% owned subsidiary by Simply Swift, at a consideration of SGD157 million (equivalent to approximately HK$854 million).

Upon completion on 29 May 2020, Somerset became an indirect wholly-owned subsidiary of the Group and its financial results was continued to be fully consolidated in the financial statements. The transaction results in a decrease in non-controlling interests of HK$424 million and a decrease in retained profits of HK$4 million.

23 FINANCIAL INSTRUMENTS

Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including foreign exchange risk, interest rate risk and price risk).

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2019 annual financial statements.

There have been no changes in any risk management policies since the year end.

Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

— Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

— Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

— Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

23 FINANCIAL INSTRUMENTS (Continued)

Fair value estimation (Continued)

At 30 June 2020

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Assets				
Financial assets at FVOCI				
— equity securities	**333,101**	**7,229**	**3,012,826**	**3,353,156**
— debt securities	**51,669**	**—**	**—**	**51,669**
Total assets	**384,770**	**7,229**	**3,012,826**	**3,404,825**

At 31 December 2019

	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Assets				
Derivatives used for hedging				
— cross-currency swaps	—	15,027	—	15,027
— fuel swap contracts	—	1,476	—	1,476
Financial assets at FVOCI				
— equity securities	436,485	8,357	3,089,453	3,534,295
— debt securities	52,197	—	—	52,197
Total assets	488,682	24,860	3,089,453	3,602,995

23 FINANCIAL INSTRUMENTS (Continued)

Fair value estimation (Continued)

Level 2 derivatives used for hedging comprise fuel swap contracts and cross currency swaps. The fuel swap contracts have been fair valued using forward fuel prices that are quoted in an active market. The cross currency swaps are fair valued using forward interest rates extracted from observable yield curves and foreign exchange rates that are quoted in an active market. The effects of discounting are generally insignificant for Level 2 derivatives.

Level 2 equity securities are valued based on the net asset value per share.

Level 3 equity securities are fair valued using market approach which is based on the capitalisation of the dividend income expected from the investment by a capitalisation rate, which is derived with reference to the dividend yields of comparable listed companies with similar business nature and business model, as well as the relative risk profile of the comparable listed companies and the investment itself.

There were no other changes in valuation techniques during the period.

During the six months ended 30 June 2020, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements. There were no significant changes in the business or economic circumstances that affect the fair values of the Group's financial assets and financial liabilities and there were no reclassifications of financial assets during the same period.

23 FINANCIAL INSTRUMENTS (Continued)

Information about fair value measurements using significant unobservable inputs

Fair value as at 30 June 2020	Valuation method	Range of significant unobservable inputs	
		Expected dividend stream per year	Dividend yield
HK$'000			
3,012,826	Market approach	HK$119 million	3.95%

Fair value as at 31 December 2019	Valuation method	Range of significant unobservable inputs	
		Expected dividend stream per year	Dividend yield
HK$'000			
3,089,453	Market approach	HK$120 million	3.89%

The determination of fair value of the investment using significant unobservable inputs involves a high degree of judgement and estimates. For illustration purpose, the sensitivity of the fair value of such investment at 30 June 2020 and 31 December 2019 to hypothetical changes in the significant principal assumptions (while holding all other assumptions constant) is as follows:

30 June 2020	Change in assumptions	Impact on fair value and other comprehensive income	
		Positive impact	Negative impact
Expected dividend stream	Increase/decrease by 10% per year	Increase by HK$301 million	Decrease by HK$301 million
Dividend yield	Decrease/increase by 0.5%	Increase by HK$437 million	Decrease by HK$339 million

23 FINANCIAL INSTRUMENTS (Continued)

Information about fair value measurements using significant unobservable inputs (Continued)

		Impact on fair value and other comprehensive income	
31 December 2019	Change in assumptions	Positive impact	Negative impact
Expected dividend stream	Increase/decrease by 10% per year	Increase by HK$309 million	Decrease by HK$309 million
Dividend yield	Decrease/increase by 0.5%	Increase by HK$456 million	Decrease by HK$352 million

The carrying value of the unlisted equity investment in STDM which is categorised at Level 3 fair value hierarchy and the movement is as follows:

	HK$'000
At 1 January 2019, as restated	3,296,742
Change in fair value recognised in other comprehensive income	(230,304)
At 30 June 2019	3,066,438
At 31 December 2019	3,089,453
Change in fair value recognised in other comprehensive income	(76,627)
At 30 June 2020	3,012,826

24 EVENT AFTER BALANCE SHEET DATE

The STCT restructuring was completed on 16 July 2020. After the completion of the restructuring, each of STCT and Jointmight would cease to be a subsidiary of the Group. STCT (inclusive of Jointmight and CTTT) would be accounted for as an associate using equity method. Details of the restructuring are disclosed in note 14.

羅兵咸永道

To the Board of Directors of Shun Tak Holdings Limited
(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 24 to 64, which comprises the interim condensed consolidated balance sheet of Shun Tak Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2020 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

SCOPE OF REVIEW

Except as explained in the following paragraphs, we conducted our review 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 Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BASIS FOR QUALIFIED CONCLUSION

The Group holds a number of associates which are accounted for using the equity method of accounting. As at 30 June 2020, the Group held approximately 38.7% equity interests in an associated company named Perennial Tongzhou Holdings Pte. Ltd. ("PT"). PT is an investment holding company which holds 50% effective interests in three project companies that are engaged in property development for sales in China (collectively the "project companies"). As at 30 June 2020, investment in associates of HK$504,009,000 and exchange reserves deficit of HK$96,175,000 were in relation to PT, and share of losses of associates of HK$10,000, and share of currency translation losses of associates in other comprehensive loss of HK$10,508,000 were in respect of PT for the six months then ended.

The Group relied on the financial information provided by PT management to account for the Group's share of result and share of net assets of PT. However, since the books and records of the project companies were kept by the other shareholder who holds the remaining 50% interests in the project companies, management of PT did not have sufficient access to the books and records of the project companies, and therefore they were not able to provide to the Group adequate supporting information and explanations with respect to the financial performance and financial position of the project companies up to the date of this report. Our access to the underlying records and explanations sought were also denied. We were therefore unable to obtain sufficient appropriate evidence we considered necessary about the Group's carrying value in the investment in associates and exchange reserves in respect of PT as at 30 June 2020, and the Group's share of losses and share of currency translation differences in other comprehensive loss in respect of PT for the six months then ended. Given these scope limitations, there were no other satisfactory procedures that we could perform to determine whether any adjustments to the Group's investment in PT of HK$504,009,000 and share of its exchange reserves deficit of HK$96,175,000 as at 30 June 2020, and the Group's share of losses of HK$10,000 and share of currency translation losses in other comprehensive loss of HK$10,508,000 in respect of PT for the six months then ended were necessary.

QUALIFIED CONCLUSION

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion section of our report, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 August 2020

(1) DISCLOSURE OF DIRECTORS' INTERESTS

As at 30 June 2020, the interests or short positions of the directors ("Directors") and chief executive of the Company and their respective associates in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

(a) Interests of the Directors in Shares and Underlying Shares of the Company

		Number of shares held				
Name of Director	Nature of interests	Personal interests		Corporate interests		Approximate percentage of total issued shares
			Note		Note	Note (i)
Mr. Norman Ho	Interests in underlying shares	1,132,124	(ii)	–		0.04%
Mr. Charles Ho	Interests in underlying shares	1,132,124	(ii)	–		0.04%
Ms. Pansy Ho	Interests in issued shares	166,043,937		368,620,627	(iv)	17.70%
	Interests in issued shares	–		65,040,000	(vi)	2.15%
	Interests in unissued shares	–		148,883,374	(iii)	4.93%
Ms. Daisy Ho	Interests in issued shares	89,496,345		134,503,471	(v)	7.41%
	Interests in issued shares	–		65,040,000	(vi)	2.15%
	Interests in unissued shares	–		148,883,374	(iii)	4.93%
Ms. Maisy Ho	Interests in issued shares	38,901,203		31,717,012	(vii)	2.34%
Mr. David Shum	Interests in issued shares	5,660,377		–		0.19%

Notes:

(i) *As at 30 June 2020, the total number of issued shares of the Company was 3,021,479,785.*

(ii) *These represented the interests in underlying shares in respect of share options granted by the Company, details of which are disclosed in sub-paragraph (2) under the heading of "Share Options" below.*

(iii) *The 148,883,374 unissued shares in which Ms. Pansy Ho and Ms. Daisy Ho were deemed to hold interests under the SFO, are the same parcel of shares, and represents the maximum amount of consideration shares to be issued to Alpha Davis Investments Limited ("ADIL") pursuant to the agreement dated 1 November 2016 in relation to the extension of the long stop date of the sale and purchase agreement dated 11 November 2004 (and the supplemental agreements thereto) regarding the acquisition of sites in Nam Van District, Macau by the Group and the proposed transfer as described in the Company's circular dated 29 November 2016 (the "Sai Wu Agreement"). ADIL is owned as to 53% by Megaprosper Investments Limited ("MIL") which in turn is owned as to 51% by Ms. Pansy Ho and 39% by Ms. Daisy Ho.*

(iv) *The 368,620,627 shares in which Ms. Pansy Ho was deemed to hold interests under the SFO, comprised 184,396,066 shares held by Beeston Profits Limited ("BPL") and 184,224,561 shares held by Classic Time Developments Limited ("CTDL"). Both BPL and CTDL are wholly-owned by Ms. Pansy Ho.*

(v) *The 134,503,471 shares in which Ms. Daisy Ho was deemed to hold interests under the SFO, were held by St. Lukes Investments Limited, which is wholly-owned by Ms. Daisy Ho.*

(vi) *The 65,040,000 shares in which Ms. Pansy Ho and Ms. Daisy Ho were deemed to hold interests under the SFO, were the same parcel of shares, held by MIL through its wholly-owned subsidiary, Business Dragon Limited (see note (iii) above).*

(vii) *The 31,717,012 shares in which Ms. Maisy Ho was deemed to hold interests under the SFO, were held by LionKing Offshore Limited, which is wholly-owned by Ms. Maisy Ho.*

(b) Interests of the Directors in Shares and Underlying Shares of Other Associated Corporations of the Company

Name of Director	Name of company	Corporate interests	Percentage of total issued shares
			Note (i)
Ms. Pansy Ho	Shun Tak & CITS Coach (Macao) Limited	1,500 shares	15.00%

Note:

(i) As at 30 June 2020, there was a total of 10,000 shares of Shun Tak & CITS Coach (Macao) Limited in issue.

All the interests disclosed in sub-paragraphs (1)(a) and (1)(b) above represented long position interests in the shares or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO).

Save as disclosed in sub-paragraphs (1)(a) and (1)(b) above, none of the Directors or chief executive of the Company or any of their associates had, or were deemed to hold, any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 June 2020.

(2) SHARE OPTIONS

At the annual general meeting of the Company held on 6 June 2012, the shareholders of the Company (the "Shareholders") passed a resolution to adopt a share option scheme (the "2012 Share Option Scheme") under which the Directors may grant options to eligible persons to subscribe for the Company's shares subject to the terms and conditions as stipulated therein.

The share option scheme approved by the Shareholders on 31 May 2002 (the "2002 Share Option Scheme") expired on 30 May 2012 since which no further options have been granted. Subsisting options granted before the 2002 Share Option Scheme expired continue to be valid and exercisable within its terms.

No share options were granted under the 2012 Share Option Scheme since its adoption. Details of share options granted to the Directors under the 2002 Share Option Scheme and outstanding share options as at the beginning and end of the period were as follows:

			Number of share options			
Name of Director	**Date of grant**	**Exercise period**	**Exercise price per share**	**At 1 January 2020**	**At 30 June 2020**	
			HK$			Note
Mr. Norman Ho	29 March 2011	29 March 2011 to 27 March 2021	3.86	1,132,124	1,132,124	(i)
Mr. Charles Ho	29 March 2011	29 March 2011 to 27 March 2021	3.86	1,132,124	1,132,124	(i)
Total				2,264,248	2,264,248	

Notes:

(i) These share options were vested on 29 March 2011.

(ii) During the period, no share options under the 2002 Share Option Scheme were exercised, lapsed or cancelled.

Save as disclosed above, as at 30 June 2020, none of the Directors or their spouses or children under 18 years of age were granted any rights to subscribe for any equity or debt securities of the Company or any of its associated corporations under the 2012 Share Option Scheme and 2002 Share Option Scheme.

(3) SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

As at 30 June 2020, according to the register of interests or short positions in shares required to be kept by the Company under Section 336 of the SFO (other than the interests of the Directors and chief executive of the Company) or information available to the Company, the following shareholders held interests in 5% or more of the issued shares of the Company:

Name of shareholder		Nature of interests	Capacity	Long position/ short position	Number of shares/ underlying shares held	Approximate percentage of total issued shares
	Note					Note (i)
Renita Investments Limited ("Renita") and its subsidiary	(ii)	Interests in issued shares	Beneficial owner and interests of controlled corporation	Long position	500,658,864	16.57%
Oakmount Holdings Limited ("Oakmount")	(ii)	Interests in issued shares	Beneficial owner	Long position	396,522,735	13.12%
Shun Tak Shipping Company, Limited ("STS") and its subsidiaries	(iii)	Interests in issued shares	Beneficial owner and interests of controlled corporation	Long position	373,578,668	12.36%
Beeston Profits Limited ("BPL")	(iv)	Interests in issued shares	Beneficial owner	Long position	184,396,066	6.10%
Classic Time Developments Limited ("CTDL")	(iv)	Interests in issued shares	Beneficial owner	Long position	184,224,561	6.10%
Megaprosper Investments Limited ("MIL")	(v)	Interests in issued shares	Interest of controlled corporation	Long position	65,040,000	2.15%
	(vi)	Interests in unissued shares	Interest of controlled corporation	Long position	148,883,374	4.93%

Notes:

(i) As at 30 June 2020, the total number of issued shares of the Company was 3,021,479,785.

(ii) The 500,658,864 shares comprised 396,522,735 shares held by Oakmount, which is wholly-owned by Renita. Accordingly, part of the interest of Renita in the Company duplicates the interest of Oakmount in the Company. Ms. Pansy Ho, Ms. Daisy Ho and Ms. Maisy Ho hold beneficial interests in Renita and Oakmount. Ms. Pansy Ho and Ms. Daisy Ho are directors of Renita and Oakmount.

(iii) Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho and Mr. David Shum hold beneficial interests in, and are directors of, STS.

(iv) Ms. Pansy Ho holds 100% interests in and is a director of BPL and CTDL.

(v) MIL is owned as to 51% by Ms. Pansy Ho and 39% by Ms. Daisy Ho. Ms. Pansy Ho and Ms. Daisy Ho are directors of MIL. The 65,040,000 shares are held by Business Dragon Limited, a wholly-owned subsidiary of MIL.

(vi) The 148,883,374 unissued shares represented the maximum amount of consideration shares to be issued to Alpha Davis Investments Limited ("ADIL") pursuant to the Sai Wu Agreement. ADIL is owned as to 53% by MIL.

Save as disclosed above, no other person (other than the Directors and the chief executive of the Company) held any interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO or according to information available to the Company as at 30 June 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

The Board is of the opinion that the Company has complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2020, except for code provision A.2.1, which requires the roles of Chairman and Chief Executive to be separate and not to be performed by the same individual. The Board is of the view that since all major decisions have been made in discussion among Board members and appropriate Board committees, the allocation of power and authority within the corporate structure is adequately balanced to satisfy the objective of this code provision. In addition, there are four independent non-executive directors on the Board who offer their respective experience, expertise and independent advice and views from different perspectives. Therefore, it is in the best interest of the Company that Ms. Pansy Ho, with her in-depth knowledge of the businesses and extensive experience in the operations of the Group, assumes her dual capacity.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. All the Directors have confirmed, following specific enquiry by the Company on each of them, that they had fully complied with the Model Code throughout the six months ended 30 June 2020.

CHANGES IN DIRECTORS' INFORMATION

Changes in Directors' information since 27 March 2020, the date to which the 2019 annual report of the Company was made up, that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Name of Director	Details of changes
Ms. Pansy Ho	• Change of appointment from chairman to vice chairman of Shun Tak – China Travel Shipping Investments Limited and appointment as chairman of its executive committee on 16 July 2020. • Appointed as the chairman of the board of directors of Estoril-Sol, SGPS, S.A., a Portuguese listed gaming company on 24 June 2020.
Ms. Daisy Ho	• Appointed as a honorary president of Hong Kong Federation of Women in July 2018. • Change of appointment from committee member to chair of International Dean's Advisory Board of Joseph L. Rotman School of Management — University of Toronto in November 2019. • Ceased to be a director of Tianjin Education Foundation (Hong Kong) Ltd. in December 2019. • Change of appointment from vice chairman to chairman of Hong Kong Ballet in April 2020. • Change of appointment from vice chairman to chairman of Po Leung Kuk in April 2020.
Ms. Maisy Ho	• Appointed as director of Shun Tak Shipping Company, Limited (a substantial shareholder of the Company within the meaning of Part XV of the SFO) on 1 April 2020.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REVIEW BY AUDIT AND RISK MANAGEMENT COMMITTEE

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2020 have been reviewed by the audit and risk management committee (formerly known as audit committee) of the Company. At the request of the Directors, 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. PricewaterhouseCoopers has issued a modified conclusion on the condensed consolidated interim financial statements for the six months ended 30 June 2020. Please refer to "Report on Review of Interim Financial Information" on pages 65 to 67 of this report for more details.

THE VIEWS OF THE AUDIT AND RISK MANAGEMENT COMMITTEE ON THE QUALIFIED CONCLUSION

The audit and risk management committee of the Company understands that the Company has not been able to obtain necessary supporting information and explanations from its approximately 38.7% owned associate, Perennial Tongzhou Holdings Pte. Ltd. ("PT"), in relation to PT's 50% effective interests in three property project companies in China (collectively the "project companies"). The audit and risk management committee also understands that PT does not have sufficient access to the books and records of the project companies, which are maintained by the shareholder who holds the remaining 50% interests in the project companies. The audit and risk management committee therefore agrees that, under the circumstances, the auditor of the Company cannot obtain sufficient appropriate evidence to determine whether any adjustment in respect of the Company's investment in PT would have been necessary. Thus, the issuance of a qualified review conclusion is understandable.

However, the audit and risk management committee has requested the management of the Company to continue taking all necessary actions to resolve the matter as soon as practicable.

By order of the Board
Pansy Ho
Group Executive Chairman and Managing Director
Hong Kong, 27 August 2020

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

信德集團
SHUN TAK HOLDINGS

SHUN TAK HOLDINGS LIMITED

Penthouse 39th Floor, West Tower
Shun Tak Centre
200 Connaught Road Central
Hong Kong

信德集團有限公司

香港干諾道中二百號
信德中心西座三十九頂樓

www.shuntakgroup.com

FSC™
www.fsc.org
MIX
Paper from responsible sources
FSC™ C007234