信德集團
SHUN TAK HOLDINGS

SHUN TAK HOLDINGS LIMITED
信 德 集 團 有 限 公 司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 242)

Website: http://www.shuntakgroup.com

2022 Annual Results Announcement

GROUP RESULTS

The board of directors (the "Board") of Shun Tak Holdings Limited (the "Company") announces the consolidated annual results for the year ended 31 December 2022 of the Company and its subsidiaries (the "Group").

Consolidated loss attributable to owners of the Company for the year was HK$558 million (2021: profit of HK$962 million). Underlying loss attributable to the owners which was principally adjusted for unrealised fair value changes on investment properties would be HK$102 million (2021: profit of HK$1,052 million). Basic loss per share was HK18.5 cents (2021: basic earnings per share HK31.9 cents).

DIVIDENDS

The Board does not recommend the payment of any final dividend (2021: nil) in respect of the year ended 31 December 2022. No interim dividend was declared by the Board during the year ended 31 December 2022 (2021: nil).

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	**2022**	2021
		HK$'000	*HK$'000*
Revenue	*3*	**3,490,725**	4,829,794
Other income		**176,243**	147,461
		3,666,968	4,977,255
Other (losses)/gains, net	*4*	**(242,391)**	254,411
Cost of inventories sold and services provided		**(1,583,732)**	(2,178,174)
Staff costs		**(532,547)**	(554,348)
Depreciation and amortisation		**(158,099)**	(168,652)
Other costs		**(410,768)**	(590,806)
Fair value changes on investment properties		**(374,414)**	177,833
Operating profit	*3, 5*	**365,017**	1,917,519
Finance costs	*6*	**(405,698)**	(328,237)
Share of results of joint ventures		**11,033**	108,915
Share of results of associates		**(371,474)**	(61,451)
(Loss)/profit before taxation		**(401,122)**	1,636,746
Taxation	*7*	**(75,258)**	(455,919)
(Loss)/profit for the year		**(476,380)**	1,180,827
Attributable to:			
Owners of the Company		**(558,222)**	962,431
Non-controlling interests		**81,842**	218,396
(Loss)/profit for the year		**(476,380)**	1,180,827
(Loss)/earnings per share *(HK cents)*	*9*		
— basic		**(18.5)**	31.9
— diluted		**(18.5)**	31.9

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(476,380)**	1,180,827
Other comprehensive loss		
Items that may be reclassified to profit or loss:		
Debt instruments at fair value through other comprehensive income:		
Changes in fair value	**(905)**	239
Reversal of asset revaluation reserve upon sales of properties, net of tax	**(23,189)**	(58,577)
Currency translation differences	**(468,255)**	96,404
Share of currency translation difference of joint ventures	**(511,132)**	250,415
Share of currency translation difference of associates	**(228,899)**	66,391
Share of other comprehensive income/(loss) of associates	**193**	(24)
Items that will not be reclassified to profit or loss:		
Equity instruments at fair value through other comprehensive income:		
Changes in fair value	**(203,412)**	(1,027,761)
Other comprehensive loss for the year, net of tax	**(1,435,599)**	(672,913)
Total comprehensive (loss)/income for the year	**(1,911,979)**	507,914
Attributable to:		
Owners of the Company	**(1,972,477)**	282,543
Non-controlling interests	**60,498**	225,371
Total comprehensive (loss)/income for the year	**(1,911,979)**	507,914

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2022

	Note	2022	2021
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**3,581,707**	3,306,674
Right-of-use assets		**746,310**	836,211
Investment properties		**10,180,737**	10,918,849
Joint ventures		**11,980,319**	12,480,418
Associates		**5,650,658**	6,627,519
Intangible assets		**2,610**	2,832
Financial assets at fair value through other comprehensive income		**2,221,619**	2,440,904
Financial assets at fair value through profit or loss		**302,613**	544,985
Deferred tax assets		**96,013**	100,504
Other non-current assets		**387,483**	434,886
		35,150,069	37,693,782
Current assets			
Properties for or under development		**2,838,621**	3,697,292
Inventories		**9,201,380**	9,511,267
Financial assets at fair value through other comprehensive income		**14,549**	—
Trade and other receivables, deposits paid and prepayments	*10*	**973,528**	833,342
Contract assets		**305,117**	—
Taxation recoverable		**656**	1,003
Cash and bank balances		**6,538,029**	7,818,628
		19,871,880	21,861,532
Current liabilities			
Trade and other payables, and deposits received	*10*	**1,892,158**	1,883,575
Contract liabilities		**149,508**	283,681
Lease liabilities		**31,044**	34,763
Bank borrowings		**4,266,508**	1,544,374
Provision for employee benefits		**7,084**	7,752
Taxation payable		**176,439**	357,616
Loans from non-controlling interests		**60,361**	60,361
		6,583,102	4,172,122
Net current assets		**13,288,778**	17,689,410
Total assets less current liabilities		**48,438,847**	55,383,192

	2022	2021
	HK$'000	*HK$'000*
Non-current liabilities		
Contract liabilities	**39,414**	39,219
Lease liabilities	**27,988**	30,244
Bank borrowings	**11,705,945**	16,184,082
Deferred tax liabilities	**886,665**	911,833
	12,660,012	17,165,378
Net assets	**35,778,835**	38,217,814
Equity		
Share capital	**9,858,250**	9,858,250
Other reserves	**23,534,061**	25,506,538
Equity attributable to owners of the Company	**33,392,311**	35,364,788
Non-controlling interests	**2,386,524**	2,853,026
Total equity	**35,778,835**	38,217,814

NOTES TO THE FINANCIAL STATEMENTS

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"), which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and certain financial assets which have been measured at fair value.

These consolidated financial statements comply with the applicable requirements of Hong Kong Companies Ordinance (Cap. 622), with the exception of Section 381 which requires a company to include all the subsidiary undertakings (within the meanings of Schedule 1 to Cap. 622) in the Company's annual consolidated financial statements. Section 381 is inconsistent with the requirements of HKFRS 10 "Consolidated Financial Statements" so far as Section 381 applies to subsidiary undertakings which are not controlled by the Group in accordance with HKFRS 10. For this reason, under the provision of Section 380(6), the Company has departed from Section 381 and has not treated such companies as subsidiaries but they are accounted for in accordance with the accounting policies in the notes to the 2022 annual consolidated financial statements. The subsidiaries excluded subsidiary undertakings of the Group are disclosed in the 2022 annual consolidated financial statements.

The financial information relating to the years ended 31 December 2022 and 31 December 2021 included in this preliminary announcement of annual results for the year ended 31 December 2022 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those consolidated financial statements. Further information relating to these statutory consolidated financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company had delivered the consolidated financial statements for the year ended 31 December 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).

The Company's auditor had reported on those consolidated financial statements of the Group for both years. For the year ended 31 December 2022, the auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance (Cap.622).

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the 2022 annual consolidated financial statement.

2 IMPACT OF NEW OR REVISED HKFRS

(a) Amendments to standards adopted by the Group

The following amendments to standards are relevant to the Group's operations and first effective for the Group's financial year beginning on 1 January 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 year ended 31 December 2022 and the Group's financial position as at 31 December 2022.

(b) Amendments to standards and interpretation not yet adopted

The HKICPA has issued amendments to standards and interpretation 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 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
Amendments to HKAS 1(2)	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1(2)	Non-current Liabilities with Covenants
Amendments to HKFRS 16(2)	Lease Liability in a Sale and Leaseback
HK Interpretation 5 (2020)(2)	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(3)	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 for annual periods beginning 1 January 2024
(3) Effective date to be determined

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

3 SEGMENT INFORMATION

(a) Description of segments

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

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

The principal activities of each reportable segment are as follows:

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

(b) Segment results, assets and liabilities

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

Inter-segment transactions have been entered into on terms agreed by the parties concerned. The Group's measurement methods used to determine reported segment profit or loss remain unchanged from 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.

The accounting policies of the reportable segments are the same as the Group's principal accounting policies as described in the notes to the consolidated financial statements.

2022

	Property *HK$'000*	Transportation *HK$'000*	Hospitality *HK$'000*	Investment *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Revenue and other income						
External revenue *(note d)*						
Revenues from contracts with customers						
— Recognised at a point in time	850,967	—	77,380	30,167	—	958,514
— Recognised over time	1,771,316	—	251,524	—	—	2,022,840
	2,622,283	—	328,904	30,167	—	2,981,354
Revenues from other sources						
— Rental income	425,062	—	—	335	—	425,397
— Dividend income	—	—	—	83,974	—	83,974
	425,062	—	—	84,309	—	509,371
	3,047,345	—	328,904	114,476	—	3,490,725
Inter-segment revenue	1,067	—	1,475	435	(2,977)	—
Other income (external income and excluding interest income)	27,689	—	21,025	12,520	—	61,234
	3,076,101	—	351,404	127,431	(2,977)	3,551,959
Segment results	1,119,736	—	(155,635)	(188,865)[(i)]	—	775,236
Fair value changes on investment properties	(374,414)	—	—	—	—	(374,414)
Interest income						109,583
Unallocated income						5,426
Unallocated expense						(150,814)
Operating profit						365,017
Finance costs						(405,698)
Share of results of joint ventures	55,708[(ii)]	—	(44,675)	—	—	11,033
Share of results of associates	(77,176)	(241,088)	(7,652)	(45,558)	—	(371,474)
Loss before taxation						(401,122)
Taxation						(75,258)
Loss for the year						(476,380)

Notes:

(i) Amount included fair value loss on financial assets at fair value through profit or loss of HK$242,372,000 (note 4).

(ii) Amount included share of gain arising from transfer of inventories to investment properties in a joint venture, net of tax, of HK$421,247,000 and offset by share of impairment provision on property, plant and equipment in a joint venture, net of tax, of HK$217,380,000.

2022

	Property	Transportation	Hospitality	Investment	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets						
Segment assets	26,824,288	225,199	4,618,113	2,580,644	—	34,248,244
Joint ventures	12,414,699	—	(434,380)	—	—	11,980,319
Associates	4,413,013	386,260	129,115	722,270	—	5,650,658
Unallocated assets						3,142,728
Total assets						55,021,949
Liabilities						
Segment liabilities	1,819,161	20	263,684	10,436	—	2,093,301
Unallocated liabilities						17,149,813
Total liabilities						19,243,114
Other information						
Additions to non-current assets (other than financial instruments and deferred tax assets)	54,208	50,000	429,152	3,996	—	537,356
Depreciation						
— property, plant and equipment	4,023	—	79,865	5,317	—	89,205
— right-of-use assets	9,090	—	30,106	6,823	—	46,019
Amortisation						
— intangible assets	—	—	160	62	—	222
Impairment losses (reversed)/provided						
— trade receivables, net	(44)	—	367	—	—	323

2021

	Property HK$'000	Transportation HK$'000	Hospitality HK$'000	Investment HK$'000	Eliminations HK$'000	Consolidated HK$'000
Revenue and other income						
External revenue *(note d)*						
Revenues from contracts with customers						
— Recognised at a point in time	2,971,939	—	103,408	35,233	—	3,110,580
— Recognised over time	985,055	—	247,609	—	—	1,232,664
	3,956,994	—	351,017	35,233	—	4,343,244
Revenues from other sources						
— Rental income	424,133	—	—	368	—	424,501
— Dividend income	—	—	—	62,049	—	62,049
	424,133	—	—	62,417	—	486,550
	4,381,127	—	351,017	97,650	—	4,829,794
Inter-segment revenue	1,235	—	1,269	22,564	(25,068)	—
Other income (external income and excluding interest income)	34,967	—	13,629	7,864	—	56,460
	4,417,329	—	365,915	128,078	(25,068)	4,886,254
Segment results	1,854,392[(iii)]	—	(140,705)[(iv)]	63,947[(v)]	—	1,777,634
Fair value changes on investment properties	177,833	—	—	—	—	177,833
Interest income						91,001
Unallocated income						194
Unallocated expense						(129,143)
Operating profit						1,917,519
Finance costs						(328,237)
Share of results of joint ventures	140,108	—	(31,193)	—	—	108,915
Share of results of associates	(41,322)	(304,203)	(9,687)	293,761	—	(61,451)
Profit before taxation						1,636,746
Taxation						(455,919)
Profit for the year						1,180,827

Notes:

(iii) Amount included gain on transfer of inventories to investment properties of HK$210,829,000 (note 4).

(iv) Amount included gain on disposal of an associate of HK$20,135,000 (note 4).

(v) Amount included gain on share exchange contract of HK$23,351,000 (note 4).

2021

	Property *HK$'000*	Transportation *HK$'000*	Hospitality *HK$'000*	Investment *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'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
Other information						
Additions to non-current assets (other than financial instruments and deferred tax assets)	58,478	31,582	176,767	520,061	—	786,888
Depreciation						
— property, plant and equipment	7,275	—	83,686	5,373	—	96,334
— right-of-use assets	9,780	—	29,164	9,177	—	48,121
Amortisation						
— intangible assets	—	—	160	63	—	223
Impairment losses provided						
— trade receivables, net	1,055	—	—	—	—	1,055

(c) Geographical information

	Hong Kong	Macau	PRC	Singapore	Others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2022						
Revenue and other income from external customers	**435,616**	**1,050,130**	**205,186**	**1,837,185**	**23,842**	**3,551,959**
Non-current assets*	**5,577,084**	**939,586**	**5,975,285**	**2,019,409**	**—**	**14,511,364**
2021						
Revenue and other income from external customers	411,542	2,272,659	1,350,785	847,040	4,228	4,886,254
Non-current assets*	5,706,186	998,507	6,649,634	1,710,239	—	15,064,566

* *Amount excluded joint ventures, associates, financial instruments, deferred tax assets and other non-current assets.*

(d) External revenue

External revenue comprises revenue by each reportable segment and dividend income from financial assets at fair value through other comprehensive income.

4 OTHER (LOSSES)/GAINS, NET

	2022	2021
	HK$'000	*HK$'000*
Net loss on deregistration of subsidiaries	**(8)**	—
Gain on disposal of an associate	**—**	20,135
Gain on share exchange contract	**—**	23,351
Net (loss)/gain on disposal of property, plant and equipment	**(11)**	96
Fair value loss on financial assets at fair value through profit or loss	**(242,372)**	—
Gain on transfer of inventories to investment properties	**—**	210,829
	(242,391)	254,411

During the year ended 31 December 2021, there was a transfer from inventories to investment properties at fair value amounted to HK$2,676,357,000 with the related gain on transfer of HK$210,829,000 being recognised.

5 OPERATING PROFIT

	2022	2021
	HK$'000	*HK$'000*
After crediting:		
Rental income from investment properties	**227,717**	249,842
Less: Direct operating expenses arising from investment properties	**(34,542)**	(38,276)
	193,175	211,566
Dividend income from listed investments	**11,855**	8,847
Dividend income from unlisted investments	**72,119**	53,202
Wage, salary and other subsidies from government under COVID-19	**27,637**	3,708
After charging:		
Cost of inventories sold		
— properties	**1,474,882**	1,987,659
— others	**32,539**	40,617
	1,507,421	2,028,276
Impairment losses recognised		
— trade receivables, net	**323**	1,055

6 FINANCE COSTS

	2022	2021
	HK$'000	*HK$'000*
Interest on bank borrowings and overdrafts	**410,873**	298,527
Interest on lease liabilities	**2,487**	4,092
Other finance costs	**35,717**	47,031
Total finance costs	**449,077**	349,650
Less: Amount capitalised in hotel building under construction	**(43,379)**	(21,413)
	405,698	328,237

During the year, finance costs have been capitalised at weighted average rate of its general borrowings of 2.29% (2021: 1.32%) per annum for hotel building under construction.

7 TAXATION

	2022	2021
	HK$'000	*HK$'000*
Current taxation		
Hong Kong profits tax	**5,402**	4,074
Non-Hong Kong taxation	**71,206**	543,418
Deferred taxation	**(1,350)**	(91,573)
Total tax expenses	**75,258**	455,919

Hong Kong profits tax is calculated at 16.5% (2021: 16.5%) on the estimated assessable profits for the year. 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 DIVIDENDS

The Board does not recommend the payment of any final dividend (2021: nil) in respect of the year ended 31 December 2022. No interim dividend was declared by the Board during the year ended 31 December 2022 (2021: nil).

9 (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on loss attributable to owners of the Company of HK$558,222,000 (2021: profit of HK$962,431,000) and the weighted average number of 3,020,379,785 shares (2021: 3,020,898,141 shares) in issue during the year.

For the year ended 31 December 2022, basic and diluted loss per share were the same as the Company had no potentially dilutive ordinary shares in issue.

For the year ended 31 December 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 TRADE RECEIVABLES AND PAYABLES

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

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

	2022	2021
	HK$'000	*HK$'000*
0 — 30 days	**143,128**	64,201
31 — 60 days	**16,436**	14,974
61 — 90 days	**6,838**	6,822
Over 90 days	**25,335**	18,948
	191,737	104,945

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

	2022	2021
	HK$'000	*HK$'000*
0 — 30 days	**265,804**	290,099
31 — 60 days	**5,263**	2,214
61 — 90 days	**40**	166
Over 90 days	**2,131**	631
	273,238	293,110

BUSINESS REVIEW

PROPERTY

Omicron triggered new waves of the COVID-19 pandemic in 2022 which seriously impacted the Group's overall business performance. Despite having undergone a tough year, profit contributions recorded for Nova Grand in Macau and Singapore properties, including Park Nova and Les Maisons Nassim, were satisfactory. Looking forward, the Group will remain prudent in its property business expansion, as high interest rates environment and geopolitical tensions may hinder economic recovery. In 2022, the division recorded a profit of HK$1,120 million (2021: HK$1,854 million).

Property Developments

Projects completed with recent sales

In Macau

Nova Park (Group interest: 100%)

Nova Park is the fourth phase of the Group's landmark project, Nova City. Sitting at the core of Taipa, Nova Park covers a gross floor area of around 680,000 square feet. The development has proven to be a success as 98% of its 620 residential units have been sold and transferred as of 31 December 2022.

Nova Grand (Group interest: 71%)

Nova Grand, the final phase of Nova City, features eight towers containing more than 1,700 residential units. As of 31 December 2022, 87% of the units were sold, a testimony to the project's popularity with local residents in Macau. 50 units were recognized in 2022.

In Southern China

Hengqin Integrated Development (Group interest: 100%)

Strongly supported by the Central Government, the Hengqin Pilot Zone (the "Zone") is being developed into a world-class tourism hub. Hengqin Integrated Development is located within the Zone, conveniently connected to the Hengqin Port – a cross-border facility operating 24 hours a day – as well as the intercity coach terminus. It also sits at the intersection of the Guangzhou-Zhuhai Intercity Railway and the future Macau Light Rapid Transit station.

As of 31 December 2022, a total of 420 residential units were sold and handed over to homebuyers. The remaining six units, including four show flats, are expected to be sold within 2023, while the fitting-out of the 43,000-square-meter shopping mall was completed in August 2022.

While the leasing of office space is making progress, the COVID-19 pandemic severely hampered the Group's efforts as market sentiment remained depressed for much of 2022. Meanwhile, the grand opening of the mall has been rescheduled for the third quarter of 2024, and the Group is crafting a leisure-themed tenant mix tailored to cater to local families and tourists alike.

Meanwhile, the 230-room Artyzen Habitat Hotel is scheduled for opening in the third quarter of 2023, and its happening social areas will further support the emergence of the development as a prime residence and travel destination.

In Singapore

111 Somerset (Group interest: 100%)

Located in the commercial district of Orchard Road near the Somerset MRT station, 111 Somerset is a 17-storey integrated development featuring two office towers, a two-level retail podium and a two-level basement car park, covering a gross floor area of approximately 766,550 square feet. Amid an economic slowdown due to the pandemic, the development achieved a committed occupancy rate of 93% for both its retail and office zones while the medical suites were fully occupied as at the end of 2022.

Projects under development

In Northern China

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

Strategically located on the Grand Canal in Tongzhou Beijing – the new home for the headquarters of Beijing's Central Government and many state-owned enterprises – the iconic Tongzhou Integrated Development is set to offer 127,000 square meters of retail space, 119,000 square meters of office space, and 50,000 square meters of apartment units. The retail podium will link with the M6 metro line to offer direct connection to the heart of Beijing. The project's first phase is scheduled to complete in 2024, while presales of its apartments are expected to begin in 2023 once the presale consent is granted by the government.

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

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

In Eastern China

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

NEW BUND 31 is a 50/50 joint venture between the Group and Shanghai Lujiazui (Group) Company Limited. The project comprises a 140,500-square-meter cultural and community hub featuring offices, retail space that includes a basement shopping area, as well as a 202-room five-star hotel to be managed by Artyzen Hospitality Group. The inspiring Performing Arts Center ("PAC") houses a concert hall and several multi-purpose halls with a capacity of 4,000 spectators. The construction of the offices and phase 1 of the retail portion has been completed and leasing is in progress. The remaining retail portion, the hotel and PAC are scheduled to be completed and launched in 2023.

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

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

Both residential towers and the three commercial blocks were sold between 2020 and 2022, including the sale of a commercial tower at RMB2.6 billion in 2022. All of the project's residential units have also been handed over to individual buyers.

Meanwhile, Suhe Centre and MixC World commenced operations from October 2022. As pre-leasing began in 2022, several multinational tenants have already moved in. On the other hand, MixC World – the lifestyle destination shopping complex built around heritage buildings embedded within central Jingan's largest park – achieved 90% occupancy in 2022, featuring a diverse mix of tenants from industry-leading boutique fashion stores to gourmet restaurants and chic cafés.

In Western China

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

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

In Singapore

Park Nova (Group interest: 100%)

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

The groundbreaking design of Park Nova has already earned itself multiple awards highly recognized by the industry, including the five-star "Best Apartment/Condominium Singapore" by Asia Pacific Property Awards 2022, and "Best Condo Architectural Design (Asia)" at 2022 PropertyGuru Asia Property Awards.

Sales and construction of the 43,356-square-foot development is progressing as planned and scheduled to be completed in the first half of 2024. Presales, which began in May 2021, have proven resilient to the pandemic as 44 units including the three penthouses have been sold as of 31 December 2022.

Les Maisons Nassim (Group interest: 100%)

Located in one of Singapore's most exclusive districts, this prestigious site of Les Maisons Nassim is set to become the city's "Bungalow-in-the-Sky". Spanning approximately 110,000 square feet and situated near other top-notch bungalows in the district, the majestic development will feature a total of 14 luxurious units, including nine simplex apartments, two duplexes and three penthouses. Each residence is equipped with a private lift and comes with a personal parking space, while large avenues surrounded by luxuriant plants exude subtle luxury and sophistication defining the exclusive enclave. Construction is scheduled to be completed within 2023, and a total of nine units have been sold as of 31 December 2022.

Projects under planning

In Macau

Harbour Mile

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

Property Investments

In Hong Kong

liberté place (Group interest: 64.56%)

Located at Lai Chi Kok MTR station in West Kowloon, this shopping mall continued to deliver stable income growth for the Group as the leasing team successfully recruited tenants operating in emerging business segments. The property maintained full occupancy as of 31 December 2022.

The Westwood (Group interest: 51%)

Having undergone a full renovation in July 2021, the Westwood, a prominent shopping destination on Hong Kong Island's Western District, is focused on reinforcing its family-oriented positioning. The major supermarket tenant occupying the entire third level area has revamped its business model on a full scale, attracting a clientele in search of quality, while the addition of another major entertainment tenant serves to engage with kids and youngsters. More new tenants were also recruited to reinforce the property's family vibe. As at 31 December 2022, The Westwood recorded a 90% occupancy rate.

Chatham Place (Group interest: 51%)

This three-storey arcade adjoining Chatham Gate is dedicated to becoming an educational hub, and currently contains a major kindergarten. During the year, the leasing activities were severely affected by the pandemic. As at 31 December 2022, Chatham Place recorded a 36% occupancy rate.

Shun Tak Centre Portfolio

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

Amongst the Group's investment property portfolio, the leasing activities at Shun Tak Centre were most adversely affected by the pandemic, due to the prolonged suspension of ferry services disrupting cross-border connections. The leasing team, thus, responded to the business hardship by rejuvenating the tenant mix and began the ongoing renovation project covering the second and third floors, while the renovation works on the fourth floor were completed in 2022.

For the Shop 402 owned by the Group, the venue was converted into an exhibition and event space, complemented by a trade mix diversification plan that successfully drew two new tenants and relocated a coffee counter to the second floor of the Centre. An indoor golf club remained as an anchor tenant on the fourth floor.

In Macau

Nova Mall (Group interest: 50%)

Located at the heart of Taipa's Nova residential community, Nova Mall is a one-stop shopping destination in Macau dedicated to serving the daily needs of local shoppers. All anchor tenants have been operational since the end of 2021 and mall traffic was on the upswing due to its fair occupancy rate of 89%. The business recovery was, however, hampered by several outbreaks of COVID-19 throughout 2022. The division expects that the recent lifting of most pandemic restrictions will help the property reach its full potential, deliver strong recurring income and elevate the Group's stature as a successful asset manager of premium commercial properties.

One Central Shopping Mall (Group interest: 51%)

A joint venture with Hongkong Land Holdings Limited, One Central is a prominent shopping destination – home to around 400,000 square feet of spaces occupied by some of the world's most iconic luxury brands. The mall is readjusting its tenant mix with top selling brands invited to open new and even flagship stores in this unique location. Footfall and tenant sales at the mall were negatively impacted by pandemic measures. The occupancy rate stood at approximately 85% as of 31 December 2022.

Shun Tak House (Group interest: 100%)

Located at the heart of Macau's major tourist locale, this 28,000-square-foot property is predominantly occupied by two anchor tenants and maintained full occupancy as of 31 December 2022. As tourist arrivals plummeted during the pandemic, the tenants suffered substantial losses and the Group continued to extend concessionary relief to these long-term partners throughout this challenging period.

In China

Shun Tak Tower Beijing (Group interest: 100%)

Shun Tak Tower is located at Dong Zhi Men in Beijing, next to the airport highway and near Beijing's thriving downtown and embassy area. It comprises an office area of approximately 240,000 square feet (22,273 square meters) and houses the 138-room Artyzen Habitat Hotel. Impacted by the pandemic and an increasing supply of office spaces in the market, new incentive schemes for agents and tenants have been rolled out to improve average office occupancy, which stood at 67% as of 31 December 2022.

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

A 32-storey office tower atop a six-storey shopping mall, this development in Guangzhou maintained a high average occupancy rate of 88% as of 31 December 2022.

Property services

The division offers professional property and facility management services in Hong Kong and Macau with a portfolio of over 16 million square feet of gross floor area.

The pandemic also impacted the business performance of cleaning and laundry services provided by Shun Tak Macau Services Limited and Clean Living (Macau) Limited. In future, the division will further explore business opportunities in facility management, as it expects the market to rebound in 2023.

TRANSPORTATION

In 2022, cross-border transportation services remained severely disrupted under new waves of COVID-19 that swept across Hong Kong, Macau and Mainland China. While the transportation division had spent efforts in cutting costs and generating new revenue streams, it recorded a share of loss of HK$241 million for the year (2021: HK$304 million). However, the year ended on a hopeful note with the gradual relaxation of travel restrictions in China. The ferry service between Macau and Hong Kong International Airport's SkyPier was among the first to resume operation at year end. Committed to diversifying its cross-border, multi-modal transportation platform across the Greater Bay Area ("GBA"), the division will actively gear up itself for an anticipated recovery in the regional travel market.

Shun Tak – China Travel Shipping Investments Limited

Following a shareholding restructuring in association with China Travel International Investment Hong Kong Limited ("CTII") in July 2020, Shun Tak – China Travel Shipping Investments Limited became a 50/50 owned company. The two partners, both leaders in regional cross-border transportation, consolidated their fleets of cross-border ferries and coaches and network advantages to drive concerted development in the GBA, one of the most affluent and fastest-growing regions in China.

Cross-border transportation services were suspended for almost three years, and it was not until the end of 2022 that the quarantine-free travel between Hong Kong, Macau and Mainland China started to resume. During the year, the company implemented a series of initiatives to reduce operation costs and conserve liquidity, which included restructuring its cost base and reducing idle capacity. The total operating cost of TurboJET, the key operating arm of the transportation division, was reduced by 54% and 58% in 2020 and 2021 respectively, and it dropped further by 38% year on year in 2022. To gain new revenue streams, Turbojet Shipyard Limited, the division's wholly-owned subsidiary operating two shipyards, started to provide vessel repair and maintenance services to local ferry operators, and also became one of the authorized contractors to provide vessel maintenance for the HKSAR Government.

To support the governments' anti-pandemic efforts in the year, the division's coach service provided over 900 bus trips for representatives of the HKSAR Government and Mainland authorities to attend meetings on quarantine-free travel resumption, as well as the COVID-19 leading task force of China's National Health Commission and medical support teams from Guangdong from February to May. In support of the celebration events of the 25th anniversary of the establishment of HKSAR in July 2022, it also provided over 300 bus trips for the Liaison Office of the Central People's Government in HKSAR, China Central Television and the HKSAR Government.

During the year, the company continued to diversify its business with various joint ventures. By the third 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.

The company's cross-border land transport joint venture businesses also saw varying levels of impact due to the pandemic during the period. "TurboJET Cross Border Limo", "HK-MO Express" and "Macau HK Airport Direct" were suspended, while the "Golden Bus" only operated with limited frequency across the HZM Bridge. In Macau, CTG Bus, which was acquired from CTII, continued to offer local shuttle bus and corporate leasing services.

As the borders between Hong Kong, Macau and Mainland China have gradually reopened since the end of 2022, the division is actively gearing up for building capacity as planned to prepare for service resumption, while the ferry service between Macau and the HKIA's SkyPier resumed operation on 30 December 2022. Looking ahead, the division will continue to evaluate its businesses and further strengthen its multi-modal connection with cross-boundary land transport operators.

HOSPITALITY

The tourism and hospitality sectors continued to suffer the brunt of the COVID-19 pandemic in 2022, as the spread of Omicron led to a surge in cases around the world earlier in the year. With major mainland cities experiencing prolonged lockdowns and Hong Kong and Macau suffering recurring pandemic waves, tourism was again brought to a virtual standstill while countless local events were cancelled. This led to the hospitality division posting a loss of HK$156 million in 2022 (2021: HK$141 million).

Hotels owned by the Group

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

Strategically located next to the AsiaWorld-Expo ("AWE") – Hong Kong's largest convention and exhibition center – and the Hong Kong International Airport, Hong Kong SkyCity Marriott is a 658-room airport hotel boasting a well-established history of attracting major MICE events attendees and servicing the airline corporate market.

Throughout 2022, the COVID-19 pandemic continued to bear heavily on the hotel's performance especially in the first half of the year. It prompted the Group to convert the property into a designated quarantine hotel for air crews from December 2021 onward, which was vital especially following the government's closed-loop arrangement implemented from May 2022. While supporting the government's anti-pandemic efforts, business of the hotel progressively improved in the second part of the year. The average occupancy for 2022 reached 32%, largely contributed by airlines and international logistics corporations that made extensive use of the property. To embrace a full reopening of the borders in future, the hotel has been planning new business initiatives targeting exhibitions and forging collaboration with other groups and malls.

In 2022, the hotel was named one of the top 10 Five-Star Hotels in Hong Kong by Travelmyth, and was awarded Hong Kong's Leading Airport Hotel 2022 at the World Travel Awards.

Mandarin Oriental, Macau (Group interest: 51%)

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

In early 2022, tourist arrivals in Macau dropped sharply as COVID-19 outbreaks across Mainland China, Hong Kong and Macau triggered lockdowns, while the application of safety measures drastically curtailed socializing as well as all local, regional and international travel. As a result, the hotel's leisure, MICE and catering businesses were severely impacted, although spa income proved resilient due to an increase in average spend. Early indications for 2023 are promising following the full reopening of the borders with Hong Kong and Mainland China, as well as the resumption of ferry services between the two SARs from early January 2023.

The hotel was bestowed a Triple Five Star rating for Hotel, Restaurant and Spa by 2022 Forbes Travel Guide Star Awards upon its exceptional customer service and experience. It was also ranked a top-10 hotel in Hong Kong – being the only awarded hotel from Macau – by Condé Nast Traveler Readers' Choice Awards 2022, while the hotel's spa was crowned "Macao's Best Hotel Spa 2022" by the World Spa Awards.

Grand Coloane Resort (Group interest: 34.9%)

An exclusive resort nestling by the secluded Hac Sa Beach in Coloane, Grand Coloane Resort, managed by Artyzen Hospitality Group, offers guests a tantalizingly luxurious and carefree environment perfect for leisure and relaxation. In 2022, the resort continued to operate as a medical observation hotel in support of the Macau SAR Government's pandemic control measures.

Due to robust demand for quality quarantine alternatives by Taiwan and Hong Kong travelers on their way to Mainland China, the resort recorded its highest revenues since 2019 as average occupancy for the year was recorded at 75% despite having to manage frequent changes in quarantine restrictions. The resort consistently outperformed other medical observation hotels across a series of indicators, attracting numerous celebrities and senior business executives in search of a serene quarantine experience featuring scenic views and superior service.

Artyzen Habitat Dongzhimen Beijing (Group interest: 100%)

The 138-room Artyzen Habitat Dongzhimen Beijing blends contemporary design with cultural heritage to deliver an immersive old-meets-new experience for discerning travelers. Beijing has been subjected to some of the country's most stringent anti-pandemic measures and mobility restrictions throughout 2022. Given the large number of COVID-19 cases in the capital, the hotel recorded an average occupancy rate of 39% in 2022.

Artyzen Habitat Hongqiao Shanghai (Group interest: 100%)

Part of the buoyant retail and leisure hub Shanghai MixC complex, Artyzen Habitat Hongqiao Shanghai, a 188-room hotel, exudes a dynamic urban vibe while offering an attractive combination of social, dining and event spaces to inspire close connections between travelers in search of an authentic experience.

Located near Shanghai's National Exhibition and Convention Center, the hotel attracts senior executives from around the world and other parts of China. Despite a collapse in international business travel, domestic demand proved resilient, especially in the early part of the year, since China's MICE market performed relatively well throughout traditional trade fair seasons. However, recurring COVID-19 outbreaks in Shanghai triggered a steep reduction in exhibition travelers from March onward, resulting in an average occupancy rate of 33% for the year.

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

Owned by the Group, YaTi by Artyzen Hongqiao Shanghai, a 303-room stylish budget hotel, is located within Shanghai's MixC complex. Following a year-long rebranding in 2021, the hotel reopened in 2022, attracting the patronage of many domestic travelers. However, these efforts suffered a major setback as the government tightened restrictions for family group traveling over summer holidays. As Shanghai experienced a series of strict lockdowns, the hotel became mainly occupied by medical workers from mid-March to early-June.

Artyzen Hospitality Group

Artyzen Hospitality Group Limited ("AHG") is the hotel management subsidiary of the Group headquartered in Hong Kong with regional offices in Macau, Shanghai and Singapore. Over the years, it has given birth to a range of premium proprietary brands tailored to cater the aspirations of the fast-changing Asian and millennial markets. With its dedication to fusing local art with heritage and traditions to craft a unique contemporary luxury experience for discerning guests in search of authenticity, AHG was recognized as the Most Anticipated Lifestyle Brand 2023 by GoGoShanghai.

AHG remains committed heart and soul to deliver on its vision for the future and plans to launch eight new hotels across Mainland China in 2023, namely: Artyzen Lingang, Artyzen Habitat Lingang, Artyzen Habitat Suzhou, Artyzen Habitat Taopu Smartcity, Service Apartment Taopu Smartcity, Artyzen Habitat Hengqin, Artyzen NEW BUND 31, and Artyzen Habitat Yuelai Chongqing. AHG will have a prominent footprint in Shanghai with 10 properties in this fast-growing metropolis. It is also providing management services to hotels in Beijing, Macau and Hawaii, creating significant cross-selling opportunities across different markets.

Meanwhile, AHG is working on two hotel projects with the Singapore-based Perennial Holdings Private Limited; and will play an asset management role for a 982-room hotel in Tianjin that is to be assigned to be managed by Nexus Hospitality Management Limited, an AHG joint venture.

On the marketing front, AHG is harnessing the power of social media to enhance brand awareness and renewal, while the opening of Artyzen NEW BUND 31 and Artyzen Singapore will support its market penetration efforts in 2023. Looking ahead, it will continue sourcing new projects throughout the Greater Bay Area and across other promising locations, and strive to control costs and step up promotions in anticipation of the return of travelers in the post-COVID-19 era.

Hotels managed by Artyzen Hospitality Group

Eature Residences Lingang

A 128-unit hotel-apartment development operated by the Group, Eature Residences Lingang is located in the Lingang Special Area of the Shanghai Pilot Free Trade Zone – a strategic hub for cutting-edge technology firms and the finance and trade sectors. Supported by the government with a set of preferential policies, Lingang is set to become a magnet for international talents while the local demand for housing is forecasted to grow further once the pandemic subsides. The property achieved an occupancy rate of 46% for 2022.

Artyzen Habitat Qiantan Shanghai and The Shàng by Artyzen

Managed by Artyzen Hospitality Group, Artyzen Habitat Qiantan Shanghai and The Shàng by Artyzen commenced operation in September 2022. Both the 246-unit and the 210-unit hotels are strategically located in an emerging hub for business, entertainment and residence with world-class sporting facilities. Located a mere 20 minutes away from the heart of Shanghai, the hotels are a short 40-minute ride to the Pudong and Hongqiao international airports.

Hotels under planning and development

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

Seated next to the port facility that connects to Macau and Zhuhai, Artyzen Habitat Hotel Hengqin Zhuhai is located minutes away from Macau's Cotai area and only 15 minutes away from the popular Hengqin Chimelong Ocean Kingdom. The 230-guestroom property is scheduled to open in the third quarter of 2023.

Artyzen NEW BUND 31 (Group interest: 50%)

A 202-room chic lifestyle hotel, NEW BUND 31 will be the flagship for the "Artyzen" brand in China when it opens in the fourth quarter of 2023. Located adjacent to the NEW BUND 31 Performing Arts Center – the largest indoor theater in Shanghai – the hotel will embody Artyzen Hotels and Resorts' philosophy of commitment and dedication to art, culture and authenticity.

Artyzen Singapore (Group interest: 100%)

Located in the heart of Singapore's iconic downtown Orchard area, the 142-room Artyzen Singapore is set to become Artyzen Hotels and Resort's flagship and top-of-the-line property in the Group's hotel portfolio. Featuring a high-end restaurant and bar, a rooftop dining area, an outdoor swimming pool, a gym and other wellness facilities, the hotel has already been awarded the "Best Hospitality Interior Design (Asia)" and "Best Hospitality Architectural Design (Singapore)" in the 2022 PropertyGuru Asia Property Awards. The hotel's opening is scheduled for October 2023.

Tourism Facility Management

One of Macau's most iconic tourist attractions, the Macau Tower Convention & Entertainment Centre ("Macau Tower") is the first non-gaming attraction and international standard MICE venue in Macau. Still, business proved even more challenging in 2022 than the year before. Tighter border restrictions, the mandatory shutdown of entertainment, sport and leisure venues lasting over a month, along with the imposition of take-away-only restrictions on food and beverage establishments, severely impacted the performance of Macau Tower. This caused revenues from the observation deck, banquets and MICE to decline sharply year on year. However, the introduction of new products, services and events, coupled with the streamlining of operations, mean that Macau Tower is poised for a strong recovery in 2023, as pandemic measures are lifted and both tourists and locals are expected to return in large numbers.

Membership Club

Located in Shun Tak Centre, Artyzen Club, a subsidiary of the Group, is an exclusive networking hub with a contemporary and classic ambience. Its haute Asian and Western cuisines, outdoor swimming pool, sports and wellness amenities and versatile event facilities are popular among its 464 members.

In anticipation of a recovery in the post-pandemic era, the Club has been proactively marketing its tasteful offerings to selected industries and trade groups, as well as introducing member referral programs to build up a clientele with an eye for quality living. The Club will also create a new Macanese corner to enhance dining pleasure for its members.

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 31 December 2022. Incorporated in 1962 in Macau, STDM is the second largest shareholder of Macau International Airport Company Limited, and it has also built and owns the renowned tourism and MICE landmark, Macau Tower. STDM had a shareholding of around 54.81% in SJM Holdings Limited as of the end of 2022, whereas the latter is effectively entitled to a 100% economic interest in SJM Resorts, Limited (formerly known as "Sociedade de Jogos de Macau, S.A."), which is one of the six gaming concessionaires awarded a new gaming license by the Macau SAR Government in 2022. During the year, a dividend of HK$72 million was received (2021: HK$52 million) from STDM, representing a 37% increase year on year.

Kai Tak Cruise Terminal

The Group operates and manages Kai Tak Cruise Terminal in partnership with Worldwide Flight Services Holding SA and Royal Caribbean Cruises Ltd. During 2022, the resurgence of COVID-19 brought "cruise-to-nowhere" itineraries to a halt from early January to May. The subsequent permission to resume the cruises was of limited use, as anti-pandemic regulations remained too restrictive to attract international cruise lines. The terminal's financial results were contributed by the leasing of its space for a community isolation facility.

Retail Matters Company Limited

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

The company is operating three Toys'R'Us outlets in Macau, located at Macau Tower, Senado Square and Nova Mall where a 22,000-square-foot flagship store offers an immersive retail-entertainment experience for customers with the amusement center FunPark. In 2022, the business performance of Toys'R'Us was battered by the Omicron outbreak, which led to travel restrictions and economic downturn, resulting in a decrease in footfall especially during the traditional peak seasons of summer holidays and Christmas. With cost-saving initiatives, the brand recorded a 20% drop year on year in its overall performance.

Meanwhile, Stecco Natura Gelaterie continued to expand its footprint in Hong Kong during the year with new stores in Tai Kwun and The Westwood, as well as seasonal popups. The business expansion brought an 80% surge in sales for the year, while the opening of a new store in Macau's Nova Mall is slated for the first quarter of 2023. With the relaxation of travel restrictions, the two brands are expected to gain better results in the coming year.

RECENT DEVELOPMENTS AND PROSPECTS

In 2022, the world remained under the shadow of COVID-19, and the Omicron variant raged through cities where the Group has significant businesses. The imposition of strict travel restrictions and occasional lockdowns in Mainland China, as well as the stringent anti-pandemic measures in Hong Kong and Macau, posed an immense challenge to the property, transportation and hospitality sectors. Other factors such as rising interest rates and inflation also undermined general market sentiments. In a positive light, with the easing of China's "zero-COVID" policy and the borders reopening of Macau and Hong Kong, the Group expects modest recovery in tourism industry in the year ahead.

The property division remained resilient under the adverse impact of the pandemic. In 2023, NEW BUND 31 in Shanghai – the Group's landmark project in collaboration with Shanghai Lujiazui (Group) Company Limited – will be launched, aspiring to be a hub of tourism, art and culture. Tongzhou Integrated Development in Beijing will also begin presales of its apartments in 2023 once the presale consent is granted by the government. Looking ahead, the property division anticipates that property sales and leasing will slowly regain momentum, as the gradual lifting of pandemic-related restrictions is expected to improve market sentiments. The property market in Mainland China is also expected to pick up gradually, as the Central Government had rolled out a series of measures to stabilize the market since November 2022.

The hospitality sector was among the most-severely disrupted during the pandemic. Already reeling from two years of restrictions, it came under greater pressure in 2022 as Omicron spread rapidly throughout Hong Kong, Macau and Mainland China. Months-long lockdowns in some major cities like Shanghai, where the Group has a significant foothold in the hotel industry, led to cancellations of many room bookings and events. Not only was inter-provincial travel within China severely curtailed during new waves of COVID-19, strict quarantine requirements also kept international travelers away. In response, Artyzen Hospitality Group ("AHG") strived to further streamline its operations and reduce overheads to mitigate losses. In the year ahead, the division expects the tourism industry to gradually recover following the long-awaited reversal of its "zero-COVID" policy in December 2022 as well as border reopening. The division will continue to expand the hotel portfolio in the Greater Bay Area and beyond, and strives to create greater synergy among its brands. With this ambition, AHG is poised to welcome more travelers with eight new hotels to be launched in 2023. It is especially well positioned to benefit from a recovery in Shanghai, as it will expand its hotel portfolio in the city to 10 properties by the end of 2023.

The transportation division continued to suffer significantly from COVID-19 as sea borders remained shut for the entire year before reopening on 8 January 2023. Apart from reducing operation costs, the division managed to develop new revenue streams by providing vessel maintenance services for the HKSAR Government and local ferry operators. By the third quarter of 2023, it will participate in new businesses including cross-boundary bonded bus services, as well as passenger and baggage handling services, through various new joint ventures. As the borders between Hong Kong, Macau and Mainland China have reopened since the end of 2022, the division has been actively gearing up its capacity for a full service resumption in anticipation of a gradual increase in service frequency to pre-pandemic levels. Despite facing short-term challenges from supply chain and distribution channels, it is poised to boost the capacity of transportation services to prepare for a full tourism recovery. The division will also continue to evaluate its businesses and further strengthen its multi-modal connection with cross-boundary land transport operators.

Despite the immense challenges posed by the pandemic in 2022, the Group has not only exercised financial prudence and rolled out appropriate cost saving measures, but also embarked on new business endeavors in preparation for a recovery in the tourism and hospitality sectors. These measures have proved successful with the Group's consistently swift response to the ever-changing business environment under the pandemic in the past few years. As local and international travel in China is expected to revive in 2023, the Group will seize the opportunities to reward its shareholders with sustainable business results.

GROUP FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group's bank balances and deposits amounted to HK$6,538 million as at 31 December 2022, representing a decrease of HK$1,281 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 31 December 2022 amounted to HK$21,735 million, of which HK$5,696 million remained undrawn. The principal amount of Group's bank borrowings outstanding at the year end amounted to HK$16,039 million.

Based on a net borrowings of approximately HK$9,434 million at the year end, the Group's gearing ratio (expressed as a ratio of net borrowings to equity attributable to owners of the Company) was 28.3% (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
27%	18%	54%	1%	100%

Material Acquisitions, Disposals and Commitments

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

In November 2018, the Group entered into a main contract for construction a hotel property in Singapore. As at 31 December 2022, the Group has an outstanding commitment of approximately HK$165 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 31 December 2022, the Group has an outstanding commitment to contribute capital of approximately US$94 million (equivalent to approximately HK$732 million) to HC Co.

Charges on Assets

At the year end, bank loans with principal amount of approximately HK$6,859 million (2021: HK$7,763 million) were secured with charges on certain assets of the Group amounting to an aggregate carrying value of HK$14,371 million (2021: HK$15,159 million). Out of the above secured bank loans, an aggregate principal amount of HK$664 million (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 31 December 2022, the bank loan balance proportionate to the Company's shareholding amounted to HK$175 million (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 RMB274 million and SGD1,010 million, the Group's outstanding borrowings at year-end were not denominated in foreign currencies. Approximately 59% 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 denominated in USD, MOP, SGD and RMB. The Group will from time-to-time regularly 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 year end. The Group adopts competitive remuneration packages for its employees. Promotion and salary increments are based on performance. Social activities are organised to foster team spirit amongst employees and they are encouraged to attend training classes that are related to the Group's businesses and developments.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining shareholders' eligibility to attend and vote at the 2023 annual general meeting of the Company, the register of members of the Company will be closed. Details of such closure are set out below:

Latest time to lodge transfer documents for registration	4:30 p.m. on Wednesday, 7 June 2023
Closure of register of members	Thursday, 8 June 2023 to Wednesday, 14 June 2023 (both days inclusive)
Record date	Wednesday, 14 June 2023

During the above closure period, no transfer of shares will be registered. To be eligible to attend and vote at the 2023 annual general meeting of the Company, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than the aforementioned latest time.

ANNUAL GENERAL MEETING

The annual general meeting of the Company is currently scheduled to be held on Wednesday, 14 June 2023 subject to any contingency measures which may be announced as appropriate. The notice of annual general meeting will be published on the websites of the Company and The Stock Exchange of Hong Kong Limited and despatched to the shareholders of the Company in due course.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance and fostering sustainable business growth and development. The Board periodically reviews the Company's practices to ensure compliance with the increasingly stringent requirements and to meet rising expectations of the shareholders of the Company. The Board is of the opinion that the Company has complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 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.

REVIEW BY AUDIT AND RISK MANAGEMENT COMMITTEE

The Group's consolidated financial statements for the year ended 31 December 2022 have been reviewed by the audit and risk management committee of the Company. The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022, as set out in the preliminary announcement, have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.

By order of the Board
SHUN TAK HOLDINGS LIMITED
Pansy Ho
Group Executive Chairman and Managing Director

Hong Kong, 24 March 2023

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