信德集團
SHUN TAK HOLDINGS
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圓融不息
Circle of Inclusivity

2022

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

圓融不息
Circle of Inclusivity

At Shun Tak, success is defined by inclusivity underpinned by harmony and sincerity. It is the tenet that the Group has been upholding since its establishment for half a century, going hand in hand with the Group's longstanding pursuit of pragmaticism, innovation, integrity and inclusiveness.

Discerning social needs ahead of time, the Group developed its Property, Transportation, Hospitality and Investments businesses to fulfil society's needs. In addition to benefiting the development of the country and its people with its edge and resources, the Group strives to co-create value with its stakeholders in an effort to facilitate regional integration and contribute to the prosperity of the country.

圓滿通融，則和氣誠心，萬事可達，既為信德集團立業半世紀以來一直持守的宗旨，亦與集團務實、創新、誠信、包容的作風不謀而合。

集團擅於體察民生所需，因時制宜開發地產、運輸、酒店與投資業務，以企業優勢與資源服務國家和人民，與持份者攜手創值，致力促進區域融合，為推動國家的繁榮發展作貢獻。

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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 2022 of the Company and its subsidiaries (the "Group").

The unaudited profit attributable to owners of the Company for the period was HK$229 million (2021: HK$470 million). Underlying profit attributable to the owners which principally adjusted for unrealised fair value changes on investment properties would be HK$458 million (2021: HK$618 million). Basic earnings per share was HK7.6 cents (2021: HK15.6 cents).

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend in respect of the six months ended 30 June 2022 (2021: nil).

PROPERTY

A new wave of the COVID-19 pandemic dealt a major blow to the economy and society across Mainland China, Hong Kong and Macau over the first half of 2022. In response, the governments imposed more stringent pandemic control measures with months-long lockdowns in jurisdictions where the Group has significant assets. In view of these challenging factors, the Group swiftly reassessed its plans to sustain business growth in Asia. During the first half of 2022, the division posted a profit of HK$601 million (1H 2021: HK$898 million), representing a 33% year-on-year decrease.

Property developments
Projects completed with recent sales

In Macau
Nova Park (Group interest: 100%)

Nova Park, Phase 4 of the Group's landmark project Nova City, is a distinctive urban park-side residential development, featuring a breathtaking view of Taipa Central Park. Situated at the core of the growing Taipa community, the residence comprises three towers offering a total of 620 units with a gross floor area of approximately 680,000 square feet. As at 30 June 2022, 98% of total units have been sold and recognized.

Nova Grand (Group interest: 71%)

As the final phase of Nova City development, it comprises eight towers providing around 1,700 residential units. A development highly popular among the local Macanese, 41 units were handed over during the first six months of 2022. As of 30 June 2022, 87% of total units were sold.

Business Review

In Southern China

Hengqin Integrated Development (Group interest: 100%)

Adjacent to the 24-hour cross-border facility Hengqin Port, this development enjoys outstanding nodal convenience at the intersection of the Guangzhou-Zhuhai Intercity Railway and the future Macau Light Rapid Transit station, while being in close proximity to the intercity coach terminus and the Port's vehicle drop-off area. Strongly supported by Mainland China's national policy, the fledgling Hengqin Pilot Zone is rapidly developing its facilities to become a world class tourism hub.

As of 30 June 2022, a total of 422 residential units of the development were sold. Out of these, 419 units were handed over to homebuyers. The remaining four show flats are expected to be sold within 2022.

Fitting-out works at the common area of the 42,300-square-meter Grade A office space were completed in the first half of 2022. The fitting-out works at the 43,000-square-meter shopping mall will be completed in the second half of 2022.

Office leasing has gained an encouraging momentum in Hengqin, with growing interest from the professional services and consultancy sectors. The first office tenant took over their premises in April 2022. Meanwhile, the Group is seeking retail tenants in vast categories – from lifestyle and unique F&B offerings to wellness, entertainment and experiential consumption – to offer a holistic leisure experience for local families and tourists.

Given the volatile pandemic situation, the division is reassessing the mall's opening date, while a 230-room Artyzen Habitat Hotel with invitingly large social areas is set to open by mid-2023.

In Singapore

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

Located at the venerable Orchard Road precinct with close proximity to the Somerset MRT station, this 17-storey integrated development has a gross floor area of approximately 766,550 square feet. It covers two office towers, a two-level retail podium and a two-level basement car park. During the period, leasing performance remained robust with the committed occupancy rate exceeding 90% for retail and medical floors as at 30 June 2022. As Singapore is adopting an open approach to the pandemic, economic activities in the nation are expected to gradually revive, conducive to an improvement in business returns.

Projects under development

In Northern China

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

Strategically located in Tongzhou Beijing, the new capital for Beijing Central Government headquarters and state-owned enterprises, this iconic development is sited on the Grand Canal with its first phase expected to complete in 2024. The integrated project will feature 127,000 square meters of retail space, 119,000 square meters of office space, and 50,000 square meters of apartment units. The retail podium is set to link with M6 metro line that connects to the heart of the capital. Presales of the apartments are scheduled for 2023 after renovation of the sales office and show flats.

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

This 77,000-square-meter site was acquired in 2018 through a strategic partnership between the Group and Singapore-based Perennial Holdings Private Limited ("Perennial"), a well-established developer with extensive footprint in China's healthcare industry. It is being developed into a state-of-the-art "health city" adjacent to the Tianjin South High-Speed Railway Station, and will serve to meet the elevating demand for quality medical care in the fast-growing "Jing-Jin-Ji" megalopolis. The master plan covers a general hospital and elder care facilities, as well as commercial areas spanning 330,000 square meters of retail and hotel spaces. Superstructure works for the hospital are well on track, whereas electrical and mechanical works are also underway at the elder care towers and the hotel. Construction is expected to complete in phases starting from the fourth quarter of 2022 with full operation in the following year.

In Eastern China

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

The 140,500-square-meter cultural and community hub is comprised of offices, retail space that includes a basement shopping area, and a five-star hotel offering 202 rooms under the management of Artyzen Hospitality Group. The project also features a Performing Arts Center ("PAC") housing a concert hall and other multi-purpose halls with a capacity of 4,000 spectators. The project is a 50/50 joint venture between the Group and Shanghai Lujiazui (Group) Company Limited. The construction of offices was completed, and leasing is in progress. The retail, hotel and PAC developments are scheduled to complete in 2023.

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

A 50/50 joint venture between the Group and China Resources Land Limited, this 186,500-square-meter multiplex is located in Shanghai Suhe Bay Area in bustling Jingan District. The project is close to some of the most popular tourist destinations in the city, such as the Bund and the People's Square, as well as established business districts including Nanjing West Road and Lujiazui.

The northern part of the project was completed in October 2021. An office tower, two commercial blocks and all 224 residential units were sold during 2020 to 2022. On the southern side, leasing of retail space under the "MixC World" brand and the 42-storey tower is underway. The construction is expected to complete in the second half of 2022.

In Western China

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

Similar to the Group's Tianjin project, the Kunming South HSR Integrated Development was acquired by the Group in partnership with Perennial in December 2018. On this 65,000-square-meter site, the Group plans to establish a regional healthcare and commercial hub comprising hospitality, medical care, elder care, MICE and retail elements, spanning a gross floor area of approximately 550,000 square meters. This development is located near a high-speed railway station to facilitate regional commuting. Superstructure works are in progress, and operation is expected to begin in 2024.

In Singapore

Park Nova (Group interest: 100%)

Situated in Singapore's upscale residential area and in close proximity to the famous Orchard Road shopping belt, sales and construction of this 43,356-square-foot development is progressing as scheduled. The 21-storey residential tower will feature a strata area of approximately 125,000 square feet, 51 simplex units and three penthouses. The residence stands high above Orchard Boulevard with elliptical columns that give luxurious panoramic views above the lush greenery. The private lift connected to each unit guarantees discerning buyers an exclusive urban lifestyle. Construction works are underway and the development is expected to complete in the first half of 2024. Presales since May 2021 have recorded satisfactory results and 37 units, including the three penthouses, were sold as of 30 June 2022.

Les Maisons Nassim (Group interest: 100%)

Located in one of the most sought-after areas in town, this prestigious site will be turned into a Bungalow-in-the-Sky spanning approximately 110,000 square feet. In close proximity to other top-notch bungalows in the district, this impressive development will consist of 14 units, including eight simplex units, four duplex units and two penthouses. Each residence comes with a private lift and personal parking space, while avenues with luxuriant plants in the surroundings mark the subtle luxury and sophistication of the property design. Construction is expected to complete by 2023, and seven units were sold as of 30 June 2022.

Projects under planning

In Macau
Harbour Mile

The Group will, upon receiving advice from the Macau SAR Government on the land parcels to be allotted, review its arrangements and plan for the most strategic use of the site in the long term.

Property investments

In Hong Kong
liberté place (Group interest: 64.56%)

Located at Lai Chi Kok MTR station in West Kowloon, the shopping mall continued to attain steady income growth. New leases were secured by vegetarian food, premium delicacy and Japanese-style bakery businesses. There are also plans of subdividing frontage shops for a greater retail variety, so that the local community can benefit from enhanced shopping experience, thus unleashing more potential income from the premises. As of 30 June 2022, the mall maintained an occupancy rate of 100%.

The Westwood (Group interest: 51%)

Upon renovation completion in July 2021, this prominent shopping destination on Hong Kong Island's Western District has reinforced its family-oriented positioning. With the intention of increasing footfall, the major supermarket tenant has undergone a complete revamp, while a major entertainment tenant also joined the mall to attract younger generations. As of 30 June 2022, the mall recorded an occupancy rate of 92%.

Chatham Place (Group interest: 51%)

This three-storey arcade adjoining Chatham Gate is positioned as an educational hub housing a major kindergarten tenant and a number of learning centers. While it continued to suffer leasing setbacks amid the pandemic, the Group constantly reviews its strategy and seeks new development opportunities as the market shows signs of recovery. As of 30 June 2022, the mall posted an average occupancy rate of 37%.

Shun Tak Centre Portfolio

The Group owns a 100% interest of Shop 402 and, overall, a 55% interest in a collection of assets at Shun Tak Centre, which comprises 213,786 square feet of retail area, 13,827 square feet of gross office area and 85 parking spaces. The Centre was worst hit by the pandemic among the Group's properties due to prolonged suspension of ferry services and border closure for more than two years. In response, the Group adopted flexible yet prudent leasing and marketing strategies to retain tenants. As the renovation works on the third and fourth floors are expected to complete by 2022, the Group is also considering a trade mix reshuffle to respond to market changes. In the transformation of Shop 402 into an exhibition and event space, two venues with sports training and exhibition functions, as well as an indoor golf club and a coffee shop were created to increase the variety of businesses.

Business Review

In Macau

Nova Mall (Group interest: 50%)

Located at the heart of the Nova residential community in Taipa, Nova Mall is a one-stop shopping destination in Macau dedicated to serving local daily needs. While all anchor tenants have opened for business, the mall has yet to achieve full occupancy as planned due to pandemic control measures. As at 30 June 2022, 89% of lettable space was leased.

One Central Shopping Mall (Group interest: 51%)

Widely known for its premium flagship stores, One Central is a prominent shopping destination housing around 400,000 square feet of leading luxury brands. The mall is undergoing a tenancy reshuffling exercise, with top selling brands introducing new or flagship stores to this location. The occupancy rate stood at approximately 88% as of 30 June 2022, while footfall and tenant sales were negatively impacted by pandemic-related restrictions during the first half of 2022.

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 as of 30 June 2022. With a significant decline in tourist arrivals, tenants suffered substantial loss in business, and the Group continued to extend concessionary relief to these long-term tenants as support to weather the downturn.

In China

Shun Tak Tower Beijing (Group interest: 100%)

Shun Tak Tower is situated at Dong Zhi Men, Beijing, conveniently located next to the airport highway and in close proximity to Beijing downtown and the embassy area. The site spans 63,000 square feet (5,832 square meters), with a gross floor area of approximately 419,000 square feet (38,900 square meters) rising 21 levels above ground, and 182,000 square feet (16,900 square meters) in four underground levels. The property also houses a 138-room Artyzen Habitat Hotel. In an effort to improve occupancy under the competitive market, new incentive schemes for agents and tenants were introduced. The office portion of the property posted an average office occupancy rate of 70% as of 30 June 2022.

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

This development in Guangzhou, a 32-storey office tower over a six-storey shopping mall, generated steady revenue for the Group, posting an average occupancy rate of 89% as of 30 June 2022.

Property services

The division offers property and facility management services in Hong Kong and Macau. Over the first half of 2022, the Hong Kong business delivered a stable performance with organized precautionary measures in response to the pandemic. In Macau, however, the formation and empowerment of owners' associations posed a challenge to the appointment and remuneration of the business. The quarantine policy in Macau also hindered support from Hong Kong's head office.

For cleaning and laundry services, both Shun Tak Macau Services Limited and Clean Living (Macau) Limited registered steady growth. In future, restructuring and reformation initiatives are in place to enhance the readiness for recovery and new business opportunities.

TRANSPORTATION

In the first half of 2022, the COVID-19 pandemic continued to have an unprecedented effect on the cross-border transportation industry in Hong Kong and Macau. In addition to the ongoing closure of ferry services, factors hindering recovery included government-imposed travel restrictions and quarantine policies. As a result, the transportation division recorded a shared loss of HK$94 million during the period (1H 2021: HK$137 million). Despite the lingering effects of the pandemic, the Group remains committed to diversifying its cross-border, multi-modal transportation platform across the Greater Bay Area ("GBA").

Business Review

Shun Tak – China Travel Shipping Investments Limited

With its ferry services having been inactive for over two years, the company implemented a series of initiatives aimed at reducing operating costs and conserving liquidity. These stringent steps taken, including streamlining organizational structures and reducing idle capacity, succeeded in cutting running costs by 40% year on year during the first half of 2022, following earlier reductions of 54% and 58% in 2020 and 2021 respectively. The company continues to do its utmost to evaluate all aspects of its businesses, gaining new revenue streams through offering repair and maintenance services to local ferry operators so as to retain its resilience and competitiveness ahead of the expected recovery in tourism when Hong Kong's borders eventually reopen and travel restrictions are relaxed.

In solidifying its leadership status in the transportation sector, the company continued to actively diversify its business during the period under review capitalizing upon its network advantage and expertise, and expanded its service arms to new business endeavors with various joint-ventures. By the second quarter of 2023, the company's inter-modal connection between the GBA cities to the world through Hong Kong International Airport ("HKIA") is further strengthened with the award of contracts by Airport Authority Hong Kong to its joint ventures, Hong Kong-Zhuhai-Macao Bridge Shuttle Bus (Hong Kong) Company Limited and Hong Kong & Macao International Airport Transportation Service Co. Limited, for the operation of cross-boundary bonded bus services between Macau/Zhuhai and transiting to and from HKIA via the Hong Kong-Zhuhai-Macao ("HZM") Bridge. A third contract was awarded to Hong Kong International Airport Ferry Terminal Services Limited – the company's joint venture at SkyPier since 2003, for undertaking the passenger and baggage handling services for cross-boundary transit bonded buses.

Other company operations that have been suspended due to COVID-19 include cross-boundary land transport services "TurboJET Cross Border Limo", "HK-MO Express" and "Macau HK Airport Direct", whereas the "Golden Bus" service along the HZM Bridge was limited in terms of its frequency.

During February to May 2022, the company through its coach service also participated in the anti-epidemic effort against the fifth wave of COVID-19 by providing transportation support services to representatives of the HKSAR Government and Mainland authorities for attending meeting on quarantine-free travel resumption, the COVID-19 leading task force of China's National Health Commission and medical support teams from Guangdong.

While the recent pandemic situation continues to impede the reopening of the borders among Hong Kong, Macau and Mainland China, the division remains strategically placed to resume its land and sea transport operations with flexibility in response to varying governments' policies as well as market demand.

HOSPITALITY

The tourism and hospitality sectors have been bearing the brunt of the COVID-19 pandemic. Over the first half of 2022, lockdowns in key cities of Mainland China such as Shanghai, and new waves of pandemic in Hong Kong and Macau, triggered a slump in tourist numbers and cancellations of events. In future, the Group will continue to expand its hotel portfolio in the Greater Bay Area to create greater synergy among its brands. During the first six months of 2022, the division posted a loss of HK$103 million (1H 2021: HK$94 million).

Hotels in operation

Hong Kong SkyCity Marriott Hotel

In close proximity to the AsiaWorld-Expo ("AWE"), Hong Kong's largest convention and exhibition center, and the Hong Kong International Airport, this 658-room airport hotel enjoys geographical advantage in reaching the MICE and airline corporate markets.

Business Review

Over the first half of 2022, the COVID-19 pandemic continued to attenuate the hotel's overall business performance. Incoming passenger flights from nine countries were put to a halt in the first quarter, while dine-in services at dinner time were suspended until late-April under the government's pandemic control measures. MICE activities at AWE were either cancelled or postponed, since the venue had served as a community treatment facility during the fifth wave of infections in 2022.

The hotel has served as a designated quarantine hotel for air crews since December 2021. This segment brought a steady stream of revenue to the hotel, especially with the government's closed-loop arrangement from May 2022. As of 30 June 2022, the average occupancy rate stood at 19%.

Mandarin Oriental, Macau

Mandarin Oriental, Macau is an award-winning hotel for its exceptional hospitality and bespoke services. The latest achievements include winning a Triple Five Star rating for Hotel, Restaurant and Spa in the 2022 Forbes Travel Guide Star Award.

Over the first half of 2022, tourist arrivals first increased but later took a downward trajectory due to outbreaks of COVID-19 in Mainland China, Hong Kong and Macau, which prompted prolonged lockdowns in some regions. As a result, leisure, MICE and catering businesses took the hard hit, while revenues from the spa sector recorded an uptick with an average increase in individual spending.

Grand Coloane Resort

As the only resort nestled by the secluded Hac Sa beach in Coloane, it offers vacationers a luxurious and carefree environment for leisure under the management of Artyzen Hospitality Group. Over the first half of 2022, the resort remained as a medical observation hotel in support of Macau SAR Government's pandemic control measures. Hotel revenues were on the rise with strong demands from travelers from Hong Kong and Taiwan in different periods, contributing to an average occupancy rate of 82% as of 30 June 2022.

Artyzen Habitat Dongzhimen Beijing

Located within Beijing's old fortress wall, the 138-key hotel is a captivating blend of contemporary designs and cultural heritage, creating an authentic "old meets new" experience for travelers. Since the outbreak of COVID-19, Beijing has been subject to China's tightest anti-pandemic measures and mobility restrictions. Given the increase in the number of transmitted cases in the capital and other Mainland China cities, significant cancellations of hotel bookings triggered a slump in the average occupancy rate to 35% in the first half of 2022.

Artyzen Habitat Hongqiao Shanghai

As part of the vibrant Shanghai MixC complex, a major retail and leisure hub, this 188-key hotel exudes dynamic urban vibes, offering social, dining and event spaces to foster a close tie between travelers.

Close to the National Exhibition and Convention Center in Shanghai, the hotel has a solid presence in the corporate segment. Despite a collapse in international business travels, China's MICE market had a relatively stable performance over the traditional trade fair seasons, with domestic demands ramping up the growth momentum. In the beginning of 2022, the hotel recorded a decent recovery in the commercial segment. The subsequent outbreaks in Shanghai have impacted the average occupancy of the hotel as there was a substantial reduction in exhibition travelers. During the period under review, the hotel recorded an average occupancy rate of 37%.

YaTi by Artyzen Hongqiao Shanghai

Wholly-owned by the Group, the 303-room stylish budget hotel sits in the Shanghai MixC complex. Following its year-long rebranding efforts in 2021, business was once on a rising trend supported by local demands. But the efforts suffered major setbacks as the Mainland government tightened restrictions for family group traveling during summer holidays. During this year's COVID-19 outbreaks in Shanghai, the hotel was mainly occupied by medical workers from mid-March to early-June. The average occupancy rate was 26% in the first half of 2022.

Business Review

Eature Residences Lingang

Commencing business on 31 December 2021, this 128-unit hotel-apartment development is operated by the Group and located in the Lingang Special Area of the Shanghai Pilot Free Trade Zone, a strategic hub for frontier technology industries as well as new finance and trade sectors. With a clear roadmap from the government and preferential policies in place, Lingang is set to become a magnet for international talents and the local housing demand will likely pick up once the pandemic impact subsides.

Hotels under planning and development

Artyzen Habitat Qiantan Shanghai and The Shàng by Artyzen

Managed by Artyzen Hospitality Group, the 246-unit Artyzen Habitat Qiantan Shanghai and the 210-unit The Shàng are strategically located in an emerging hub for business, entertainment, residential and world-class sporting facilities. The heart of Shanghai is only 20 minutes away from the hotels while it takes a 40-minute ride to the Pudong and Hongqiao International Airport. The properties were slated to open in the third quarter of 2022 due to suspended renovation works during lockdowns in Shanghai.

Artyzen Habitat Hotel Hengqin Zhuhai

Adjacent to the port facility connecting Macau and Zhuhai, the hotel is just minutes away from Macau's Cotai area and 15 minutes away from the popular Hengqin Chimelong Ocean Kingdom. The 230-guestroom property is scheduled for opening in mid-2023.

Artyzen NEW BUND 31

This 202-room chic, lifestyle hotel will be the first keystone for the "Artyzen" brand in China upon completion in 2023. In the vicinity of the NEW BUND 31 Performing Arts Center, the largest in-door theater in China, the hotel will speak of the Artyzen philosophy in the rich vibes of art and culture.

Artyzen Singapore

This 142-room flagship Artyzen Hotels and Resort, located at the heart of downtown Orchard area, is poised to become the top-of-the-line property in the Group's hotel portfolio. It will feature a high-end restaurant and bar, a rooftop dining area, an outdoor swimming pool, a gym and other wellness facilities. The opening is expected in 2023.

Artyzen Hospitality Group

Artyzen Hospitality Group Limited ("AHG"), a hotel management subsidiary of the Group, created a range of original brands especially for the changing Asian and millennial markets. Headquartered in Hong Kong with regional offices in Macau, Shanghai and Singapore, the company pioneered a premium lifestyle brand experience, redefining luxury with local art, heritage and traditions for discerning guests in the contemporary era.

Despite the pandemic, AHG remains heart and soul in its future initiatives, which will see the launch of five new hotels in Mainland China in late-2022, including Lingang Artyzen, Lingang Artyzen Habitat, Qiantan Artyzen Habitat, The Shàng, and Suzhou Artyzen Habitat. In particular, the new hotels will add up to a total of seven properties in AHG's hotel portfolio in Shanghai, establishing a strong presence in the fast-growing city. The Group is also providing management services to hotel properties in Beijing, Macau and Hawaii, their presence allows AHG hotels a better cross-selling opportunity in different markets. By the end of 2022, the portfolio will be composed of 13 hotels.

Meanwhile, the Group is developing two hotel projects with Perennial. Among them, the asset management role for the 982-room hotel in Tianjin will be handed to Nexus Hospitality Management Limited, a joint venture of AHG.

On the marketing front, AHG is enhancing its brand awareness through social media and brand renewal. The Group expects a deeper market penetration when Artyzen NEW BUND 31 and Artyzen Singapore open in 2023. In future, it will continue to identify new projects in the Greater Bay Area and other potential locations, while maintaining cost control measures and stepping up promotions to get ready for the pent-up demand from travelers.

Tourism Facility Management

The Macau Tower Convention & Entertainment Centre ("Macau Tower") is an iconic tourist and MICE venue in Macau. Due to the COVID-19 outbreaks in Mainland China and Macau over the first half of 2022, the business took the strain of tightening anti-pandemic measures and cross-border travel restrictions by the government. The drop in tourist numbers was coupled with falling local spending, which might be attributed to unemployment or underemployment amid the pandemic. During the period in review, catering, banquet and MICE businesses reported a loss, while the Group has been implementing cost reduction measures and developing promotion plans to target new groups of local customers.

Membership Club

Artyzen Club is an exclusive networking hub located in the central business district of Hong Kong, offering its valued members private space with a classic ambience. The Club also features haute Asian and Western cuisines, sports and wellness amenities, and versatile event facilities.

During the first half of 2022, the Club saw a weaker business performance due to the fifth wave of COVID-19 in Hong Kong, which brought about stricter pandemic control measures by the government with companies resuming work-from-home arrangements. To seek new opportunities amid these challenges, there will be an extension of the western restaurant, touch-ups of recreation facilities, and more credit card promotions in the second half of the year.

INVESTMENTS

Being a long-term investor in Sociedade de Turismo e Diversões de Macau, S.A. ("STDM"), the Group held an approximately 15.8% effective interest in the company as at 30 June 2022, whereas STDM had a shareholding of around 54.7% in SJM Holdings Limited as of the same date. The latter is effectively entitled to a 100% economic interest in SJM Resorts, Limited (formerly known as Sociedade de Jogos de Macau, S.A.), which is principally engaged in casino operation as one of six gaming concessionaires licensed by the Macau SAR Government. During the first half of 2022, a dividend of HK$46 million was received (1H 2021: HK$52 million) from STDM, representing a 13% slide from a year ago as a result of the significant impact of COVID-19 on Macau's tourism industry.

Kai Tak Cruise Terminal

A joint venture formed by the Group, Worldwide Flight Services Holding SA and Royal Caribbean Cruises Ltd, Kai Tak Cruise Terminal has been negatively affected by the pandemic. Between March and June 2022, the terminal supported the Hong Kong government's anti-pandemic efforts by serving as a community isolation facility. Hong Kong's cruise industry is not expected to reopen before its anti-pandemic policies are more in line with its counterparts around the world that have resumed international cruise travel. Despite the formidable headwinds, the Group remains supportive to Hong Kong's bid to become an international cruise hub and measures that enhance the city's attractiveness as a top-notch international destination.

Retail Matters Company Limited

Retail Matters Company Limited holds the Macau franchise for the international toy brand “Toys‘R’Us”, and globally owns Italian gelato brand “Stecco Natura Gelaterie”.

Toys‘R’Us’s 22,000-square-foot flagship store in Nova Mall is the latest addition to an outlet network that already includes Macau Tower and Senado Square. The store goes beyond the boundary of a traditional toy store with its brand new amusement center, FunPark, offering an immersive retail-entertainment experience for customers. For the first half of 2022, the sales performance was hard hit by the economic downturn following Macau’s stringent inbound travel restrictions. With cost-saving initiatives, the brand expects a slight drop in its overall performance year on year for 2022.

As part of its growth strategy, Stecco Natura Gelaterie continues to launch pop-up operations during peak summer periods, while enriching its dessert menus at its permanent stores located in Peak Galleria, Tai Kwun and Ocean Park. In 2022, a new concept café under the brand will debut in Hong Kong and Macau respectively, and seasonal pop-up kiosks will continue to emerge at popular locations in Hong Kong, further boosting the brand awareness and reach in the territories. In the long run, the brand strives to enter the Greater China market for business growth.

Recent Developments and Prospects

The first half of 2022 saw a more devastating impact of COVID-19 on the regional economy, as there were months-long outbreaks of infections in some major cities in China, including Hong Kong, Macau and Shanghai, leading to stricter pandemic control measures and even lockdowns in some areas. Given the volatile pandemic situation, the prospect of border reopening and tourism recovery in the near future remains dim. To weather the challenges, the Group has embarked on new business endeavors, aiming at greater synergy for its businesses in future.

During the period, the property division remained resilient. More sales of residential units were recorded in Park Nova and Les Maisons Nassim in Singapore, while the committed occupancy rate of the retail and medical floors at the 111 Somerset complex surged to over 90%. In Mainland China, the Hengqin Integrated Development was also making progress. The fitting-out works at the common area of the 42,300-square-meter Grade A office space were completed, while 419 residential units were handed over to homebuyers.

In the near term, regional real estate markets are likely to remain highly volatile until the threat of COVID-19 recedes. In safeguarding the Group against market fluctuations that may adversely affect its short-to-mid-term prospects, the property division's leasing and promotion team will continue to assess changes in prevailing market conditions. The division will also maintain its emphasis on prudent yet dynamic strategies when competing for business opportunities.

Following the June 2021 termination of its Tuen Mun Ferry Terminal tenancy and prolonged suspension of its cross-boundary passenger ferry services, the transportation division has begun to re-allocate essential resources in readiness for eventual border reopening and service resumption. In the meantime, the division continues to diversify its business to fulfill its vision of strengthening a multi-modal transportation network for the Greater Bay Area.

Recent Developments and Prospects

During the first half of 2022, the Group successfully acquired new service contracts through various joint ventures, which include operating cross-boundary bonded bus services between Macau/Zhuhai and transiting to and from Hong Kong International Airport ("HKIA") via the Hong Kong-Zhuhai-Macao Bridge; as well as undertaking passenger and baggage handling services for cross-boundary transit bonded buses. In future, the Group will consolidate its strategic partnership with China Travel International Investment Hong Kong Limited to optimize the joint land and sea transport resources. The initiatives will ultimately provide cross-border travelers with diverse transportation options, further facilitating regional commuting and tourism in the post-pandemic era.

While the hospitality division registered a general recovery in 2021, the new wave of the pandemic in the first half of 2022 mostly reversed its growth. The business performance was severely battered by cancellations of events and hotel bookings on a large scale. MICE activities and large events are not expected to resume shortly as the pandemic lingers on. Despite the difficulties encountered, quarantine-related policies for travelers and air crews still contributed to business growth for hotels, such as Hong Kong SkyCity Marriott Hotel and Grand Coloane Resort. In Mainland China, Artyzen Hospitality Group ("AHG") is expanding with five new hotels to launch within 2022. Among them, four of the new hotels will be located in popular districts of Shanghai. In view of the latest relaxation on travel policies in Mainland China, our hotels would be poised to capitalize on the rebound of domestic travel, and eventually international travel, in key cities, such as Shanghai.

While beset by yet another round of pandemic-related challenges in the first half of 2022, the Group maintained its proactive and positive stance, consistently enhancing its business portfolios to embrace a future recovery in different sectors. In anticipation of border reopening, the Group will continue its prudent monitoring of evolving market dynamics and pragmatically allocating resources in ways most beneficial for its shareholders.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's bank balances and deposits amounted to HK$7,963 million as at 30 June 2022, representing an increase of HK$144 million as compared with the position as at 31 December 2021. 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 2022 amounted to HK$22,460 million, of which HK$4,041 million remained undrawn. The principal amount of Group's bank borrowings outstanding at the period end amounted to HK$18,419 million.

Based on net borrowings of approximately HK$10,377 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 30.3% (31 December 2021: 28.0%). The Group will continue with its financial strategy of maintaining a healthy gearing ratio and consider steps to reduce its finance costs.

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

Maturity Profile

Within 1 year	1-2 years	2-5 years	over 5 years	Total
16%	29%	54%	1%	100%

MATERIAL ACQUISITIONS, DISPOSALS AND COMMITMENTS

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

In November 2018, the Group entered into a main contract for construction of a hotel property in Singapore. As at 30 June 2022, the Group has an outstanding commitment of approximately HK$281 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 US$500 million. The Group holds 30% equity interest in HC Co and thus has its share of commitment at US$150 million. As at 30 June 2022, the Group has an outstanding commitment to contribute capital of approximately US$94 million (equivalent to approximately HK$736 million) to HC Co.

CHARGES ON ASSETS

At the period end, bank loans with principal amount of approximately HK$7,389 million (31 December 2021: HK$7,763 million) were secured with charges on certain assets of the Group amounting to an aggregate carrying value of HK$14,387 million (31 December 2021: HK$15,159 million). Out of the above secured bank loans, an aggregate principal amount of HK$679 million (31 December 2021: HK$694 million) was also secured by pledges of shares in certain subsidiaries.

CONTINGENT LIABILITIES

The Company has provided a corporate guarantee for securing a banking facility granted to an associate. As at 30 June 2022, the bank loan balance proportionate to the Company's shareholding amounted to HK$145 million (31 December 2021: HK$110 million).

FINANCIAL RISK

The Group adopts a prudent approach to financial risk management to minimise currency exposure and interest rate risks. Majority of funds raised by the Group are on a floating rate basis. Except for bank loans with principal amount of RMB282 million and SGD1,132 million, the Group's outstanding borrowings at the period end are not denominated in foreign currencies. Approximately 74% of the bank deposits, cash and bank balances are denominated in Hong Kong dollar ("HKD"), Macau pataca ("MOP") and US dollar ("USD") and the remaining balance mainly in Singapore dollar ("SGD") and Renminbi ("RMB"). MOP and USD are pegged to HKD. The Group's principal operations are primarily conducted in HKD while its financial assets and liabilities are also denominated in USD, MOP, SGD and RMB. The Group will from time-to-time review its foreign exchange and market conditions to determine if hedging is required.

HUMAN RESOURCES

The Group, including subsidiaries but excluding joint ventures and associates, employed approximately 1,500 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) 2022	(Unaudited) 2021
		HK$'000	HK$'000
Revenue	3	**1,889,517**	1,901,562
Other income		**79,983**	66,425
		1,969,500	1,967,987
Other gains, net	4	**10,968**	209,382
Cost of inventories sold and services provided		**(859,932)**	(693,331)
Staff costs		**(257,368)**	(262,753)
Depreciation and amortisation		**(80,935)**	(85,337)
Other costs		**(281,891)**	(326,691)
Fair value changes on investment properties		**(153,703)**	(84,829)
Operating profit	3, 5	**346,639**	724,428
Finance costs	6	**(152,879)**	(169,662)
Share of results of joint ventures		**378,948**	38,070
Share of results of associates		**(205,437)**	158,380
Profit before taxation		**367,271**	751,216
Taxation	7	**(61,567)**	(151,037)
Profit for the period		**305,704**	600,179
Attributable to:			
Owners of the Company		**228,557**	469,978
Non-controlling interests		**77,147**	130,201
Profit for the period		**305,704**	600,179
Earnings per share *(HK cents)*	9		
— basic		**7.6**	15.6
— diluted		**7.6**	15.6

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June

	(Unaudited) 2022 HK$'000	(Unaudited) 2021 HK$'000
Profit for the period	**305,704**	600,179
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	**(494)**	677
Reversal of asset revaluation reserve upon sales of properties, net of tax	**(19,249)**	(30,382)
Currency translation differences	**(344,506)**	22,374
Share of currency translation differences of joint ventures	**(295,163)**	90,414
Share of currency translation differences of associates	**(123,202)**	11,776
Share of other comprehensive loss of an associate	**–**	(565)
Items that will not be reclassified to profit or loss:		
Equity instruments at fair value through other comprehensive income:		
Changes in fair value	**(546,051)**	7,250
Other comprehensive (loss)/income for the period, net of tax	**(1,328,665)**	101,544
Total comprehensive (loss)/income for the period	**(1,022,961)**	701,723
Attributable to:		
Owners of the Company	**(1,088,168)**	569,447
Non-controlling interests	**65,207**	132,276
Total comprehensive (loss)/income for the period	**(1,022,961)**	701,723

Condensed Consolidated Balance Sheet

	Note	(Unaudited) 30 June 2022	(Audited) 31 December 2021
		HK$'000	HK$'000
Non-current assets			
Property, plant and equipment	10	**3,307,118**	3,306,674
Right-of-use assets		**789,939**	836,211
Investment properties	11	**10,571,541**	10,918,849
Joint ventures		**12,564,203**	12,480,418
Associates		**6,297,699**	6,627,519
Intangible assets		**2,721**	2,832
Financial assets at fair value through other comprehensive income	12	**1,894,223**	2,440,904
Financial assets at fair value through profit or loss	12	**555,957**	544,985
Deferred tax assets		**90,256**	100,504
Other non-current assets		**439,263**	434,886
		36,512,920	37,693,782
Current assets			
Properties for or under development		**3,213,217**	3,697,292
Inventories		**9,038,750**	9,511,267
Trade and other receivables, deposits paid and prepayments	13	**993,819**	833,342
Contract assets		**87,175**	—
Taxation recoverable		**1**	1,003
Cash and bank balances		**7,962,796**	7,818,628
		21,295,758	21,861,532
Current liabilities			
Trade and other payables, and deposits received	13	**899,993**	1,883,575
Contract liabilities		**303,896**	283,681
Lease liabilities		**38,087**	34,763
Bank borrowings		**2,831,872**	1,544,374
Provision for employee benefits		**6,437**	7,752
Taxation payable		**348,815**	357,616
Loans from non-controlling interests		**60,361**	60,361
		4,489,461	4,172,122
Net current assets		**16,806,297**	17,689,410
Total assets less current liabilities		**53,319,217**	55,383,192

	Note	(Unaudited) 30 June 2022	(Audited) 31 December 2021
		HK$'000	HK$'000
Non-current liabilities			
Contract liabilities		**39,096**	39,219
Lease liabilities		**26,731**	30,244
Bank borrowings		**15,508,136**	16,184,082
Deferred tax liabilities		**874,401**	911,833
		16,448,364	17,165,378
Net assets		**36,870,853**	38,217,814
Equity			
Share capital	14	**9,858,250**	9,858,250
Other reserves		**24,418,370**	25,506,538
Equity attributable to owners of the Company		**34,276,620**	35,364,788
Non-controlling interests		**2,594,233**	2,853,026
Total equity		**36,870,853**	38,217,814

Pansy Ho
Director

Daisy Ho
Director

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022 (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	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
At 1 January 2022	9,858,250	10,869	63,292	(151,413)	1,137,954	4,265	250,095	772,335	23,419,141	35,364,788	2,853,026	38,217,814
Profit for the period	–	–	–	–	–	–	–	–	228,557	228,557	77,147	305,704
Items that may be reclassified to profit or loss:												
Debt instruments at fair value through other comprehensive income:												
Changes in fair value	–	–	–	–	(494)	–	–	–	–	(494)	–	(494)
Reversal of asset revaluation reserve upon sales of properties, net of tax	–	–	–	–	–	–	(19,249)	–	–	(19,249)	–	(19,249)
Currency translation differences	–	–	–	–	–	–	–	(332,566)	–	(332,566)	(11,940)	(344,506)
Share of currency translation differences of joint ventures	–	–	–	–	–	–	–	(295,163)	–	(295,163)	–	(295,163)
Share of currency translation differences of associates	–	–	–	–	–	–	–	(123,202)	–	(123,202)	–	(123,202)
Item that will not be reclassified to profit or loss:												
Equity instruments at fair value through other comprehensive income:												
Changes in fair value	–	–	–	–	(546,051)	–	–	–	–	(546,051)	–	(546,051)
Other comprehensive loss for the period, net of tax	–	–	–	–	(546,545)	–	(19,249)	(750,931)	–	(1,316,725)	(11,940)	(1,328,665)
Total comprehensive (loss)/income for the period	–	–	–	–	(546,545)	–	(19,249)	(750,931)	228,557	(1,088,168)	65,207	(1,022,961)
Dividend to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(324,000)	(324,000)
Transfers	–	–	628	–	–	–	–	–	(628)	–	–	–
	–	–	628	–	–	–	–	–	(628)	–	(324,000)	(324,000)
At 30 June 2022	9,858,250	10,869	63,920	(151,413)	591,409	4,265	230,846	21,404	23,647,070	34,276,620	2,594,233	36,870,853

For the six months ended 30 June 2021 (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	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
At 1 January 2021	9,858,250	14,465	12,034	(151,413)	2,164,994	4,265	308,672	366,100	22,507,527	35,084,894	2,830,655	37,915,549
Profit for the period	–	–	–	–	–	–	–	–	469,978	469,978	130,201	600,179
Items that may be reclassified to profit or loss:												
Debt instruments at fair value through other comprehensive income:												
Changes in fair value	–	–	–	–	677	–	–	–	–	677	–	677
Reversal of asset revaluation reserve upon sales of properties, net of tax	–	–	–	–	–	–	(30,382)	–	–	(30,382)	–	(30,382)
Currency translation differences	–	–	–	–	–	–	–	20,299	–	20,299	2,075	22,374
Share of currency translation differences of joint ventures	–	–	–	–	–	–	–	90,414	–	90,414	–	90,414
Share of currency translation differences of associates	–	–	–	–	–	–	–	11,776	–	11,776	–	11,776
Share of other comprehensive loss of an associate	–	–	–	–	–	–	–	(565)	–	(565)	–	(565)
Item that will not be reclassified to profit or loss:												
Equity instruments at fair value through other comprehensive income:												
Changes in fair value	–	–	–	–	7,250	–	–	–	–	7,250	–	7,250
Disposal	–	–	–	–	506	–	–	–	(506)	–	–	–
Other comprehensive income/(loss) for the period, net of tax	–	–	–	–	8,433	–	(30,382)	121,924	(506)	99,469	2,075	101,544
Total comprehensive income/(loss) for the period	–	–	–	–	8,433	–	(30,382)	121,924	469,472	569,447	132,276	701,723
Lapse of share options	–	(3,596)	–	–	–	–	–	–	3,596	–	–	–
Buy-back of shares	–	–	–	–	–	–	–	–	(2,649)	(2,649)	–	(2,649)
Dividend to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(203,000)	(203,000)
Transfers	–	–	(2)	–	–	–	–	–	2	–	–	–
	–	(3,596)	(2)	–	–	–	–	–	949	(2,649)	(203,000)	(205,649)
At 30 June 2021	9,858,250	10,869	12,032	(151,413)	2,173,427	4,265	278,290	488,024	22,977,948	35,651,692	2,759,931	38,411,623

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June

	(Unaudited) 2022 HK$'000	(Unaudited) 2021 HK$'000
Operating activities		
Cash generated from operations	**647,966**	1,242,193
Income tax paid	**(69,946)**	(47,530)
Net cash generated from operating activities	**578,020**	1,194,663
Investing activities		
Addition to property, plant and equipment	**(111,377)**	(33,209)
Addition to investment properties	**(18,518)**	(18,526)
Advance to a joint venture	**(180)**	—
Repayments from joint ventures	**—**	1,301,427
Advance to an associate	**(10,029)**	—
Payment for investment in associates	**(805,211)**	(1,305,307)
Acquisition of subsidiaries, net	**—**	32,523
Prepayment for purchasing of property, plant and equipment	**—**	(2,257)
Decrease in bank deposits with maturities over three months	**1,358,290**	296,235
Interest received	**37,765**	45,586
Proceeds from disposal of financial assets at fair value through other comprehensive income	**—**	36,547
Dividends received from financial assets at fair value through other comprehensive income	**47,749**	54,321
Dividends received from an associate	**1,181**	—
Cash inflows from other investing activities	**234**	547
Net cash from investing activities	**499,904**	407,887

	(Unaudited) 2022	(Unaudited) 2021
	HK$'000	HK$'000
Financing activities		
Drawdown of new bank loans	**2,417,832**	1,838,554
Repayments of bank loans	**(1,640,893)**	(1,452,512)
Advance from a joint venture	**216,413**	—
Payment for lease liabilities (including interest)	**(31,568)**	(23,190)
Buy-back of shares	**—**	(2,649)
Finance costs (including interests and bank charges) paid	**(152,056)**	(169,290)
Dividends paid to shareholders	**(3)**	(6)
Dividends paid to non-controlling interests	**(324,000)**	(203,000)
Net cash from/(used in) financing activities	**485,725**	(12,093)
Net increase in cash and cash equivalents	**1,563,649**	1,590,457
Effect of foreign exchange rates changes	**(61,191)**	8,762
Cash and cash equivalents at 1 January	**6,281,357**	4,700,244
Cash and cash equivalents at 30 June	**7,783,815**	6,299,463
Analysis of cash and cash equivalents		
Cash and bank balances	**7,962,796**	6,749,113
Bank deposits with maturities over three months	**(178,981)**	(449,650)
Cash and cash equivalents at 30 June	**7,783,815**	6,299,463

Notes to the Condensed Consolidated Interim Financial Statements

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements of Shun Tak Holdings Limited (the "Company") and its subsidiaries (together, the "Group") are prepared in accordance with the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2021 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 2021 annual financial statements except as stated in note 2 below.

The financial information relating to the year ended 31 December 2021 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 2021 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).

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

The Company's auditor had reported on the financial statements for the year ended 31 December 2021. The auditor's report was qualified; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance (Cap. 622).

The preparation of 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 2021 annual financial statements and note 19 to these condensed consolidated interim financial statements.

2 IMPACT OF NEW AMENDMENTS TO HKFRS

(a) New amendments to standard adopted by the Group

The following amendments to standards are relevant to the Group's operations and first effective for the Group's financial year beginning on 1 January 2022:

Amendments to HKFRS 3	Business Combinations
Amendments to HKAS 16	Property, Plant and Equipment
Amendments to HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
Annual Improvements to HKFRS 2018-2020 Cycle	

The adoption of the above amendments to standards did not have any significant impact to the Group's results for the six months ended 30 June 2022 and the Group's financial position as at 30 June 2022.

2 IMPACT OF NEW AMENDMENTS TO HKFRS

(Continuned)

(b) Amendments to standards not yet adopted

The HKICPA has issued amendments to standards which are relevant to the Group's operations but are not yet effective for the Group's financial year beginning on 1 January 2022 and have not been early adopted:

Amendments to HKAS 1[1]	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1 and HKFRS Practice Statement 2[1]	Disclosure of Accounting Policies
Amendments to HKAS 8[1]	Disclosure of Accounting Estimates
Amendments to HKAS 12[1]	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
HK Interpretation 5 (2020)[1]	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKFRS 10 and HKAS 28[2]	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

[1] Effective for annual periods beginning 1 January 2023
[2] 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) Description of segments

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

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

The principal activities of each reportable segment are as follows:

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

3 SEGMENT INFORMATION (Continued)

(b) Segment results, assets and liabilities

Management evaluates performance of the reportable segments on the basis of operating profit or loss before fair value changes on investment properties, interest income and unallocated net corporate expenses. Inter-segment transactions have been entered into on terms agreed by the parties concerned. The Group's measurement methods used to determine reported segment profit or loss remain unchanged from 2021.

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.

3 SEGMENT INFORMATION (Continuned)

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

For the six months ended 30 June 2022

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

Notes:

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

3 SEGMENT INFORMATION (Continuned)

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

For the six months ended 30 June 2021

	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	1,052,659	–	42,143	14,228	–	1,109,030
– Recognised over time	411,909	–	107,876	–	–	519,785
	1,464,568	–	150,019	14,228	–	1,628,815
Revenue from other sources						
– Rental income	212,236	–	–	186	–	212,422
– Dividend income	–	–	–	60,325	–	60,325
	212,236	–	–	60,511	–	272,747
	1,676,804	–	150,019	74,739	–	1,901,562
Inter-segment revenue	761	–	607	6,562	(7,930)	–
Other income (external and excluding interest income)	19,978	–	4,845	651	–	25,474
	1,697,543	–	155,471	81,952	(7,930)	1,927,036
Segment results	898,152[(ii)]	–	(94,347)	48,314	–	852,119
Fair value changes on investment properties	(84,829)	–	–	–	–	(84,829)
Interest income						40,951
Unallocated net corporate expenses						(83,813)
Operating profit						724,428
Finance costs						(169,662)
Share of results of joint ventures	48,488	–	(10,418)	–	–	38,070
Share of results of associates	(21,395)	(137,054)	(6,955)	323,784[(iii)]	–	158,380
Profit before taxation						751,216
Taxation						(151,037)
Profit for the period						600,179

Notes:

(ii) Amount includes gain on transfer of inventories to investment properties of HK$209,267,000 as detailed in notes 4 and 11.

(iii) Amount includes gain on bargain purchase of an associate of HK$321,293,000.

3 SEGMENT INFORMATION (Continuned)

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

As at 30 June 2022

	Property	Transportation	Hospitality	Investment	Eliminations	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets						
Segment assets	27,634,282	175,214	4,392,474	2,507,079	–	34,709,049
Joint ventures	12,976,784	–	(412,581)	–	–	12,564,203
Associates	4,875,961	532,809	133,393	755,536	–	6,297,699
Unallocated assets						4,237,727
Total assets						57,808,678
Liabilities						
Segment liabilities	1,048,362	20	204,388	10,323	–	1,263,093
Unallocated liabilities						19,674,732
Total liabilities						20,937,825

As at 31 December 2021

	Property	Transportation	Hospitality	Investment	Eliminations	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets						
Segment assets	29,104,116	175,218	4,488,508	3,038,792	–	36,806,634
Joint ventures	12,870,123	–	(389,705)	–	–	12,480,418
Associates	5,047,604	626,976	136,690	816,249	–	6,627,519
Unallocated assets						3,640,743
Total assets						59,555,314
Liabilities						
Segment liabilities	1,987,804	5	191,878	18,681	–	2,198,368
Unallocated liabilities						19,139,132
Total liabilities						21,337,500

4 OTHER GAINS, NET

	For the six months ended 30 June 2022 HK$'000	2021 HK$'000
Net (loss)/gain on disposal of property, plant and equipment	**(4)**	115
Gain on financial assets at fair value through profit or loss	**10,972**	—
Gain on transfer of inventories to investment properties (note 11)	**—**	209,267
	10,968	209,382

5 OPERATING PROFIT

	For the six months ended 30 June 2022 HK$'000	2021 HK$'000
After crediting:		
Interest income from bank deposits and others	**38,721**	40,989
Rental income from investment properties	**113,968**	124,664
Dividend income from listed securities	**9,985**	7,852
Dividend income from unlisted securities	**45,689**	52,473
Wage, salary and other subsidies from governments under COVID-19	**16,816**	2,542
After charging:		
Cost of inventories sold		
— properties	**803,400**	618,876
— others	**13,422**	16,983
	816,822	635,859

6 FINANCE COSTS

	For the six months ended 30 June	
	2022	2021
	HK$'000	HK$'000
Interest on bank borrowings	**144,219**	150,666
Interest on lease liabilities	**1,356**	2,567
Other finance costs	**21,195**	27,120
Total finance costs	**166,770**	180,353
Less: Amount capitalised in hotel building under construction	**(13,891)**	(10,691)
	152,879	169,662

7 TAXATION

	For the six months ended 30 June	
	2022	2021
	HK$'000	HK$'000
Current taxation		
Hong Kong profits tax	**3,507**	1,557
Non-Hong Kong taxation	**67,368**	124,791
	70,875	126,348
Deferred taxation		
Origination and reversal of temporary differences	**(9,308)**	24,689
	61,567	151,037

Hong Kong profits tax is provided for at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits for the period. Non-Hong Kong taxation is calculated at tax rates applicable to jurisdictions in which the Group operates, mainly in Macau, the PRC and Singapore at 12%, 25% and 17% (2021: 12%, 25% and 17%) respectively.

8 INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend in respect of the six months ended 30 June 2022 (2021: nil).

9 EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to owners of the Company of HK$228,557,000 (2021: HK$469,978,000) and the weighted average number of 3,020,379,785 shares (2021: 3,021,425,089 shares) in issue during the period.

For the period ended 30 June 2022, basic and diluted earnings per share were the same as the Company had no potentially dilutive ordinary shares in issue.

For the period ended 30 June 2021, basic and diluted earnings per share were the same as the share options of the Company had an anti-dilutive effect on the basic earnings per share.

10 PROPERTY, PLANT AND EQUIPMENT

During the period, additions to property, plant and equipment mainly comprised hotel land and buildings of HK$7,346,000 and hotel buildings under construction of HK$115,120,000 (2021: hotel land and buildings of HK$9,287,000 and hotel buildings under construction of HK$36,478,000) and there was no transfer from inventories to property, plant and equipment (2021: HK$55,095,000). In the same period, net book value of property, plant and equipment disposed of amounted to HK$55,000 (2021: HK$170,000).

11 INVESTMENT PROPERTIES

Revaluations of all investment properties were performed on 30 June 2022 by reference to sales evidence as available on the market and where appropriate on the basis of capitalisation of net income. The revaluations of the Group's investment properties were conducted by Savills Valuation and Professional Services Limited and Knight Frank Petty Limited, independent professional valuers, in accordance with the Hong Kong Institute of Surveyors Valuation Standards issued by the Hong Kong Institute of Surveyors.

During the six months ended 30 June 2021, there was a transfer from inventories to investment properties at fair value amounted to HK$2,678,230,000 with the related gain on transfer of HK$209,267,000 being recognised as disclosed in note 4.

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AND THROUGH PROFIT OR LOSS

Financial assets at fair value through other comprehensive income

	30 June 2022	31 December 2021
	HK$'000	HK$'000
Equity securities		
Unlisted	1,514,450	2,105,930
Listed		
— In Hong Kong	357,699	309,659
— Outside Hong Kong	7,115	9,861
	364,814	319,520
Debt securities		
Listed in Hong Kong	14,959	15,454
	1,894,223	2,440,904

Financial assets at fair value through profit or loss

	30 June 2022	31 December 2021
	HK$'000	HK$'000
Debt securities		
Unlisted	555,957	544,985

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 2022	31 December 2021
	HK$'000	HK$'000
0 — 30 days	**181,433**	64,201
31 — 60 days	**16,858**	14,974
61 — 90 days	**8,873**	6,822
over 90 days	**11,793**	18,948
	218,957	104,945

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

	30 June 2022	31 December 2021
	HK$'000	HK$'000
0 — 30 days	**229,237**	290,099
31 — 60 days	**1,768**	2,214
61 — 90 days	**414**	166
over 90 days	**2,016**	631
	233,435	293,110

14 SHARE CAPITAL

	30 June 2022		31 December 2021	
	Number of shares	**HK$'000**	Number of shares	HK$'000
Issued and fully paid ordinary shares				
At beginning of the period/year	**3,020,379,785**	**9,858,250**	3,021,479,785	9,858,250
Buy-back of shares	**–**	**–**	(1,100,000)	–
At end of the period/year	**3,020,379,785**	**9,858,250**	3,020,379,785	9,858,250

During the year ended 31 December 2021, 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
June 2021	1,100,000	2.42	2.39	2,642
		Total expenses on shares bought back		7
				2,649

In 2021, the shares buy-back was governed by section 257 of the Hong Kong Companies Ordinance. The total amount incurred for the shares bought back of HK$2,649,000 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 2022.

15 CHARGES ON ASSETS

As at 30 June 2022, bank borrowings to the extent of approximately HK$7,369 million (31 December 2021: HK$7,739 million) were secured with charges on certain assets of the Group amounting to an aggregate carrying value of HK$14,387 million (31 December 2021: HK$15,159 million). Out of the above secured bank borrowings, an aggregate amount of HK$677 million (31 December 2021: HK$691 million) were also secured by pledges of shares of certain subsidiaries.

16 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Note	For the six months ended 30 June 2022	2021
		HK$'000	HK$'000
STDM Group	(i)		
Dividend income from STDM		**45,574**	52,340
Fees received from STDM Group for provision of hospitality management and related services		**7,007**	6,829
Fees received from STDM Group for provision of property related services		**8,622**	8,413
Fees received from STDM Group for provision of business support services		**513**	915
Rental and related expenses paid to STDM Group		**7,111**	7,424
Amount reimbursed by STDM Group for staff expenses and administrative resources shared		**15,035**	14,018
Joint venture			
Sanitation/cleaning service income received from a joint venture		**6,626**	6,211
Associates			
Rental and related expenses paid to an associate		**5,097**	4,891
Insurance premium paid to an associate		**2,438**	2,514
Management fee received from an associate		**4,200**	4,200
Key management personnel			
Directors' emoluments			
— Salaries and other short-term employee benefits		**14,948**	14,512
— Provident fund contributions		**574**	550
Marketing expenses paid	(ii)	**601**	2,071

16 SIGNIFICANT RELATED PARTY TRANSACTIONS

(Continued)

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

	Note	30 June 2022	31 December 2021
		HK$'000	HK$'000
STDM Group	(i)		
Net receivable from STDM Group	(iii)	**7,940**	6,569
Joint ventures			
Amounts due by joint ventures	(iv)	**98,299**	98,640
Amounts due to joint ventures	(iv)	**218,758**	2,329
Associates			
Amounts due by associates	(v)	**187,829**	176,197
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, Director of the Company, has beneficial interest in Occasions Asia Pacific Limited ("Occasions"). Occasions and its subsidiaries provided brand marketing and consultancy services to the Group from time to time on a non-exclusive basis.

(iii) Net receivable from STDM Group comprises trade and other receivables and payables.

(iv) Amounts due by joint ventures and amounts due to joint ventures are unsecured and non-interest bearing. An amount due to a joint venture of RMB185,000,000 (2021: nil) is repayable by 30 June 2023. The remaining balances are repayable on demand.

16 SIGNIFICANT RELATED PARTY TRANSACTIONS
(Continuned)

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

Notes: (Continuned)

(v) Amounts due by associates are unsecured. An amount of HK$133,882,000 (2021: HK$133,882,000), carries interest at HIBOR plus 2% per annum on loan principal and is repayable on demand. The related interest income for the period amounted to HK$1,541,000 (2021: HK$1,687,000). An amount of RMB8,200,000 (2021: nil), carries interest at 6.5% per annum on loan principal and is repayable by 31 May 2023. The remaining balances are non-interest bearing and repayable on demand.

(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 the late 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.

17 COMMITMENTS

(a) Capital commitments

	Note	30 June 2022	31 December 2021
		HK$'000	HK$'000
Contracted but not provided for			
Property, plant and equipment	(i)	**375,241**	489,560
Investment properties		**33,429**	36,909
		408,670	526,469
Capital contribution to Associate	(ii)	**735,750**	731,156

Notes:

(i) As at 30 June 2022, the outstanding commitments mainly include approximately HK$281 million and HK$91 million (31 December 2021: HK$372 million and HK$114 million) for development of hotel properties in Singapore and Hengqin respectively.

(ii) As at 30 June 2022, the outstanding commitment mainly includes capital contribution of approximately USD94 million (31 December 2021: USD94 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.

(iii) The Group's share of capital commitments of joint ventures is HK$629 million at 30 June 2022 (31 December 2021: HK$690 million).

17 COMMITMENTS (Continued)

(b) Property development commitments

The Group had outstanding commitments of HK$738 million (31 December 2021: HK$840 million) under various contracts for property development projects.

In addition to the above, the Group had commitments to pay HK$250 million (31 December 2021: HK$250 million) in cash and to issue up to 148,883,374 (31 December 2021: 148,883,374) ordinary shares of the Company for the conditional acquisitions of the interest in the land development rights in respect of the property sites adjoining the Macau Tower in Nam Van, Macau.

18 CONTINGENT LIABILITIES

The Company has provided a corporate guarantee for securing a banking facility granted to an associate. As at 30 June 2022, the bank loan balance proportionate to the Company's shareholding amounted to HK$145 million (31 December 2021: HK$110 million).

19 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 2021 annual financial statements.

There have been no changes in any risk management policies since the period 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).

19 FINANCIAL INSTRUMENTS (Continuned)

Fair value estimation (Continuned)

	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 30 June 2022				
Assets				
Financial assets at FVOCI				
— equity securities	**364,814**	**4,445**	**1,510,005**	**1,879,264**
— debt securities	**14,959**	**—**	**—**	**14,959**
Financial assets at FVPL				
— debt securities	**—**	**—**	**555,957**	**555,957**
Total assets	**379,773**	**4,445**	**2,065,962**	**2,450,180**
At 31 December 2021				
Assets				
Financial assets at FVOCI				
— equity securities	319,520	4,825	2,101,105	2,425,450
— debt securities	15,454	—	—	15,454
Financial assets at FVPL				
— debt securities	—	—	544,985	544,985
Total assets	334,974	4,825	2,646,090	2,985,889

During the six months ended 30 June 2022, 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.

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

19 FINANCIAL INSTRUMENTS (Continued)

Fair value estimation (Continued)

Investment in STDM classified as 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.

Information about fair value measurements using significant unobservable inputs

		Range of significant unobservable inputs	
Fair value as at 30 June 2022	**Valuation method**	**Expected dividend stream per year**	**Dividend yield**
HK$'000			
1,445,071	**Market approach**	**HK$62.7 million**	**4.34%**

		Range of significant unobservable inputs	
Fair value as at 31 December 2021	Valuation method	Expected dividend stream per year	Dividend yield
HK$'000			
2,007,478	Market approach	HK$84.5 million	4.21%

19 FINANCIAL INSTRUMENTS (Continued)

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

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 2022 and 31 December 2021 to hypothetical changes in the significant principal assumptions (while holding all other assumptions constant) is as follows:

30 June 2022

		Impact on fair value and other comprehensive income	
	Change in assumptions	Positive impact	Negative impact
Expected dividend stream	Increase/decrease by 10% per year	Increase by HK$145 million	Decrease by HK$145 million
Dividend yield	Decrease/increase by 0.5%	Increase by HK$188 million	Decrease by HK$149 million

31 December 2021

		Impact on fair value and other comprehensive income	
	Change in assumptions	Positive impact	Negative impact
Expected dividend stream	Increase/decrease by 10% per year	Increase by HK$201 million	Decrease by HK$201 million
Dividend yield	Decrease/increase by 0.5%	Increase by HK$271 million	Decrease by HK$213 million

19 FINANCIAL INSTRUMENTS (Continued)

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

Investment in WM Motor Holdings Limited classified as level 3 equity securities and debt securities are fair valued using market approach with the application of calibration technique, which is to adjust the fair value by comparing the average price to sales ratio of comparable listed companies with similar business nature and business model, as well as the recent transaction prices, the analysis of the investees' financial position and results, risk profile, prospects, industry trend and other factors.

The movement of the carrying value of the unlisted securities which is categorised at Level 3 fair value hierarchy are as follows:

	Financial assets at FVOCI	Financial assets at FVPL	Total
	HK$'000	HK$'000	HK$'000
At 1 January 2021	3,029,065	—	3,029,065
Change in fair value recognised in other comprehensive income	(25,344)	—	(25,344)
At 30 June 2021	3,003,721	—	3,003,721
At 1 January 2022	**2,101,105**	**544,985**	**2,646,090**
Change in fair value recognised in profit or loss	**—**	**10,972**	**10,972**
Change in fair value recognised in other comprehensive income	**(591,100)**	**—**	**(591,100)**
At 30 June 2022	**1,510,005**	**555,957**	**2,065,962**

Other Information

(1) DISCLOSURE OF DIRECTORS' INTERESTS

As at 30 June 2022, 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			Approximate percentage
Name of Director	Nature of interests	Personal interests	Corporate interests		of total issued shares
				Note	Note (i)
Ms. Pansy Ho	Interests in issued shares	166,043,937	373,620,627	(iii)	17.87%
	Interests in issued shares	–	65,040,000	(v)	2.15%
	Interests in unissued shares	–	148,883,374	(ii)	4.93%
Ms. Daisy Ho	Interests in issued shares	89,496,345	134,503,471	(iv)	7.42%
	Interests in issued shares	–	65,040,000	(v)	2.15%
	Interests in unissued shares	–	148,883,374	(ii)	4.93%
Ms. Maisy Ho	Interests in issued shares	38,901,203	31,717,012	(vi)	2.34%
Mr. David Shum	Interests in issued shares	5,660,377	–		0.19%

Notes:

(i) As at 30 June 2022, the total number of issued shares of the Company was 3,020,379,785.

(ii) 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.

(iii) The 373,620,627 shares in which Ms. Pansy Ho was deemed to hold interests under the SFO, comprised 189,396,066 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.

(iv) 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.

(v) 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 (ii) above).

(vi) 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 Corporation 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 2022, 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 2022.

(2) SHARE OPTIONS

At the annual general meeting of the Company held on 29 June 2022, the shareholders of the Company (the "Shareholders") passed a resolution to adopt a share option scheme (the "2022 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 6 June 2012 (the "2012 Share Option Scheme") expired on 5 June 2022.

No share options were granted under the 2012 Share Option Scheme and 2022 Share Option Scheme since their adoption.

(3) SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

As at 30 June 2022, 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	16.58%
Oakmount Holdings Limited ("Oakmount")	(ii)	Interests in issued shares	Beneficial owner	Long position	396,522,735	13.13%
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	12.37%
Beeston Profits Limited ("BPL")	(iv)	Interests in issued shares	Beneficial owner	Long position	189,396,066	6.27%
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 2022, the total number of issued shares of the Company was 3,020,379,785.

(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, as at 30 June 2022, 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.

Other Information

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2022, 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 2022, except for code provision C.2.1, which requires the roles of Chairman and Chief Executive to be separate and not to be performed by the same individual. The Board is of the view that since all major decisions have been made in discussion among Board members and appropriate Board committees, the allocation of power and authority within the corporate structure is adequately balanced to satisfy the objective of this code provision. In addition, there are four independent non-executive directors on the Board who offer their respective experience, expertise and independent advice and views from different perspectives. Therefore, it is in the best interest of the Company that Ms. Pansy Ho, with her in-depth knowledge of the businesses and extensive experience in the operations of the Group, assumes her dual capacity.

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 2022.

CHANGES IN DIRECTORS' INFORMATION

Changes in Directors' information since 25 March 2022, the date to which the 2021 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	• Appointed as the chairman of the Company's nomination committee on 29 June 2022. • Appointed as an executive committee member of the All-China Women's Federation since 2016.
Ms. Maisy Ho	• Ceased to be a member of Hospital Governing Committee of Queen Elizabeth Hospital on 31 March 2022. • Appointed as a member of Hospital Governing Committee of Shatin Hospital on 1 April 2022.
Mr. Norman Ho	• Appointed as the independent non-executive director of SJM Holdings Limited (which is listed on the Main Board of the Stock Exchange) on 15 June 2022.
Mr. Charles Ho	• Ceased to be the chairman (but remained as a member) of the Company's nomination committee on 29 June 2022.
Mr. Kevin Yip	• Ceased to be a member of the board of trustees of Milton Academy, Massachusetts, USA on 1 May 2022.

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

Other Information

REVIEW BY AUDIT AND RISK MANAGEMENT COMMITTEE

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2022 have been reviewed by the audit and risk management 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 Hong Kong Institute of Certified Public Accountants.

By order of the Board
Pansy Ho
Group Executive Chairman and Managing Director
Hong Kong, 25 August 2022

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

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