信德集團
SHUN TAK HOLDINGS

STOCK CODE 股份代號：242

順 CRUISING 風 TOWARDS 揚 SUCCESS 帆

2023

信德集團有限公司年報

Shun Tak Holdings Limited Annual Report

CONTENTS

Cruising Towards Success

As our world recovers from the pandemic, Shun Tak Group is well positioned with its strategic partners in the property, transportation, hospitality and leisure, and investment sectors to create shareholder value. The Group has implemented an insightful development plan to capture market opportunities and contribute to the growth of our country as we set sail on a smooth journey towards success.

PAST PERFORMANCE AND FORWARD LOOKING STATEMENTS

The performance and the results of operation of the Group as set out in this Annual Report are historical in nature and past performance is not a guarantee of future performance. This Annual Report may contain forward-looking statements and opinions that involve risks and uncertainties. Actual result may also differ materially from expectations discussed in such forward-looking statements and opinions. Neither the Group nor the Directors, employees or agents of the Group assume any obligations or liabilities in the event that any of the forward-looking statements or opinions does not materialise or turns out to be incorrect.

CORPORATE INFORMATION

Board of Directors

Ms. Pansy Ho
Group Executive Chairman and Managing Director

Mr. Norman Ho
Independent Non-Executive Director

Mr. Charles Ho
Independent Non-Executive Director

Mr. Michael Wu
Independent Non-Executive Director

Mr. Kevin Yip
Independent Non-Executive Director

Ms. Daisy Ho
Executive Director and Deputy Managing Director

Ms. Maisy Ho
Executive Director

Mr. David Shum
Executive Director

Mr. Rogier Verhoeven
Executive Director

Audit and Risk Management Committee

Mr. Norman Ho (Chairman)
Mr. Michael Wu
Mr. Kevin Yip

Remuneration Committee

Mr. Michael Wu (Chairman)
Mr. Norman Ho
Mr. Charles Ho
Mr. Kevin Yip
Ms. Pansy Ho
Ms. Daisy Ho

Nomination Committee

Ms. Pansy Ho (Chairman)
Mr. Norman Ho
Mr. Charles Ho
Mr. Michael Wu
Mr. Kevin Yip
Ms. Daisy Ho

Company Secretary

Ms. Angela Tsang

Registered Office and Contact Details

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West Tower, Shun Tak Centre
200 Connaught Road Central
Hong Kong
Tel: (852) 2859 3111
Fax: (852) 2857 7181
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E-mail: enquiry@shuntakgroup.com

Auditor

PricewaterhouseCoopers
Certified Public Accountants and Registered Public Interest Entity Auditor

Solicitor

Norton Rose Fulbright

Principal Bankers

Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
Bank of China, Macau Branch
DBS Bank, Singapore
OCBC Bank, Singapore
The Hong Kong and Shanghai Banking Corporation Limited
China Construction Bank (Asia) Corporation Ltd.
Nanyang Commercial Bank, Ltd.

Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Share Listing

The Company's shares are listed on The Stock Exchange of Hong Kong Limited.

CORPORATE PROFILE

Shun Tak Holdings Limited (the "Company") and its subsidiaries (the "Group") is a leading listed conglomerate with core businesses in property, hospitality, transportation and investments sectors. Established in 1972, the Company (HKSE 242) has been listed on the Hong Kong Stock Exchange since 1973.

CORPORATE PROFILE

PROPERTY

The Group has a prominent and successful track record in the Macau and Hong Kong property markets. The Group owns one of the largest developable floor areas in Macau among Hong Kong listed companies. It is an important player in Macau's property market with a host of property development projects, and has a growing presence in the Guangdong-Hong Kong-Macao Greater Bay Area ("GBA") and Mainland China real estate market. The investments are spread throughout in Tongzhou and Dong Zhi Men in Beijing, Minhang, Qiantan and Jingan in Shanghai, Hengqin in Zhuhai, Xiqing in Tianjin and Chenggong in Kunming.

In Macau, the Group has partnered with Hongkong Land Holdings Limited to develop One Central. Located at a prime waterfront site on Macau Peninsula, the project comprises seven prestigious residential towers, a luxurious flagship shopping mall, a five-star Mandarin Oriental hotel and serviced apartments managed by the same hotel group.

Nova City in Taipa is one of the largest luxury developments in Macau. The project comprises upscale residential units, world-class landscaping and clubhouse facilities. Sales of the first four phases have generated strong public response. Nova Grand, the final phase of Nova City, sits above a large-scale lifestyle shopping center with a gross floor area over 655,000 square feet; while the massive Nova Mall, a joint venture partnership formed with Abu Dhabi Investment Authority to co-invest in the shopping center, has become a retail hub serving the Taipa community since its opening.

The Group plays a role in the Hong Kong property market with a portfolio covering commercial, residential and retail property ventures. The Group's signature residential projects in the city include The Belcher's, liberté and Chatham Gate.

Its property management arm currently offers professional property and facility management services to residential developments, clubhouses, office towers, shopping malls and car parks across Hong Kong and Macau.

In Mainland China, the Group made its foray into the Northern China property market through an investment in the Beijing Tongzhou Integrated Development. The complex will be developed into an iconic landmark, amalgamating retail, office space and serviced apartments into a prime location along the famous Grand Canal.

Shun Tak Tower, the Group's wholly-owned property in Beijing Dong Zhi Men near East 2nd Ring Road, enjoys a well-established transport network covering the airport highway, major metro lines and bus routes. The 63,000-square-foot site features office and hospitality spaces, and is close to Beijing downtown, embassy area and Yansha district.

NEW BUND 31, Shanghai

In 2018, the Group also ventured into China's healthcare sector through a strategic partnership with Perennial Holdings Private Limited to develop mixed-use healthcare complexes near high-speed railway stations. The first two cornerstone projects – Tianjin South HSR Integrated Development and Kunming South HSR Integrated Development, will be developed into one-stop regional healthcare and commercial hubs offering medical, healthcare and elder care facilities, while featuring hospitality and retail spaces.

NEW BUND 31 at Qiantan, Shanghai is a 50/50 joint venture with Shanghai Lujiazui (Group) Company Limited. This cultural and community hub in Shanghai spans a gross floor area of 139,200 square meters, bringing together offices, retail space, basement retail areas, and a 202-room five-star hotel managed by Artyzen Hospitality Group. The site also features a Performing Arts Center housing a concert hall and several multi-purpose halls with a capacity of 4,000 spectators.

In 2020, the Group entered into agreements to acquire 40% effective interest in a mixed-use project located in Suhe Bay Area in Shanghai's Jingan District, and formed a strategic partnership with China Resources Land Limited to jointly develop the project. The development comprises four land plots with a total site area of approximately 65,692 square meters and a total developable gross floor area of approximately 329,000 square meters. In close proximity to major tourism destinations and central business precincts such as the Bund and Lujiazui, it is planned to encompass residential, office, commercial and cultural components, as well as an underground shopping mall and a central green park. In January 2021, the Group acquired a further 10% effective interest in the project and, therefore, holds a 50% effective interest in total.

To capitalize on the immense development opportunities in the GBA, the Group became the sole owner of Hengqin Integrated Development in December 2020 after acquiring the remaining 30% interest in the project. Located in Zhuhai of Guangdong Pilot Free Trade Zone, it boasts unparalleled connectivity with direct access to the port and commercial facilities at the Macau border. The transport network also includes an extension of the Guangzhou-Zhuhai Intercity Railway, and will be further enhanced by the Macau Light Rapid Transit in future. The project will be developed into an integrated landmark comprising office and retail spaces, a hotel and apartments.

In recent years, the Group has also entered the Singapore market through the acquisition of premium properties at prime locations around the central business district, building a well-rounded portfolio spanning hotel, commercial and residential developments, and diligently investing in the Singapore market with a number of acquisitions that hold excellent potentials.

111 Somerset is a premium commercial development strategically located within the Orchard Road precinct, surrounded by a prime shopping, entertainment and tourism belt with direct MRT access. It comprises approximately a gross floor area of 766,550 square feet of office space, medical suites and a two-level retail podium.

In 2018, the Group acquired two plots of prime residential redevelopment sites in downtown Singapore, which are being developed into Park Nova at 18 Tomlinson Road, located close to the Orchard Road Shopping Belt, and Les Maisons Nassim at 14A, 14B and 14C Nassim Road, situated in the prestigious district of embassies and Good Class Bungalows and considered as one of the most high-end residential districts in Singapore. The two properties are emerged as luxury residential condominiums for sale.

Park Nova, Singapore

CORPORATE PROFILE

HOSPITALITY

The Group was a pioneer in introducing top-tier hotel services to Macau through its investments in the former Mandarin Oriental Macau and former Westin Resort Macau in the late 1980s.

As part of the Group's One Central development project, the 213-room Mandarin Oriental, Macau was opened in June 2010, boasting fine elegance and bespoke services. The 208-room Grand Coloane Resort, formerly Westin Resort Macau, is a lavish boutique resort on the beautiful shores of Coloane Island overlooking the Hac Sa Beach and the South China Sea.

In Hong Kong, the Group holds a 70% interest in the 658-room Hong Kong SkyCity Marriott Hotel, which is located minutes away from the Hong Kong International Airport and AsiaWorld-Expo.

To reinforce its presence in the hospitality sector, the Group founded Artyzen Hospitality Group Limited ("AHG") in 2013 to offer hotel management solutions to hotel owners and developers, as well as managing its own portfolio of luxury hotel brands that are characterized by their unique Asian art and cultural elements. This strategic expansion seizes the extensive opportunities in the burgeoning Asian tourism landscape, catering for the increasingly affluent, discerning and mobile travelers in China. AHG is managing and operating 15 properties (12 Artyzen branded hotels and three non-branded hotels). It is also developing two properties, either as an owner-operator or on a management contractual basis, located in Chongqing and Hengqin.

Artyzen Habitat Dongzhimen Beijing is a 138-room hotel opened in 2017. Nestling in a vibrant area within Beijing's old fortress walls in Dong Zhi Men, it is just a 25-minute drive from the airport and is close to rail links.

Opened in 2018 in the new Shanghai MixC complex, the 188-room Artyzen Habitat Hongqiao Shanghai is situated in one of the city's latest and best shopping destinations with numerous entertainment hotspots, and is close to Shanghai Hongqiao International Airport and the Hongqiao Railway Station. In the same complex is also YaTi by Artyzen Hongqiao Shanghai, a budget hotel offering 303 rooms with superior service for modern travelers.

Launched in December 2021, Eature Residences Lingang is a 128-unit hotel-apartment development operated by the Group. It is located in the Lingang Special Area of Shanghai Pilot Free Trade Zone – a strategic hub for cutting-edge technology firms and the finance and trade sectors.

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 the emerging Qiantan district in Shanghai, a hub for business, entertainment and residence with world-class sporting facilities.

Recently, the Group has also made its first foray into Singapore's hotel sector with Artyzen Singapore. It is developed into a five-star luxury hotel and served as the flagship hotel of the Group. Adjacent to the local central business district and major tourism belt in Singapore, the 142-room hotel commenced operation in December 2023.

In addition to hotel operation, the Group is managing the award-winning Macau Tower Convention & Entertainment Centre ("Macau Tower"), a major MICE venue and tourist destination in Macau. Apart from MICE business, it offers diverse dining options, the best observation spot in town, shopping attractions, as well as the world's highest commercial Bungy Jump.

The Group also introduced Artyzen Club, a well-appointed private business membership club, to Hong Kong's central business district in 2018. The Club provides haute Asian and Western cuisines, sports and wellness amenities and versatile facilities for corporate and private functions.

Artyzen Singapore

TRANSPORTATION

The Group's origin dates back to 1962 with the inauguration of a passenger ferry service between Hong Kong and Macau. In a strategic move in 1999 to strengthen its shipping business and expand its market share, the Group successfully merged its shipping operation with that of China Travel International Investment Hong Kong Limited ("CTII") to create a combined entity under the brand name "TurboJET". TurboJET, operated and managed by Shun Tak – China Travel Shipping Investments Limited ("STCTS") and its subsidiaries, offers passengers speedy, reliable and comfortable sea travel services across major destinations within the Pearl River Delta ("PRD"), developing a well-connected sea transportation network linking major cities and airports in the region including Hong Kong, Macau, Zhuhai, Shenzhen and Shekou.

In 2003, TurboJET launched "TurboJET Airport Routes" (previously known as "TurboJET Sea Express"), a unique inter-regional multi-modal connection of air-sea network comprising a ferry service that links major international airports in the PRD. The bonded service connects air transit passengers of the Hong Kong International Airport with Macau and various destinations in the PRD region, further strengthening connectivity amongst PRD cities and world destinations.

In line with Macau SAR Government's tourism policy for new tourism products, the Group launched "Macau Cruise" in 2018, leveraging our profound experience in passenger sea travel and understanding of regional tourism trends to further diversify the tourism experience in Macau. It provides customized cruise services in specially liveried tour ferries around the coastline of Macau and Hengqin, taking in some of the most spectacular sights of the city and its vicinity.

In July 2020, the Group completed an important shareholding restructuring exercise in association with CTII. As a result, STCTS became a 50/50 owned company, taking the two-decade partnership further with the vision of solidifying a multi-modal transportation platform in the GBA and sharing resources and experiences in cross-border sea and land transportation industries in order to capitalize upon surging traffic flow within the region.

In supporting the National Government's initiative to enhance the connectivity and integration in the GBA, the division has cooperated with veteran cross-boundary land transport operators to participate in the operation of "Hong Kong-Zhuhai-Macao Bridge Shuttle Bus" services, popularly known as "Golden Bus", and also the "HK-MO Express", "TurboJET Cross Border Limo", and "Macau HK Airport Direct" services, a strategic move to further strengthen the Group's multi-modal transportation platform with expanded cross-boundary land transportation services across the Bridge.

INVESTMENTS

The Group owns diversified valuable investment in Macau and Hong Kong. It possesses an effective interest in Sociedade de Turismo e Diversões de Macau, S.A. ("STDM") of approximately 15.8%. STDM in turn owns approximately 54.81% of SJM Holdings Limited ("SJM Holdings"), a listed company in Hong Kong. SJM Holdings is effectively entitled to a 100% economic interest in SJM Resorts, Limited (formerly known as "Sociedade de Jogos de Macau S.A."), one of six gaming concessionaries licensed by the Macau SAR Government to operate casinos in Macau.

The Group, through a three-way consortium with business partners, was awarded a contract comprising a five-year tenancy agreement of Kai Tak Cruise Terminal commencing from 1 June 2023. Designed to accommodate the new class of mega-cruisers, the terminal is instrumental in developing Hong Kong into an international cruise hub.

Retail Matters Company Limited is the Group's retail arm and the license holder of "Toys'R'Us" in Macau. Since the opening of its flagship store at Nova Mall in 2020, Toys'R'Us Macau continues to stand as the leader of the industry, offering over 40,000 square feet of toys store space at its three different locations – Nova Mall, Macau Tower and Studio City. It has also acquired "Stecco Natura Gelaterie" from Italy to become the worldwide owner of this gelato brand, which further strengthens the Company's retail portfolio.

Macau Tower Convention & Entertainment Centre

MANAGEMENT PROFILE

MS. PANSY HO

S.B.S., JP
Group Executive Chairman and
Managing Director
aged 61

Ms. Ho Chiu King, Pansy Catilina ("Ms. Pansy Ho") joined the Group as an executive director in 1995, and was appointed the managing director in 1999 and the group executive chairman in 2017 to oversee the Group's overall strategic development and management. She is also the chairman of the executive committee and the nomination committee, a member of the remuneration committee of the Company; and a director of a number of subsidiaries of the Company.

Ms. Pansy Ho is the vice chairman, chief executive officer and a director of the board of Shun Tak – China Travel Shipping Investments Limited and the chairman of its executive committee, and is directly in charge of the Group's transportation businesses, which include ferry and coach operations. She is a director of Shun Tak Shipping Company, Limited*, Renita Investments Limited*, Oakmount Holdings Limited*, Beeston Profits Limited*, Classic Time Developments Limited* and Megaprosper Investments Limited*, the chairman of Macau Tower Convention & Entertainment Centre, a director of Air Macau Company Limited and vice-chairman of Macau International Airport Company Limited. She is also the chairperson and an executive director of MGM China Holdings Limited, a vice-chairman and a non-executive director of Phoenix Media Investment (Holdings) Limited and an independent non-executive director of the board of China Southern Airlines Company Limited, all are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). In addition, she is the chairman of the board of directors of Estoril-Sol, SGPS, S.A. which is a Portuguese listed gaming company. She was an independent non-executive director of Sing Tao News Corporation Limited, which is listed on the Main Board of the Stock Exchange.

In China, Ms. Pansy Ho is a standing committee member of the National Committee of the Chinese People's Political Consultative Conference, a vice chairman of All-China Federation of Industry and Commerce, a standing committee member of the All-China Women's Federation, a standing committee member of Beijing Municipal Committee of the Chinese People's Political Consultative Conference, the executive president of All-China Federation of Tourism Chambers of Commerce, a vice president of China Foundation for Cultural Heritage Conservation, a member of the Committee of Experts for the Construction of World Class Tourist Attractions and Tourist Resorts under the Ministry of Culture and Tourism of China and a vice president of China Women's Chamber of Commerce under All-China Federation of Industry and Commerce. In Hong Kong, she is a director of Friends of Hong Kong Association Limited, the chairperson of Hong Kong Federation of Women, a governor of Our Hong Kong Foundation Limited, an executive vice president of the Federation of Hong Kong Beijing Organisations and a general committee member of The Hong Kong General Chamber of Commerce. In Macau, she is a member of the Board of Trustees of Cultural Development Fund of the Macau SAR Government, a vice president of the board of directors of Macao Chamber of Commerce and the president of the General Association of Macau Beijing Organisations. Internationally, she is also an executive committee member of World Travel & Tourism Council and was appointed as a tourism ambassador by the United Nations World Tourism Organization in October 2018.

Ms. Pansy Ho was appointed as a Justice of the Peace and was awarded the Silver Bauhinia Star by the Government of the Hong Kong Special Administrative Region on 1 July 2015 and 1 October 2020 respectively. She was bestowed the Medal of Merit – Tourism by the Government of Macau SAR in September 2019.

Ms. Pansy Ho holds a Bachelor's degree in marketing and international business management from Santa Clara University in the United States. She received an Honorary Doctorate Degree in Business Administration from the Johnson and Wales University in May 2007. She was appointed as Honorary Professor of School of Political Communication by the School of Political Communication of Central China Normal University in November 2013. She received an honorary fellowship from The Hong Kong Academy for Performing Arts in June 2014 and an honorary university fellowship from the University of Hong Kong in September 2015.

Ms. Pansy Ho is a sister of Ms. Daisy Ho and Ms. Maisy Ho, who are an executive director and deputy managing director and an executive director of the Company respectively.

* *Shun Tak Shipping Company, Limited, Renita Investments Limited, Oakmount Holdings Limited, Beeston Profits Limited, Classic Time Developments Limited and Megaprosper Investments Limited are companies which have an interest in the shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.*

MR. NORMAN HO

F.C.P.A., B.A., A.C.A.
Independent Non-Executive Director
aged 68

Mr. Ho Hau Chong, Norman ("Mr. Norman Ho") has been an independent non-executive director of the Company since 2004. He is also the chairman of the audit and risk management committee and a member of the remuneration committee and nomination committee of the Company.

Mr. Norman Ho is an executive director of Honorway Investments Limited and Tak Hung (Holding) Company, Limited and has over 30 years of experience in management and property development.

Mr. Norman Ho is also an independent non-executive director of Hong Kong Ferry (Holdings) Company Limited and SJM Holdings Limited and an executive director of Miramar Hotel and Investment Company, Limited and Vision Values Holdings Limited, all of which are listed on the Main Board of the Stock Exchange. He was an independent non-executive director of Lee Hing Development Limited (which was listed on the Main Board of the Stock Exchange).

He is a member of the Institute of Chartered Accountants in England and Wales, and a fellow member of the Hong Kong Institute of Certified Public Accountants.

MR. CHARLES HO

G.B.M.
Independent Non-Executive Director
aged 74

Mr. Ho Tsu Kwok, Charles ("Mr. Charles Ho") has been an independent non-executive director of the Company since 2006. He is also a member of the nomination committee and remuneration committee of the Company.

Mr. Charles Ho contributes much to public affairs. He is an economic consultant of Shandong Provincial Government of the PRC, an honorary trustee of Peking University, a trustee of University of International Business and Economics in the PRC and a former member of the Standing Committee of the Chinese People's Political Consultative Conference National Committee. He is also an honorary general committee member of The Chinese Manufacturers' Association of Hong Kong. Mr. Charles Ho was the chairman and an executive director of Sing Tao News Corporation Limited, which is listed on the Main Board of the Stock Exchange.

Mr. Charles Ho was awarded the Grand Bauhinia Medal by the Government of the Hong Kong Special Administrative Region on 1 July 2014.

MR. MICHAEL WU

Independent Non-Executive Director
aged 65

Mr. Wu Zhi Wen, Michael (former name: Ng Chi Man, Michael) ("Mr. Michael Wu") was appointed as an executive director of the Company in 2009 and re-designated as a non-executive director of the Company in July 2010. Mr. Michael Wu has been re-designated as an independent non-executive director of the Company and appointed as a member of the audit and risk management committee of the Company both with effect from 20 December 2012. He has also been appointed as the chairman of the remuneration committee and a member of the nomination committee of the Company, both with effect from 25 August 2015.

Mr. Michael Wu is a fellow member of the Hong Kong Institute of Certified Public Accountants. He holds a Master's degree in business administration from St. John's University in New York, the U.S.A.

Mr. Michael Wu has substantial experience in corporate and financial management of listed companies in Hong Kong. In the past, he was an executive director and chief executive officer of Viva China Holdings Limited (now known as Viva Goods Company Limited, a company listed on the Main Board of the Stock Exchange), which was listed on the Growth Enterprise Market of the Stock Exchange. Mr. Michael Wu was also an executive director of China Travel International Investment Hong Kong Limited (which is listed on the Main Board of the Stock Exchange) and HKC (Holdings) Limited (which was listed on the Main Board of the Stock Exchange).

MANAGEMENT PROFILE

MR. KEVIN YIP

Independent Non-Executive Director
aged 59

Mr. Yip Ka Kay, Kevin ("Mr. Kevin Yip") was appointed as an independent non-executive director of the Company in October 2015. He has been appointed as a member of the audit and risk management committee of the Company with effect from 11 January 2017; and a member of the nomination committee and remuneration committee of the Company with effect from 27 March 2019.

Mr. Kevin Yip is the managing director and responsible officer of GRE Investment Advisors Limited, a Hong Kong Securities and Futures Commission licensed advisor to NM Strategic Management, LLC. He is also a managing director of General Oriental Investments (HK) Limited, a wholly owned subsidiary of General Oriental Investments S.A., the investment manager of the Cavenham Group of Funds. Mr. Kevin Yip is also a non-executive director and a member of the audit committee of VCREDIT Holdings Limited which is listed on the Main Board of the Stock Exchange.

Mr. Kevin Yip has extensive experience in private equity, alternative and portfolio investment. He was previously managing director and responsible officer of Bosera Asset Management (International) Co., Limited in Hong Kong. Prior to that he was a founding and senior partner of General Enterprise Management Services (HK) Limited, a private equity management company. He was previously a vice president of JP Morgan International Capital Corporation.

Mr. Kevin Yip is currently a member of the Investment Advisory Committee of EQT Partners, a leading private equity group in Europe, which works with portfolio companies to achieve sustainable growth, operational excellence and market leadership.

Mr. Kevin Yip holds an A.B. Degree in Economics (magna cum laude) from Harvard University. He sits as a non-scientific member of the Institutional Review Board of the University of Hong Kong/Hospital Authority Hong Kong West Cluster and is a member of the Routine and Expedited Panel of the Hospital Authority Central Institutional Review Board. He was chairman emeritus of the Hong Kong Venture Capital and Private Equity Association. He had also served on the Financial Services Advisory Committee of the Trade Development Council of the Hong Kong Special Administrative Region of the People's Republic of China.

MS. DAISY HO

B.B.S.
Executive Director and
Deputy Managing Director
aged 59

Ms. Ho Chiu Fung, Daisy ("Ms. Daisy Ho") joined the Group in 1994 and was appointed an executive director of the Company that year. She became the Group's deputy managing director and chief financial officer in 1999. Ms. Daisy Ho is a member of the executive committee, remuneration committee and nomination committee of the Company and a director of a number of the Company's subsidiaries.

In addition to participating in the Group's strategic planning and development, Ms. Daisy Ho is also responsible for the Group's overall financial activities, as well as property development, sales and investments.

Ms. Daisy Ho is a director of Shun Tak Shipping Company, Limited*, Renita Investments Limited*, Oakmount Holdings Limited* and Megaprosper Investments Limited*. She is also the managing director of SJM Resorts, S.A. (formerly known as Sociedade de Jogos de Macau, S.A.), and the chairman and executive director of its holding company, SJM Holdings Limited which is listed on the Main Board of the Stock Exchange.

Ms. Daisy Ho is Vice President and an executive committee member of The Real Estate Developers Association of Hong Kong, a member of the Hong Kong Institute of Real Estate Administrators, a Vice President of Macao Association of Building Contractors and Developers, a member and committee of Ladies Committee of The Chinese General Chamber of Commerce, Director of Macao Chamber of Commerce, Life Honorary President of Macau Retail and Management Association, a fellow of The Hong Kong Institute of Directors, Governor of The Canadian Chamber of Commerce in Hong Kong, Chairman of Hong Kong Ballet, Advisor and Former Chairman (2020-2021) of Po Leung Kuk, Chairman cum Director of University of Toronto (Hong Kong) Foundation Limited and Chairman of its Scholarship Selection Committee, Chair of International Dean's Advisory Board of Joseph L. Rotman School of Management - University of Toronto, World Fellow of The Duke of Edinburgh's Award World Fellowship, Honorary Vice President of The Hong Kong Girl Guides Association and Honorary President of Hong Kong Federation of Women.

Ms. Daisy Ho was awarded the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region on 1 July 2021.

Ms. Daisy Ho has been appointed as a member of the Standing Committee on Judicial Salaries and Conditions of Service since January 2022.

Ms. Daisy Ho holds a Master of business administration degree in finance from the University of Toronto and a Bachelor's degree in marketing from the University of Southern California.

Ms. Daisy Ho is a sister of Ms. Pansy Ho, the group executive chairman and managing director of the Company, and Ms. Maisy Ho, an executive director of the Company.

* *Shun Tak Shipping Company, Limited, Renita Investments Limited, Oakmount Holdings Limited and Megaprosper Investments Limited are companies which have an interest in the shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.*

MS. MAISY HO

B.B.S.
Executive Director
aged 56

Ms. Ho Chiu Ha, Maisy ("Ms. Maisy Ho") joined the Group in 1996 and has been an executive director of the Company since 2001. She is also a member of the executive committee of the Company and a director of a number of the Company's subsidiaries.

Since joining the Group, she has been responsible for overseeing the strategic planning and operations of the property management division, as well as retail and merchandising division of the Company. She is also responsible for the operations of the Group's property development projects in China.

Ms. Maisy Ho is a director of Shun Tak Shipping Company, Limited*. She is also the chairman and an executive director of Unitas Holdings Limited which is listed on the Growth Enterprise Market of the Stock Exchange.

Ms. Maisy Ho has been appointed as a member of the Hospital Authority since December 2021. She has been appointed as a member of Advisory Board of Tung Wah Group of Hospitals since August 2022. In January 2024, she has been appointed as a member of The University of Hong Kong Court.

In Hong Kong, Ms. Maisy Ho is the chairman of Hospital Governing Committee of Shatin Hospital, a member of the Board of Governors of Tung Wah College, past president of Hong Kong Institute of Real Estate Administrators, member of Chartered Institute of Housing Asian Pacific Branch, standing committee member and chairman of Ladies' Committee of The Chinese General Chamber of Commerce, vice chairlady of All-China Women's Federation Hong Kong Delegates Association Limited, officer of executive committee of Hong Kong Federation of Women, school supervisor of Tung Wah Group of Hospitals Chen Zao Men College, executive vice chairman of Hong Kong Volunteers Federation, executive vice president of Hong Kong Poverty Alleviation Association Limited, executive vice chairman of The Hong Kong Island Federation, executive vice chairman of the Hong Kong Youth Patriotic Education Foundation Company Limited, executive vice chairman of the Hong Kong Federation of Dongguan Association Foundation Company Limited, director of Hong Kong Tai Chi Youth Charitable Foundation and honorary vice president of The Hong Kong Girl Guides Association. Ms. Maisy Ho is also a holder of Estate Agent's Licence (Individual).

Ms. Maisy Ho was awarded the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region in 2016.

In Macau, Ms. Maisy Ho has been appointed as the Honorary Consul of the United Republic of Tanzania to Macao Special Administrative Region of the People's Republic of China since September 2020. She is a standing committee member and deputy chief of Ladies Committee of Macao Chamber of Commerce, executive vice president of Property Management Business Association Macao, vice chairman of supervisory board of Macao International Brand Enterprise Commercial Association, committee member of Kiang Wu Hospital Charitable Association and vice chairman of board of directors of Global Tourism Economy Research Centre.

MANAGEMENT PROFILE

In China, she is a standing committee member of the Chinese People's Political Consultative Conference of Liaoning Province and vice president of the 13th Executive Committee of Guangdong Women's Federation.

Ms. Maisy Ho holds a double degree of Bachelor in telecommunications and psychology from Pepperdine University, the United States. She received an honorary university fellowship from the University of Hong Kong in October 2018.

Ms. Maisy Ho is a sister of Ms. Pansy Ho, the group executive chairman and managing director of the Company, and Ms. Daisy Ho, an executive director and deputy managing director of the Company.

* *Shun Tak Shipping Company, Limited is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance.*

MR. DAVID SHUM

Executive Director
aged 69

Mr. Shum Hong Kuen, David ("Mr. David Shum") joined the Group in 1992 and has been an executive director of the Company since 2004. He is also a member of the executive committee of the Company and a director of a number of the Company's subsidiaries. He is responsible for the investment activities of the Group.

Mr. David Shum is a director of Shun Tak Shipping Company, Limited* and an executive director of SJM Holdings Limited (which is listed on the Main Board of the Stock Exchange).

Mr. David Shum holds a Master's degree in business administration from the University of California, Berkeley, the United States.

* *Shun Tak Shipping Company, Limited is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance.*

MR. ROGIER VERHOEVEN

Executive Director
aged 61

Mr. Rogier Johannes Maria Verhoeven ("Mr. Rogier Verhoeven") was appointed as an executive director of the Company in February 2012. He is a member of the executive committee, the President of the Group Hospitality Division and a director of a number of the Company's subsidiaries. He joined the Group as a consultant in 2000.

Possessing extensive experience in business development, general management and the hospitality industry, Mr. Rogier Verhoeven is responsible for strategic business development and asset management of the real estate, mixed use and hospitality investments for the Group's integrated hospitality management company (Artyzen Hospitality Group). He also oversees various other business units and related operations within the Hospitality Division.

Mr. Rogier Verhoeven holds a Bachelor's degree in Hotel Management from the Hotel School The Hague, International University of Hospitality Management, in the Netherlands.

FINANCIAL HIGHLIGHTS AND CALENDAR

FINANCIAL HIGHLIGHTS 2023

	2023	2022
	HK$'000	HK$'000
Revenue	**4,068,138**	3,490,725
Loss attributable to owners of the Company	**(676,726)**	(558,222)
Total equity	**34,066,179**	35,778,835
Loss per share (HK cents)		
— basic	**(22.4)**	(18.5)
— diluted	**(22.4)**	(18.5)
Dividends per share (HK cents)	**—**	—
Net asset value per share (HK$)	**11.3**	11.8

The calculation of basic loss per share is based on the weighted average number of 3,020,171,281 shares (2022: 3,020,379,785 shares) in issue during the year. 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 2023 (2022: same).

FINANCIAL CALENDAR 2024

Announce 2023 annual results	26 March 2024
For determining shareholders' eligibility to attend and vote at Annual General Meeting	
Deadline for lodgement of all transfers	4:30 p.m. on 29 May 2024
Closure of register of members	30 May 2024 to 5 June 2024, both days inclusive
Record date	5 June 2024
Annual General Meeting	5 June 2024
Announce 2024 interim results	August 2024

SIGNIFICANT EVENTS

January

Cross-border transportation services between Hong Kong, Macau and Mainland China resumed after almost three years of suspension due to the COVID-19 pandemic.

TurboJET participated in "Macao Treat", a two-phase promotional campaign launched by Macao Government Tourism Office, offering a complimentary return ticket to eligible visitors from Hong Kong, Taiwan and overseas.

February

Stecco Natura Gelaterie marked its first debut in Macau by opening a new store at Nova mall.

March

Managed by Artyzen Hospitality Group, Artyzen Habitat Suzhou opened for business.

NEW BUND 31 was crowned "Best Integrated Commercial Development – Gold" at the GBE HOPSCA Awards 2022-2023.

May

Artyzen Habitat Taopu Shanghai commenced operation under the management of Artyzen Hospitality Group.

Artyzen Singapore was awarded as "Best Hotel Architecture Singapore" by The Asia Pacific Property Awards 2023.

June

Mandarin Oriental, Macau was ranked first in Macau by "Travel + Leisure Luxury Awards Asia Pacific 2023".

August

Shun Tak – China Travel Shipping Investments Limited ("STCTSI") launched the intermodal bridge-to-air and air-to-bridge transit services between Hong Kong International Airport ("HKIA") and Macau with the opening of the new SkyPier Terminal at HKIA through its joint ventures.

STCTSI's joint venture at SkyPier introduced cross boundary bonded bus passenger and baggage handling services at HKIA.

Artyzen Habitat Suzhou

Artyzen Habitat Taopu Shanghai


Opening of Artyzen Singapore

September

The Group clinched the "Hong Kong ESG Award" by The Chinese Manufacturers' Association of Hong Kong.

October

NEW BUND 31, the Group's first mixed-use cultural and commercial development celebrated its official launch with an opening ceremony in Shanghai.

November

In collaboration with Shenzhen Airport Group, CTG BUS inaugurated Shenzhen Airport Hong Kong Wanchai City Terminal, offering in-town check-in service for departures to Shenzhen International Airport.

December

Wholly-owned by the Group, Artyzen Singapore was launched and commenced operation.

Toys'R'Us opened a new store at Studio City in Macau.

NEW BUND 31 won the Best Mixed-Use Development (Asia) by the 18th PropertyGuru Asia Property Awards.

The Group's Investor Relations clinched "Best Crisis Management" in the IR Magazine Awards - Greater China 2023.

The ferry service between Hong Kong China Ferry Terminal and Macau Taipa Ferry Terminal resumed operation.

Stecco Natura Gelaterie stationed in the Shanghai market with the first local store at NEW BUND 31 Mall.

CHAIRMAN'S STATEMENT

Dear Shareholders,

It is heartening to see that the regional economy started showing signs of recovery following border reopening of Hong Kong, Macau and Mainland China in 2023. Although our businesses were still reeling from a range of challenges, such as high interest rates, fluctuating property markets and weakening leasing activities, we have swiftly devised business strategies to not only seize emerging opportunities from China's prospering tourism sector, but also expand into the international markets building on the Group's solid industry expertise and connections. Among the milestones we set in the past year came the glorious launches of two flagship properties – NEW BUND 31 and Artyzen Singapore, as well as the successful sales of all remaining units of Les Maisons Nassim in the Lion City. Adding to our delight was also the return to profitability by the transportation division, contributed by a strategic resumption of its ferry services and new revenues streams.

Before these new business strategies and investments yield long-term profits, the Group's overall business performance was inevitably hampered by the existing difficult market environment. Overall, loss attributable to the Group's shareholders for the year ended 31 December 2023 amounted to HK$677 million (2022: HK$558 million). Basic loss per share were HK22.4 cents (2022: HK18.5 cents). To maintain financial prudence in our business development, the Board does not recommend the payment of any final dividend (2022: Nil) in respect of the year ended 31 December 2023. No interim dividend was declared by the Board during the year.

A GBA-based cultural tourism conglomerate that aspires to connect to the world

Deploying a "Tourism +" strategy, the Group has for long prided itself on being an integrated cultural tourism conglomerate based in the Guangdong-Hong Kong-Macao Greater Bay Area ("GBA"), possessing a strong connection with state-owned enterprises and international corporations. Taking advantage of the strengths, we have started to integrate diverse elements such as art, culture and hospitality into our larger-scale integrated developments in recent years, showcasing an ambition to facilitate cross-sector development and the growth of cultural tourism.

In October 2023, we launched NEW BUND 31 in collaboration with Shanghai Lujiazui (Group) Company Limited. Arising as Shanghai's first mixed-use cultural and commercial development project, this new landmark amalgamates class-A offices, retail spaces, our five-star Artyzen hotel and a Performing Arts Center – the city's largest professional indoor theatre – into the emerging Qiantan International Business District. Not only does it forge synergy across our property and hospitality divisions, it also epitomizes our vision of developing high-quality property to facilitate multifaceted growth of local communities.

During the year, we were also pleased to witness that the tourism sector was on the track of recovery. The hospitality division registered a general improvement in its hotels' occupancy rates, as supported by the gradual return of tourists and MICE events, while it also launched new hotels to establish a global market presence. One of the highlights was the debut of Artyzen Singapore, the top-of-the-line property across the Group's hotel portfolio. Designed as a "vertical oasis" with lush greenery, this award-winning artistic hotel strikes a balance between business expansion and sustainable development, thus representing our efforts in creating a harmonious living environment. To promote cultural tourism, we also opened Artyzen Habitat Suzhou in the Gusu district, a National Historical and Cultural City Conservation Zone in China. Artistically immersed with the heritage zone, the hotel design takes in the architectural characteristics of classical Suzhou gardens, speaking of our faith in blending art and cultural elements in our hotels.

Leveraging our multi-modal transportation network to forge closer bonding among GBA cities

At the same time, the transportation division further enriched its multi-modal transportation network in the GBA, which included launching new cross-border land transport services connecting Hong Kong International Airport and Zhuhai Airport via the Hong Kong-Zhuhai-Macau Bridge. While TurboJET is gradually restoring the sailing capacity between the ferry terminals in Hong Kong and Macau towards pre-pandemic levels, it is dedicated to enhancing passengers' traveling experience with value-added services. As 2024 marks the fifth anniversary of the promulgation of the Outline Development Plan for the GBA, the division will remain committed to facilitating multimodal integration across the region with international connectivity in collaboration with China Travel International Investment Hong Kong Limited.

Looking forward to 2024, we will make further progress with our properties in Beijing and the broader "Jing-Jin-Ji" megalopolis, contributing to the capital's economic development. Tongzhou Integrated Development sitting at the heart of the capital expects to begin presales of its apartments once the presale consent is granted by the government. In a strategic investment, Tianjin South HSR Integrated Development is under planning to commence operation in phases during the year, undertaking a very unique positioning of addressing the health care needs of the region.

On behalf of the Board, I would like to express my sincere gratitude to our stakeholders and partners for their unwavering support and trust in our pursuit of high-quality development for the good of the communities. I would also like to give special kudos to our dedicated staff, who have showcased resolution, resilience and professionalism against a challenging business environment. Progressing side by side with our stakeholders, partners and talents, we will continue to reinforce our position as a cultural tourism conglomerate based in the GBA, devoting our decades-long expertise and expansive industry resources to the national development, while leveraging our deep roots in Hong Kong and Macau to connect to the global markets.

Thank you.

By order of the Board

Pansy Ho

Group Executive Chairman and Managing Director

26 March 2024

VISIONARY
RESIDENCES

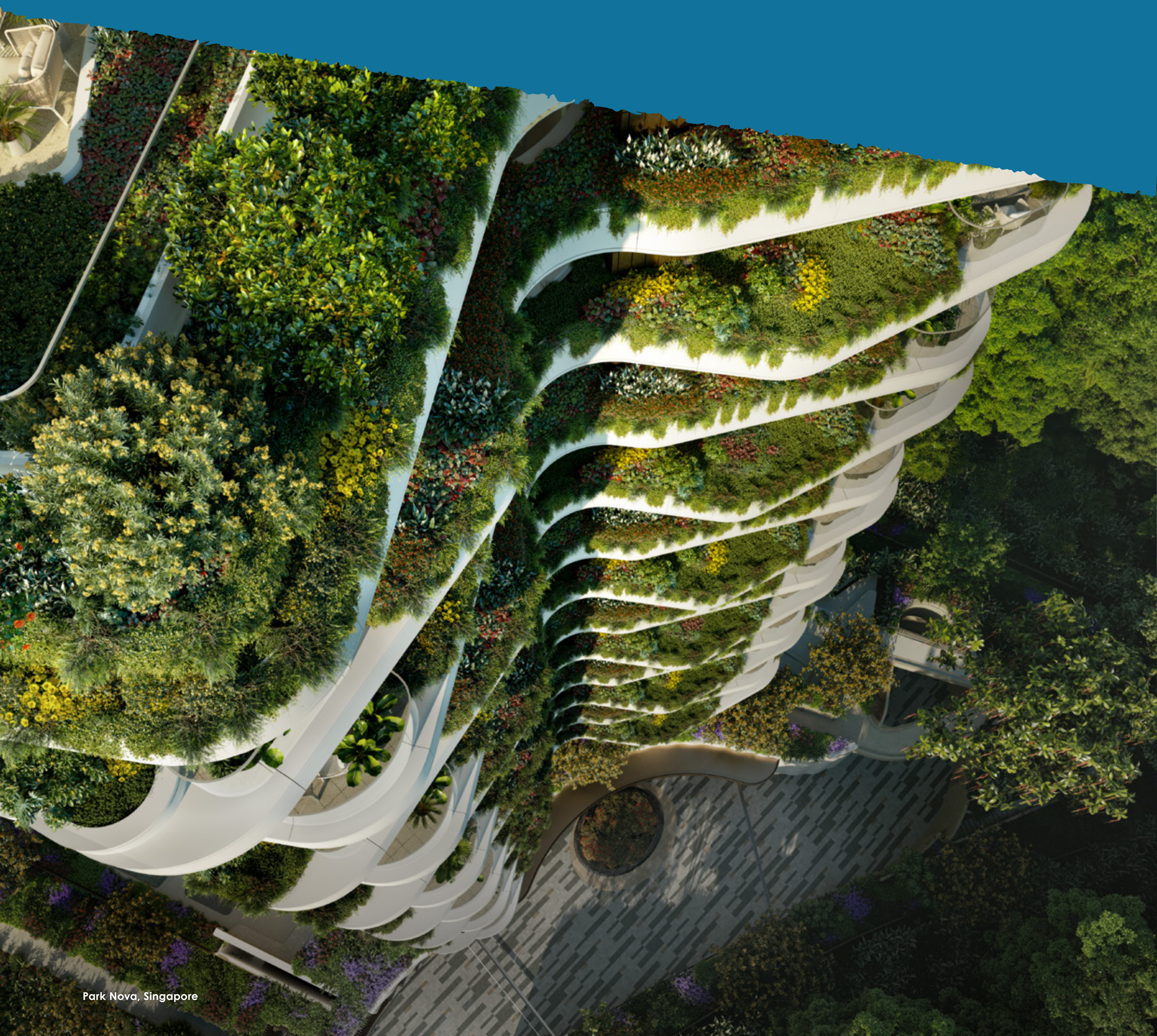
PROPERTY

Bringing contemporary environmental concepts to life through innovation and vision, we build neighbourhoods and communities with happiness and wellbeing of our residents as priority.

REVIEW OF OPERATIONS

PROPERTY

In 2023, economic recovery in the region encountered a mix of headwinds, including interest rate hikes, the introduction of property cooling measures in Singapore, instability in China's property market, and intensifying geopolitical tensions in the world. Despite dampened buyer sentiment, most units of Park Nova and all units of Les Maisons Nassim were successfully contracted for sale, and have been partially recognized during the year, bearing testament to the exceptional quality of the Group's deluxe properties in Singapore. During the year, the property division recorded a profit of HK$882 million (2022: HK$1,120 million) mainly due to reduced profit recognition from the Nova City project.



Park Nova, Singapore

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. Located at the heart of Taipa, Nova Park covers a gross floor area of around 680,000 square feet. During 2023, one residential unit was sold. The development has proven to be a success as 98% of its 620 residential units have been sold as of 31 December 2023.

Nova Grand
(Group interest: 71%)
Nova Grand, the final phase of Nova City, features eight towers containing more than 1,700 residential units. During 2023, 29 units were transacted and 26 units were recognized. As of 31 December 2023, 88% of the units were sold, a testimony to the project's popularity with local residents in Macau.

In Eastern China

Shanghai Suhe Bay Area Mixed-use Development Project
(Group interest: 50%)
Jointly developed with China Resources Land Limited, this mega integrated development is located alongside the Suhe Creek in the buoyant commercial hub of Jingan. Encompassing the heritage retail lane Shen Yu Lane and the Tin Hau Temple, the project showcases a harmonious integration of commercial and tourism development, emphasizing the revitalization of heritage and thereby enhancing cultural tourism. The development also comprises the grade-A office Suhe Centre, two residential towers, three commercial blocks, and the premium shopping mall MixC World – making up more than 82,000 square meters of aboveground gross floor areas for sales, as well as more than 158,000 square meters of gross floor areas available for leasing.

All of the project's residential units have been handed over to individual buyers. Featuring a diverse mix of tenants from fashion stores to gourmet restaurants and chic cafés, MixC World achieved 96% occupancy as of 31 December 2023. Several multinational tenants have also moved into Suhe Centre, improving the leasing rate to 44% as of the same date.


Shanghai Suhe Bay Area Mixed-use Development Project

REVIEW OF OPERATIONS

In Southern China

Hengqin Integrated Development
(Group interest: 100%)
Strongly supported by the Central Government, the Hengqin-Guangdong-Macao In- Depth Cooperation Zone (the "Zone") aims to promote the integrated development of Hengqin and Macau and facilitate Macau's economic diversification. Set within the Zone, Hengqin Integrated Development is conveniently connected to the Hengqin Port – a cross-border facility operating 24 hours a day. It also sits at the intersection of the Guangzhou-Zhuhai Intercity Railway and the future Macau Light Rapid Transit station.

In 2023, leasing activities in the Zone showed some signs of recovery as Hengqin rolled out preferential policies for Macau-funded enterprises and rental subsidies for the finance industry. The mall is expected to open in the second half of 2024, while pre-leasing is progressing as planned with a focus on leisure-themed tenants.

During the year, two residential units were transacted. As of 31 December 2023, a total of 422 residential units were sold and handed over to homebuyers. The remaining four show flats are expected to be sold within 2024.

The project also includes a 230-room Artyzen Habitat Hotel slated to commence operation in the second quarter of 2024. With its lively spaces, the hotel aims to enhance the development's appeal as a premier hub for both living and travel.

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. The recovery of the overall business environment in Singapore remained resilient, as of 31 December 2023, the development achieved an overall committed occupancy rate at 95% across all sectors including business, retail, medical and office zones.

PROJECTS UNDER DEVELOPMENT

In Northern China

Tongzhou Integrated Development, Beijing
(Group interest – Phase 1: 24%)
Tongzhou Beijing is the new home for the headquarters of Beijing's Central Government and many state-owned enterprises. Strategically located along Grand Canal in Tongzhou Beijing, 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 first stage of the project is scheduled to complete in 2025, while presales of its apartments are expected to begin in 2024 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 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 development's fitting-out works are in progress, while operations are expected to begin in phases in 2024.


Hengqin Integrated Development

In Western China

Kunming South HSR Integrated Development
(Group interest: 30%)
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. Electrical, mechanical and facade works are in progress, and operations are scheduled to begin in phases by the end of 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 over lush greenery. Each unit is served by a private lift lobby, delivering residents a bespoke urban luxury lifestyle. During 2023, the remaining ten units were contracted for sale. Construction of the 43,356-square-foot development is expected to complete in 2024.

Imbued with a biophilic design philosophy, Park Nova epitomizes the Group's pioneering concept of "smart new urban homes" in harmony with the local environment. Its innovative design has been honored by some of the most esteemed awards in 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.

Les Maisons Nassim
(Group interest: 100%)
Located in one of Singapore's most exclusive districts, the 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 prestigious bungalows in the district, this 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.

Despite property cooling measures introduced by Singapore, the project successfully sold the remaining five units in 2023, and fitting-out works are in progress. As Temporary Occupation Permit was granted in November 2023, the units will be handed over to homebuyers in batches in 2024.

Les Maisons Nassim, Singapore

REVIEW OF OPERATIONS

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, the mall has proven to be a consistent source of income for the Group. In 2023, the leasing team reshuffled the tenant mix by upgrading shop subdivisions and re-configurating the layout, to diversify the property's retail portfolio and maximize its income potential. Pop-up store and kiosk areas were also designated for multiple brands to enrich the mall's retail business variety. As of 31 December 2023, the occupancy rate stood at 98%.

The Westwood
(Group interest: 51%)
Within the residential area of The Belcher's and adjacent to HKU MTR station, The Westwood is positioned as a one-stop shopping and entertainment mall for families in the Western District of Hong Kong Island. In addition to food and beverage areas and a large supermarket as its anchor tenant, the mall introduced a sizable kids entertainment center that successfully attracted patronage of parents and kids. More educational institutions were also recruited to cater to families' needs. As of 31 December 2023, The Westwood recorded an 87% occupancy rate.

Chatham Place
(Group interest: 51%)
This three-storey arcade adjoining Chatham Gate in Hung Hom is committed to transforming into an educational hub. In 2023, educational tenants chose the mall as their development base, expanded their premises, and a variety of other businesses were also recruited to enhance trade diversity. As of 31 December 2023, the property recorded a 44% occupancy rate.

Shun Tak Centre Portfolio
Located in the core business area of Sheung Wan, Shun Tak Centre is a commercial and transportation node comprising the Hong Kong-Macau Ferry Terminal, two Grade A office towers atop a shopping mall. 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.

Following the resumption of ferry services in 2023 and the subsequent increase in tourist traffic, tenants have registered improvement in business performance, especially those in the food and beverage sector. During the year, the leasing team collaborated with more restaurant chains to expand the mall's F&B component. As of 31 December 2023, the property recorded an 83% occupancy rate. Meanwhile, the mall has been undergoing a facelift to enhance the customer experience. Renovation of the third and fourth floors was completed during the year, while the remaining renovation works are expected to be completed in 2024.

For Shop 402 owned by the Group, a fencing academy and an exhibition hall remain the anchor tenants. The group is currently studying the possibility of dedicating the space previously occupied by an indoor golf club to food and beverage outlets to increase footfall on the upper floors.

Nova Mall, Macau

In Macau

Nova Mall
(Group interest: 50%)
A joint investment with Abu Dhabi Investment Authority, Nova Mall is a one-stop shopping destination located at the heart of Taipa's Nova residential community. In 2023, the increased competition from casino-related malls in Macau, coupled with customers' renewed interest in visiting nearby malls in Zhuhai and Shenzhen, hampered business recovery of tenants. Despite the challenging market environment, the leasing team successfully retained all anchor tenants and was devoted to diversifying the trade mix, contributing to an occupancy rate of 84%.

One Central Shopping Mall
(Group interest: 51%)
A joint venture with Hongkong Land Holdings Limited, One Central is positioned as a prominent shopping destination for customers in the Greater Bay Area ("GBA"). Spanning 200,000 square feet in leasable shop area, it is home to a glittering array of world-class luxury brands. From December 2023, the second floor of the mall has been undergoing renovation, which is set to be completed by February 2025. The renovated floor will make room for diverse food and beverage options and quality lifestyle brands. During the year, contributions from One Central increased by 62% in the year, driven by strong leasing and positive rental reversions amid the surge in tourist arrivals. As of 31 December 2023, the occupancy rate rose to 95%, compared to 84% at the end of the prior year.

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 2023.

In Mainland China

NEW BUND 31, Qiantan, Shanghai
(Group interest: 50%)
Jointly developed with Shanghai Lujiazui (Group) Company Limited, NEW BUND 31 is Shanghai's first mixed-use cultural and commercial development project located in Qiantan International Business District. Stretching over 139,200 square meters, it comprises not only a class-A office tower, retail space, and a 202-room five-star Artyzen hotel managed by the Group, but also the Performing Arts Center ("PAC") – the largest professional indoor theater in Shanghai. Accommodating a 2,500-seat concert hall and the state-of-the-art Black Box Arts Space spanning 1,500 square meters, the PAC will further reinforce NEW BUND 31 as a commercial and cultural hub in Shanghai.

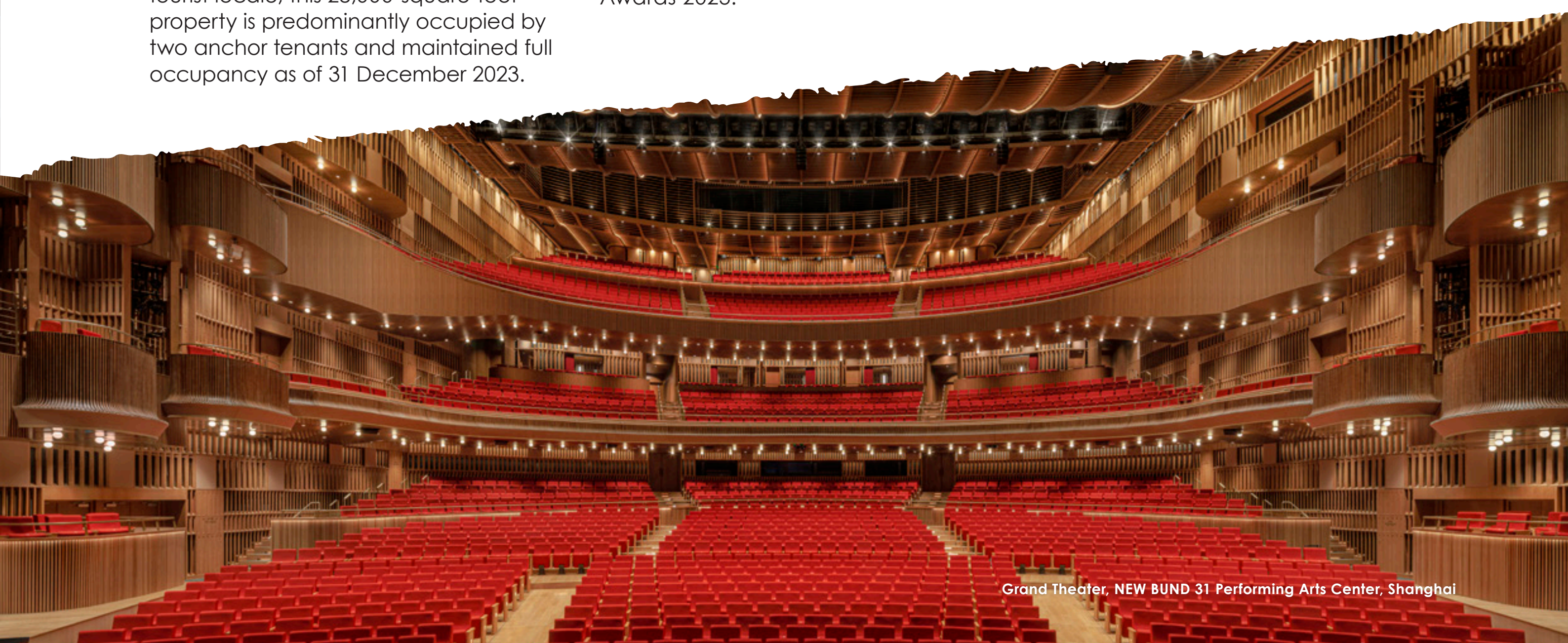
Launched in October 2023, the project has been honored with a dazzling array of industry recognitions, including the Best Mixed-Use Development (Asia) by the 18th PropertyGuru Asia Property Awards; the Best Landmark Development and the Best Mixed-Use Development by the 10th PropertyGuru Asia Property Awards (Mainland China); a Gold award by Global Future Design Awards 2023; the Best Integrated Commercial Development – Gold by the GBE HOPSCA Awards 2022-2023; a Silver award in Future Project and an Excellence award in Planning Design by China Real Estate & Design Award (CREDAWARD); a Bronze award in Best Hospitality, Tourism and Leisure Project by MIPIM Asia Awards; an Excellence award by the 31st Asia Pacific Interior Design Awards; and the Architecture & Design Award by the World Design Awards 2023.

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. With the lifting of pandemic-related measures and the gradual resumption of business traffic, the property experienced recovery in the hotel segment. Office occupancy stood at 65% as of 31 December 2023.

Guangzhou Shun Tak Business Centre
(Group interest: 60%)
A 32-storey office tower atop a six-storey shopping mall, this development in Guangzhou maintained an average occupancy rate of 78% as of 31 December 2023.

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 property services division also offers professional cleaning and laundry services in Macau. Going forward, the division is committed to exploring new opportunities to further expand the business.


Grand Theater, NEW BUND 31 Performing Arts Center, Shanghai

MINDFUL
WELCOME

Artyzen Singapore

HOSPITALITY

We constantly reinvest and redefine modern travel by bringing new recreation concepts that respect traditional values indigenous to destinations emphasizing on cultural and heritage preservation.

REVIEW OF OPERATIONS

HOSPITALITY

In 2023, the tourism and hospitality sectors of Hong Kong, Macau and Mainland China started to regain momentum after border reopening. To capitalize on the growth opportunities in Asia's post-pandemic era, the Group has opened two flagship hotels, Artyzen Singapore and Artyzen NEW BUND 31, to enhance its footprint in the global hospitality industry. Among the hotels owned or managed by the Group, the rebound of cross-border travelers has in general improved the occupancy rates, while business performance is still dependent on the pace of economic recovery and the changing market environment. In 2023, coupled with pre-opening expenses, the hospitality division posted a loss of HK$74 million (2022: loss of HK$156 million).

Artyzen NEW BUND 31 Shanghai

HOTELS OWNED BY THE GROUP

Hong Kong SkyCity Marriott Hotel
(Group interest: 70%)
Strategically located adjacent to the AsiaWorld-Expo ("AWE") – Hong Kong's largest convention and exhibition center – and in close proximity to the Hong Kong International Airport, Hong Kong SkyCity Marriott is a 658-room airport hotel boasting a well-established reputation for hosting major MICE events attendees and serving the airline corporate market.

Following the lifting of the closed-loop arrangements for air crews at the end of 2022, the hotel resumed its normal business activities. With an increasing number of tourists and the comeback of AWE events in 2023, the hotel has refocused on the MICE and group segments, targeting exhibitions and airlines to establish a base demand for its businesses. But challenges remained as the demand from event participants was still below pre-pandemic levels, while the growing room supply in the airport and Tung Chung areas has exerted downward pressure on room rates. In 2023, the average occupancy rate has increased to 62%.

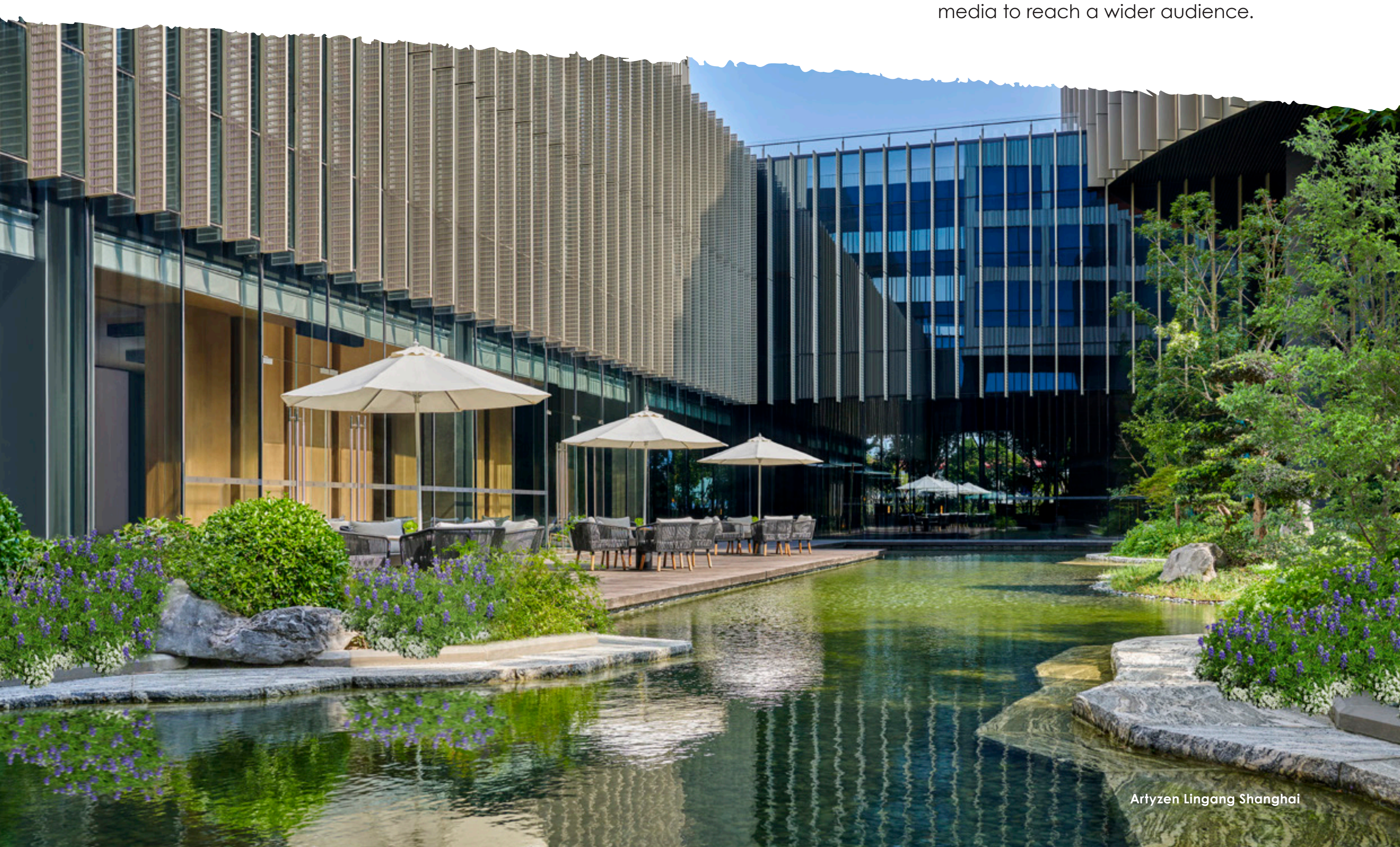
Mandarin Oriental, Macau
(Group interest: 51%)
Towering over the picturesque Macau waterfront, Mandarin Oriental, Macau offers 213 rooms and suites that command the spectacular views of Nam Van Lake and Macau Bay, supplemented with its exceptional hospitality and impeccable bespoke services.

The Macau SAR Government lifted all COVID-19 travel restrictions for travelers from Hong Kong and Mainland China in early January 2023, followed by the gradual resumption of international flights and ferry services between Macau, Hong Kong and the GBA, as well as bus services across the Hong Kong-Zhuhai-Macao Bridge. As tourists returned, the hotel recorded a steady improvement in its revenues from room bookings, MICE, Spa and F&B segments in 2023. During the year, revenues have recovered to the 2019 level with an average occupancy rate of 58%.

Recognized for the 13th year with a Triple Five Star rating for Hotel, Restaurant and Spa by the 2023 Forbes Travel Guide, Mandarin Oriental was ranked first in Macau for the first time by "Travel + Leisure Luxury Awards Asia Pacific 2023", and awarded the Best Hotel Spa in Macau by Haute Grandeur Global Spa Awards 2023.

Artyzen Hospitality Group
Artyzen Hospitality Group Limited ("AHG"), a hotel management subsidiary of the Group, is headquartered in Hong Kong with regional offices in Macau, Shanghai and Singapore. Since its establishment, AHG has created a range of premium proprietary brands tailored to meet the rising aspirations of the fast-changing Asian and millennial markets. Dedicated to fusing local art with heritage and traditions, it seeks to craft a unique, contemporary and luxury experience for discerning travelers in search of authenticity. AHG is recognized as the Most Anticipated Lifestyle Brand 2023 by GOGOShanghai, and named the New Lifestyle Brand of the Year Award by The Bund D.E.S.I.G.N Hotels Award.

In 2024, AHG plans to launch two new hotels in Mainland China, namely Artyzen Habitat Hengqin Zhuhai and Artyzen Habitat Yuelai Chongqing. Meanwhile, AHG is working on two hotel projects with Singapore-based Perennial Holdings Private Limited, and will play an asset management role for a 982-room hotel in Tianjin via Nexus Hospitality Management Limited, an AHG joint venture. Looking ahead, AHG will continue to source new projects throughout the GBA and at other promising locations, while reinforcing its brand presence on social media to reach a wider audience.



Artyzen Lingang Shanghai

REVIEW OF OPERATIONS

HOTELS OWNED BY THE GROUP AND MANAGED BY ARTYZEN HOSPITALITY GROUP

Artyzen Singapore
(Group interest: 100%)
Located at the vibrant heart of the Lion City, Artyzen Singapore is just a stone's throw from the bustling Orchard Road and major embassies, and steps away from Singapore Botanic Gardens, the first UNESCO Heritage Site in Singapore.

Making its debut in December 2023, the flagship hotel marks Artyzen Hotel & Resorts' first property outside of China, deepening the Group's market penetration in the global hospitality sector. Inspired by Singapore's culture, colors, and flavors, the hotel is designed as a vertical oasis featuring 142 rooms and suites with balconies for luxury travelers. During the year, it garnered more accolades, including the Best Hotel Architecture Singapore at the Asia Pacific Property Awards 2023 and the Project of the Year by the Interior Design Confederation Singapore.

Grand Coloane Resort
(Group interest: 34.9%)
An exclusive resort tucked away at the south-eastern tip of the Coloane island overlooking the picturesque Hac Sa Beach, Grand Coloane Resort offers guests a tranquil resort experience with 208 guest rooms and suites, all of which boast a private balcony. In 2023, the average occupancy rate stood at 52%. During the year, it has received Traveler's Choice Award 2023 by TripAdvisor, Travel Awards 2023 by KAYAK, and 'Prata Silver – Macao Green Hotel Award'.

Artyzen NEW BUND 31
(Group interest: 50%)
Artyzen NEW BUND 31 is located along the Huangpu River in Shanghai's emerging business and cultural hub, Qiantan. Being part of the Group's iconic integrated property, NEW BUND 31, the 202-room hotel is adjacent to the Bank of Communications NEW BUND 31 Performing Arts Center, the largest indoor theater in Shanghai. Launched in October 2023, the lifestyle hotel will embody Artyzen Hotels and Resorts' philosophy of commitment and dedication to art, culture and authenticity.

Artyzen Habitat Hongqiao Shanghai
(Group interest: 100%)
Enjoying close proximity to Shanghai's National Exhibition and Convention Center, Artyzen Habitat Hongqiao Shanghai has been favored by senior executives from around the world and other parts of China. Located at the buoyant retail and leisure hub Shanghai MixC complex, the 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. In 2023, the hotel's average occupancy rose to 61%, primarily attributable to a strong rebound in the exhibition industry.

Artyzen Singapore

YaTi by Artyzen Hongqiao Shanghai
(Group interest: 100%)
Located within Shanghai's MixC complex, YaTi by Artyzen Hongqiao Shanghai is a 303-room stylish budget hotel. In addition to domestic travelers, the hotel started to receive more international travelers from other Asian regions. The average occupancy rate increased to 40% in 2023.

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. As the tourism industry has been recovering significantly, the hotel's average occupancy improved to 78% in 2023.

Artyzen Habitat Suzhou
(Group interest: 10%)
Situated in the quaint Gusu district of Suzhou, the National Historical and Cultural City Conservation Zone, Artyzen Habitat Suzhou is adjacent to famous historic sites such as Canglang Pavilion and Humble Administrator's Garden.

Blending with the essence of Suzhou's history and classical city landscapes in its design, the 160-room hotel has been honored with the Most Popularity Award by the Gusu District People's Government of Suzhou City, and received the 2023 Preferred New Hotel Opening Awards from the industry. It was opened in March 2023.

HOTELS MANAGED BY ARTYZEN HOSPITALITY GROUP

Artyzen Grand Lapa Macau
Set in the heart of Macau, Artyzen Grand Lapa Macau is a 426-room upscale lifestyle urban city resort hotel, offering a window into the city's culturally rich and remarkable heritage. The hotel's food and beverage outlets offer innovative culinary dishes serving Portuguese, Macanese, Chinese, and Thai cuisines, as well as eclectic bar offerings and stylish function facilities. The hotel's resort features a large variety of leisure facilities including pools, fitness, tennis and spa surrounded by lush gardens. During the year, the hotel has received multiple accolades, including The Best City Resort Hotel, 'Prata Silver – Macao Green Hotel Award', as well as one of the Top Ten Charming City Hotels by the 18th International Hotel Platinum Award.


Artyzen Grand Lapa Macau

REVIEW OF OPERATIONS

Artyzen, Artyzen Habitat and Eature Residences Lingang
Encapsulating a premium modern lifestyle, the three properties are strategically located in Shanghai's Lingang Special Area, home to the Lingang Xinchen International Conference Center. Within walking distance are the Shanghai Astronomy Museum and Shanghai Haichang Ocean Park, while Shanghai Disneyland is just a 40-minute drive away.

Fusing tradition with modern elegance in its design, Artyzen Lingang offers 305 well- appointed guestrooms, some of which overlook the magnificent Dishui Lake. During the year, it has won the Best Hotel Art and Culture Award at GBE Hotel Design Awards 2023 and The Luxury Hotel Award of the Year 2022 – 2023 by City Travel.

Artyzen Habitat Lingang offers 364 contemporary rooms with modern facilities providing an inviting experience for both social and business travelers. It is the winner of The Vacation Destination Hotel Award of the Year 2022 – 2023 by City Travel. These two Artyzen hotels in Lingang were opened in March 2023.

Merely a 15-minute walk from Dishui Lake, Eature Residences Lingang offers 128 units in a well-furnished hotel-apartment setting.

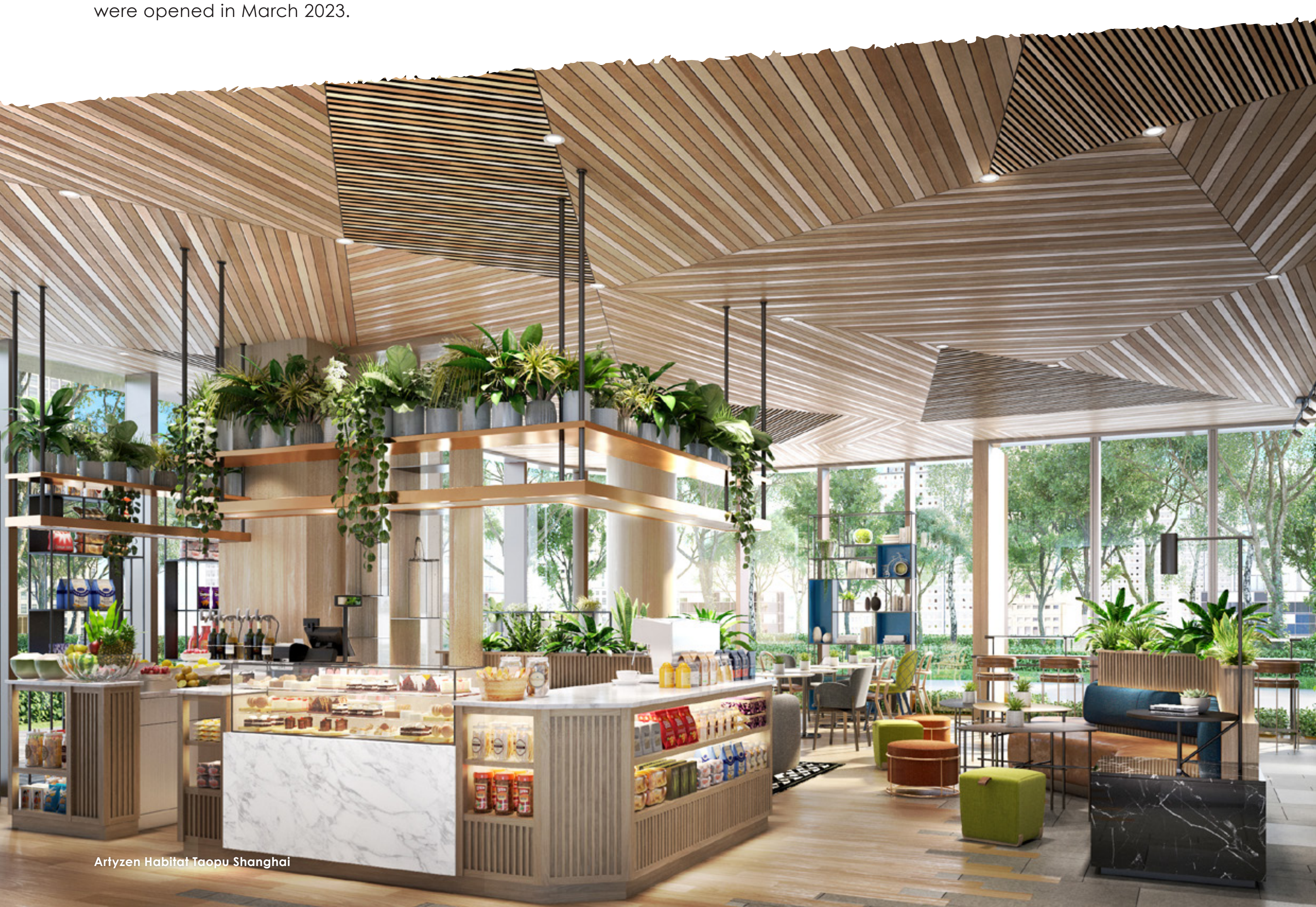
Artyzen Habitat Qiantan Shanghai and The Shàng by Artyzen
Artyzen Habitat Qiantan Shanghai and The Shàng by Artyzen are located in the Qiantan district in Pudong, Shanghai, along the bustling Huangpu River front.

Designed as an "Urban Oasis", the 246-room Artyzen Habitat Qiantan Shanghai encapsulates the modern city lifestyle with spacious social areas. These include the brand's signature Amphitheatre, featuring floor-to-ceiling glass windows and a lush garden wall, offering travelers a space to immerse themselves in cultural exchange.

The Shàng by Artyzen is a boutique lifestyle hotel comprising 210 cozy rooms that take in the charm of Shanghai's alleys in the design. During the year, it has been awarded '2023 Best New Opening Hotel – KOL Gold List', and the '2023 Best Boutique Hotel' at The Bund Design Hotel Awards.

Artyzen Habitat Taopu Shanghai
Located in the Shanghai TOP Smart City industrial complex, a new emblem in northwestern Shanghai epitomizing the "integration of production-depth city", Artyzen Habitat Taopu Shanghai integrates the history and spirit of the former industrial town into its contemporary design that harmonizes nature, technology and culture.

The 212-room modern hotel features the brand's signature social space, Townsquare and Amphitheatre, to facilitate the exchange of innovative ideas among business and leisure travelers. Since its opening in May 2023, it has been awarded the 2023 Most Anticipated New Opening Hotel – GOGOShanghai.


Artyzen Habitat Taopu Shanghai

HOTELS UNDER PLANNING AND DEVELOPMENT

Artyzen Habitat Hengqin Zhuhai
(Group interest: 100%)
Strategically located next to the port facility connecting to Macau and Zhuhai, Artyzen Habitat Hengqin Zhuhai is minutes away from Macau's Cotai area and only 15 minutes away from the popular Hengqin Chimelong Ocean Kingdom. The 230- room property is scheduled to open in the second quarter of 2024.

Artyzen Habitat Yuelai Chongqing
Situated at the core of Liangjiang New Area in Yubei District, Artyzen Habitat Yuelai Chongqing is adjacent to Yuelai International Convention and Exhibition City – a landmark project for Chongqing's development into a globally renowned inland convention and exhibition city. Touted as a "lifestyle sanctuary" catering to the upscale market, the 377-room hotel houses the brand's hallmark social space Townsquare that is designed to become the center of work, leisure, dining and pop-up retail activities. The hotel is expected to open in the first half of 2024.

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. In 2023, Macau Tower has registered an increase in tourist numbers, primarily from Hong Kong and Mainland China, posting improved sales performance from observation deck, food and beverages, and MICE segments. However, challenges such as rental income decline continued to undermine the overall business results. Macau Tower is thus devoting more efforts to e-commerce, collaboration with online travel agents, and partnered events for business growth.

MEMBERSHIP CLUB

Artyzen Club, a subsidiary of the Group, is a contemporary networking and dining venue in Central for business executives and professionals. This private club provides Asian, Portuguese and Western cuisines for members to enjoy throughout the year. In addition to an outdoor swimming pool, sports and wellness amenities, it offers entertainment such as karaoke and card games that have been popular among its 512 members. Members can also enjoy traveling benefits and special booking arrangements from the Group's hotels and TurboJET, as well as reciprocal clubs' services in Australia, the Philippines, Singapore, United Kingdom and the Middle East.

Embracing an economic recovery in the post-pandemic era, the Club has been proactively promoting its exclusive membership schemes in the bustling business and office areas. Joint promotion with credit card companies has also achieved an increase in the Club's market presence and membership.


Artyzen Habitat Hengqin Zhuhai

SEAMLESS COMMUTING

TRANSPORTATION

We offer a seamless cross-modal transportation network that combines our treasure trove of experience and resources to bring people and business across the region together.

REVIEW OF OPERATIONS

TRANSPORTATION

In 2023, border reopening of Hong Kong, Macau and Mainland China gradually revived cross-border travel, leading to a resurgence of cross-border travelers. Riding the wave of tourism recovery in these regions, the transportation division has been actively gearing up the operating capacity of its cross-border ferry and coach services. It also opened up more revenue streams by collaborating with joint venture partners to launch new services, in a continued effort to enhance the connectivity among cities of the Guangdong-Hong Kong-Macao GBA. As a result, the overall business performance of the division took a favorable turn in 2023, posting a shared profit of HK$10 million (2022: share of loss HK$241 million).

SHUN TAK – CHINA TRAVEL SHIPPING INVESTMENTS LIMITED

Shun Tak – China Travel Shipping Investments Limited ("STCTSI") became a 50/50 company co-owned by the Company and China Travel International Investment Hong Kong Limited ("CTII") through a shareholding restructuring exercise in July 2020. The aim was to further strengthen and expand its multi-modal transportation platform to seize business opportunities in the GBA by consolidating both sea and land transportation resources, as well as network advantages under STCTSI.

Seizing opportunities from GBA developments and leveraging the more complete cross-border infrastructural system catapulted by the Hong Kong-Zhuhai-Macau ("HZM") Bridge, the company has strategically established a comprehensive air- sea-land multi-modal transportation network in the region, further sharpening its competitive edges by offering more seamless and efficient travel options that cater to the needs of the passenger market. This exemplifies the company's commitment to regional integration by aligning transportation resources among GBA cities, and facilitating the planning of multi-destination itineraries for travelers across various market segments.

Sea Passenger Services

In 2023, TurboJET, the key operating arm of the Group's transportation division, supported the Macao Government Tourism Office's travel promotional campaign "Macao Treat", offering complimentary return tickets to eligible overnight visitors from Hong Kong, Taiwan and overseas during the campaign period. With the number of cross-border travelers on the rise, the company has restored its sailing capacity between Hong Kong and Macau to approximately half of pre-pandemic levels by year end. In December 2023, the ferry service between Hong Kong China Ferry Terminal and Macau Taipa Ferry Terminal resumed operation.

Other cross-border ferry services under the company's management, Macau-Shekou and Macau-Shenzhen routes, have also resumed operation, while the company has extended management of ferry services from Hong Kong-Macau Ferry Terminal and China Ferry Terminal to Zhuhai operated by Zhuhai's high-speed ferry operators.

Land Passenger Services

With the opening of the new SkyPier Terminal at Hong Kong International Airport ("HKIA"), the intermodal bridge-to-air and air-to-bridge transit services between HKIA and Macau, as well as between HKIA and Zhuhai via the HZM Bridge, were launched by the company's joint ventures in August 2023 and December 2023 respectively. With its extensive experience in intermodal transit operation, the company's joint venture at SkyPier also participated in the provision of cross boundary bonded bus passenger and baggage handling services at HKIA from August 2023.

The company's other cross-border land transportation businesses, including "TurboJET Cross Border Limo", "HK-MO Express", "Macau HK Airport Direct" and "Golden Bus", have all gradually resumed their operations. As of 31 December 2023, CTG BUS reinstated 80% of its cross-border bus service capacity between Hong Kong and Guangdong.

Beyond the carriage services, enhancing the holistic travel experience has always been an integral part of the company's commitment. In November 2023, TurboJET introduced the complimentary Super Plus shuttle services connecting Super Class passengers from Outer Harbour Ferry Terminal to city hotspots in Macau and Taipa. In the same month, CTG BUS collaborated with Shenzhen Airport Group to inaugurate the Shenzhen Airport Hong Kong Wanchai City Terminal, providing cross- border travelers with added convenience by offering in-town check-in service for flights departing from the Shenzhen International Airport.

As one of the division's new business endeavors, Turbojet Shipyard Limited, a wholly-owned subsidiary operating two shipyards, continued to provide vessel repair and maintenance services to local ferry operators. It has also become one of the authorized contractors to provide vessel maintenance for the HKSAR Government.

Looking ahead, the division will reinforce initiatives to translate the "Tourism +" concept into its business strategies including fostering multilateral collaboration with partners and operators to bring synergy to the advancement of the travel and transportation industry in the GBA.

TurboJET

PRAGMATIC
VENTURES

INVESTMENTS

Sharp acumen and prudent strategies are implemented as we invest in a balanced business portfolio that harnesses growth across the Pearl River Delta and our country.

REVIEW OF OPERATIONS

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 2023. Incorporated in 1962 in Macau, STDM is the second largest shareholder of Macau International Airport Company Limited. It has also built and owns the renowned tourism and MICE landmark, Macau Tower. STDM held a shareholding of around 54.81% in SJM Holdings Limited as at 31 December 2023, 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."), one of the six gaming concessionaires awarded a new gaming license by the Macau SAR Government in 2022. During 2023, a dividend of HK$86 million was received (2022: HK$72 million) from STDM, representing a 19% increase year on year.

Kai Tak Cruise Terminal

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 2023, the terminal started resuming normal business activities with the gradual return of cruises to Hong Kong. It has also received new ISO certificates and industry awards in recognition of its outstanding ESG (environment, social and governance) performance.

RETAIL MATTERS COMPANY LIMITED

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

In 2023, Toys'R'Us opened a new Macau outlet at Studio City, a family entertainment hub, to draw more family travelers into its customer base. Its other outlets are located at Macau Tower and Nova Mall, the latter of which accommodates a 22,000-square-foot flagship store featuring an amusement center FunPark, offering an immersive retail-entertainment experience for customers. Meanwhile, Stecco Natura Gelaterie opened a new store at Grand Lisboa Palace, following the launch of its first gelato café in Macau at Nova Mall. It has also ventured into the Shanghai market with the first local store at NEW BUND 31, the Group's latest flagship property in Mainland China.

During the year, the company's overall sales performance improved marginally, a mixed result of more inbound travelers counterbalanced by weaker local consumption due to increasing outbound travels and dampened consumer spending. With the latest business expansion, the company will strive to capture the reviving Mainland tourist segment in addition to serving local families.

Stecco Natura Gelaterie, Nova Mall, Macau

RECENT DEVELOPMENTS AND PROSPECTS

The Group concluded 2023 with satisfactory property sales of Park Nova and Les Maisons Nassim in Singapore. Its other businesses across Hong Kong, Macau and Mainland China also gradually returned back on track following border reopening of the region. Adhering to the development strategy of "Tourism +", the Group will continue to introduce new elements such as art, culture and exhibitions to its upcoming properties, forging greater synergy across different industries to facilitate healthier growth in its property and hospitality businesses. In February 2024, Sanya Investment Promotion Bureau and Shun Tak Holdings Limited signed a Memorandum of Understanding, paving the way for the Group to further its "Tourism +" strategy across potential areas such as hospitality and transportation with Sanya, one of the most popular tourism destinations in Hainan province.

In 2024, the property division will continue to make progress with properties serving the capital and its surrounding cities in China. The Tongzhou Integrated Development, sitting at the heart of Beijing, expects to begin presales of its apartments, once the presale consent is granted by the government. Adjacent to Beijing, the Tianjin South HSR Integrated Development expects to commence operation in phases during the year. Supporting the vision of Healthy China 2030, this project aspires to meet the growing demand for quality medical care in the broader "Jing-Jin-Ji" megalopolis.

In Singapore, as most units of Park Nova and all units of Les Maisons Nassim were successfully contracted for sale, the former is expected to complete its construction work in 2024, while the latter's handover progress has begun in batches as of announcement date.

Elder Care Facilities, Tianjin South HSR Integrated Development

Reinvigorated by border reopening, China's tourism industry has seen an upward trajectory, with domestic travel swiftly coming to life over the past months. Capturing the growth momentum in the post-pandemic era, the hospitality division expanded progressively in 2023, debuting two flagship hotels – Artyzen NEW BUND 31, which neighbors the largest professional indoor theater in Shanghai, and Artyzen Singapore, which emerges as a top-of-the-line property in the Group's hotel portfolio. Moving on to the first half of 2024, Artyzen Habitat Hengqin Zhuhai is expected to commence operation in support of the Guangdong-Hong Kong-Macao Greater Bay Area ("GBA") development, while Artyzen Habitat Yuelai Chongqing will be launched to facilitate the dual development of the tourism and exhibition sectors of Chongqing's Yubei District, as the municipality aspires to transform into an inland convention and exhibition city with a global reputation.

Meanwhile, the transportation division will continue to advance hand in hand with CTII, with a shared goal of facilitating multimodal integration across the GBA with enhanced connectivity. At the end of 2023, the division, with its joint venture partners, started providing cross-border land transportation services linking HKIA SkyPier Terminal and HZM Bridge Macau/Zhuhai Port. From January 2024 onwards, it started to support ticket sales of helicopter services between Macau and Hong Kong/Shenzhen in collaboration with Sky Shuttle, further broadening its air-sea-land transportation network in the GBA.

In the year ahead, the Group expects that persisting challenges, such as interest rate hikes, fluctuations in China's property market, and geopolitical tensions, will keep on casting a shadow over economic recovery. Prudent and resilient as it has been throughout the pandemic, the Group will look to seize emerging opportunities to enhance its portfolio, while continuously uncovering development potential in various markets to connect to the global markets over the long term.

Kunming South HSR Integrated Development

CARING
CORPORATION

CORPORATE SOCIAL RESPONSIBILITY

As our world recovers from the pandemic, the business, employment, healthcare, education, and food safety landscape has been rewritten. A strong advocate of corporate social responsibility, our Group embraces challenges and places emphasis on integration and harmony within our community and beyond.

CORPORATE SOCIAL RESPONSIBILITY

Shun Tak, guided by its core principles of "Integrity and Virtue", remains steadfast in its commitment to corporate social responsibility and environmental sustainability. With an unwavering dedication to making a positive impact on society, the Group actively collaborates with various organisations and engages in initiatives that mitigate environmental challenges and promote sustainability. By integrating social responsibility and environmental consciousness into our business practices, we aim to create a harmonious and thriving built environment that benefits both present and future generations.

A Lasting Heritage from Fingertips: Miao Embroidery Art Exhibition

SUSTAINABILITY GOVERNANCE

The Group's Sustainability Steering Committee ("SSC"), consisting of representatives from the Executive Committee and key business units, tracks and assesses the implementation progress of ESG targets and initiatives since its establishment in 2012. The SSC also provides regular updates to the Board through the Executive Committee on sustainability matters, promoting transparency and accountability. The Group maintains comprehensive sustainability policies that are reviewed regularly to comply with regulations and align with evolving business trends. The Sustainability Taskforce Team, supervised by the SSC, coordinates sustainability initiatives across the Group, while business units integrate sustainability practices into their operations and develop management strategies.

In September 2023, an important milestone was achieved with the launch of a dedicated ESG Committee within the Group's hospitality division, Artyzen Hospitality Group ("AHG"). This committee meets regularly to address ESG issues in a systematic manner, aligning with the Group's overarching sustainability strategy. The establishment of the ESG Committee signifies our commitment to fostering sustainability awareness among AHG employees and the wider society. It also highlights the vertical integration of ESG efforts within the Group, demonstrating a holistic approach to sustainability.

FOSTERING AN INCLUSIVE COMMUNITY

In today's dynamic world, the strength of a community lies in its diversity and ability to empower its individual members. Shun Tak understands the importance of fostering inclusive communities that value and respect the unique contributions of all members, as well as their cultural heritage and traditions. By breaking down barriers, challenging biases, promoting equal opportunities, and supporting cultural heritage preservation, we strive to create a society where everyone feels included and respected, regardless of their culture, background or circumstances. Through collaborative efforts, volunteer activities, and initiatives that celebrate differences, we can foster resilient and thriving communities that harness the power of diversity.

Supporting Cultural Heritage Preservation

Ms. Pansy Ho, the Group Executive Chairman and Managing Director of Shun Tak, has been an ardent supporter of cultural heritage preservation. Under her leadership, the Group actively engages in public advocacy and encourages businesses, individuals, and organizations to contribute to the conservation of cultural heritage, aligning with the national spirit of revitalising cultural relics.

Served as the Vice President of the China Foundation for Cultural Heritage Conservation, Ms. Ho has played a vital role in the establishment of the Asian Fund for Cultural Heritage Conservation. In April 2023, she attended its official launch ceremony in Xi'an, Shaanxi along with representatives from 22 Asian countries and three international organisations. This newly established organisation aims to preserve cultural heritage while contributing to sustainable social development and the nation's goal of "common prosperity." The Group, a founding member, donated a total of 30 million RMB over three consecutive years to support various initiatives, including archaeological excavation, conservation, restoration, and talent development.

During her visit in Xi'an, Ms. Ho witnessed the city's efforts in cultural heritage conservation. Xi'an, known for its historical significance as the ancient capital and the starting point of the Silk Road, has successfully rejuvenated the surroundings of the UNESCO World Heritage Giant Wild Goose Pagoda, creating a cultural and historical treasure. In September, Ms. Ho also participated in a two-day research trip organised by the China Foundation for Cultural Heritage Conservation. The trip focused on the conservation work of grotto temples in Gansu Province, specifically examining the future of Dunhuang's cultural heritage preservation.

Under Ms. Ho's leadership, the Group is pursuing the development of the cultural tourism, integrating cultural preservation into its business model to drive regional economic development and implement the "Tourism+" strategy. In late 2023, the Group fosters the preservation and promotion of traditional culture, as seen in the collaboration with Bazaar Art China for the "A Lasting Heritage from Fingertips: Miao Embroidery Art Exhibition". This exhibition showcases the exquisite Miao embroidery craft, paying tribute to the vibrant culture of the Miao ethnic group. The Group recognises the importance of commercialising intangible cultural heritage projects like Miao Embroidery to revitalise rural communities, advance women's development, and nurture female embroiderers and entrepreneurs.

In addition, Shun Tak Holdings - Dr. Stanley Ho Hung Sun Foundation Limited has pledged a five-year sponsorship, totaling HK$10 million from 2020 to 2024, in support of the Hong Kong Chronicles project. Published by the Hong Kong Chronicles Institute, this project aims to chronicle the social, cultural, and people's history of Hong Kong. The series serves as a comprehensive record of Hong Kong's progress over thousands of years, fostering a deeper understanding of its history, culture, and connections with the Mainland. Shun Tak Group, having played a significant role in Hong Kong's economic and social development since the 1960s, is honored to have its pivotal milestones officially documented in the Hong Kong Chronicles.

CORPORATE SOCIAL RESPONSIBILITY

Philanthropic endeavours championed by the Management

While the Group's management shows unwavering support for cultural heritage preservation, as corporate citizen, the management also lead by example in their long-standing contribution to the community through multifaceted philanthropic endeavours.

Ms. Daisy Ho, our Executive Director and Deputy Managing Director, the Chief Financial Officer, has made significant contributions to various spheres of social welfare and cultural enrichment. Through her donations to Po Leung Kuk Kai Yee Jolly Net, she has facilitated the establishment and enhancement of facilities and services. These advancements empower over 130 elderly individuals daily to lead fulfilling lives with activities ranging from health and leisure to art and information technology.

As the Chairman of the Hong Kong Ballet ("HKB"), Ms. Daisy Ho's advocacy for making ballet accessible has materialised in initiatives such as the "Swan Lake Silver Ballet Camp" and the interactive workshop "Dancing to Hong Kong's Heartbeat", enriching the lives of seniors and low-income families. Recognising the importance of arts education, she has led HKB to enable over 5,000 students to experience performing arts through the "Taking Centre Stage: School Performing Arts in Practice Scheme", organised by the Leisure and Cultural Services Department. She has also led HKB to play an integral role in nurturing artistic talent and shaping a vibrant cultural landscape under her leadership. HKB has presented extraordinary productions amid keen competition, while simultaneously prioritising the health and wellness of its dancers. Furthermore, Ms. Daisy Ho's sponsorship of the "Academic Merit Scholarships" at HKU SPACE Po Leung Kuk Stanley Ho Community College underscores her commitment to academic excellence. Ms. Daisy Ho's efforts consistently drive toward a more inclusive, culturally rich, and socially responsible society.

Likewise, Ms. Maisy Ho, our Executive Director has shown continuous support to Tung Wah Group of Hospitals, one of Hong Kong's largest charity organisations, by participating as its Advisory Board member after she stepped down from the Chairman role in 2016. She was one of the award sponsors to foster a more inclusive environment. Believing in the potential of our future generation, Ms. Maisy Ho donated to HKU SPACE for the establishment of a learning centre, named in her honour as the "Maisy Ho Centre for Teaching and Learning". Under her capacity as Standing Committee Member of The Chinese General Chamber of Commerce, Ms. Maisy Ho supported the initiative of "Strive and Rise Programme" by arranging site visits to the Group's business units of Property Management and Transportation for underprivileged secondary school students. All these initiatives showcase our management's dedication in promoting social sustainability in our business units.


CUHK Internship Programme


YDC Programme

Embracing Voices and Empowering All

We deeply appreciate the variety of voices that contribute to our society, and are resolute in our commitment to actively listen and comprehend the unique requirements of different communities, with a particular focus on youth, the elderly, and individuals who may face barriers to inclusion. Through impactful initiatives and endeavours, we strive to foster an environment that encourages volunteering, and forge a more progressive society by providing support and empowerment to those in need.

Promoting Youth Empowerment and Development

Preparing the youth for leadership roles in the future is a crucial responsibility. Committed to educating, supporting, and empowering the next generation to build a better future together, the Group has implemented various initiatives aimed at equipping teenagers with valuable skills and experiences and supporting diverse communities.

In Hong Kong, the Group actively participated in the Chinese University of Hong Kong's internship programme, providing recruited students with real-world working experience and opportunities across various business units, and enhancing their awareness for continuous self-improvement. By tapping into the students' innovative ideas in this digital age, the Group can also enhance the mentoring skills of its managers.

Moreover, the Group collaborates with organisations such as the Young Entrepreneurs Development Council to provide workshops and programs that offer career advice, life planning guidance, and entrepreneurial skills to students from various schools. These initiatives exemplify our commitment to youth development.

In China, our joint venture company in Shanghai launched the NEW BUND 31 Young Creator Program, which served as an incubation platform for young talents in the arts and creative fields. By providing financial support, guidance, and networking opportunities, the programme enabled young artists to develop their ideas and showcase their creativity in an inclusive environment.

Our dedication to the youth extends far beyond offering opportunities for skills and knowledge enhancement. This year, we continued implementing our "Knit for Charity" programme, where dedicated volunteers knitted mobile phone pouches as Christmas gifts for underprivileged children. On the other hand, our collaboration with SideBySide has facilitated inclusive birthday parties for disadvantaged children, creating joyful and inclusive experiences. Furthermore, we organised industrial visits to provide students with valuable firsthand insights into the dynamic hospitality and tourism industry, shedding light on industry trends and fostering experiential learning beyond the confines of the classroom.

Birthday parties for disadvantaged children

Knit for Charity

CORPORATE SOCIAL RESPONSIBILITY

Promoting Diversity and Inclusion

Embracing diversity entails appreciating and respecting individuals' unique backgrounds, experiences, perspectives, and identities. The Group's introduced initiatives that foster social inclusion, which has resulted in the creation of an environment where every individual feels valued, empowered, and capable of contributing their full potential.

The Group collaborated with Lifelong Animal Protection Charity for Animal Volunteer Day, providing volunteers with an opportunity to learn about the challenges faced by stray and abandoned dogs, thereby raising awareness of animal welfare. The Group also sponsored tickets for secondary school children to the "So Uk" musical theatre, which showcased the talents of deaf artists and formerly incarcerated individuals, inspiring the underprivileged and conveying messages of inclusivity. Back in the office, we celebrated Dashain Festival with Nepalese Staff by delivering festive cookies to their families.

In the realm of education, the Group collaborated with the Macau Autism Association to support World Autism Awareness Day. A special event was organised at Macau Tower to offer memorable experiences to children with autism spectrum disorder and their families, including a visit to the Observation Deck and a music performance showcasing the talents of autistic children. Furthermore, the Macau Office organised an educational tour at Macau Tower for students from Escola Luso-Chinesa Tecnico-Profissional with learning disabilities, offering them an opportunity to gain insights into a real working environment.

Nurturing Senior Well-being

Promoting the well-being of seniors is a top priority for the Group, as we deeply value and respect their contributions. To foster social connections and enhance their physical and social well-being, we have organised and sponsored various initiatives that facilitate interactions between seniors and the broader community.

This year, we continued to organise visits to the elderly at Yiu Tung Estate, collaborating with the Tung Wah Group of Hospitals Wu Ki Lim Neighbourhood Elderly Centre. Volunteers offered heat-press treatment for elderly attending the Centre, and brought household groceries and essentials to single elders, demonstrating our care and affection for them. We also arranged for the kitchen staff of our Artyzen Club to prepare specially crafted double-boiled soup, and delivered them to the elderly. Additionally, our Macau Office partnered with Caritas Macau to organise the "Climb Up to the Sky 2023" event at Macau Tower. 100 elderly participants enjoyed a day of activities, including a tour of the Observation Deck and a delicious lunch.

In China, Artyzen Habitat Dongzhimen Beijing made a generous donation of 4,800 kg of bread during the Double Ninth Festival event. This event, organised by the local community at MOMA, aimed to show care and appreciation for the elderly. Over 100 elderly individuals actively participated, creating a meaningful experience.

Celebrate Dashain Festival with Nepalese colleagues

Climb up the Sky

Autism Awareness Day

Facilitating Charitable Endeavours

By partnering with charitable groups, we are able to identify meaningful channels through which we can contribute to various causes and address pressing issues. Through our collective efforts, we strive to inspire the community to embrace the spirit of generosity, compassion, and unity. In addition to the flag selling days for various NGOs, the Group offered as venue sponsors at various locations in Hong Kong, Macau and China to serve for good causes. These include Plastic-Free Harbour, Electronic Product Recycling Initiative, Caregivers Support Team, Oxfam Kids Exhibition, Oxfam Tower Run, Rotary Healthy Living Wisdom Competition, Student Ambassador Programme Awards.

Inspiring Volunteering Among Employees

The Group participated in the Hong Kong Volunteer Award, co-organised by the Home and Youth Affairs Bureau and the Agency for Volunteer Service, and received the Corporate Awards for Top 10 Highest Volunteer Hours. Our Macau Office introduced the "Shun Tak Love Reward Scheme", a rewards programme that motivated staff to engage in voluntary work. Employees who accumulated 10 or more points throughout the year were rewarded with a shopping voucher and a thank-you certificate as a gesture of appreciation. 10 employees were recognised and rewarded for their exceptional dedication to volunteering.

Enriching Communities through Arts and Culture

As a visionary organisation, we eagerly embrace the inspirational power of arts and culture to shape our society amidst a rapidly evolving world. Our active pursuit involves cultivating a vibrant cultural landscape that celebrates diverse artistic expressions, fosters creativity, and encourages meaningful dialogue.

Macau Tower is a key supporter of artistic initiatives and collaborations. As the venue sponsor, it played a crucial role in the 2nd Beijing-Hong Kong-Macao Youth Music and Art Carnival, providing a platform for teenagers to showcase their talents and fostering artistic growth through guidance from experienced artists and instructors. The Tower also sponsored events like the China Great Tower Photography Competition, promoting visual culture and architectural excellence. Furthermore, it served as the venue sponsor for the Macausaphis Experimental event, which combined fashion, live music, drama, and storytelling to showcase the artistic diversity and creativity of Macau. Additionally, Amagao Gallery at Artyzen Grand Lapa provided a platform for artists to showcase their talents.

Animal Volunteer Day

CORPORATE SOCIAL RESPONSIBILITY

PROMOTING SUSTAINABLE COMMUNITIES: EMBRACING GREEN BUILDING AND CLIMATE CHANGE MITIGATION AS SHARED OBJECTIVES

Trailblazing Path of Green Building

The Group is deeply committed to sustainable development and takes active responsibility for environmental conservation. We prioritise the creation of buildings that have a minimal ecological impact. As recognition of this dedication, the Group has been awarded green building certifications for a range of projects. The provided table presents the Group's portfolio of certified green buildings, highlighting our ongoing efforts to contribute to the creation of sustainable cities.

In 2023, the Group's commitment to sustainable building practices is showcased through its flagship property development, NEW BUND 31 in Shanghai. NEW BUND 31 stands out for its innovative integration of a performing arts centre, retail spaces, and hospitality facilities. It has obtained a number of prestigious certifications, including LEED Gold certification and a 3-star rating under the China Green Building Design Label, highlighting its commitment to sustainability.

PROPERTY	GREEN BUILDING CERTIFICATE ACHIEVED
CHINA	
NEW BUND 31, Shanghai	• U.S. LEED Gold Certificate • 3-star, the highest rating, under China Green Building Design Label
Hengqin Integrated Development	• 3-star, the highest rating, under China Green Building Design Label
Shanghai Suhe Bay Area Mixed-use Development	• U.S. LEED Platinum Precertification (Suhe Centre) • 2-star under China Green Building Design Label
Tianjin South HSR Integrated Development	• 2-star under China Green Building Design Label • WELL Precertification under the WELL Building Standard™
Beijing Tongzhou Integrated Development	• U.S. LEED Gold Precertification (Plot 14-1 & Plot 14-2)
SINGAPORE	
Park Nova	• BCA Green Mark GoldPlus Certificate
Les Maisons Nassim	• BCA Green Mark Certificate

Assessing Our Climate Risks

The Group has adopted the framework put forth by the Task Force on Climate-related Financial Disclosures ("TCFD") to ensure the transparent and uniform disclosure of risks associated with climate change to all stakeholders. The TCFD framework provides valuable guidance on reporting climate-related information in four crucial domains: governance, strategy, risk management, and metrics and targets.

Progress of 2030 Environmental Targets

In line with the United Nations Sustainable Development Goals, we have officially announced our 2030 Environmental Targets, aiming to mitigate the environmental impact of our business operations. These targets encompass a reduction in carbon emissions, electricity and water consumption, and waste generation. Our dedicated efforts have yielded positive outcomes, including a noteworthy 38% reduction in carbon emissions intensity this year. This progress can be attributed to the implementation of diverse green initiatives and programs. Additionally, our commitment to lowering electricity and water consumption intensities through measures such as adopting energy-efficient appliances and promoting water conservation practices has resulted in impressive reductions of 15% and 33% respectively. Furthermore, our waste reduction initiatives, including minimising the use of disposable plastics, have led to a 37% decrease in waste generation intensity compared to the baseline year.

Hengqin Integrated Development

Advancing Sustainability Initiatives: Building a Greener Future

We recognise the critical importance of sustainability in building a better future, and remain steadfast in integrating it into our business model by actively embracing a range of measures and plans. In addition to maintaining our current initiatives, we are proactively exploring new opportunities to reduce our carbon footprint comprehensively, focusing on energy, water, and waste management.

Using Resources Effectively

In order to reduce energy consumption and enhance energy efficiency, the Group has installed variable frequency drives and upgraded its cooling systems, specifically prioritising on chiller replacements as well as adopting low-e window film for energy savings. Electricity consumption has also been reduced through optimising air conditioning and LED lighting, upgrading power control management systems and replacing IT equipment. We have also installed solar panels that generate significant electricity, and actively exploring the installation of additional solar panels for electric vehicle charging stations.

On the other hand, our water saving initiatives include optimising water usage through variable speed drives, replacing faucets with water-efficient models, implementing water-saving strategies by allowing frozen foods to thaw naturally, and maintaining greywater recycling systems for non-potable purposes.

In addition, we proactively enhance our resource recycling initiatives, such as donating plastic bottles to create school uniforms, and recycling used coffee capsules into ballpoint pens. We also manage our food waste effectively, and implemented the "first in, first out" (FIFO) principle for inventory management. Furthermore, we are transitioning from single-use plastics to more sustainable options, and exploring digital alternatives for business cards.

Promoting Environmental Consciousness

We actively participate in various initiatives that promote and enhance environmental awareness among our staff and general public. We continued our 'Think Green Live Green' Initiative this year in form of 'Staff Wellness Month' to foster healthy lifestyle and motivate staff to join health related activities including Yoga workshops, Health Talks and exercises. Our commitment to sustainability was recognised with the "Most Popular Award – Gold" at Biz-Green Dress Day 2023, where our staff dressed light to reduce air conditioning usage and conserve energy. Additionally, we actively contributed to initiatives like the Bread Run and A Day with Food Angel, collecting unsold bread and preparing nutritious meals for underprivileged communities. The Go Wild Safari event at The Westwood showcases local wildlife and fosters environmental awareness. Furthermore, our collaboration with the Macau IC2 Association for World Earth Day focuses on promoting a low-carbon lifestyle and sustainable practices.

To find more information about the Group's CSR initiatives and accomplishments throughout the year, kindly visit our official website at www.shuntakgroup.com, where you can access the recently published Sustainability Report for 2023.

A Day with Food Angel

SCHEDULE OF MAJOR PROPERTIES

PROPERTIES FOR DEVELOPMENT AND/OR SALE

	Approx. Total Gross Floor Area for the Project (Sq.m)	Approx. Total Site Area for the Project (Sq.m)	Primary Use	Group's Interest	Development Progress as of Dec 2023	Estimated Completion Date
Hong Kong						
Chatham Gate No. 388 Chatham Road North, Kowloon	32 motor car parking spaces (Note 1)	—	Carpark	51%	Completed	—
Macau						
One Central One Central Residences	561 motor car parking spaces	18,344	Carpark	51%	Completed	—
	141 motorcycle parking spaces	—	Carpark	51%	Completed	—
Nova City						
Phase IV - Nova Park (Taipa Lot BT35)	1,739 (Note 2)	5,426	Residential	100%	Completed	—
	83 motor car parking spaces (Note 2)	—	Carpark	100%	Completed	—
Phase V - Nova Grand (Taipa Lot BT2/3)	36,587 (Note 2)	23,843	Residential	71%	Completed	—
	502 motor car parking spaces (Note 2)	—	Carpark	71%	Completed	—
	114 motorcycle parking spaces (Note 2)	—	Carpark	71%	Completed	—

	Approx. Total Gross Floor Area for the Project (Sq.m)	Approx. Total Site Area for the Project (Sq.m)	Primary Use	Group's Interest	Development Progress as of Dec 2023	Estimated Completion Date
PRC						
Plots 13, 14-1 and 14-2 Tongzhou District, Beijing	299,661 (Note 3)	38,926	Commercial/ Office/ Serviced Apartment	24%	Superstructure works in progress	2025 in phases
Plots Zhu Heng Guo Tu Chu No. 2013-04 Hengqin New District, Zhuhai	331 (Note 1)	23,834	Apartment	100%	Completed	—
Plots Jin Xi Qing (挂) No. 2018-09, 2018-10 and 2018-11 Zhang Jia Wo Zhen, Xi Qing District, Tianjin	324,028 (Note 6)	76,988	Hotel/ Commercial/ Medical/ Eldercare	30%	Partially construction completed and fitting out works in progress	2024 in phases
Plots KCC2018-6-A1 and KCC2018-6-A2 Chenggong District, Kunming, Yunnan	552,308 (Note 6)	65,054	Hotel/ Commercial/ Medical/ Eldercare/ MICE	30%	Superstructure and fitting out works in progress	2024 in phases
Shanghai Suhe Bay Mixed Uses Project Suhewan Majestic Mansion Junction of Shanxi North Road, Tiantong Road, Fujian North Road Jina'an District	93 motor car parking spaces (Note 1)	14,845	Carpark	50%	Completed	—
Suhewan MixC World (Suhe Centre) Junction of Shanxi North Road, Fuijian North Road, Zhejiang North	96,646	50,847	Office	50%	Completed	—
Singapore						
TripleOne Somerset 111 Somerset Road	45,828 (Note 1)	10,166	Commercial/ Office/ Medical Suite	100%	Asset enhancement works was completed	—
Park Nova 18 Tomlinson Road	13,187 (Note 7)	4,281	Residential	100%	Superstructure works in progress	2024
Les Maisons Nassim 14, 14A, 14B and 14C Nassim Road	9,507 (Note 7)	6,174	Residential	100%	Construction completed and fitting out works in progress	—

SCHEDULE OF MAJOR PROPERTIES

PROPERTIES UNDER ACQUISITION

	Approx. Total Gross Floor Area for the Project (Sq.m)	Approx. Total Site Area for the Project (Sq.m)	Primary Use	Group's Interest	Development Progress as of Dec 2023	Estimated Completion Date
Macau						
Harbour Mile (Note 4)	110,204 (Note 5)	12,960 (Note 5)	Commercial/ Residential/ Hotel	100%	Land bank	—

PROPERTIES HELD BY THE GROUP FOR OWN USE

	Approx. Total Gross Floor Area (Sq.m)	Approx. Total Site Area (Sq.m)	Primary Use	Group's Interest	Development Progress as of Dec 2023	Year of Lease Expiry
Hong Kong						
Penthouse 39/F, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong	1,823	—	Office Premises	100%	—	2055 renewable to 2130
83 and 95 Hing Wah Street West, Kowloon	20,602	19,139	Shipyards	50%	—	2051
Macau						
Edificio Industrial Fu Tai, Macau Unit A4 on 4/F	350	—	Plant	100%	—	2023 renewable to 2049
PRC						
33/F, Plots Zhu Heng Guo Tu Chu No. 2013-04 Hengqin New District, Zhuhai	1,646	—	Office	100%	—	2054
12/F, NEW BUND 31, No. 18 Lane 666, West Haiyang Road, Pudong New District, Shanghai	1,178	—	Office	50%	—	2067
Singapore						
Units 03-37/38/39 and 06-15 111 Somerset Road	301	—	Office	100%	—	2074

INVESTMENT AND HOTEL PROPERTIES

	Approx. Total Gross Floor Area (Sq.m)	Approx. Total Site Area (Sq.m)	Primary Use	Group's Interest	Approx. Lettable Floor Area (Sq.m)	Year of Lease Expiry
Hong Kong						
The Westwood, 8 Belcher's Street, Hong Kong	20,616	—	Commercial	51%	14,682	2030
The Belcher's, 89 Pok Fu Lam Road, Hong Kong	315 motor car parking spaces	—	Carpark	51%	—	2030
	30 motorcycle parking spaces	—	Carpark	51%	—	2030
Chatham Place, 388 Chatham Road North, Kowloon	5,679	—	Commercial	51%	4,410	2030
Chatham Place, 388 Chatham Road North, Kowloon	24 motor car parking spaces	—	Carpark	51%	—	2030
	3 motorcycle parking spaces	—	Carpark	51%	—	2030
Liberté Place, 833 Lai Chi Kok Road, Kowloon	5,600	—	Commercial	64.56%	3,942	2049
Liberté, 833 Lai Chi Kok Road, Kowloon	512 motor car parking spaces	—	Carpark	64.56%	—	2049
	140 lorry parking spaces	—	Carpark	64.56%	—	2049
	45 motorcycle parking spaces	—	Carpark	64.56%	—	2049
Seymour Place, LG/F & G/F, 60 Robinson Road, Hong Kong	—	—	Commercial	100%	974	2858
Seymour Place, G/F, 1/F - 3/F, 60 Robinson Road, Hong Kong	26 parking spaces	—	Carpark	100%	—	2858
Monmouth Place, L1 - L4, 9L Kennedy Road, Hong Kong	18 parking spaces	—	Carpark	100%	—	2047
Shop 402, Shun Tak Centre, 200 Connaught Road Central, Hong Kong	3,102	—	Commercial	100%	—	2055

SCHEDULE OF MAJOR PROPERTIES

	Approx. Total Gross Floor Area (Sq.m)	Approx. Total Site Area (Sq.m)	Primary Use	Group's Interest	Approx. Lettable Floor Area (Sq.m)	Year of Lease Expiry
Shun Tak Centre Shopping Mall, B/M, G/F - 4/F and flat roofs on 4/F, 7/F and 8/F 200 Connaught Road Central, Hong Kong	—	—	Commercial	55%	19,861	2055
3801-6 and 3812 on 38/F, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong	1,285	—	Office	55%	—	2055
Shun Tak Centre, 5/F - 6/F, 200 Connaught Road Central, Hong Kong	85 parking spaces	—	Carpark	55%	—	2055
Hong Kong SkyCity Marriott Hotel 1 Sky City Road East, Hong Kong International Airport, Lantau, Hong Kong	42,616	13,776	Hotel	70%	—	2047
Macau						
Macau International Centre, Macau 2/F to 4/F (whole floor) and Flats A, B, C of 5/F, Block 12	2,894	—	Residential	100%	—	2026 renewable to 2049
Mandarin Oriental Macau	30,094	18,344	Hotel	51%	—	2031 Renewable to 2049
One Central Retail Complex, Macau	37,017	—	Commercial	51%	18,490	2031 Renewable to 2049
One Central Retail Carpark, Macau	243 motor car parking spaces	—	Carpark	51%	—	2031 Renewable to 2049
	102 motorcycle parking spaces	—	Carpark	51%	—	2031 Renewable to 2049
Shun Tak House, 11 Largo do Senado, Macau	2,731	—	Commercial	100%	2,673	Freehold
Grand Coloane Resort and Macau Golf & Country Club Hac Sa Beach, Coloane, Macau	42,285	767,373	Hotel/ Golf Course	34.9%	—	2023 renewable to 2049
Nova Mall Avenida de Kwong Tung, Taipa	60,900	—	Commercial	50%	38,698	2031
	609 motor car parking spaces	—	Carpark	50%	—	2031

	Approx. Total Gross Floor Area (Sq.m)	Approx. Total Site Area (Sq.m)	Primary Use	Group's Interest	Approx. Lettable Floor Area (Sq.m)	Year of Lease Expiry
PRC						
Shun Tak Business Centre, 246 Zhongshan Si Road, Guangzhou, PRC	28,453	—	Office	60%	28,453	2045
	5,801	—	Commercial Shopping Arcade	60%	5,801	2035
	51 motor car parking spaces	—	Carpark	60%	—	2035
Shun Tak Tower No. 1. Xiangheyuan Road, Dongcheng District, Beijing	22,273	5,832	Office	100%	22,273	2057
	56 motor car parking spaces	—	Carpark	100%	—	2057
Artyzen Habitat Dongzhimen Beijing	33,566	—	Hotel	100%	—	2047
Artyzen Habitat Hongqiao Shanghai No.3999-5 Hongxin, Minhang District, Shanghai	16,594	3,561	Hotel/ Commercial	100%	720 (Note 8)	2049
YaTi by Artyzen Hongqiao Shanghai No.3999-6 Hongxin, Minhang District, Shanghai	12,686	1,910	Hotel/ Commercial	100%	480 (Note 8)	2049
Plots Zhu Heng Guo Tu Chu No. 2013-04 Hengqin New District, Zhuhai	100,495	—	Commercial/ Office/ Hotel/ Hotel Clubhouse	100%	100,315	2054
	1,094 motor car parking spaces	—	Carpark	100%	—	2054
Shanghai Suhe Bay Mixed Uses Project Suhewan MixC World Junction of Shanxi North Road, Fujian North Road, Zhejiang North	47,978 (Note 9)	—	Commercial	50%	32,832	2056
NEW BUND 31 No.18 Lane 666, West Haiyang Road, Pudong New District, Shanghai	139,200	26,707	Commercial/ Office/ Performing Arts Centre/ Hotel	50%	9,958 74,244	2057 2067 2067 2057
Singapore						
Artyzen Singapore 9 Cuscaden Road, Singapore	11,048	2,391	Hotel	100%	—	Freehold

SCHEDULE OF MAJOR PROPERTIES

Notes:

(1) Remaining saleable area or number of car parking spaces for sale as at 31 December 2023.

(2) Remaining gross floor area or number of car parking spaces for sale as at 31 December 2023.

(3) The gross floor area, which includes basement area but excludes carpark and mechanical areas, shall be subject to the PRC Government approval and design development.

(4) Completion date of the acquisition is extended to on or before 31 October 2026 because the Macau SAR Government is still in process of reviewing the land issues and the Master Plan for the Nam Van District.

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

(6) The gross floor area shall be subject to the PRC Government approval and design development.

(7) The gross floor area shall be subject to the Singapore Government approval and design development.

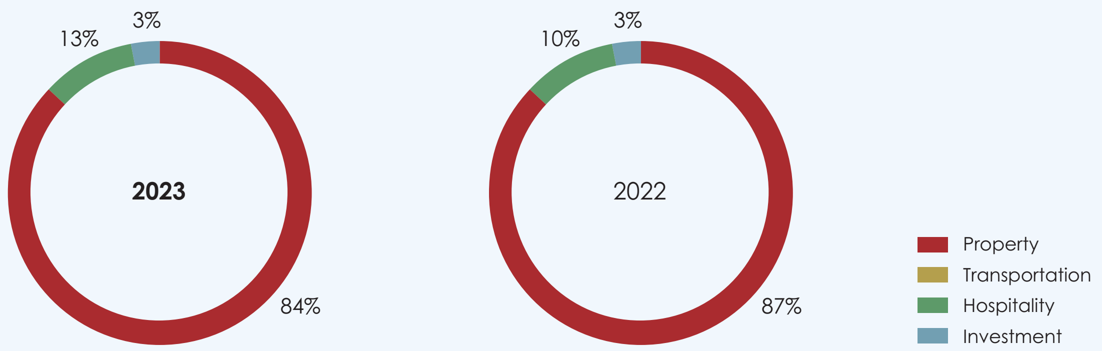
(8) Lettable commercial floor area as at 31 December 2023.

(9) The gross floor area, which include basement area without Ancillary rooms and carpark area and subject to final confirmation of actual measurement report.

GROUP FINANCIAL REVIEW

REVENUE ANALYSIS

Revenue by Division



(HK$ million)	2023	2022	Variance	Change	Remarks
Property	**3,439**	3,047	392	+13%	The increase was mainly attributable to property sales recognised for Singapore.
Transportation	**—**	—	—	0%	Shun Tak-China Travel Shipping Investments Limited ("STCT") became an associate of the Group after the restructuring in July 2020.
Hospitality	**502**	329	173	+53%	The increase was mainly attributable to improvement in hotel operations performance after border reopening.
Investment	**127**	115	12	+10%	The increase was mainly attributable to more dividend income from STDM.
Total	**4,068**	3,491	577	+17%	

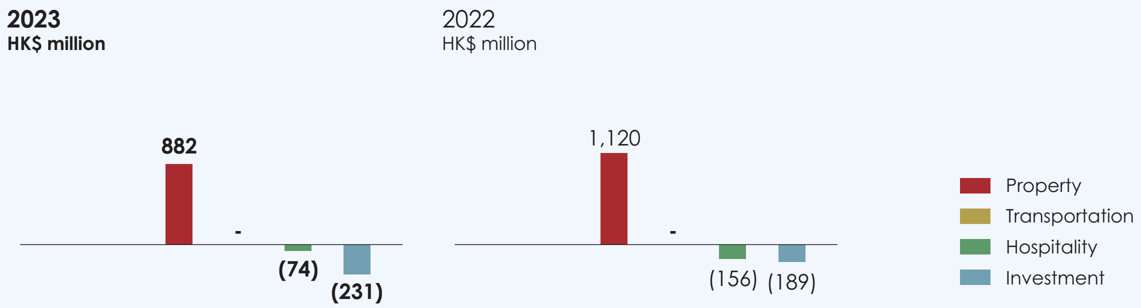
Revenue by Geographical Area

(HK$ million)	2023	2022	Variance	Change	Remarks
Hong Kong	**506**	411	95	+23%	The increase was mainly attributable to improvement in hotel operations performance after border reopening.
Macau	**750**	1,035	(285)	-28%	The decrease was mainly attributable to reduced property sales recognised for residential units at Nova Grand.
Mainland China	**205**	193	12	+6%	The increase was mainly attributable to improvement in hotel operations performance after border reopening offset by reduced property sales recognised for Hengqin project.
Singapore	**2,602**	1,828	774	+42%	The increase was mainly due to increase in property sales recognised for Les Maisons Nassim and Park Nova.
Others	**5**	24	(19)	-79%	
Total	**4,068**	3,491	577	+17%	

GROUP FINANCIAL REVIEW

PROFIT AND LOSS ANALYSIS

Segment results by Division



(HK$ million)	2023	2022	Variance	Change	Remarks
Property	**882**	1,120	(238)	-21%	The decrease was mainly attributable to reduced property sales recognised for residential units in Macau.
Transportation	**—**	—	—	0%	STCT became an associate of the Group after the restructuring in July 2020.
Hospitality	**(74)**	(156)	82	+53%	The improvement was mainly attributable to rebound in tourism and hospitality sectors after border reopening.
Investment	**(231)**	(189)	(42)	-22%	The variance was mainly attributable to fair value change arising from investments in financial assets at FVPL.
Unallocated net income/ (expense)	**71**	(36)	107	+297%	The variance was mainly due to higher interest income generated from fixed deposits during the year.
Fair value changes on investment properties	**(249)**	(374)	125	+33%	The reduced fair value loss on investment properties reflected the performance of our portfolio in the property market.

(HK$ million)	2023	2022	Variance	Change	Remarks
Operating profit	**399**	365	34	+9%	
Finance costs	**(684)**	(406)	(278)	-68%	The variance was mainly attributable to elevated interest rates during the year.
Share of results of joint ventures	**(277)**	11	(288)	-2618%	The loss for the year was mainly due to the attributable share of fair value loss of investment properties in joint ventures.
Share of results of associates	**(12)**	(371)	359	+97%	The increase was mainly due to share of fair value gain on investment properties and share of improved result in transportation services from resurgence of cross-border travel.
Loss before taxation	**(574)**	(401)	(173)	-43%	
Taxation	**(60)**	(75)	15	+20%	The decrease was mainly attributable to reduced taxable profit generated from property sales.
Loss for the year	**(634)**	(476)	(158)	-33%	
Profit attributable to non-controlling interests	**(43)**	(82)	39	+48%	The variance was mainly attributable to reduced profit shared by non-controlling interests in property division.
Loss attributable to owners of the Company	**(677)**	(558)	(119)	-21%	

+/- Note: In our tabulated figures, positive changes represent an improving result and negative changes represent a worsening result.

Liquidity, Financial Resources and Capital Structure

At 31 December 2023, the Group's total net assets decreased by HK$1,713 million over last year to HK$34,066 million. Cash and liquidity position remains strong and healthy. During the year, net cash from operating activities amounted to HK$1,718 million. Major cash inflow of investing activities included HK$203 million interest received and HK$96 million dividends received from financial assets at fair value through other comprehensive income. The major cash outflow of investing activities consisted of HK$686 million increase in bank deposits with maturities over three months and HK$256 million for addition to property, plant and equipment. Net cash used in financing activities of HK$1,342 million was mainly attributable to the composite effect from repayments of loans, drawdown of new bank loans, payment of finance costs and dividend paid to non-controlling interests.

Cash Flow Variance Analysis (HK$ million)	2023	2022	Variance
Operating activities	**1,718**	985	733
Investing activities	**(927)**	(130)	(797)
Financing activities	**(1,342)**	(1,594)	252
Net decrease in cash and cash equivalents	**(551)**	(739)	188

GROUP FINANCIAL REVIEW

The Group's bank balances and deposits amounted to HK$6,634 million as at 31 December 2023, representing an increase of HK$96 million as compared with the position as at 31 December 2022. 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 2023 amounted to HK$19,615 million, of which HK$4,018 million remained undrawn. The principal amount of Group's bank borrowings outstanding at the year end amounted to HK$15,597 million.

Based on a net borrowings of approximately HK$8,907 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 28.1% (2022: 28.3%). The Group will continue with its financial strategy of maintaining a healthy gearing ratio and consider steps to reduce its finance costs.

The maturity profile of the 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
26%	**35%**	**38%**	**1%**	**100%**

Material Acquisitions, Disposals and Commitments

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

As at 31 December 2023, the Group has outstanding commitments of approximately HK$17 million for development of hotel properties in Singapore and Hengqin.

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 2023, the Group has an outstanding commitment to contribute capital of approximately US$81 million (equivalent to approximately HK$629 million) to HC Co.

Charges on Assets

At the year end, bank loans with principal amount of approximately HK$6,067 million (2022: HK$6,859 million) were secured with charges on certain assets of the Group amounting to an aggregate carrying value of HK$12,831 million (2022: HK$14,371 million). Out of the above secured bank loans, an aggregate principal amount of HK$548 million (2022: HK$664 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 2023, the bank loan balance proportionate to the Company's shareholding amounted to HK$164 million (2022: HK$175 million).

Human Resources

The Group, including subsidiaries but excluding joint ventures and associates, employed approximately 1,700 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.

REPORT OF THE DIRECTORS

The directors (the "Directors") of Shun Tak Holdings Limited (the "Company") have the pleasure of submitting their report together with the audited financial statements for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of its principal subsidiaries, joint ventures and associates are set out in note 42 to the financial statements.

The analysis of performance by the Company and its subsidiaries (the "Group") for the year by reportable operating segments in business operation and geographical locations is set out in note 33 to the financial statements.

GROUP FINANCIAL STATEMENTS

The results of the Group for the year ended 31 December 2023 and the state of affairs of the Company and of the Group as at that date are shown in the financial statements on pages 118 to 208.

DIVIDEND

No interim dividend was declared by the board of directors (the "Board") during the year ended 31 December 2023 (2022: nil).

The Board does not recommend the payment of any final dividend (2022: nil) in respect of the year ended 31 December 2023.

DIVIDEND POLICY

The delivery of stable and sustainable returns to shareholders is a key goal of the Company which endeavours to maintain its stable dividend policy (the "Dividend Policy"). In implementing this important goal, the Company takes into account a number of factors including its anticipated consolidated annual profits; the Group's financial, working capital and cash flow positions; operations, earnings and investment returns; development pipeline and future funding requirements; capital and other reserve requirements and surplus; and other conditions or factors set out in the Dividend Policy which the Board deems to be relevant and appropriate.

BUSINESS REVIEW

A review of the Group's business for the year ended 31 December 2023 and discussion of its future development are provided in Chairman's Statement, Review of Operations, and Recent Developments and Prospects on pages 16 to 43.

A description of the principal risks and uncertainties that the Group may be facing is provided in the Audit and Risk Management Committee Report on pages 97 to 109.

The Group has set up systems and procedures to ensure compliance with relevant laws and regulations which have a significant impact on the Group and in the conduct of its businesses, including internal control procedures, code of conduct and internal policies for prevention of bribery, risk management and whistleblowing, staff training, regular review of sufficiency and effectiveness of its systems and procedures, timely communication to relevant departments and staff upon enactment of, or changes in, relevant laws and regulations, and regular reminders of compliance.

REPORT OF THE DIRECTORS

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to integrating sustainability into its business operations. Its Sustainability Policy sets out an overarching approach to manage and minimise environmental impact of our operations. To further incorporate sustainable practice into our business operations and to monitor our supply chain's sustainability performance, the Group introduced the Sustainable Procurement Policy in 2020.

In 2021, the Group set out four environmental targets to be fulfilled by 2030, which aim to reduce carbon intensity, electricity intensity, water intensity and waste intensity by 10%. We remain committed to these targets through our continued efforts to improve energy efficiency, water conservation, waste management and last but not least, carbon reduction.

In addition, the Group has introduced the Climate Change Policy in 2022 to reinforce its commitment to turn climate-related challenges into opportunities. With reference to the recommendations from the Task Force on Climate-related Financial Disclosures ("TCFD"), an international organisation which has developed a framework for voluntary climate-related financial risk disclosures, we have identified our climate-related risks and explored mitigation measures that would meet the expectations of our stakeholders.

RELATIONSHIPS WITH STAKEHOLDERS

The Group recognises the vital roles its employees, customers, suppliers, business partners and community play in its sustainability practices.

The Group regards its employees as one of its most important assets, and is committed to providing them with a work environment that is healthy and safe, fair and inclusive, and conducive to personal growth and career development. The Group encourages its employees to pursue continuous education and promotes work-life balance.

The Group strives for excellence in service across its business activities. The Group values customer engagement, safeguards customer health, safety and privacy, and upholds business transparency.

Stakeholders in the Group's supply chain — suppliers and vendors — are crucial collaborators. The Group is committed to sharing its core values in pursuit of business integrity, service excellence, and long-term mutually beneficial relationships. In 2020, the Group implemented the Supplier Code of Conduct, which defines minimum standards of business conduct the Group expects from its suppliers.

Further information of the Group's sustainability and environmental policies and performance and relationships with stakeholders can be found in the Group's annual Sustainability Report available on the Company's corporate website: www.shuntakgroup.com.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results, and of the assets and liabilities, of the Group together with an analysis of its performance using key performance indicators for the last five financial years, are set out on page 209.

PARTICULARS OF PROPERTIES

Particulars regarding the properties and property interests held by the Group are shown in the Schedule of Major Properties on pages 54 to 60.

SHARES ISSUED

No shares were issued during the year ended 31 December 2023.

Details of the share capital of the Company during the year are shown in note 30 to the financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2023, calculated under Part 6 of the Hong Kong Companies Ordinance (Cap. 622), amounted to HK$5,588,419,000 (2022: HK$5,184,642,000).

DONATIONS

During the year, the Group made donations of HK$17,367,000 (2022: HK$21,281,000) for charitable and community purposes.

DEBENTURES

No debentures were issued during the year ended 31 December 2023.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme of the Company disclosed under the heading of "Share Options" below, no equity-linked agreements were entered into by the Group during the year or subsisted at the end of the year.

BANK BORROWINGS

Details of the Group's bank borrowings are shown in note 27 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

To avoid over-reliance on a single source of supply, it is the Group's policy to have several suppliers for particular materials. The Group maintains good relationships with its major suppliers and has not experienced any significant difficulties in sourcing essential materials.

During the year, less than 30% of the Group's total turnover was attributable to the Group's five largest customers combined. 61% of the Group's total purchases was attributable to the Group's five largest suppliers combined, with the largest supplier accounting for 30% of the Group's total purchases.

None of the Directors, their close associates (as defined in the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange")) or shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued shares) held interest, at any time during the year, in the Group's five largest suppliers.

REPORT OF THE DIRECTORS

DIRECTORS

(a) Directors of the Company

The Directors during the year and up to the date of this report are:

Executive Directors:
Ms. Pansy Ho *(Group Executive Chairman and Managing Director)*
Ms. Daisy Ho *(Deputy Managing Director)*
Ms. Maisy Ho
Mr. David Shum
Mr. Rogier Verhoeven

Independent Non-Executive Directors:
Mr. Norman Ho
Mr. Charles Ho
Mr. Michael Wu
Mr. Kevin Yip

In accordance with Articles 83 and 84 of the Company's Articles of Association, Ms. Maisy Ho, Mr. Rogier Verhoeven and Mr. Michael Wu will retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, have offered themselves for re-election.

The Company has received a confirmation of independence from each of the Independent Non-Executive Directors, namely Mr. Norman Ho, Mr. Charles Ho, Mr. Michael Wu and Mr. Kevin Yip, and considers them to be independent.

Brief biographical details of the Directors as at the date of this report are set out on pages 8 to 12.

(b) Directors of the Company's subsidiaries

The list of directors and alternate directors who have served on the boards of the Company's subsidiaries during the year, and up to the date of this report, is available on the Company's corporate website at www.shuntakgroup.com.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting of the Company has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

RELATED PARTY TRANSACTIONS

Details of significant related party transactions entered by the Group in the normal course of business during the year ended 31 December 2023 are set out in note 34 to the financial statements.

The transactions disclosed in sub-paragraph 1 below under the heading of "Directors' Interests in Transactions, Arrangements or Contracts and Connected Transactions", fall under the definition of continuing connected transactions under Chapter 14A of the Listing Rules, and also constitute related party transactions under the Hong Kong Financial Reporting Standards.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS AND CONNECTED TRANSACTIONS

1. On 1 April 2021, the Company entered into an agreement (the "Master Consultancy Agreement") with Occasions Asia Pacific Limited ("Occasions"), to set out a framework for the provision of brand marketing and consultancy services by Occasions and its subsidiaries (the "Occasions Group") to the Group from time to time on a non-exclusive basis.

   Since September 2020, Ms. Pansy Ho, who is the Group Executive Chairman and Managing Director as well as a substantial shareholder of the Company, has indirectly held 50% of the entire issued share capital of Occasions. Therefore, Occasions has become an associate of Ms. Pansy Ho and a connected person of the Company under the Listing Rules since September 2020.

   The Master Consultancy Agreement is for a term of 3 years from 1 January 2021 to 31 December 2023. Subject to compliance with the requirements of the Listing Rules, the Master Consultancy Agreement may be renewed by the parties before its termination by mutual agreement in writing.

   Further details of the Master Consultancy Agreement were disclosed in the Company's announcement dated 1 April 2021.

   During the year, HK$3.3 million was paid for the provision of brand marketing and consultancy services by the Occasions Group to the Group under the Master Consultancy Agreement.

   The Master Consultancy Agreement expired on 31 December 2023 and was renewed on 26 March 2024 for a further term of 3 years from 1 January 2024 to 31 December 2026 (the "Renewed Master Consultancy Agreement").

   Further details of the Renewed Master Consultancy Agreement were disclosed in the Company's announcement dated 26 March 2024.

Under Chapter 14A of the Listing Rules, the transactions mentioned in sub-paragraph 1 above constituted continuing connected transactions of the Company and require disclosures in the Company's annual report. The price and terms of such transactions have been determined in accordance with pricing policies and guidelines set out in relevant announcement.

The aforesaid continuing connected transactions and the report by Group Internal Audit Department on the relevant internal control procedures have been reviewed by the Independent Non-Executive Directors who have confirmed that the transactions were entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms or better; and

(c) in accordance with the relevant agreement on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

Accordingly, the auditor has issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions mentioned in sub-paragraph 1 above in accordance with Rule 14A.56 of the Listing Rules.

REPORT OF THE DIRECTORS

2. On 27 December 2019, the Company entered into a renewed master service agreement (the "Renewed MGM Agreement") with MGM Grand Paradise Limited ("MGM"), a company in which Ms. Pansy Ho holds an indirect beneficial interest. The Renewed MGM Agreement governs the terms for the provision of products and services, including but not limited to, ferry tickets, travel products and the rental of hotel rooms between MGM and/or its subsidiaries (the "MGM Group") and the Group.

   The Renewed MGM Agreement was for a term of 3 years from 1 January 2020 to 31 December 2022 and was renewable for successive terms of 3 years by mutual agreement in writing. The Renewed MGM Agreement expired on 31 December 2022.

   On 8 December 2022, the Company and MGM entered into a further renewed master service agreement (the "Further Renewed MGM Agreement") to replace and renew the Renewed MGM Agreement for a further 3 years from 1 January 2023 to 31 December 2025 and may be renewed for a three-year term upon mutual agreement in writing. The Further Renewed MGM Agreement governs the terms for the provision of products and services, including but not limited to, the provision of dry cleaning and laundry services, the provision of property cleaning services and the rental of hotel rooms between the MGM Group and the Group.

Save for the transactions mentioned in sub-paragraphs 1 and 2 above, there were no other transactions, arrangements and contracts of significance subsisting at the end of the year or at any time during the year in relation to the Group's business to which the Company's subsidiaries (or its holding companies) were a party and in which a Director or its connected entities had a material interest, whether directly or indirectly.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

The Directors named in the paragraphs below hold interests in businesses which are considered to compete or likely to compete, either directly or indirectly, with the Group's businesses during the year.

Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho and Mr. David Shum are directors of Shun Tak Centre Limited which is also engaged in the business of property investment.

Ms. Pansy Ho and Mr. David Shum are directors of Sociedade de Turismo e Diversões de Macau, S.A. ("STDM") which is also engaged in the businesses of property investment, property development and/or hospitality. Ms. Daisy Ho is an appointed representative of Lanceford Company Limited, a corporate director of STDM. Ms. Maisy Ho is an appointed representative of the Company, a corporate director of STDM.

The above-mentioned competing businesses are managed by separate entities with independent management and administration. The Directors are of the view that the Group is capable of carrying on its businesses independently of, and at arm's-length from, the businesses of these entities. When making decisions, the relevant Directors, in performance of their duties as Directors of the Company, have acted and will continue to act in the best interests of the Group.

Save as disclosed above, none of the Directors held any interest in any company or business which competes or may compete with the business of the Group during the year.

DISCLOSURE OF INTERESTS

(1) Directors' Interests

As at 31 December 2023, the interests or short positions of the 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 pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules, were as follows:

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

		Number of shares held			Approximate
		Personal	Corporate		percentage of total issued
Name of Director	Nature of Interests	interests	interests		shares
				Note	Note (i)
Ms. Pansy Ho	Interests in issued shares	184,429,937	373,620,627	(iii)	18.49%
	Interests in issued shares	—	65,040,000	(v)	2.16%
	Interests in unissued shares	—	148,883,374	(ii)	4.93%
Ms. Daisy Ho	Interests in issued shares	91,616,345	134,503,471	(iv)	7.49%
	Interests in issued shares	—	65,040,000	(v)	2.16%
	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 31 December 2023, the total number of issued shares of the Company was 3,017,661,785.

(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.

REPORT OF THE DIRECTORS

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

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

Note:

(i) As at 31 December 2023, 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 31 December 2023.

(2) Share Options

At the annual general meeting of the Company held on 29 June 2022, the shareholders of the Company passed a resolution to adopt a new 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.

No share options were granted under the 2022 Share Option Scheme since its adoption.

A summary of the 2022 Share Option Scheme disclosed in accordance with the Listing Rules is set out below:

(i)	Purpose	To recognise, motivate and incentivise the participants whom the Board considers to have made contributions, or will make contributions, to the Company; attract, retain or maintain ongoing relationship with the participants who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Company's business.
(ii)	Participants	Any person employed by the Company or its affiliates; any officer or director of the Company or its affiliates; or a person seconded to work for the Company or its affiliates.

(iii)	Total number of shares available for issue and percentage on issued shares as at the date of this annual report	No share option has been granted under the 2022 Share Option Scheme as at the date of this annual report. The total number of shares available for issue under the 2022 Share Option Scheme is 302,037,978, representing approximately 10% of the Company's total number of issued shares as at the date of this annual report. The Company has 3,017,661,785 shares in issue as at the date of this annual report.
(iv)	Maximum entitlement of each participant	In any 12-month period: — 1% of the issued shares (excluding substantial shareholders and Independent Non-Executive Directors) — 0.1% of the issued shares (for substantial shareholders and Independent Non-Executive Directors)
(v)	The period within which the option may be exercised by the grantee	Determine by the Board at its absolute discretion except such period must not expire later than 10 years from the date of grant.
(vi)	The vesting period of options granted	There is no minimum vesting period prescribed in the 2022 Share Option Scheme, but the Board may at its absolute discretion to decide whether an option is subject to a minimum vesting period, after taking into consideration factors such as the nature and timing of the contribution or benefit being recognised or awarded, the reason for such grant, his/her importance to the Company and such other factors that the Board may consider appropriate.
(vii)	The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid	An offer for the grant of an option may be accepted within 15 business days from the date of the offer and HK$1.00 is payable on acceptance of the grant of an option.
(viii)	The basis of determining the subscription price	The subscription price is determined by the Board and shall be at least the higher of: — the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of offer; and — the average closing prices of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer.
(ix)	The remaining life	The 2022 Share Option Scheme shall remain in force until 28 June 2032.

REPORT OF THE DIRECTORS

(3) Substantial Shareholders' and Other Persons' Interests

As at 31 December 2023, 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	Note	Nature of interests	Capacity	Long position/ short position	Number of shares/ underlying shares held	Approximate percentage of total issued shares 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	16.59%
Oakmount Holdings Limited ("Oakmount")	(ii)	Interests in issued shares	Beneficial owner	Long position	396,522,735	13.14%
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	12.38%
Beeston Profits Limited ("BPL")	(iv)	Interests in issued shares	Beneficial owner	Long position	189,396,066	6.28%
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	2.16%
	(vi)	Interests in unissued shares	Interest of controlled corporation	Long position	148,883,374	4.93%

Notes:

(i) As at 31 December 2023, the total number of issued shares of the Company was 3,017,661,785.

(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 31 December 2023, no other person (other than the Directors or 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, the Company bought back a total of 2,718,000 shares of the Company at an aggregate consideration of HK$2,772,360 (before expenses) on the Stock Exchange. All the shares bought back were subsequently cancelled. Particulars of the buy-back are as follows:

Month of buy-back	Number of shares bought back	Highest price paid per share	Lowest price paid per share	Aggregate consideration paid (before expenses)
		HK$	HK$	HK$
November 2023	2,718,000	1.02	1.02	2,772,360

The Board considered that the above share buy-back was made for the benefit of the Company and its shareholders as a whole with a view to enhancing the net asset value and earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2023.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the above sub-paragraphs under the heading of "Directors' Interests" and "Share Options", at no time during the year was the Company (or any of its subsidiaries) a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors or their nominees to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's issued shares were held by the public as at the date of this annual report.

PERMITTED INDEMNITY PROVISION

The Company's Articles of Association provide that every Director of the Company shall be entitled to be indemnified out of the assets of the Company against any liability to a third party incurred by them or any one of them as holder of any such office or appointment.

A permitted indemnity provision is in force as at the date of this report and was in force throughout the year for the benefit of all Directors pursuant to the directors' and officers' liability insurance arranged by the Company.

REPORT OF THE DIRECTORS

AUDITOR

The financial statements for the year ended 31 December 2023 have been audited by PricewaterhouseCoopers who retired and, being eligible, offered themselves for re-appointment as auditor at the forthcoming annual general meeting of the Company.

On behalf of the Board

Pansy Ho
Group Executive Chairman and Managing Director

Hong Kong, 26 March 2024

CORPORATE GOVERNANCE REPORT

A. CORPORATE GOVERNANCE PRACTICES

The board of directors ("Board" or "Directors") of Shun Tak Holdings Limited (the "Company") is committed to principles of good corporate governance standards and procedures. This report describes the Company's efforts to apply the principles and comply with the provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix C1 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is committed to maintaining high standards of corporate governance and fostering sustainable business growth and development. To oversee the Group's strategies and development of corporate sustainability, the executive committee ("Executive Committee") was delegated by the Board to establish a sustainability steering committee ("Sustainability Steering Committee") which is responsible for formulating the Group's sustainability vision, strategy and policy, monitoring and reviewing environmental, social and governance ("ESG") related goals and targets, evaluating the impact of initiatives and measuring the performance, and giving advice on the implementation progress of ESG goals and targets. The Sustainability Steering Committee reports to the Board through the Executive Committee on the Company's ESG issues on a regular basis. In 2014, the Executive Committee adopted a sustainability policy ("Sustainability Policy") to demonstrate the Company's commitment to sustainable business growth and development through adoption of sound ESG approaches and the Company has published its annual sustainability reports since then.

The Listing Rules require every listed company to report how it applies the principles in the CG Code and to confirm that it complies with such provisions, or provide an explanation if it does not. The Board periodically reviews the Company's practices to ensure compliance with increasingly stringent requirements and to meet rising expectations of its shareholders ("Shareholders"). A corporate governance policy (the "CG Policy") outlining the Company's governance framework and practices was adopted by the Board in 2012 and updated in August 2017.

The Board is of the opinion that the Company has complied with the CG Code provisions throughout the year ended 31 December 2023, 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 ("Board Committee"), 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 ("INEDs") 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 Company and its subsidiaries (the "Group"), assumes her dual capacity.

Model Code for Securities Transactions

Code provision C.1.3 requires directors to comply with the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 of the Listing Rules (the "Model Code").

The Model Code was adopted by the Company as its own code for Directors' securities transactions. All Directors expressly confirmed that they had fully complied with the Model Code during the year ended 31 December 2023.

CORPORATE GOVERNANCE REPORT

B. THE BOARD

Corporate Culture

The Group positions itself as a cross-sector, cross-regional conglomerate in the Guangdong-Hong Kong-Macau Greater Bay Area with a strong heritage and boundless potentials. The Group creates sustainable communities by connecting families, businesses and other stakeholders with dedication and foresight.

The Group's origin dates back to 1962 with the inauguration of a passenger ferry service between Hong Kong and Macau. Since the Company was established in 1972, it has been recognised as a leading player in the property, hospitality and tourism, and transportation sectors through continued creating shared value for and nurturing a cordial relationship with its stakeholders and the community.

As a responsible corporate citizen, the Group is committed to playing an instrumental role in maintaining and supporting sustainable development. A healthy corporate culture across the Group is vital for the Group to achieve its vision and mission towards sustainable growth. The Board plays a leading role in defining the purpose, values, strategic direction, and risk appetite of the Group and in fostering a culture that is building a long-term sustainable business where every customer, partner, investor, supplier and employee can benefit in the shared value of business success.

The desired culture is developed and reflected consistently in the operating practices and workplace policies of the Group, as well as relations with Shareholders and other stakeholders. The measures used for assessing and monitoring the corporate culture of the Group, including but not limited to, employee engagement, retention and training, financial reporting, whistleblowing mechanism, risk management, data privacy and security and regulatory compliance (including compliance with the Code of Conduct and other operating policies of the Group), staff safety and wellness, as well as audit and assurance.

VISION

To be the most trusted conglomerate in Hong Kong, Macau and Asia

MISSION

To create shared value for all stakeholders and the communities in which the Group operates

PRINCIPLES

Integrity and Virtue

Corporate Strategy

With "Tourism +" as its growth strategy, the Group strives to harness its diverse expertise in property, hospitality, transportation, infrastructure and investments in order to deliver cultural and economic value for places which it set foot on and contribute to the country's development.

The Board, together with senior management, set the tone and shape the corporate culture and strategic direction of the Group, which is underpinned by the core values of acting lawfully, ethically and responsibly across all levels of the Group. The Board also creates a culture of attaining high standards of corporate governance and maintaining robust corporate governance practices for the interest of Shareholders and other stakeholders.

Aligning the corporate culture with its purpose, values and strategy, the Board believes that the Group would be a trusted partner of choice.

Board Composition

The key principles of good governance require the Company to have an effective Board with collective responsibility for its success, values and enhancement of Shareholders' value. Non-executive Directors have particular responsibilities to oversee the Company's development, scrutinise its management performance, and advise on critical business issues. The Board is satisfied that it has met these requirements.

The Company has a balanced Board of Executive Directors and INEDs so that no individual or small group can dominate its decision-making process. To help the Board perform its duties and make decisions on the Company's affairs, Board Committees (including Executive Committee, remuneration committee ("Remuneration Committee"), nomination committee ("Nomination Committee") and audit and risk management committee ("Audit and Risk Management Committee")) have been established under the Company's Articles of Association ("Articles"). Other Board Committees may be formed from time to time. Further details about Board Committees are discussed in the latter part of this report.

As at the date of this report, the Board has 9 members and its composition is as follows:

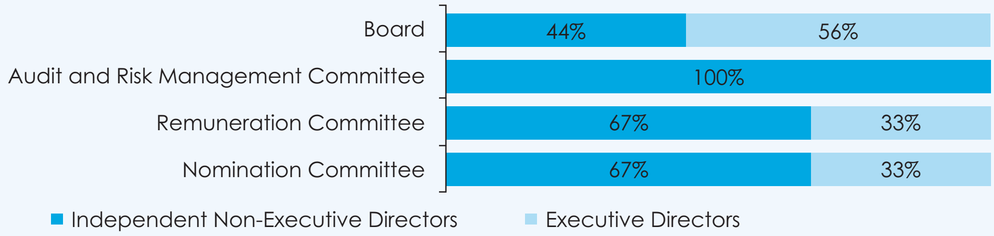
The Board
(Total number of Directors: 9)

Executive Directors	**Independent Non-Executive Directors**
Ms. Pansy Ho *(Group Executive Chairman and Managing Director)* Ms. Daisy Ho *(Deputy Managing Director)* Ms. Maisy Ho Mr. David Shum Mr. Rogier Verhoeven	Mr. Norman Ho Mr. Charles Ho Mr. Michael Wu Mr. Kevin Yip
Total number: 5 (Representing 56% of the total number of Directors)	Total number: 4 (Representing 44% of the total number of Directors)

CORPORATE GOVERNANCE REPORT

Brief biographies of Directors are set out in "Management Profile" in this annual report.

Board Independence



The Company has four INEDs who comprise more than one-third of the Board. Two INEDs possess professional accounting qualifications. The Company received a confirmation from each of the INEDs confirming independence under Rule 3.13 of the Listing Rules.

The Nomination Committee noted that Mr. Norman Ho (an INED of the Company) is an independent non-executive director of SJM Holdings Limited (stock code: 880) ("SJM Holdings") in which (i) Ms. Daisy Ho (an executive Director and Deputy Managing Director of the Company) is the chairman and an executive director and (ii) Mr. David Shum (an executive Director of the Company) is an executive director. Taking into consideration his role as an INED of the two companies without holding any shares in the two companies, the Nomination Committee does not consider that such cross-directorship relationship will affect Mr. Norman Ho in performing his duties as an INED. The Board and the Nomination Committee have assessed his independence in light of these circumstances, including (i) his background, experience, achievements and character, and (ii) the nature of the Company's relationship with SJM Holdings and his roles, and concluded that his independence would not be affected. It was decided that potential conflicts, which are minimal, could be managed and that the benefits of his appointment outweigh any risk of conflict. The Nomination Committee is of the view that all INEDs are independent under the Listing Rules criteria.

Ms. Pansy Ho, as the Group Executive Chairman and Managing Director of the Company, is mainly responsible for Board leadership and overall performance of the Group.

The Board is responsible for fostering and monitoring the corporate culture, defining the purpose, values and strategy direction, overseeing the Group's strategic development, setting the risk appetite and appropriate policies to manage risks in pursuit of the Group's strategic objectives, and scrutinising operational and financial performance to ensure they align with the desired culture.

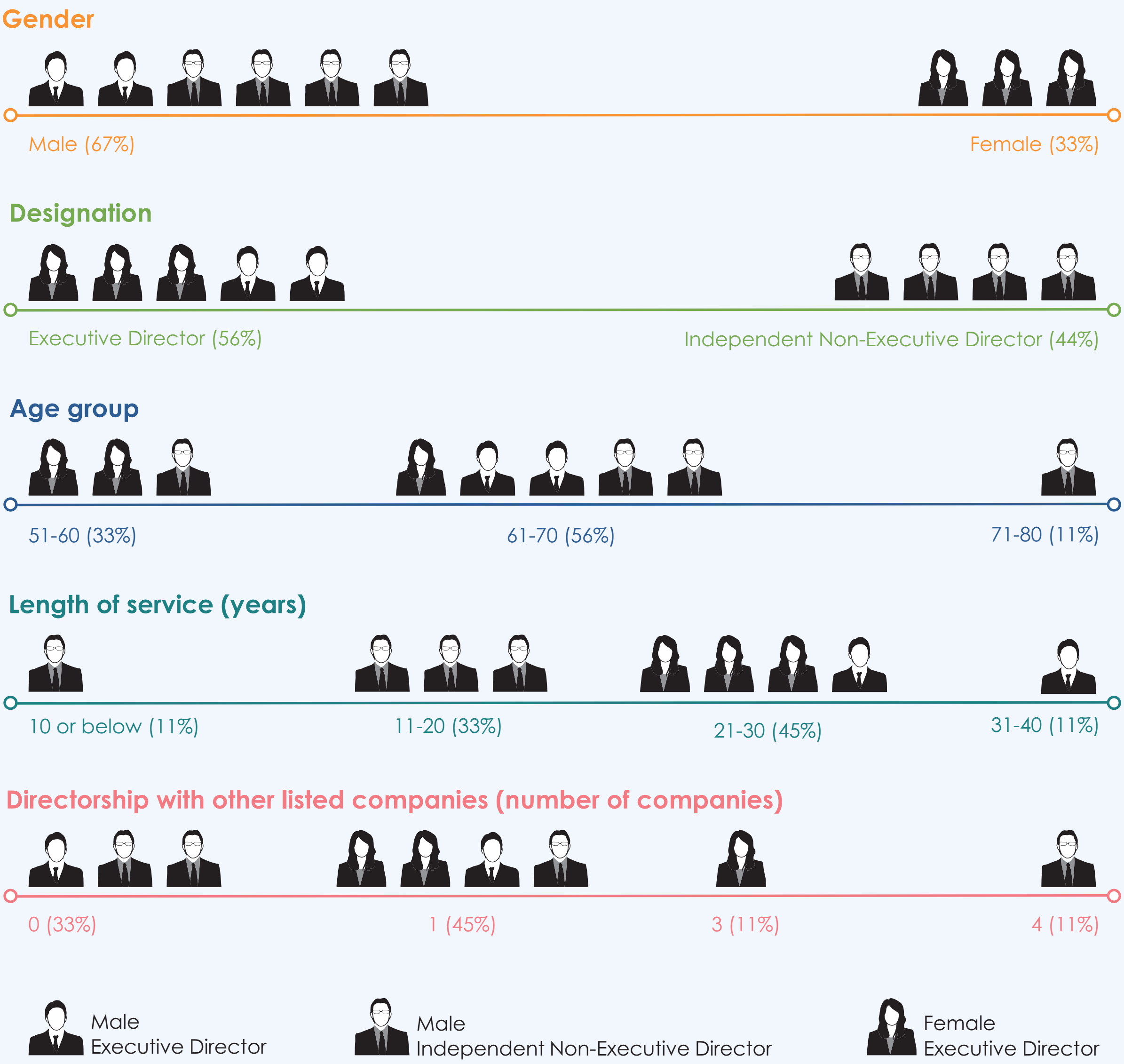
Management is delegated by the Board for carrying out the Group's day-to-day operations. The Group Executive Chairman and Managing Director together with the Deputy Managing Director, working with other Executive Directors and the executive management team, are responsible for managing the Group's businesses; formulating policies for Board consideration; carrying out strategies adopted by the Board; making recommendations on strategic planning, operating plans, major projects and business proposals; and assuming full accountability to the Board for the Group's operations. The Executive Directors conduct regular meetings with the management of the Group and associated companies during which operational issues and financial performance are reviewed. The Executive Directors regularly report to the Board and on an ad hoc basis when necessary.

Board Diversity

In 2013, the Board adopted a board diversity policy (the "Board Diversity Policy") to achieve a diverse Board and enhance performance quality. "Diversity" would be considered from various aspects, including gender, age, cultural and educational background, professional experience, skills, knowledge and length of service, etc. Board appointments are based on merit and candidates will be assessed against objective criteria, with due regard for the benefits of diversity. The Nomination Committee will monitor implementation of the policy and, to ensure its effectiveness, it will review the policy and recommend revisions to the Board for consideration and approval, when necessary.

CORPORATE GOVERNANCE REPORT

Board diversity is shown below. Directors' biographical details are set out in "Management Profile" in this annual report.



Directors are from diverse and complementary backgrounds. The valuable experience and expertise they bring to our business are critical for the long-term growth of the Company. The Nomination Committee reviewed the composition of the Board under diversified perspectives and monitored the implementation and effectiveness of the Board Diversity Policy and considered that the Board Diversity Policy is effective.

Given the fairer gender proportion on the Company's Board (67% male and 33% female) as illustrated above, the Board is satisfied that gender diversity has been achieved at Board level.

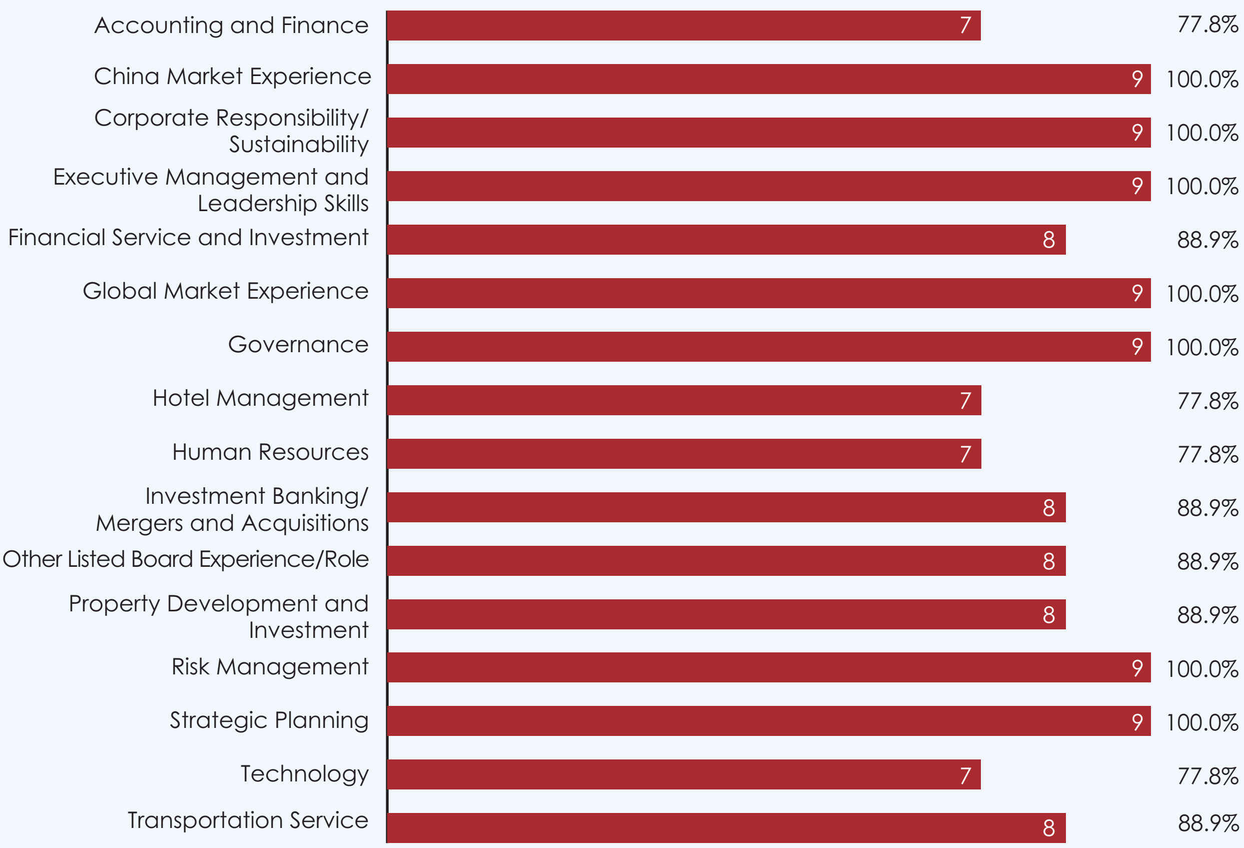
The following sets out the total workforce (including senior management) by gender of the Group as at 31 December 2023:

	Number of Employees	Percentage
Male	782	46%
Female	931	54%

The Group has made progress in past years to maintain a satisfactory gender mix. All human resources processes including recruitment, promotion, rewards and career development opportunities continue to be based on competence, knowledge, experience and merit of the employees and prospective employees, regardless of gender.

The current composition of the Board under diversified perspectives is summarised as follows:

Skills, Knowledge and Professional Experience



Note: The perspectives selected above have been identified as attributes of a director in alignment with the Company's nature of business.

CORPORATE GOVERNANCE REPORT

Board Practice

To ensure that the Board works effectively and performs its responsibilities, its members are provided with monthly updates on Company performance, financial position and prospects. Directors have full and timely access to relevant information and are properly briefed on issues considered at Board meetings. The duty of preparing the meeting agenda is delegated to the company secretary (the "Company Secretary"). Each Director may request inclusion of items on the agenda.

To make informed decisions, Directors are given information packages with explanation and analysis of agenda items not less than three days before a meeting. The Company Secretary keeps Directors informed of corporate governance issues and regulatory changes, and ensures Board procedures follow the CG Code and relevant legal requirements. The Board is provided with sufficient resources to perform its duties and, if required, an individual Director may engage independent professional advisers at the Company's expenses to provide advice on specific matters under the standard procedures adopted by the Board in 2005 (the "Mechanism").

Under the Mechanism, a Director shall give prior notice to the Company Secretary of his/her intention to seek independent professional advice and shall provide the name(s) of any independent professional advisers he/she proposes to instruct together with a brief summary of the subject matter. The Company Secretary can provide the names of suggested independent professional advisers upon request of the Director. The Company Secretary shall provide a written acknowledgment of receipt of the notification. Any advice obtained under the Mechanism shall be made available to the other members of the Board, if the Board so requests. The Mechanism is to ensure independent views and input are available to the Board under the appropriate circumstances. The Executive Committee reviewed the implementation and effectiveness of the Mechanism and considered that the Mechanism is effective.

If a Director has a conflict of interest in any matter under Board consideration, such matter will be dealt with by a physical Board meeting instead of a written resolution. Such Director shall abstain from voting, and not be counted in the quorum, for any resolution in which he or she has a material interest.

An open atmosphere exists for Directors to contribute alternative views at meeting. Major decisions are taken after full discussion. Minutes of Board and Board Committee meetings are recorded in detail with draft minutes circulated for comment before approval by Directors and Board Committee members, respectively. Minutes and written resolutions of the Board and Board Committees are kept by the Company Secretary and open for inspection by Directors. Such minutes and written resolutions are circulated to Directors at regular Board meetings.

The Company has appropriate directors' and officers' liability insurance for legal action against Directors.

Board Activities

Board activities are structured to assist the Board in achieving its goal to support and advise management on the delivery of the Group's strategy within a transparent governance framework. The diagram below shows the key areas of focus for the Board and the main activities during 2023.

Board Activities

Financial and Operational Performance

- Considered the financial performance and treasury position
- Reviewed and approved 2022 annual results and annual report and 2023 interim results and interim report
- Reviewed and approved funding activities
- Reviewed and discussed financial forecast
- Considered the recommendation or declaration of dividends

Strategy and Risks

- Discussed the Group's position and the challenges the Group will be facing
- Discussed business plans, as well as long-term directional strategy for the growth of the Group
- Evaluated and determined the nature and extent of the risks the Group is willing to take in achieving strategic objectives
- Considered and executed share buybacks pursuant to the Company's Share Repurchase Policy

Governance and Sustainability

- Reviewed the Company's corporate governance practices
- Reviewed and/or approved the continuing connected transactions
- Reviewed and approved the 2022 Sustainability Report
- Reviewed and evaluated the Directors' fees
- Considered and recommended the re-election of Directors and re-appointment of external auditor for Shareholders' approval at the 2023 AGM

Others

- Considered business development opportunities and, where appropriate, approved the related projects
- Considered and, where appropriate, approved ad hoc projects
- Reviewed the appropriateness and effectiveness of the risk management (including ESG risks) and internal control systems

During the year, a total of four Board meetings were held primarily to review quarterly business performance and strategy in the business or other relevant areas.

Directors are expected to attend all meetings of the Board and the Board Committees on which they serve and to devote sufficient time to the Company to perform their duties. Where directors are unable to attend a meeting, they receive papers for that meeting giving them the opportunity to raise any issues with the Chairman in advance of the meeting. At each scheduled meeting, the Board receives updates from the relevant business/supporting units on the financial and operational performance of the Group and any specific developments in their areas of the businesses for which they are directly responsible and of which the Board should be aware. Chairpersons of the respective Board Committees would also report on matters discussed and/or approved at the relevant Board Committees' meetings held prior to the Board meetings.

CORPORATE GOVERNANCE REPORT

Appointments and Re-election of Directors

All INEDs are appointed for a specific term of three years. Under the Articles, every Director, including those appointed for a specific term, is subject to retirement by rotation at least once every three years at the Company's annual general meeting ("AGM"). Any Director appointed by the Board is subject to re-election by Shareholders at the next AGM following his or her appointment. Directors who are subject to retirement and re-election at the forthcoming AGM are set out in "Report of the Directors" in this annual report.

Directors' Induction, Development and Training

Each newly-appointed Director is offered training on the Company's key areas of business operations and practices. Newly-appointed Directors are offered orientation materials that set out the duties and responsibilities of directors under the Listing Rules and relevant ordinances and regulations. Directors are provided with "A Guide on Directors' Duties" issued by the Hong Kong Companies Registry and "Guidelines for Directors" issued by Hong Kong Institute of Directors ("HKIoD") which set out the general principles of directors' duties and "Corporate Governance Guide for Boards and Directors" issued by the Stock Exchange which set out a framework and clear guidance for corporate governance disclosure, application and implementation. All INEDs are given "Guide for Independent Non-Executive Directors" issued by HKIoD.

The Company encourages Directors to participate in continuing professional training and development courses to enhance relevant knowledge and skills. The Company also updates Directors on the latest development of Listing Rules and applicable laws and regulations to facilitate awareness and ensure compliance. The Executive Committee is responsible for reviewing training and continuous professional developments of Directors and senior management. During the year, the Company had provided trainings to Directors on updates covering topics of Companies Registry's guidance note relating to good practice on holding virtual or hybrid general meetings, the Stock Exchange's guide on general meetings and disclosures of information and its consultation conclusions on proposal to expand paperless listing regime, new Singaporean Rules for property developers under the Developers (Anti-Money Laundering and Terrorism Financing) Act and INEDs' roles and responsibilities, etc. The Company had also organised a training session on ESG recent regulatory requirements.

According to training records provided by Directors, a summary of their training during the year is shown below:

Directors	Type of Trainings
Group Executive Chairman and Managing Director	
Ms. Pansy Ho	A, B, C
Independent Non-Executive Directors	
Mr. Norman Ho	A, B, C
Mr. Charles Ho	A, B
Mr. Michael Wu	A, B
Mr. Kevin Yip	A, B, C
Deputy Managing Director	
Ms. Daisy Ho	A, B, C
Executive Directors	
Ms. Maisy Ho	A, B, C
Mr. David Shum	A, B, C
Mr. Rogier Verhoeven	A, B

A: Reading materials and/or attending briefing/training session provided/organised by the Company or other corporations

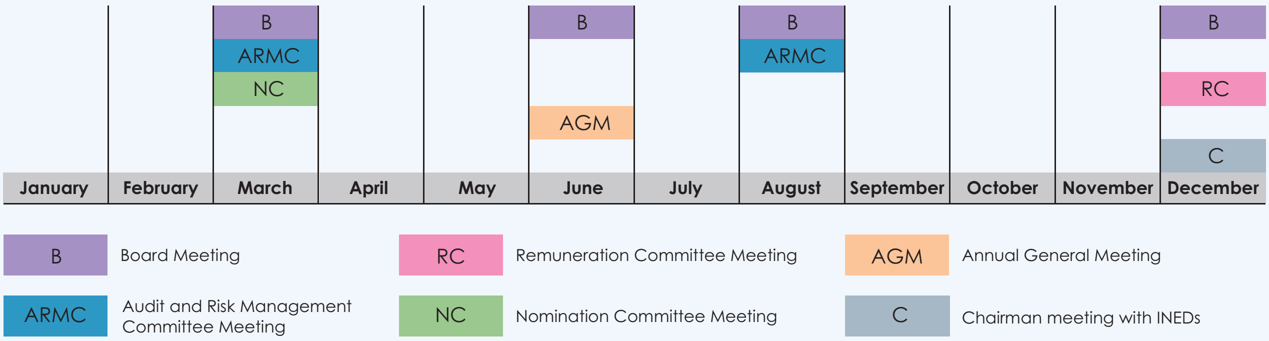
B: Access to web-based e-learning courses launched by the Stock Exchange for directors of listed companies

C: Attending seminar and/or conference and/or forum

Meeting Attendance by Directors during the year

Regular Board meetings are held at least four times every year at approximately quarterly intervals. Additional Board meetings are held if required. During the year ended 31 December 2023, the Board held four meetings, and the Group Executive Chairman and Managing Director held one meeting with INEDs without the presence of Executive Directors.

The timeline for meetings of the Board, Board Committee and Shareholders held in 2023 is set out below:



Attendance by Directors at meetings of the Board, Audit and Risk Management Committee, Remuneration Committee, Nomination Committee and 2023 AGM during the year is shown below:

Name of Director	Board	Audit and Risk Management Committee (Note)	Remuneration Committee	Nomination Committee	2023 AGM (Note)
	(Number of Meetings Attended/Entitled to Attend)				
Group Executive Chairman and Managing Director					
Ms. Pansy Ho	4/4	n/a	1/1	1/1[C]	1/1
Independent Non-Executive Directors					
Mr. Norman Ho	4/4	2/2[C]	1/1	1/1	1/1
Mr. Charles Ho	3/4	n/a	1/1	1/1	0/1
Mr. Michael Wu	4/4	2/2	1/1[C]	1/1	1/1
Mr. Kevin Yip	4/4	1/2	1/1	1/1	1/1
Deputy Managing Director					
Ms. Daisy Ho	4/4	n/a	1/1	1/1	1/1
Executive Directors					
Ms. Maisy Ho	3/4	n/a	n/a	n/a	1/1
Mr. David Shum	4/4	n/a	n/a	n/a	1/1
Mr. Rogier Verhoeven	3/4	n/a	n/a	n/a	1/1

C – Chairman of the Board Committee

Note: Representatives of the external auditor participated in two Audit and Risk Management Committee Meetings held in March and August 2023, and also attended the 2023 AGM.

CORPORATE GOVERNANCE REPORT

C. BOARD COMMITTEES

The Board has established four Board Committees, namely the Executive Committee, Remuneration Committee, Nomination Committee and Audit and Risk Management Committee, to assist it in carrying out its responsibilities.

The current composition of the Board Committees is as follows:

Board

Executive Committee	Remuneration Committee	Nomination Committee	Audit and Risk Management Committee
Ms. Pansy Ho *(Chairman)*	Mr. Michael Wu *(Chairman)*	Ms. Pansy Ho *(Chairman)*	Mr. Norman Ho *(Chairman)*
Ms. Daisy Ho	Mr. Norman Ho	Mr. Norman Ho	Mr. Michael Wu
Ms. Maisy Ho	Mr. Charles Ho	Mr. Charles Ho	Mr. Kevin Yip
Mr. David Shum	Mr. Kevin Yip	Mr. Michael Wu	
Mr. Rogier Verhoeven	Ms. Pansy Ho	Mr. Kevin Yip	
	Ms. Daisy Ho	Ms. Daisy Ho	

Each of the Board Committees has defined duties and responsibilities set out in their respective terms of reference which are no less exacting than those in the CG Code and which are regularly reviewed and updated upon regulatory changes or Board direction. Other Board Committees for dealing with ad hoc matters when necessary are delegated with specific duties and authorities by the Board. All Board Committees are provided with sufficient resources to perform their duties.

Board of Directors

Key responsibilities
- Foster and monitor the corporate culture, and define the purpose, values and strategy direction of the Group
- Oversee the Group's strategic development
- Set the risk appetite and appropriate policies to manage risks in pursuit of the Group's strategic objectives
- Scrutinise operational and financial performance

Executive Committee

Key responsibilities
- Make recommendations on the strategic aims, objectives and priorities of the Company and to consider and approve matters relating to the Group's day-to-day operations

Remuneration Committee

Key responsibilities
- Set the Company's remuneration and incentive policy as a whole, and review and approve remuneration proposals for Executive Directors and senior management

Nomination Committee

Key responsibilities
- Monitor the implementation of policies and formulate policy and make recommendations to the Board on nomination and appointment of Directors and the Board's succession planning

Audit and Risk Management Committee

Key responsibilities
- Review the Company's financial reports, risk management and internal control systems, and effectiveness and objectivity of the audit process

Executive Committee

Composition

The Executive Committee consists of five members, namely, Ms. Pansy Ho (Group Executive Chairman and Managing Director), Ms. Daisy Ho (Deputy Managing Director), Ms. Maisy Ho, Mr. David Shum and Mr. Rogier Verhoeven. Ms. Pansy Ho is the chairman of the Executive Committee.

Duties and Responsibilities

To operate more efficiently, the Executive Committee was established to make recommendations on the strategic aims, objectives and priorities of the Company and to consider and approve matters relating to the Group's day-to-day operations. The duties and responsibilities of the Executive Committee are set out in its terms of reference. Meetings are held as required by its work.

The Executive Committee was delegated by the Board to perform corporate governance functions set out in Code provision A.2.1 of the CG Code including:

(i) developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board;

(ii) reviewing and monitoring training and professional development of Directors and senior management;

(iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

(iv) developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and Directors; and

(v) reviewing compliance with the CG Code and disclosure in the corporate governance report.

As at the date of this report, the Executive Committee has reviewed the Company's policies and practices including:

- the Company's compliance with the CG Code and its disclosure in this report;
- Directors' participation in continuous professional development;
- the Company's Mechanism and procedures to ensure that independent views and input are available to the Board;
- CG Policy;
- Shareholders' Communication Policy;
- Dividend Policy;
- Inside Information Policy;
- Share Repurchase Policy; and
- Policies and Procedures on Risk Management.

CORPORATE GOVERNANCE REPORT

The Executive Committee has also reviewed the results of a stakeholder engagement exercise conducted through an online stakeholder survey in 2023 and approved the adoption of new identified material topics for preparing the 2023 sustainability report.

During the year, the Executive Committee has also reviewed the composition of the Sustainability Steering Committee and approved the appointment of new committee members and has reviewed and approved contracts for the cross-border transfer of personal information of the PRC for the Group's PRC subsidiaries and/or affiliates.

In light of Code provision D.2, the Executive Committee was delegated by the Board to (i) assist the Board in evaluating and determining the nature and extent of risks the Board is willing to take to achieve the Group's strategic objectives; and (ii) oversee management in the design, implementation and ongoing monitoring of risk management (including ESG risks) and internal control systems and to ensure their appropriateness and effectiveness.

Other Board Committees

Details of the Remuneration Committee, Nomination Committee and Audit and Risk Management Committee, including their composition, duties and responsibilities, annual work summary and applicable policies are set out in the separate reports on pages 95 to 109 of this annual report.

D. INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibility for ensuring that appropriate and effective risk management and internal control systems are established and maintained. The Executive Committee assists the Board in designing, implementing and monitoring the Group's risk management and internal control systems. Through the Audit and Risk Management Committee, the Board is responsible for the continuous review of the effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance, information technology and security, fraud detection and risk management (including ESG risks) controls. Such process includes a self-assessment from the head of each business or supporting unit and internal audit reviews conducted by the Group Internal Audit Department. For the year under review, the Board considers the risk management (including ESG risks) and internal control systems of the Group to be adequate and effective and the Company has complied with the risk management and internal control code provisions set out in the CG Code. Further information about the Group's risk management and internal control framework and process are set out in the "Audit and Risk Management Committee Report" on pages 97 to 109 of this annual report.

Inside Information Policy

The Company adopted a policy and procedure on disclosure of inside information (the "Inside Information Policy") setting out the Group's procedure in handling such information to ensure its equal and timely dissemination to comply with the requirements under Part XIVA of the Securities and Futures Ordinance and the Listing Rules. The Executive Committee was delegated by the Board to monitor the Inside Information Policy and assess the nature and materiality of relevant information and determine appropriate actions. An Inside Information Taskforce has also been set up to assist the Executive Committee on disclosure matters. The Group will provide appropriate training to officers and employees likely to be in possession of inside information.

Auditor's Remuneration

For the year ended 31 December 2023, the fees paid/payable by the Group to PricewaterhouseCoopers ("PwC") for their audit and non-audit services amounted to approximately HK$12.7 million and HK$3.3 million respectively, while the audit and non-audit fees paid/payable by the Group to other auditors were HK$0.4 million and HK$0.2 million respectively. The non-audit services mainly included interim review, taxation, due diligence and other services.

Accountability and Audit

For each financial year, the Directors acknowledge their responsibility for preparing the financial statements which give a true and fair view of the state of affairs, profit and cash flow of the Company and the Group in accordance with Hong Kong Financial Reporting Standards, the Hong Kong Companies Ordinance and the Listing Rules. In preparing financial statements for the year ended 31 December 2023, the Directors have selected suitable accounting policies and applied them consistently. The Directors also made judgements and estimates that are prudent and reasonable and prepared the financial statements on a going concern basis. The Company announced its interim and annual results in a timely manner following the relevant periods as required by the Listing Rules.

The statement from the Company's external auditor about the auditor's responsibilities for the audit of the Company's financial statements is set out in the "Independent Auditor's Report" in this annual report.

E. PROACTIVE INVESTOR RELATIONS

The Company aims to maintain an ongoing dialogue and communication with its Shareholders. It is the Board's responsibility to ensure that satisfactory dialogue takes place. The Board adopted a shareholders' communication policy (the "Shareholders' Communication Policy") setting out the Company's principles in relation to Shareholders' communication, with the objective to ensure direct, open and timely communications. The primary channel between the Company and Shareholders is the publication of interim reports, annual reports, circulars and notices to Shareholders. The Company's share registrar, Computershare Hong Kong Investor Services Limited (the "Share Registrar"), serves Shareholders on all share registration matters. General meetings further provide the forum and opportunity for Shareholders to exchange views directly with Board members. The Executive Committee recently reviewed the implementation and effectiveness of the Shareholders' Communication Policy and considered that the Shareholders' Communication Policy is effective.

The Company continues its proactive policy to promote investor relations by regular meetings with institutional investors and research analysts. Our Investor Relations Department maintains open communications with the investment community. To ensure investors have an informed understanding of the Company's strategies, operations and management, our management engages in proactive investor relation activities. These include participating in regular one-on-one meetings, post-results analyst briefings, investor conferences and international non-deal roadshows. Our Investor Relations Department also actively provides the investment community with the Company's latest news and developments as they arise through other channels such as IR Newsletters. The Company garnered the IR Magazine Awards – Greater China 2023 in the "Best Crisis Management" category for the Investor Relations Department's proactive engagement with the investment community.

The Company maintains a corporate website (www.shuntakgroup.com) which provides Shareholders, investors and the public with updated information on the Group's activities and development. The Corporate Presentation which includes an overview of the Group's businesses and latest financial results is also available on the corporate website. Corporate information on the Group's businesses, statutory announcements and notices are distributed by emails to the registered mailing list which can be joined by interested parties on the Company's website. The Company Secretary and the Investor Relations Department serve as the major channels of communication between Directors, Shareholders, investors and the public. The public is encouraged to contact the Group as appropriate.

CORPORATE GOVERNANCE REPORT

Shareholders may at any time send their enquiries to the Board, addressed to the Company Secretarial Department or Investor Relations Department with contact details set out below:

Registered Office	:	Penthouse 39th Floor, West Tower, Shun Tak Centre 200 Connaught Road Central Hong Kong
Telephone	:	(852) 2859 3111
Facsimile	:	(852) 2857 7181
E-mail	:	enquiry@shuntakgroup.com ir@shuntakgroup.com

In relation to enquiries on the shareholding matters of the Company, Shareholders could send enquiries to the Share Registrar with their contact details set out below:

Address	:	Shops 1712-1716, 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong
Telephone	:	(852) 2862 8555
Facsimile	:	(852) 2865 0990
E-mail	:	hkinfo@computershare.com.hk

F. DETAILS OF SHAREHOLDERS

Shareholding of the Company

Shareholding distribution based on the Company's register of members as at 31 December 2023 is shown below:

Size of Registered Shareholding	Number of Shareholders	Percentage of Shareholders	Number of shares held	Percentage of shares in issue
1 to 2,000	949	59.76%	395,463	0.01%
2,001 to 10,000	270	17.00%	1,423,830	0.05%
10,001 to 100,000	311	19.59%	9,347,460	0.31%
100,001 to 500,000	38	2.39%	7,418,501	0.25%
500,001 or above	20	1.26%	2,999,076,531	99.38%
Total	1,588 (Note 2)	100.00%	3,017,661,785 (Note 1)	100.00%

Notes:

1. 76.03% of the Company's shares in issue were held through Central Clearing and Settlement System of Hong Kong ("CCASS").

2. Actual number of Shareholders is much bigger as many shares are held through intermediaries including CCASS.

Details of the Shareholders' Meetings

The last Shareholders' meeting was the Company's 2023 AGM held at Artyzen Club, 401A, 4th Floor, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Wednesday, 14 June 2023 at 10:30 a.m.. The notice for the 2023 AGM setting out details of each proposed resolution and other relevant information in the circulars were distributed to all Shareholders more than 21 days before the 2023 AGM. Separate resolutions were proposed on each substantially separate issue, including re-election of individual Directors. In strict compliance with Rule 13.39(4) of the Listing Rules, the Company's Articles stated that all resolutions proposed in a general meeting will be decided on poll except for procedural or administrative matters. The Share Registrar was appointed as the scrutineer for vote-taking at the 2023 AGM. Procedures for conducting a poll were explained by the Share Registrar before commencement of poll voting at the 2023 AGM.

All resolutions at the 2023 AGM were duly passed including (i) receipt of the audited financial statements of the Company for the year ended 31 December 2022 and the reports of Directors and the independent auditor; (ii) re-election of Ms. Pansy Ho and Mr. Norman Ho as Directors of the Company; (iii) approval of the Directors' fees; (iv) re-appointment of PwC as auditor of the Company and authorisation to the Board to fix its remuneration; (v) granting of the general mandate to the Board to buy back the Company's shares; (vi) granting of the general mandate to the Board to issue new shares of the Company; and (vii) authorisation to the Board to extend the general mandate to issue new shares by adding the number of shares bought back.

The poll results were posted on the websites of the Company and the Stock Exchange in accordance with the Listing Rules as soon as after the closure of the 2023 AGM.

The 2024 AGM will be held on Wednesday, 5 June 2024 at 4:00 p.m. at Artyzen Club, 401A, 4th Floor, Shun Tak Centre, 200 Connaught Road Central, Hong Kong. The notice of the 2024 AGM, which constitutes part of a circular to Shareholders, will be sent together with this annual report.

Important Shareholders' Dates

Important Shareholders' dates in the financial year 2024 are set out in "Financial Highlights and Calendar" in this annual report.

Dividend Information

The Company's dividend policy is set out in "Report of the Directors" in this annual report. Dividend payment history is available on the Company's website.

Shareholders' Rights

Procedures for Shareholders to Convene a General Meeting

In accordance with Section 566 of the Hong Kong Companies Ordinance (Chapter 622) (the "Ordinance"), Shareholders representing at least 5% of the total voting rights of all Shareholders having a right to vote at general meetings can make a requisition to convene a general meeting. The requisition must state the objects of the meeting, and be signed by the Shareholders concerned and deposited at the registered office of the Company for the attention of the Company Secretary. The requisition must also (a) state the name(s) of the requisitionist(s), (b) the contact details of the requisitionist(s) and (c) the number of ordinary shares of the Company held by the requisitionist(s).

CORPORATE GOVERNANCE REPORT

Procedures for Shareholders to Put Forward Proposals at General Meeting

According to the Ordinance, Shareholder(s) representing at least 2.5% of the total voting rights of all Shareholders who have a relevant right to vote; or at least 50 Shareholders who have a relevant right to vote can submit a written request to move a resolution at the general meeting of the Company. The written request must state the resolution, accompanied by a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution, signed by the relevant Shareholder(s) and deposited at the registered office of the Company.

G. COMPANY SECRETARY

The Company Secretary is a full-time employee of the Company and has day-to-day knowledge of the Company's affairs. The Company Secretary is responsible for advising the Board on governance matters. For the year under review, the Company Secretary has taken no less than 15 hours of relevant professional training.

H. OTHERS

Constitutional Documents

During the year ended 31 December 2023, no amendment was made to the Company's Articles. The latest version of the Articles is available on the websites of the Company and the Stock Exchange.

Looking Forward

The Company will continue to review its corporate governance practices on a timely basis and take necessary and appropriate actions to ensure compliance with the required practices and standards including code provisions in the CG Code.

Hong Kong, 26 March 2024

REMUNERATION COMMITTEE REPORT

COMPOSITION

The Remuneration Committee consists of six members, namely, Mr. Norman Ho, Mr. Charles Ho, Mr. Michael Wu and Mr. Kevin Yip (all being INEDs), Ms. Pansy Ho (Group Executive Chairman and Managing Director) and Ms. Daisy Ho (Executive Director and Deputy Managing Director). Mr. Michael Wu is the chairman of the Remuneration Committee.

DUTIES AND RESPONSIBILITIES

The principal role of the Remuneration Committee is to set the Company's remuneration and incentive policy as a whole, and review and approve remuneration proposals for Executive Directors and senior management. The emoluments of the Directors, including basic salary and performance bonus, are based on each Director's skills, knowledge and involvement in the Company's affairs, the Company's performance and profitability, remuneration benchmark in the industry and prevailing market conditions. No Director has taken part in setting his or her own remuneration.

According to its terms of reference (a copy of which is posted on the websites of the Company and the Stock Exchange), the Remuneration Committee shall meet at least once a year. Additional meetings may be held as required. Decisions may also be made by circulation of written resolutions accompanied by explanatory materials.

ANNUAL WORK SUMMARY

During the year ended 31 December 2023, a Remuneration Committee meeting was held. The Remuneration Committee reviewed, made recommendation on INEDs' remuneration packages to the Board, approved the remuneration packages for Executive Directors, senior management and staff, and approved the Remuneration Committee Report as incorporated in the 2022 Annual Report.

REMUNERATION POLICY

The remuneration policy of the Company (the "Remuneration Policy") establishes a formal and transparent procedure for determining remuneration of Directors and senior management. To achieve the Company's corporate goals and objectives, packages offered by the Group are competitive, adequate (but not excessive), in line with current market practices and able to attract, retain, motivate and reward Directors and senior management. To ensure that the Remuneration Policy is effective, the Remuneration Committee will review the policy and recommend revisions to the Board when necessary. The Remuneration Policy was updated in December 2017.

Directors' interests in the Company's shares, underlying shares and debentures, along with interests in contracts, are set out in "Report of the Directors". Particulars regarding Directors' emoluments and the five highest paid individuals are set out in "Notes to the Financial Statements" in this annual report.

Michael Wu
Chairman of Remuneration Committee

Hong Kong, 26 March 2024

NOMINATION COMMITTEE REPORT

COMPOSITION

The Nomination Committee consists of six members, namely, Mr. Norman Ho, Mr. Charles Ho, Mr. Michael Wu and Mr. Kevin Yip (all being INEDs), Ms. Pansy Ho (Group Executive Chairman and Managing Director) and Ms. Daisy Ho (Executive Director and Deputy Managing Director). Ms. Pansy Ho is the chairman of the Nomination Committee.

DUTIES AND RESPONSIBILITIES

The Nomination Committee is responsible for (i) formulating policy and making recommendations to the Board on nomination and appointment of Directors and the Board's succession planning; and (ii) monitoring the implementation of the Board Diversity Policy and nomination policy (the "Nomination Policy") and reviewing the same and recommending any revisions to the Board for consideration. The Nomination Committee develops selection procedures for candidates and will consider different criteria including relevant professional knowledge, industry experience, and the standards set forth in Rules 3.08 and 3.09 of the Listing Rules. It reviews the structure, size and composition of the Board annually to ensure that it has balanced skills and expertise to provide effective leadership to the Company. It assesses the independence of INEDs under the criteria in Rule 3.13 of the Listing Rules.

According to its terms of reference (a copy of which is posted on the websites of the Company and the Stock Exchange), the Nomination Committee shall meet as required by its work. Decision may also be made by circulation of written resolutions accompanied by explanatory materials.

ANNUAL WORK SUMMARY

During the year ended 31 December 2023, a Nomination Committee meeting was held to review the structure, size, composition and diversity of the Board; the Directors' involvement in the Company's affairs; the implementation and effectiveness of the Board Diversity Policy and Nomination Policy; and the independence of INEDs; and make recommendations to the Board for putting forward Directors, who were subject to retirement by rotation, for re-appointment at 2023 AGM; and approve the Nomination Committee Report as incorporated in the 2022 Annual Report.

NOMINATION POLICY

In December 2018, the Company adopted the Nomination Policy which sets out the nomination procedures and the process and criteria to select and recommend candidates for directorship. The Nomination Committee would select the candidates based on the objective criteria, including without limitation, educational background, professional experience, skills, knowledge, personal qualities and the benefit of diversity as set out under the Board Diversity Policy. The Nomination Committee would also take into account whether the candidate can demonstrate his/her commitment, competence and integrity required for the position, and in case of INEDs, the independence requirements under the Listing Rules and their time commitment to the Company. The Nomination Committee monitors the implementation of the Nomination Policy and will review and recommend any revisions to the Board for consideration and approval, when necessary, to enhance effectiveness. The Nomination Policy was updated in March 2022.

Pansy Ho
Chairman of Nomination Committee

Hong Kong, 26 March 2024

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

COMPOSITION

The Audit and Risk Management Committee consists of three members, namely, Mr. Norman Ho, Mr. Michael Wu and Mr. Kevin Yip, all being INEDs. Mr. Norman Ho is the chairman of the Audit and Risk Management Committee. The Board is satisfied that the Audit and Risk Management Committee members collectively possess adequate financial experience to properly perform its duties and responsibilities. Mr. Norman Ho and Mr. Michael Wu hold professional accounting qualifications required by Rule 3.10(2) of the Listing Rules, details of which are set out in their biographies in "Management Profile" in this annual report.

DUTIES AND RESPONSIBILITIES

The Audit and Risk Management Committee's primary responsibilities include reviewing the Company's financial reports, risk management and internal control systems (including, among others, risks relating to ESG), and effectiveness and objectivity of the audit process.

According to its terms of reference (a copy of which is posted on the websites of the Company and the Stock Exchange), the Audit and Risk Management Committee shall meet at least twice a year. Decisions may be made by circulating written resolutions accompanied by explanatory materials.

ANNUAL WORK SUMMARY

During the year ended 31 December 2023, two Audit and Risk Management Committee meetings were held to review, inter alia, (i) the Company's interim and year-end financial reports, particularly areas requiring judgement, before submission to the Board; (ii) the internal audit programme and the effectiveness of the internal audit function (including audit progress, findings and management's responses); (iii) the adequacy and effectiveness of the risk management and internal control systems (including the risk management processes, the principal risks identified and risk mitigation controls); (iv) PwC's confirmation of independence, its reports for the Audit and Risk Management Committee and management's letter of representation; (v) the fees for annual audit and non-audit services for the year ended 31 December 2022 and recommendations regarding re-appointment of the Company's external auditor; and (vi) the adequacy of resources, qualifications, experiences and training requirements of staff responsible for accounting, financial reporting, treasury, financial analysis, ESG and internal audit functions and approved the Audit and Risk Management Committee Report as incorporated in the 2022 Annual Report.

The Audit and Risk Management Committee also reviewed continuing connected transactions; reviewed and approved PwC's terms of engagement as the Company's external auditor for the year ended 31 December 2023, and its further engagement to (a) review the Company's preliminary results announcement for the year ended 31 December 2023; and (b) report on continuing connected transactions as disclosed in this annual report. As at the date of this report, the Audit and Risk Management Committee also approved the fees for annual audit and non-audit services for year ended 31 December 2023, and recommended the re-appointment of PwC (the retiring auditor at the forthcoming AGM) as the Company's external auditor.

With the introduction of the Group's whistleblowing policy (the "Whistleblowing Policy") since December 2011 and its updates in August 2017 and March 2022, employees and those who deal with the Group (e.g. customers and suppliers) are provided with a channel and guideline to report suspected misconduct, malpractice or irregularity within the Group without fear of reprisal or victimization. The Audit and Risk Management Committee was delegated with the overall responsibility for monitoring and reviewing the effectiveness of the Whistleblowing Policy.

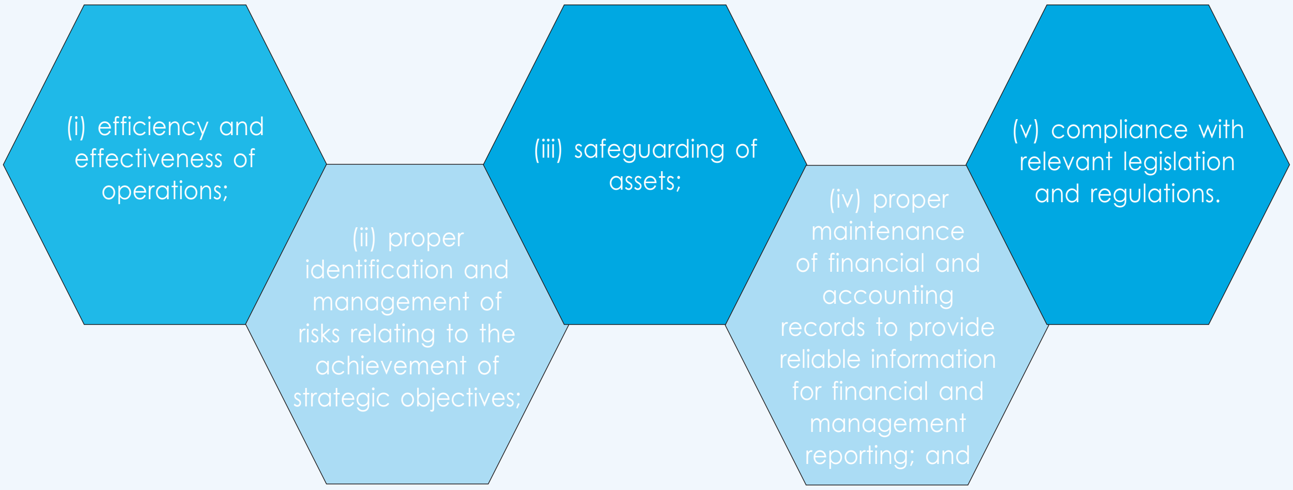
AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

To promote and support anti-corruption laws and regulations, the Group has set up systems and internal procedures for prevention of bribery, fraud and corruption. Details of the procedures are set out in the Group's code of conduct and communicated across all business units and relevant trainings are provided to employees. Regular seminars, including presentations by the Hong Kong Independent Commission Against Corruption, are organised for new and existing employees.

RISK MANAGEMENT AND INTERNAL CONTROL

Responsibilities of the Board and Management

Shun Tak Group's risk management (including, among others, risks relating to ESG) and internal control responsibilities reside at all levels within the Group, from the Board down to heads of business and supporting units as well as the general staff. The Board has overall responsibility for ensuring that appropriate and effective risk management and internal control systems (including, among others, risks relating to ESG) are established and maintained. The Executive Committee assists the Board in designing, implementing and monitoring the Group's risk management and internal control systems (including, among others, risks relating to ESG) which have been designed to ensure:



Such systems are aimed at mitigating risks faced by the Group to an acceptable level, but not eliminating all risks. Hence, such systems can only provide reasonable, but not absolute, assurance that there will not be any material misstatement in the financial information and any financial loss or fraud.

Main features of the risk management and internal control systems

The Board has established a framework to maintain appropriate and effective risk management and internal control systems (including, among others, risks relating to ESG), which includes the following key procedures:

- (i) setting core values and beliefs which form the basis of the Group's overall risk philosophy;
- (ii) evaluating and determining the nature and extent of risks that the Group is willing to take in achieving its strategic objectives;
- (iii) defining a management structure with clear lines of responsibility and authority limits which hold individuals accountable for their risk management and internal control responsibilities;
- (iv) adopting an organisational structure which provides necessary information flow for risk analysis and management decision-making;
- (v) imposing budgetary and management accounting controls to efficiently allocate resources and provide timely financial and operational performance indicators;
- (vi) ensuring effective financial reporting controls to timely record complete and accurate accounting and management information;
- (vii) overseeing the Executive Committee's policies and procedures on risk management, implementing risk mitigation measures and reviewing risk management results; and
- (viii) through the Audit and Risk Management Committee, ensuring that appropriate risk management and internal control procedures are in place and function effectively.

Ongoing and annual review

Through the Audit and Risk Management Committee, the Board continues to review the effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance, information technology and security, fraud detection and risk management (including, among others, risks relating to ESG) controls. Such process encompasses a self-assessment from the head of each business or supporting unit and internal audit reviews conducted by the Group Internal Audit Department ("GIAD").

Control self-assessment from the Head of each Business or Supporting Unit

On an annual basis, the head of each business or supporting unit signs a confirmation to the Board that he/she has self-assessed the risk management and internal control systems (including, among others, risks relating to ESG) of their operations against the criteria for effective internal control and risk management in the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (the "COSO Framework") and confirms that such systems are operating effectively.

The Executive Committee also conducts an annual review of the Group's risk management and internal control systems (including, among others, risks relating to ESG) with reference to the criteria in the COSO Framework and confirms to the Board that they are adequate and are operating effectively.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Internal audit reviews conducted by GIAD

The GIAD reports to the Audit and Risk Management Committee and has unrestricted access to the Group's records and personnel. To ensure systematic coverage of all auditable areas and effective deployment of resources, a four-year strategic audit plan adopting a risk ranking methodology has been formulated. This plan is revised annually to reflect organisational changes and new business development and is submitted for the Audit and Risk Management Committee's approval. Ad-hoc reviews will also be conducted if areas of concern are identified by the Audit and Risk Management Committee and management.

The GIAD reviews risk management and internal controls by:

(i) evaluating the control environment and risk identification and assessment processes;

(ii) assessing the adequacy of risk response measures and internal controls; and

(iii) testing the implementation of such measures and functioning of key controls through audit sampling.

The GIAD also assists the Audit and Risk Management Committee in its reviews of the adequacy of resources, qualifications, experiences and training requirements of staff responsible for accounting, financial reporting, treasury, financial analysis, ESG and internal audit functions. During each audit, staff qualifications and experience as well as manpower plans and training budgets are also reviewed to ensure competent staff are in place to maintain effective risk management and internal control systems. An audit report incorporating control deficiencies findings and management's rectification plans is issued for each audit.

The GIAD reports quarterly to the Audit and Risk Management Committee on the results of its assessment of the risk management and internal control systems (including, among others, risks relating to ESG) and status of implementation of follow-up actions on control deficiencies. In addition, the head of the GIAD attends Audit and Risk Management Committee meetings twice a year to report its progress.

The process used to identify, evaluate and manage risks (including, among others, risks relating to ESG)

Risk management is integrated into the Group's culture and day-to-day activities. With reference to International Standard on Risk Management-Principles and Guidelines ("ISO31000"), policies and procedures on risk management have been established to ensure a consistent approach to identify and address risks (including, among others, risks relating to ESG) in business processes. The Board has established a well-defined Risk Appetite to guide employees on the level of risk permitted. Each unit maintains a risk register to record all identified risks (including any emerging risks) by taking into account various external and internal factors including economic, financial, political, technological, ESG, health and safety, legislation and regulations, operational, processing and execution as well as the Group's strategies and objectives and stakeholders' expectations. A formal assessment is conducted to rank each of the identified risk. The risk ratings are determined based on the likelihood of a risk occurring and its potential impact or consequences.

Risk treatment options and mitigation controls are identified, analysed, implemented and reviewed. Risk management results are reported to the Executive Committee and the Audit and Risk Management Committee twice a year.

RISK MANAGEMENT PROCESS

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

PRINCIPAL RISK FACTORS

The Group's financial performance, operations and prospects for growth may be affected by risks and uncertainties, both direct and indirect. Based on the Group's risk assessment procedures, key risk factors are identified and are set out below (For details of the ESG risks, please refer to the Group's sustainability report which was separately issued in April 2024) but they are not exhaustive or comprehensive and there may be additional risks not yet known to the Group or known risks whose significance will appear only in the future:

1	Macroeconomic Environment	**What are the risks?** Changes in domestic, regional or global economic conditions may negatively affect consumer sentiment and lead to fluctuations in property prices and affect the value of properties owned or under development. Any continuous negative conditions such as escalating inflation, high unemployment rates, depressed stock or property prices, reduced disposable income, exchange rates fluctuations, etc. would significantly and adversely impact tourism and business spending patterns or reduce demand for leisure or business travel and hospitality businesses. Geopolitical tensions in Asia and/or around the world may create uncertainty in the regional and global economic outlook.	**What are the possible impacts of occurrence?** The regional economy is picking up slower than expected despite the relaxation of anti-pandemic measures and border re-opening. The uncertainty arising from geopolitical instability, high interest rates, and the looming threat of recession have dampened investment and consumer sentiment. The Group derives a substantial portion of its revenue and operating profits from its property development, investments and property management services segments. The Group's performance is therefore dependent on economic conditions and performance of property markets in Hong Kong, Macau, PRC and Singapore. A sluggish macroeconomic environment is likely to adversely affect consumer sentiment and private consumption, and consequential downward pressure on room rates and occupancy levels of the Group's hotels, and may reduce demand for the Group's transportation and hospitality-related services such as restaurants, tourism facilities, MICE and retail businesses, all leading to a decline in revenue.

2	Reliance on Technology and Automated Systems	**What are the risks?** Cyberthreats, outdated technology, inadequate security measures may lead to failure of automated systems and causes disruption of operations, loss of important data, leakage of personal data and payment information etc, which result in financial loss and reputational damages. Any inability to utilise data analytics to achieve market intelligence or increase productivity and efficiency may cause the loss of competitive advantages.	**What are the possible impacts of occurrence?** Our businesses require the use of sophisticated technology and automated systems such as property management, sales and leasing, hospitality related systems, ticketing and reservation, navigation and telecommunication, payment and accounting, etc. Failure of such systems could result in suspension of operations, breach of data privacy regulations, damage of reputation and loss of revenues and may give rise to uninsured liabilities. Failure to identify and remediate vulnerabilities in our systems, networks, applications, processes or internal control procedures may subject our systems to exploitation which may lead to a complete compromise of the systems. Our existing IT infrastructure may not be able to meet performance expectations. Rapid speed of innovations enabled by advanced technologies may outpace the Group's ability to compete or manage the risk appropriately.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

3	Government Policies, Regulations and Approvals	**What are the risks?** Property, transportation and hospitality businesses are subject to extensive legal compliance requirements, grant of licenses or concessions, safety, hygiene, environmental, minimum wage and other necessary government approvals. Any breaches, incidents, or failure to receive licenses, concessions or approvals from relevant governments may cause suspensions of operations, loss of rights to operate or to pursue development plans. Government policies and regulations such as the cooling measures for property market, may lead to fluctuations in property prices and affect the schedule of land sales and approvals for land use. Contravention of Data Privacy Protection Regulations such as The Personal Information Protection Law ("PIPL") issued by the PRC government or the General Data Protection Regulation ("GDPR") of the European Union ("EU") etc, may result in huge amount of penalties.	**What are the possible impacts of occurrence?** Changes in government policies and increasingly stringent regulatory requirements may delay the Group in securing the required approvals, commencement and completion of its property projects and affect profits. Hospitality operations are subject to a wide range of laws and regulations and policies including healthcare, hygiene, personal data privacy, taxation, environmental, safety, fire, food preparation, building and security etc. Increases in minimum wages could cause higher operations costs and lower profits. The renewal of approvals at various operational stages of ferry operations must comply with conditions set by government authorities or shipping classification societies. Increases in departure tax or changes in visa approvals or entry restrictions may reduce passenger traffic and adversely affect revenue. Ensuring protection of data while complying with applicable legal and regulatory requirements for collecting, storing, securing, processing and using of sensitive data requires significant resources and increases the cost of operations.

4	Competition	**What are the risks?** The Group's owned or managed hotels are subject to intense competition from large, multi-branded hotel chains, emerging regional "life style" brands and competition from new alternative suppliers such as Airbnb and HomeAway. New integrated resorts which offer greater variety pose a threat to the traditional hotels. The Hong Kong-Zhuhai-Macau Bridge opens up land transportation to Macau which directly competes with the Group's Hong Kong-Macau ferry service.	**What are the possible impacts of occurrence?** If the Group's owned or managed hotels cannot compete successfully, the operating margins, market share and earnings may be diminished. Revenue from the Group's ferry traffic has been substantially reduced after opening of the bridge. Rental income from the major source of patron flow at Shun Tak Centre – Macau ferry commuters, has been negatively impacted.

5	Outbreaks of Contagious Disease, Civil Unrest, Natural Disasters or Any Non-controllable Events	**What are the risks?** Outbreaks of contagious disease, civil unrest, severe weather conditions, natural disasters, terrorist attacks, disastrous events or travel security measures may lead to disruption of normal community life, reduction of passenger traffic and personal/business travels, suspension of operations and delay of property development schedules.	**What are the possible impacts of occurrence?** The Group's property leasing, hospitality, transportation, MICE and tourism related businesses are adversely affected by factors beyond the Group's control such as pandemic threat, severe weather conditions, natural disasters, travel security measures, civil unrest, terrorist attacks or outbreak of wars. Any occurrence may result in substantial loss of revenue or suspension of operations.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

6	Availability of Labour, Resources and Materials	**What are the risks?** The Group needs to attract, retain and develop sufficiently skilled and experienced work forces to maintain high standards of quality and guest and customer services. Other factors which may increase the Group's cost, impact operations or cause construction delays include late delivery, adverse quality, shortages or increased costs of materials, contractor services, parts and components to maintain our fleet, properties and hospitality facilities. Unable to integrate ESG into supply chain strategy may result in failure to achieve the Group's emission targets or violation of the Group's culture of diversity, equity and inclusion and worker safety.	**What are the possible impacts of occurrence?** Labour shortage in the hospitality and servicing industry may affect the service quality of the Group's hospitality and transportation businesses. Any pandemic, severe weather or natural disasters may impact on the supply chains, from raw materials to finished products. Suppliers and service providers may be facing business continuity issues. Forced closure of factories and inward and logistic services due to severe weather or disasters may cause shortages of supplies and delay of the schedule of goods delivery. The Group relies upon affordable supplies of building materials and experienced and skillful contractors for its property project and, if unavailable, may lead to delays in completion, increase in costs and reduced profitability. Engaging suppliers who do not operate sustainably may damage the Group's reputation.
7	Counterparty, Employee Misconduct, Negligence, Legal Compliance and Fraud Risks	**What are the risks?** Business counterparties may fail to enforce standards and contractual terms which may give rise to disagreements. Any premature termination of, or inability to renew management or franchise agreements may cause suspension of operations, loss of business or increase in operational costs. Risks may also arise from employees' misconduct or negligence such as non-compliance with rules and regulations, internal policies and procedures, corruption, fraud or other malpractices. The Group may itself become involved in investigations and regulatory proceedings for breach of rules and regulations, improper business conduct, market abuse or bribery, etc.	**What are the possible impacts of occurrence?** The Group's bankers, joint venture partners, buyers, tenants, contractors, debtors, suppliers, etc. may potentially fail to honour their contractual, financial or operational obligations or other disagreements may cause the Group to delay its growth plans, service initiatives, or lose revenue, incur litigation costs or other liabilities and damage of reputation. Potential claims may arise for breach and negligence resulting from employee misconduct and fraud. Any dealings with parties convicted of money laundering or financing terrorism offence may result in breach of laws or revocation of license. Substantial legal liability could materially and adversely affect the Group's business and financial results or cause reputational harm.

8	Strategic, Decision Making and Integration Risks	**What are the risks?** The results of the Group's strategic decisions or business plans may fall short of expectations due to unsatisfactory implementation of plans or an inability to adapt to adverse business conditions. Without the agility to pivot in response to change can lead to strategic failure.	**What are the possible impacts of occurrence?** The Group may face challenges from establishing new businesses or acquiring ones with existing operations, managing them in markets where it possesses limited experience and failure to generate synergies, and this may drain or overstretch the Group's management and capital resources.

9	Financial Risk	**What are the risks?** Foreign exchange rate and interest rate fluctuations may result in losses or significantly increase the cost of financing. The inability to access sufficient capital/liquidity may restrict the Group's growth opportunities.	**What are the possible impacts of occurrence?** 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 RMB258 million and SGD885 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 review its foreign exchange and market conditions to determine if hedging is required.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

10	Climate Change Risk	**What are the risks?** Climate change and environmental-related risks, such as frequent occurrence of extreme weather events, rising global temperature and rise in sea level, may cause disruption to the Group's business operations and supply chain, as well as physical damage to the critical infrastructure of the Group's assets especially for those located in coastal areas. Social awareness over climate change issues may also pose transition risks. Greater awareness of the public of reduction in carbon intensity may imply a higher expectation on the Group's products and services to mitigate adverse impacts brought by climate change. Failure to respond promptly to such social awareness and changes in investors' and customers' preference will adversely affect the Group's revenue and reputation.	**What are the possible impacts of occurrence?** Climate change risks may pose a great challenge to the Group's property development and management businesses. Extra operating and investment costs for maintenance and technical and management measures are required to tackle physical risks brought by extreme weather events such as super hurricanes and typhoons, flooding and heatwaves. Increased insurance costs for such extreme weather events may also cause a possible devaluation and lower rental premium of the Group's assets, which will in turn reduce the Group's revenue. In order to respond to the investors' and customers' concerns and awareness of climate change issues, more investments are required to conduct technology and equipment upgrades and adopt green materials for property development projects to enhance energy efficiency and reduce carbon emissions, which will increase the investment and construction cost to the Group. Introduction of more environmental legislations by the government to restrict carbon emissions also poses transition risks to the Group. More sustainability disclosures and measures are required to be fulfilled and adopted. Any breaches of the laws and regulations may result in disruption to the Group's business, possible fines and penalties as well as reputational harm.

RISK MITIGATION MEASURES

The Group's risk management and internal control systems ensure the proper identification, management and mitigation of risks (including, among others, risks relating to ESG). The Executive Committee, together with a panel of senior management and working groups who are experienced in business development, fuel hedging, crisis management, safety, health and environmental protection, business continuity and information technology, closely monitor potential risks to minimise their impact (if any) on the Group; and explore ways to develop and enhance services and products, reduce cost and generate income for the Group.

Norman Ho
Chairman of Audit and Risk Management Committee

Hong Kong, 26 March 2024

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

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

OPINION

What we have audited

The consolidated financial statements of Shun Tak Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 118 to 208, comprise:

- the consolidated balance sheet as at 31 December 2023;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

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KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Valuation of investment in Sociedade de Turismo e Diversões de Macau, S.A. ("STDM")
- Valuation of investment properties held by the Group, its joint ventures and associates
- Carrying values of properties held for sale and properties for or under development
- Carrying values of hotel properties

Key Audit Matter	*How our audit addressed the Key Audit Matter*
Valuation of investment in STDM *Refer to notes 2(j), 3(b), 19 and 39(e) to the consolidated financial statements.* The Group has equity interests in STDM which is accounted for as financial asset at fair value through other comprehensive income. Management has performed valuation assessment for the investment in STDM. As at 31 December 2023, the fair values of investment in STDM were HK$1,254 million. STDM is an unlisted company with no quoted market price in an active market and the fair value is determined by using market approach which is calculated based on dividend income expected from STDM capitalised by a capitalisation rate. The key assumptions used, such as expected future dividend income and capitalisation rate, require significant management's judgement. Management estimates the future dividend from STDM with reference to the Group's forecast results of STDM, the historical dividend distribution amount from STDM and the sustainability of such distribution. The capitalisation rate adopted is derived with reference to dividend yields of comparable listed companies with similar business nature. We focused on this area because of the financial significance of the balances, subjectivity of judgements and estimation uncertainty involved.	Our audit procedures in relation to management's valuation of the investment in STDM included: • Understanding management's processes for determining the valuation of investment in STDM and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied. • Involving our in-house valuation experts in assessing the appropriateness and consistency of the methodologies used in the valuation model. • Checking the mathematical accuracy of the underlying calculations in the valuation. • Assessing the reasonableness of the key inputs and assumptions by (1) comparing the management's expected future dividend income from STDM to the historical trend in light of available information of STDM; and by (2) comparing the applied capitalisation rate to market information of dividend yields of comparable listed companies. • Considering the results of sensitivity analysis on reasonably possible changes in the key assumptions adopted. We considered the judgements made and the assumptions used in the valuation of investment in STDM to be supportable based on the evidence gathered.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	*How our audit addressed the Key Audit Matter*
Valuation of investment properties held by the Group, its joint ventures and associates *Refer to notes 2(g), 3(a), 14, 16 and 17 to the consolidated financial statements.* The Group's investment properties are stated at fair value. As at 31 December 2023, the fair value of investment properties held through the Group's subsidiaries was HK$9,960 million. The Group also has interests in a number of investment properties held through its joint ventures and associates. The fair value was determined by the Group with reference to the valuations performed by independent professional valuers ("Valuers"). For completed investment properties, the fair value was derived using the direct comparison approach or income approach. Due to the unique nature of each investment property, the assumptions applied in the valuations were determined having regard to each property's characteristics such as location, building age and occupancy status. The key assumptions used in the valuation, such as current market rents, capitalisation rate and recent transacted prices were influenced by prevailing market conditions and with reference to comparable transactions. For investment properties under construction, fair value was derived using the residual method by deducting development costs and developer's profit from the estimated fair value of the proposed development assuming completed as at the date of valuation under income approach or direct comparison method. We focused on this area because of the financial significance of the balances, subjectivity of judgements and estimation uncertainty involved.	Our audit procedures in relation to the valuation of investment properties included: • Understanding management's processes for determining the valuation of investment properties and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied. • Evaluating the competence, capabilities and objectivity of the Valuers, and reading valuation reports of the investment properties. • Involving our in-house valuation experts in assessing the appropriateness of the methodologies used in the valuation of each property. • Testing, on a sample basis, the accuracy of property specific information such as location, building age and occupancy status. • Assessing the reasonableness of the judgement and key assumptions used in the valuations, including market rents, capitalisation rate and recent transacted prices of comparable transactions, by conducting independent market research. • Assessing the reasonableness of estimated costs to complete and developer's profit for properties under construction by comparing them to the market construction costs and developer's profit of similar properties. We found the valuation methodologies being appropriate and the key assumptions used in the valuation of investment properties were supportable in light of available evidence.

Key Audit Matter	***How our audit addressed the Key Audit Matter***
Carrying values of properties held for sale and properties for or under development *Refer to notes 2(l), 2(m), 3(c), 20, 21 and 22 to the consolidated financial statements.* As at 31 December 2023, the Group had properties held for sale and properties for or under development with carrying values totalling HK$8,965 million and HK$1,599 million respectively, which were stated at lower of cost and net realisable value. The calculation of the net realisable value of both properties held for sale and properties for or under development used assumptions such as the estimated selling price, whereas estimated cost of completion is also considered when calculating the net realisable value of properties for or under development. The use of such assumptions and estimates required management's judgement, taking into consideration of future market environment on a project by project basis. We focused on this area because of the financial significance of the balances, subjectivity of judgements and estimation uncertainty involved.	Our audit procedures in relation to the carrying values of properties held for sale and properties for or under development included: • Understanding management's processes for determining the net realisable values of properties held for sale and properties for or under development and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied. • Understanding, evaluating and validating on a sample basis, the key controls relating to the determination of expected selling price and costs to completion. • Assessing, on a sample basis, the reasonableness of the judgement and key assumptions by comparing the management's expected selling price to current market price of comparable properties. • Assessing, on a sample basis, the reasonableness of the expected cost to completion of properties for or under development by comparing the expected costs of the projects to the market forecast on construction costs of similar properties. • Considering the results of sensitivity analysis on reasonably possible changes in the assumptions adopted. We found the judgements and assumptions used by management in determining the carrying values of properties held for sale and properties for or under development were reasonable based on the available evidence.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	*How our audit addressed the Key Audit Matter*
Carrying values of hotel properties *Refer to note 2(f), 3(d), 12 and 13 to the consolidated financial statements.* The Group holds a number of hotel properties in Hong Kong, PRC and Singapore with carrying amounts included in property, plant and equipment of HK$3,628 million and right-of-use assets of HK$646 million as at 31 December 2023. Management performs an impairment assessment of its hotel properties at the separate cash-generating unit ("CGU") level, where impairment indicators exist, to determine the recoverable amounts of the hotel properties. The recoverable amounts are determined as the higher of the CGU's value-in-use and fair value less costs to sell. In determining the fair value less costs to sell, third-party valuers (the "valuers") are engaged by the Group to perform the valuation of the hotel properties. Based on the impairment assessments carried out by management, no provision for impairment of hotel properties was recognised in the consolidated income statement for the year ended 31 December 2023. The impairment assessment involves significant judgements and estimation uncertainty in respect of future business performance and key assumptions including capitalisation rate, discount rates, occupancy rates, average daily room rates, etc. We focused on this area because of the financial significance of the balances, subjectivity of judgements and estimation uncertainty involved.	Our procedures in relation to management's assessment of the carrying values of the hotel properties included: • Understanding and reviewing management's impairment assessment process, including the identification of indicators of impairment and appropriateness of the valuation models used, the forecast of future performance and inspection of the operating results of the respective hotels and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied. • Where there were indicators of impairment, assessing the appropriateness of methodologies and key assumptions used by the valuers and management in the calculations of the recoverable amounts. This included the involvement of our in-house valuation experts to assess the discount rate and capitalisation rate with reference to market data. The reasonableness of other key assumptions, such as occupancy rates and average daily room rates applied in the forecasts, as well as recent transacted prices of comparable transactions, were also assessed by comparing them to historic results, latest economic and industry forecasts and market data. • Where valuers were involved, evaluating the competence, capabilities and objectivity of the valuers, and reading the valuation reports. • Evaluating management's future cash flow forecasts and the processes by which they were drawn up, including testing the underlying calculations and comparing them to the latest management approved budgets and the actual results of the prior period. • Carrying out sensitivity analyses by making adjustments to the key assumptions in management's impairment assessments and considering whether any reasonably possible adjustments, in isolation or as a combination, would result in material change in recoverable amounts. We found the significant judgements and estimates adopted by management in the impairment assessments were supportable based on our work and the evidence obtained.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT AND RISK MANAGEMENT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit and Risk Management Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Risk Management Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Risk Management Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit and Risk Management Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Sung Lai, Arthur.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 March 2024

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

	Note	2023	2022
		HK$'000	HK$'000
Revenue	4	**4,068,138**	3,490,725
Other income	4	**338,319**	176,243
		4,406,457	3,666,968
Other losses, net	5	**(301,468)**	(242,391)
Cost of inventories sold and services provided		**(2,220,274)**	(1,583,732)
Staff costs		**(615,623)**	(532,547)
Depreciation and amortisation		**(148,096)**	(158,099)
Other costs		**(473,296)**	(410,768)
Fair value changes on investment properties		**(248,804)**	(374,414)
Operating profit	6	**398,896**	365,017
Finance costs	8	**(683,821)**	(405,698)
Share of results of joint ventures		**(276,463)**	11,033
Share of results of associates		**(12,342)**	(371,474)
Loss before taxation		**(573,730)**	(401,122)
Taxation	9(a)	**(59,776)**	(75,258)
Loss for the year		**(633,506)**	(476,380)
Attributable to:			
Owners of the Company		**(676,726)**	(558,222)
Non-controlling interests		**43,220**	81,842
Loss for the year		**(633,506)**	(476,380)
Loss per share (HK cents)	11		
— basic		**(22.4)**	(18.5)
— diluted		**(22.4)**	(18.5)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023	2022
	HK$'000	HK$'000
Loss for the year	**(633,506)**	(476,380)
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	**(330)**	(905)
Reversal of asset revaluation reserve upon sales of properties, net of tax	**(12,932)**	(23,189)
Currency translation differences	**(133,892)**	(468,255)
Share of currency translation difference of joint ventures	**(143,315)**	(511,132)
Share of currency translation difference of associates	**18,045**	(228,899)
Share of other comprehensive income of associates	**1,869**	193
Items that will not be reclassified to profit or loss:		
Equity instruments at fair value through other comprehensive income:		
Changes in fair value	**(733,175)**	(203,412)
Other comprehensive loss for the year, net of tax	**(1,003,730)**	(1,435,599)
Total comprehensive loss for the year	**(1,637,236)**	(1,911,979)
Attributable to:		
Owners of the Company	**(1,673,569)**	(1,972,477)
Non-controlling interests	**36,333**	60,498
Total comprehensive loss for the year	**(1,637,236)**	(1,911,979)

CONSOLIDATED BALANCE SHEET

As at 31 December 2023

	Note	2023	2022
		HK$'000	HK$'000
Non-current assets			
Property, plant and equipment	12	**3,784,408**	3,581,707
Right-of-use assets	13	**742,088**	746,310
Investment properties	14	**9,960,051**	10,180,737
Joint ventures	16	**10,346,835**	11,980,319
Associates	17	**5,739,365**	5,650,658
Intangible assets	18	**2,134**	2,610
Financial assets at fair value through other comprehensive income	19(a)	**1,487,492**	2,221,619
Financial assets at fair value through profit or loss	19(b)	**—**	302,613
Deferred tax assets	9(c)	**89,265**	96,013
Other non-current assets	20	**738,834**	387,483
		32,890,472	35,150,069
Current assets			
Properties for or under development	21	**1,322,232**	2,838,621
Inventories	22	**8,980,591**	9,201,380
Financial assets at fair value through other comprehensive income	19(a)	**—**	14,549
Trade and other receivables, deposits paid and prepayments	23	**859,738**	973,528
Contract assets	26	**1,134,377**	305,117
Taxation recoverable		**303**	656
Cash and bank balances	24	**6,633,986**	6,538,029
		18,931,227	19,871,880
Current liabilities			
Trade and other payables, and deposits received	25	**902,973**	1,892,158
Contract liabilities	26	**81,901**	149,508
Lease liabilities		**36,523**	31,044
Bank borrowings	27	**3,974,148**	4,266,508
Provision for employee benefits	28	**7,318**	7,084
Taxation payable		**157,979**	176,439
Loans from non-controlling interests	29	**50,361**	60,361
		5,211,203	6,583,102
Net current assets		**13,720,024**	13,288,778
Total assets less current liabilities		**46,610,496**	48,438,847

	Note	2023	2022
		HK$'000	HK$'000
Non-current liabilities			
Contract liabilities	26	**44,760**	39,414
Lease liabilities		**64,378**	27,988
Bank borrowings	27	**11,567,028**	11,705,945
Deferred tax liabilities	9(c)	**864,751**	886,665
Other non-current liabilities		**3,400**	—
		12,544,317	12,660,012
Net assets		**34,066,179**	35,778,835
Equity			
Share capital	30	**9,858,250**	9,858,250
Other reserves	32	**21,856,984**	23,534,061
Equity attributable to owners of the Company		**31,715,234**	33,392,311
Non-controlling interests		**2,350,945**	2,386,524
Total equity		**34,066,179**	35,778,835

Pansy Ho
Director

Daisy Ho
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Equity attributable to owners of the Company												
	Share capital	Capital reserve	Legal reserve	Special reserve	Investment revaluation reserve	Hedging reserve	Asset revaluation reserve	Exchange reserve	Retained profits	Proposed dividends	Total	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2023	9,858,250	11,231	64,396	(151,413)	933,637	4,265	226,737	(414,607)	22,859,815	–	33,392,311	2,386,524	35,778,835
(Loss)/profit for the year	–	–	–	–	–	–	–	–	(676,726)	–	(676,726)	43,220	(633,506)
Items that may be reclassified to profit or loss:													
Debt instruments at fair value through other comprehensive income:													
Changes in fair value	–	–	–	–	(330)	–	–	–	–	–	(330)	–	(330)
Disposal	–	–	–	–	876	–	–	–	(876)	–	–	–	–
Reversal of asset revaluation reserve upon sales of properties, net of tax	–	–	–	–	–	–	(12,932)	–	–	–	(12,932)	–	(12,932)
Currency translation differences	–	–	–	–	–	–	–	(127,005)	–	–	(127,005)	(6,887)	(133,892)
Share of currency translation difference of joint ventures	–	–	–	–	–	–	–	(143,315)	–	–	(143,315)	–	(143,315)
Share of currency translation difference of associates	–	–	–	–	–	–	–	18,045	–	–	18,045	–	18,045
Share of other comprehensive (loss)/income of associates	–	(11)	1,880	–	–	–	–	–	–	–	1,869	–	1,869
Items that that will not be reclassified to profit or loss:													
Equity instruments at fair value through other comprehensive income:													
Changes in fair value	–	–	–	–	(733,175)	–	–	–	–	–	(733,175)	–	(733,175)
Other comprehensive (loss)/income for the year, net of tax	–	(11)	1,880	–	(732,629)	–	(12,932)	(252,275)	(876)	–	(996,843)	(6,887)	(1,003,730)
Total comprehensive (loss)/income for the year	–	(11)	1,880	–	(732,629)	–	(12,932)	(252,275)	(677,602)	–	(1,673,569)	36,333	(1,637,236)
Dividend to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(71,912)	(71,912)
Buy-back of shares (note 30)	–	–	–	–	–	–	–	–	(2,780)	–	(2,780)	–	(2,780)
Transfers	–	–	1,813	–	–	–	–	–	(1,813)	–	–	–	–
Disposal of a subsidiary	–	–	(728)	–	–	–	–	–	–	–	(728)	–	(728)
	–	–	1,085	–	–	–	–	–	(4,593)	–	(3,508)	(71,912)	(75,420)
As at 31 December 2023	9,858,250	11,220	67,361	(151,413)	201,008	4,265	213,805	(666,882)	22,177,620	–	31,715,234	2,350,945	34,066,179

For the year ended 31 December 2022

	Equity attributable to owners of the Company												
	Share capital	Capital reserve	Legal reserve	Special reserve	Investment revaluation reserve	Hedging reserve	Asset revaluation reserve	Exchange reserve	Retained profits	Proposed dividends	Total	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As 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
(Loss)/profit for the year	—	—	—	—	—	—	—	—	(558,222)	—	(558,222)	81,842	(476,380)
Items that may be reclassified to profit or loss:													
Debt instruments at fair value through other comprehensive income:													
Changes in fair value	—	—	—	—	(905)	—	—	—	—	—	(905)	—	(905)
Reversal of asset revaluation reserve upon sales of properties, net of tax	—	—	—	—	—	—	(23,189)	—	—	—	(23,189)	—	(23,189)
Currency translation differences	—	—	—	—	—	—	—	(446,911)	—	—	(446,911)	(21,344)	(468,255)
Share of currency translation difference of joint ventures	—	—	—	—	—	—	—	(511,132)	—	—	(511,132)	—	(511,132)
Share of currency translation difference of associates	—	—	—	—	—	—	—	(228,899)	—	—	(228,899)	—	(228,899)
Share of other comprehensive income/(loss) of associates	—	362	—	—	—	—	(169)	—	—	—	193	—	193
Items that that will not be reclassified to profit or loss:													
Equity instruments at fair value through other comprehensive income:													
Changes in fair value	—	—	—	—	(203,412)	—	—	—	—	—	(203,412)	—	(203,412)
Other comprehensive income/(loss) for the year, net of tax	—	362	—	—	(204,317)	—	(23,358)	(1,186,942)	—	—	(1,414,255)	(21,344)	(1,435,599)
Total comprehensive income/(loss) for the year	—	362	—	—	(204,317)	—	(23,358)	(1,186,942)	(558,222)	—	(1,972,477)	60,498	(1,911,979)
Dividend to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(527,000)	(527,000)
Transfers	—	—	1,104	—	—	—	—	—	(1,104)	—	—	—	—
	—	—	1,104	—	—	—	—	—	(1,104)	—	—	(527,000)	(527,000)
As at 31 December 2022	9,858,250	11,231	64,396	(151,413)	933,637	4,265	226,737	(414,607)	22,859,815	—	33,392,311	2,386,524	35,778,835

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2023

	2023	2022
	HK$'000	HK$'000
Operating activities		
Loss before taxation	**(573,730)**	(401,122)
Adjustments for:		
Depreciation and amortisation	**148,096**	158,099
Fair value changes on investment properties	**248,804**	374,414
Finance costs	**683,821**	405,698
Interest income	**(233,779)**	(109,629)
Dividend income from financial assets at fair value through other comprehensive income	**(96,157)**	(83,974)
Share of results of joint ventures	**276,463**	(11,033)
Share of results of associates	**12,342**	371,474
Realisation of asset revaluation reserve upon sale of properties	**(14,695)**	(26,351)
Net loss on disposal of property, plant and equipment	**88**	11
Net gain on deregistration of subsidiaries	**(1,233)**	—
Impairment losses (reversed)/recognised on trade and other receivables, deposits paid, net	**(111)**	323
Fair value loss on financial assets at fair value through profit or loss	**302,613**	242,372
Operating profit before working capital changes	**752,522**	920,282
Decrease in properties for or under development and inventories of properties, excluding net finance costs capitalised	**1,589,545**	1,265,765
(Increase)/decrease in other inventories	**(1,365)**	112
Decrease/(increase) in trade and other receivables, deposits paid and prepayments	**121,750**	(104,611)
Increase in contract assets	**(829,260)**	(305,117)
Increase/(decrease) in trade and other payables, and deposits received	**234,997**	(413,444)
Decrease in contract liabilities	**(62,261)**	(133,978)
Increase/(decrease) in provision for employee benefits	**234**	(668)
Net cash generated from operations	**1,806,162**	1,228,341
Income tax paid	**(87,959)**	(243,381)
Net cash from operating activities	**1,718,203**	984,960

	Note	2023	2022
		HK$'000	HK$'000
Investing activities			
Addition to property, plant and equipment		**(256,262)**	(333,520)
Addition to investment properties		**(142,522)**	(12,653)
Advances to joint ventures		**(55,000)**	(20,180)
Advances to associates		**(4,137)**	(59,249)
Repayments from associates		**—**	72,229
Payment for investment in associates		**(103,480)**	(805,211)
Repayments of mortgage loans		**46**	123
Capital refund from an investment fund		**292**	418
Prepayment for purchasing of property, plant and equipment		**(16,566)**	—
Proceeds from disposal of property, plant and equipment		**11**	34
Proceeds from disposal, redemption or maturity of financial instruments		**14,878**	—
(Increase)/decrease in bank deposits with maturities over three months		**(686,349)**	475,152
Interest received		**203,334**	91,863
Dividends received from financial assets at fair value through other comprehensive income		**96,157**	83,974
Dividends received from associates		**22,345**	376,681
Net cash used in investing activities		**(927,253)**	(130,339)
Financing activities			
Drawdown of new bank loans	37	**4,866,562**	2,539,904
Repayments of bank loans	37	**(5,389,168)**	(4,359,107)
Repayment of loan from non-controlling interests	37	**(10,000)**	—
Advance from a joint venture		**—**	1,223,826
Payment for lease liabilities (including interest)	37	**(43,597)**	(46,245)
Buy-back of shares		**(2,780)**	—
Finance costs (including interests and bank charges) paid		**(690,906)**	(425,393)
Dividends paid to shareholders	37	**(4)**	(3)
Dividends paid to non-controlling interests	37	**(71,912)**	(527,000)
Net cash used in financing activities		**(1,341,805)**	(1,594,018)
Net decrease in cash and cash equivalents		**(550,855)**	(739,397)
Effect of foreign exchange rates changes		**(39,537)**	(66,050)
Cash and cash equivalents as at 1 January		**5,475,910**	6,281,357
Cash and cash equivalents as at 31 December		**4,885,518**	5,475,910
Analysis of cash and cash equivalents			
Cash and bank balances	24	**6,633,986**	6,538,029
Bank deposits with maturities over three months		**(1,748,468)**	(1,062,119)
Cash and cash equivalents as at 31 December		**4,885,518**	5,475,910

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Shun Tak Holdings Limited (the "Company") is a public listed company incorporated in Hong Kong with limited liability. The address of the registered office and principal place of business of the Company is Penthouse 39th Floor, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong. The Company has its shares listed on The Stock Exchange of Hong Kong Limited.

The consolidated financial statements are presented in Hong Kong dollars, unless otherwise stated.

The principal activity of the Company is investment holding while the activities of its principal subsidiaries, joint ventures and associates are set out in note 42.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

(a) Accounting policies

A summary of the material accounting policies adopted by the Company and its subsidiaries (collectively referred to as the "Group") is set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(b) Basis of preparation

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

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and certain financial assets 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 note 2(c). The subsidiaries excluded subsidiary undertakings of the Group are disclosed in note 42.

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 note 3.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(b) Basis of preparation (Continued)

(i) Impact of amended standards

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 2023:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Disclosure of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

Amendments to HKAS 12 — Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments require deferred tax to be recognised on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They typically apply to transactions such as leases of lessees and decommissioning obligations and require the recognition of additional deferred tax assets and liabilities. On adoption of the amendment, the deferred tax assets and liabilities had been restated in the notes to the financial statements (note 9) with no impact to the consolidated income statement, consolidated balance sheet and consolidated statement of changes in equity.

Except for the Amendments to HKAS 12 — Deferred Tax related to Assets and Liabilities arising from a Single Transaction, 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 2023 and the Group's financial position as at 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(b) Basis of preparation (Continued)

(ii) 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 2023 and have not been early adopted:

Amendments to HKAS 1[(1)]	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1[(1)]	Non-current Liabilities with Covenants
Amendments to HKFRS 16[(1)]	Lease Liability in a Sale and Leaseback
HK Interpretation 5 (Revised)[(1)]	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7[(1)]	Suppliers Finance Arrangements
Amendments to HKAS 21[(2)]	Lack of Exchangeability
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 2024

(2) Effective for annual periods beginning 1 January 2025

(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.

(c) Basis of consolidation, separate financial statements and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(c) Basis of consolidation, separate financial statements and equity accounting (Continued)

(i) Subsidiaries (Continued)

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKFRS 9 in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

All intra-group transactions, balances and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated unless the transaction provides evidence of an impairment of transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Dilution gains or losses on transaction with non-controlling interests are also recorded in equity.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(c) Basis of consolidation, separate financial statements and equity accounting (Continued)

(iii) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(iv) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income ("OCI") in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(v) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(c) Basis of consolidation, separate financial statements and equity accounting (Continued)

(v) Associates (Continued)

The Group determines at each balance sheet date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Gains and losses on dilution of equity interest in associates are recognised in the consolidated income statement.

(vi) Joint arrangements

The Group has applied HKFRS 11 to all joint arrangement. Under HKFRS 11 Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Operating segments

An operating segment is a component of the Group that engages in business activities from which the Group may earn revenues and incur expenses, and is identified on the basis of the internal financial reports that are provided to and regularly reviewed by the Group's chief operating decision maker in order to allocate resources and assess performance of the segment. The executive committee is identified as the Group's chief operating decision maker who makes strategic decisions.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transaction or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

Changes in the fair value of debt instruments denominated in a foreign currency and classified as financial asset through fair value through other comprehensive income are analysed between exchange differences resulting from changes in amortised cost of the investment and other changes in the carrying amount of the investment. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as financial assets at fair value through other comprehensive income ("FVOCI"), are included in other comprehensive income.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

1. assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

2. income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

3. all resulting exchange differences are recognised in other comprehensive income.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the gain or loss on disposal is recognised.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(f) Property, plant and equipment

Property, plant and equipment including buildings and leasehold land held for own use (classified as finance leases) are stated at cost less accumulated depreciation and any accumulated impairment losses.

Land and buildings comprise mainly offices. Leasehold land classified as finance lease and all other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation is provided to write off the cost of items of property, plant and equipment, over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method, at the following annual rates:

Hotel buildings	2% or over the remaining lease terms, if shorter
Leasehold buildings	1.7% — 2.4% or over the remaining lease terms, if shorter
Other assets	5% — 33%

The residual values and useful lives of items of property, plant and equipment are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(i)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other gains/losses, net' in the consolidated income statement.

No depreciation is provided on hotel building under construction and freehold land.

(g) Investment properties

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group or for sale in the ordinary course of business. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(g) Investment properties (Continued)

Investment properties are measured initially at cost, including related transaction costs and where applicable borrowing costs. Subsequent to initial recognition, investment properties are stated at fair value, representing open market value determined at each balance sheet date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair value are recognised in the consolidated income statement.

(h) Intangible assets

Separately acquired licences, franchises, trademarks and royalties are classified as intangible assets and stated at historical cost less accumulated amortisation and any accumulated impairment losses. For licences, amortisation is provided using the straight-line method over the estimated useful lives of 16.3 years. For franchises, trademarks and royalties, amortisation is provided over the estimated finite useful lives of 15 years using the straight-line method.

(i) Impairment of non-financial assets

Assets that have an indefinite useful life for example, goodwill or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

(j) Financial assets

I. Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value, and
- those to be measured at amortised cost.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

The classification of debt financial assets depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(j) Financial assets (Continued)

II. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated income statement.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

All equity investments shall subsequently measured at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(j) Financial assets (Continued)

III. Impairment

The Group assesses on a forward looking basis for the expected credit loss ("ECL") associated with its financial assets carried at amortised cost and debt instruments at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

IV. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(k) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair values. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Changes in fair value of derivative instruments that do not qualify for hedge accounting are recognised immediately in the consolidated income statement.

The Group documents at the inception of the transaction the economic relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

For cash flow hedge, where instruments are designated to hedge against a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, the effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges are recognised in OCI. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement.

Amounts accumulated in equity are reclassified to profit or loss in the period when the hedged item affects profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains or losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statement.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(l) Properties for or under development

Properties for or under development are classified under current assets and stated at the lower of cost and net realisable value. Costs include the acquisition cost of land, aggregate cost of development, other direct expenses and where applicable borrowing costs. Net realisable value represents the estimated selling price less estimated costs of completion and estimated selling expenses.

(m) Inventories and properties held for sale

Inventories and properties held for sale are stated at the lower of cost and net realisable value. In respect of unsold properties, cost is determined by apportionment of the total land and development costs, other direct expenses and where applicable borrowing costs attributable to unsold properties. Net realisable value is determined by reference to sale proceeds of properties sold in the ordinary course of business less all estimated selling expenses after the balance sheet date, or by management estimates of anticipated sale proceeds based on prevailing market conditions. In respect of other inventories, cost comprises all costs of purchase and is determined using the first-in first-out basis or weighted average basis as appropriate. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(n) Trade and other receivables

Trade receivables are amounts due from customers for inventories sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For other receivables, the Group assesses on a forward looking basis for the ECL under 12 months expected losses method. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(o) Contract related assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer.

The combination of those rights and performance obligations gives rise to a net contract asset or a net contract liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the cumulative revenue recognised in profit or loss exceeds cumulative payments made by customers. Conversely, the contract is a liability and recognised as contract liabilities if the cumulative payments made by customers exceeds the revenue recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(o) Contract related assets and contract liabilities (Continued)

Contract assets are assessed for impairment under the same approach adopted for impairment assessment of financial assets carried at amortised cost. Contract liabilities are recognised as revenue when the Group transfers the goods or services to the customers and therefore satisfies its performance obligation.

The incremental costs of obtaining a contract with a customer are capitalised and presented as contract related assets under "other debtors, deposits and prepayments", if the Group expects to recover those costs, and are subsequently amortised on a systematic basis that is consistent with the transfer to the customers of the goods or services to which the assets relate. The Group recognises an impairment loss in the consolidated income statement to the extent that the carrying amount of the contract related assets recognised exceeds the remaining amounts of consideration that the Group expects to receive less the costs that directly relate to those goods or services and have not been recognised as expenses.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(q) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(r) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(s) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed is recognised in the consolidated income statement as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(t) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(u) Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(u) Taxation (Continued)

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liabilities in relation to investment properties in the PRC or Macau that are measured at fair value are determined assuming the property will be recovered entirely through sale.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised. Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(v) Employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

Obligations for contributions to defined contribution retirement plans, including contributions payable under the Mandatory Provident Fund Schemes Ordinance, are recognised as an expense as incurred.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(w) Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

— including any market performance conditions (for example, an entity's share price);

— excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

— including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital.

(x) Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(y) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events but is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

(z) Revenue and other income recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognises revenue when it satisfies the identified performance obligation by transfer the promised good or service to the customer; and when specific criteria have been met for each of the Group's activities, as described below. Goods and services are transferred when or as the customer obtain control of them. The Group bases its estimate on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time.

Control of the good or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer; or
- the Group's efforts or inputs to the satisfaction of the performance obligation relative to the total expected efforts or inputs.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(z) Revenue and other income recognition (Continued)

Revenue from sales of properties is recognised over time when the Group's performance under the sale contract does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise revenue from sales of property is recognised at point in time.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the construction (excluding land cost and borrowing cost) costs incurred up to the end of reporting period as a percentage of total estimated construction costs for each contract.

For property sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the buyer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

The excess of cumulative revenue recognised in profit or loss over the cumulative billings to purchasers of properties is recognised as contract assets. The excess of cumulative billings to purchasers of properties over the cumulative revenue recognised in profit or loss is recognised as contract liabilities.

Proceeds received from purchasers prior to meeting the revenue recognition criteria are included in pre-sales proceeds in the consolidated balance sheet under current liabilities.

Revenue from management services is recognised over time upon provision of services.

Revenue from hotel management and club operations are recognised over time on a basis that reflects the timing, nature and value when the relevant services, facilities or goods are provided.

Hotel revenue comprises amounts earned in respect of rental of rooms, food and beverage sales and other ancillary services. Revenue from room rental and ancillary services are recognised over time on a basis that reflect the timing, nature and value during the period of stay for the hotel guests or when the relevant services are provided. Revenue from food and beverage sales is generally recognised at a point in time when services are rendered.

Rental income is recognised on a straight-line basis over the period of the lease.

Dividend income is recognised when the right to receive payment is established.

Interest income is accrued on a time proportion basis on the principal outstanding and at the effective interest rate applicable.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(aa) Leases

A lease is recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

— fixed payments (including in-substance fixed payments), less any lease incentives receivable

— variable lease payment that are based on an index or a rate

— amounts expected to be payable by the lessee under residual value guarantees

— the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and

— payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant rate of interest on the remaining balance of the liability for each period.

To determine the incremental borrowing rate, the Group:

— where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received

— uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Group, which does not have recent third party financing, and

— makes adjustments specific to the lease, e.g. term, country, currency and security.

Right-of-use assets are measured at cost comprising the following:

— the amount of initial measurement of the lease liability

— any lease payments made at or before the commencement date less any lease incentives received

— any initial direct costs, and

— restoration costs.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(aa) Leases (Continued)

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office furniture.

Extension and termination options are included in a number of property leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessors.

(ab) Government grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

(ac) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the consolidated financial statements, the Group has made accounting related estimates based on assumptions about current and, for some estimates, future economic and market conditions. Although our estimates and assumptions contemplate current and, as applicable, expected future conditions that the Group considers are relevant and reasonable, including but not limited to the potential impacts to our operations arising from different monetary, fiscal and government policy responses aimed at reviving the economies, it is reasonably possible that actual conditions could differ from our expectations. As a result, our accounting estimates and assumptions may change over time in response to how market conditions develop. In addition, actual results could differ significantly from those estimates and assumptions.

The Group makes estimates, assumptions and judgements as appropriate in the preparation of the financial statements. These estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below:

NOTES TO THE FINANCIAL STATEMENTS

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(a) Valuation of investment properties

The fair value of each investment property is individually determined at each balance sheet date by independent professional valuers based on a market value assessment. The best evidence of fair value is current prices in an active market for similar properties. In the absence of such information, the amount is determined within a range of reasonable fair value estimates. The valuers have applied the income approach or the direct comparison method. The fair value derived from income approach is based upon estimates of future results and a set of assumptions specific to each property to reflect its tenancy and cashflow profile, while the direct comparison approach considers the recent prices of similar properties with adjustments to reflect the difference in characteristics of the properties.

The fair values of investment properties under construction are determined by reference to independent valuations. For majority of the Group's investment properties under construction, their fair value reflects the expectations of market participants of the value of the properties when they are completed, less deductions for the costs required to complete the projects and appropriate adjustments for profit and risk. The valuation and all key assumptions used in the valuation should reflect market conditions at the end of each reporting period. The key assumptions include value of completed properties, period of development, outstanding construction costs, finance costs, other professional costs, risk associated with completing the projects and generating income after completion and investors' return as a percentage of value or cost. Further details of the judgements and assumptions made were disclosed in note 14.

(b) Valuation of financial assets at fair value through other comprehensive income

The fair value of the unlisted equity investment in STDM which is not traded in an active market is estimated using valuation technique. The Group uses its judgement to apply the market approach as the valuation method and use significant judgements to make assumptions that are mainly based on market conditions existing at the end of each reporting period. Details of the key assumptions used and the impact of changes to these assumptions are disclosed in note 39(e).

(c) Estimated net realisable value of properties for or under development and properties held for sale

The Group's properties for or under development are stated at lower of cost and net realisable value. In determining whether allowances should be made, the Group takes into consideration the current market environment and the estimated market value (i.e. the estimated selling price) less estimated costs to completion of the properties. An allowance is made if the net realisable value is less than the carrying amount.

For the carrying value of the Group's completed properties held for sale, the Group takes into consideration the current market environment and the estimated market value (i.e. the estimated selling price, less estimated costs of selling expenses). Allowance was made reference to the latest market value of those inventories identified.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(d) Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are regularly reviewed for impairment whenever there are any indications of impairment and will recognise an impairment loss if the carrying amount of an asset is higher than its estimated recoverable amount. The recoverable amounts of property, plant and equipment have been determined based on the higher of their fair values less costs of disposal and value in use, taking into account the latest market information and past experience.

In determining the value in use, management assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are applied in determining these future cash flows and the discount rate. Management estimates the future cash flows based on certain assumptions, such as market competition and development and the expected growth in business.

Details of the judgements and assumptions made were further disclosed in note 12.

(e) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of the property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovation. Management will change the depreciation charge where useful lives are different from the previously estimated lives. It will also write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(f) Income taxes

The Group is subject to income taxes in certain jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcomes of these matters is different from the amounts that initially recorded, such differences will impact the current tax and deferred tax provision in the period in which such determination is made.

Recognition of deferred tax assets, which principally relate to tax losses, depends on the expectation of future taxable profit that will be available against which tax losses can be utilised. The outcome of their actual utilisation may be different.

Land Appreciation Tax ("LAT") is levied on the appreciation of land value, being the proceeds from the sales of properties less deductible expenditure including land costs, borrowing costs and all property development expenditure.

NOTES TO THE FINANCIAL STATEMENTS

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(f) Income taxes (Continued)

Property development business of the Group in the PRC are subject to LAT, which have been included in the tax expenses. However, the implementation of these taxes varies amongst various PRC cities and the Group has not finalised its LAT returns with various tax authorities. Accordingly, judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these tax liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the tax expense and provisions for LAT in the period in which such determination is made.

(g) Revenue recognition

Revenue from property development activities is recognised over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognised at a point in time. The properties contracted for pre-sale to customers have generally no alternative use for the Group due to contractual restrictions. However, whether there is an enforceable right to payment and hence the related contract revenue should be recognised over time depends on the terms of each contract and the relevant laws that apply to that contract. Judgement is required in such determination.

For property development revenue that is recognised over time, the Group recognises such property development revenue by reference to the progress of satisfying the performance obligation at the reporting date. This is measured based on the Group's costs incurred up to the reporting date and budgeted costs which depict the Group's performance towards satisfying the performance obligation. Judgements are required in the determination in these estimates, such as the accuracy of the budgets, the extent of the costs incurred and the allocation of costs to each property unit.

4 REVENUE AND OTHER INCOME

The Group is principally engaged in the businesses of property development, investment and management, transportation, hospitality and investment holding.

	2023	2022
	HK$'000	HK$'000
Revenue		
Revenue from sales of properties	**2,787,863**	2,436,928
Revenue from hotel operation	**379,582**	246,926
Rental income	**457,585**	425,397
Management fees and others	**346,904**	297,454
Dividend income from financial assets at FVOCI	**96,157**	83,974
Interest income from mortgage loans receivable	**47**	46
	4,068,138	3,490,725
Other income		
Interest income from:		
— Bank deposits	**225,256**	105,447
— Others	**8,477**	4,136
Wage, salary and other subsidies from government under COVID-19	**—**	23,296
Others (note)	**104,586**	43,364
	338,319	176,243
Revenue and other income	**4,406,457**	3,666,968

Note: Amount included hotel management contract termination income of HK$75,353,000.

5 OTHER LOSSES, NET

	2023	2022
	HK$'000	HK$'000
Net gain/(loss) on deregistration of subsidiaries	**1,233**	(8)
Net loss on disposal of property, plant and equipment	**(88)**	(11)
Fair value loss on financial assets at fair value through profit or loss (note 19(b))	**(302,613)**	(242,372)
	(301,468)	(242,391)

NOTES TO THE FINANCIAL STATEMENTS

6 OPERATING PROFIT

	2023	2022
	HK$'000	HK$'000
After crediting:		
Rental income from investment properties	**224,918**	227,717
Less: Direct operating expenses arising from investment properties	**(36,667)**	(34,542)
	188,251	193,175
Dividend income from listed investments	**10,683**	11,855
Dividend income from unlisted investments		
— STDM	**85,452**	71,789
— others	**22**	330
Wage, salary and other subsidies from government under COVID-19	**—**	27,637
After charging:		
Cost of inventories sold		
— properties	**2,061,110**	1,474,882
— others	**44,829**	32,539
	2,105,939	1,507,421
Exchange gain, net	**(44,949)**	(21,745)
Depreciation		
— property, plant and equipment (note 12)	**85,158**	92,341
— right-of-use assets: leasehold land	**26**	26
— right-of-use assets: buildings	**41,090**	43,022
— right-of-use assets: prepaid premium for land lease and land use rights	**21,346**	22,488
Amortisation		
— intangible assets (note 18)	**476**	222
Auditors' remuneration		
— audit services	**13,101**	12,618
— non-audit services	**3,437**	3,481
Expenses under short-term lease and low-value assets lease	**2,845**	1,824
Variable lease payment expense (note 13(c))	**16,196**	11,520
Impairment losses (reversed)/recognised		
— trade receivables, net (note 23(a))	**(111)**	323
Staff costs		
— salaries and wages	**558,941**	482,599
— provident fund contributions	**25,099**	18,498
— directors' emoluments (note 7(a))	**31,583**	31,450

7 BENEFITS AND INTERESTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUAL

(a) Directors' emoluments

For the year ended 31 December 2023

	As Director (note i)					
Name	**Fees**	**Salaries, allowance and benefits**	**Performance bonus**	**Provident fund contributions**	**As management (note ii)**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Executive Directors						
Ms. Pansy Ho	**50**	**7,246**	**—**	**359**	**—**	**7,655**
Ms. Daisy Ho	**50**	**6,154**	**—**	**307**	**—**	**6,511**
Ms. Maisy Ho	**50**	**4,683**	**—**	**234**	**—**	**4,967**
Mr. David Shum	**50**	**3,556**	**—**	**—**	**—**	**3,606**
Mr. Rogier Verhoeven	**50**	**2,536**	**—**	**127**	**3,691**	**6,404**
Independent Non-Executive Directors						
Mr. Norman Ho	**500**	**180**	**—**	**—**	**—**	**680**
Mr. Charles Ho	**500**	**—**	**—**	**—**	**—**	**500**
Mr. Michael Wu	**500**	**160**	**—**	**—**	**—**	**660**
Mr. Kevin Yip	**500**	**100**	**—**	**—**	**—**	**600**
	2,250	**24,615**	**—**	**1,027**	**3,691**	**31,583**

For the year ended 31 December 2022

	As Director (note i)					
Name	Fees	Salaries, allowance and benefits	Performance bonus	Provident fund contributions	As management (note ii)	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive Directors						
Ms. Pansy Ho	50	7,215	—	359	—	7,624
Ms. Daisy Ho	50	6,153	—	307	—	6,510
Ms. Maisy Ho	50	4,683	—	234	—	4,967
Mr. David Shum	50	3,555	—	—	—	3,605
Mr. Rogier Verhoeven	50	2,534	—	127	3,563	6,274
Independent Non-Executive Directors						
Mr. Norman Ho	500	180	—	—	—	680
Mr. Charles Ho	500	30	—	—	—	530
Mr. Michael Wu	500	160	—	—	—	660
Mr. Kevin Yip	500	100	—	—	—	600
	2,250	24,610	—	1,027	3,563	31,450

Notes:

(i) The amounts represented emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries.

(ii) The amounts represented emoluments paid or receivable in respect of a person's other services in connection with the management of the affairs of the Company or its subsidiaries and included salaries, discretionary bonuses and employer's contributions to retirement benefit schemes.

There was no arrangement under which a Director had waived or agreed to waive any emoluments during the current and prior years.

NOTES TO THE FINANCIAL STATEMENTS

7 BENEFITS AND INTERESTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUAL (Continued)

(b) Directors' material interests in transactions, arrangements or contracts

(i) On 1 April 2021, the Company entered into an agreement (the "Master Consultancy Agreement") with Occasions Asia Pacific Limited ("Occasions"), to set out a framework for the provision of brand marketing and consultancy services by Occasions and its subsidiaries (the "Occasions Group") to the Group from time to time on a non-exclusive basis.

Since September 2020, Ms. Pansy Ho, who is the Group Executive Chairman and Managing Director as well as a substantial shareholder of the Company, has indirectly held 50% of the entire issued share capital of Occasions. Therefore, Occasions has become an associate of Ms. Pansy Ho and a connected person of the Company under the Listing Rules since September 2020.

The Master Consultancy Agreement is for a term of 3 years from 1 January 2021 to 31 December 2023. Subject to compliance with the requirements of the Listing Rules, the Master Consultancy Agreement may be renewed by the parties before its termination by mutual agreement in writing.

The Master Consultancy Agreement expired on 31 December 2023 and was renewed on 26 March 2024 for a further term of 3 years from 1 January 2024 to 31 December 2026.

(ii) On 27 December 2019, the Company entered into a renewed master service agreement (the "Renewed MGM Agreement") with MGM Grand Paradise Limited ("MGM"), a company in which Ms. Pansy Ho holds an indirect beneficial interest. The Renewed MGM Agreement governs the terms for the provision of products and services, including but not limited to, ferry tickets, travel products and the rental of hotel rooms between MGM and/or its subsidiaries (the "MGM Group") and the Group.

The Renewed MGM Agreement was for a term of 3 years from 1 January 2020 to 31 December 2022 and was renewable for successive terms of 3 years by mutual agreement in writing. Renewed MGM Agreement expired on 31 December 2022.

On 8 December 2022, the Company and MGM entered into a further renewed master service agreement (the "Further Renewed MGM Agreement") to replace and renew the Renewed MGM Agreement for a further 3 years from 1 January 2023 to 31 December 2025 and may be renewed for a three-year term upon mutual agreement in writing. The Further Renewed MGM Agreement governs the terms for the provision of products and services, including but not limited to, the provision of dry cleaning and laundry services, the provision of property cleaning services and the rental of hotel rooms between the MGM Group and the Group.

Save for the transactions mentioned in sub-paragraphs (i) to (ii) above, there were no other transactions, arrangements and contracts of significance subsisting at the end of the year or at any time during the year in relation to the Group's business to which the Company's subsidiaries or its holding companies were a party and in which a Director or its connected entities had a material interest, whether directly or indirectly.

(c) Five highest paid individual

Among the five highest paid individuals in the Group, four are directors (2022: four are directors) of the Company and the details of their emoluments have been disclosed above. During the year ended 31 December 2023, the emoluments of the individual not included above consisted of salaries, allowances and benefits of HK$4,480,000.

8 FINANCE COSTS

	2023	2022
	HK$'000	HK$'000
Interest on bank borrowings and overdrafts	**693,952**	410,873
Interest on lease liabilities	**4,006**	2,487
Other finance costs	**24,809**	35,717
Total finance costs	**722,767**	449,077
Less: Amount capitalised in hotel building under construction	**(38,946)**	(43,379)
	683,821	405,698

During the year, finance costs have been capitalised at weighted average rate of its general borrowings of 3.67% (2022: 2.29%) per annum for hotel building under construction.

9 TAXATION

(a) Taxation in the consolidated income statement represents:

	2023	2022
	HK$'000	HK$'000
Current taxation		
Hong Kong profits tax		
— tax for the year	**6,453**	5,445
— under/(over)-provision in respect of prior years	**67**	(43)
Non-Hong Kong taxation		
— tax for the year	**57,937**	74,559
— under/(over)-provision in respect of prior years	**4,101**	(6,630)
— LAT	**1,202**	2,272
— withholding income tax	**2,325**	1,005
	72,085	76,608
Deferred taxation		
Origination and reversal of temporary differences	**(12,309)**	(1,350)
Total tax expenses	**59,776**	75,258

Hong Kong profits tax is calculated at 16.5% (2022: 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% (2022: 12%, 25% and 17%) respectively.

In December 2021, the Organisation for Economic Co-operation and Development ("OECD") issued model rules for a new global minimum tax framework ("Pillar Two"), and various governments around the world have issued, or are in the process of issuing, legislation on this. Based on assessment on the 2023 financial information available to the Group, the financial impact to the Group is not expected to be material. The HKSAR Government has not yet released draft legislation on Pillar Two.

NOTES TO THE FINANCIAL STATEMENTS

9 TAXATION (Continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2023	2022
	HK$'000	HK$'000
Loss before taxation	(573,730)	(401,122)
Less: share of results of joint ventures and associates	288,805	360,441
	(284,925)	(40,681)
Tax at the applicable tax rate of 16.5% (2022: 16.5%)	(47,013)	(6,712)
Income not subject to tax	(68,716)	(36,343)
Expenses not deductible for tax purposes	164,161	114,013
Utilisation of tax losses and deductible temporary differences not previously recognised	(10,618)	(101)
Tax losses and deductible temporary differences not recognised	49,517	45,798
Effect of different tax rates of subsidiaries operating in other jurisdictions	(34,018)	(38,980)
LAT (note)	1,202	2,272
LAT deductible for calculation of income tax purpose (note)	—	(761)
Under/(over)-provision in respect of prior years	4,168	(6,673)
Others	1,093	2,745
Total tax expenses	59,776	75,258

Note:

The provision for LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

9 TAXATION (Continued)

(c) Deferred tax assets and liabilities recognised

The movements in deferred tax assets and liabilities (prior to offsetting balances with the same taxation jurisdiction) during the year are as follows:

Deferred tax assets

	Accelerated accounting depreciation	Tax losses	Provision of assets	Provision for LAT	Deferred development profit	Lease liabilities	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2022							
— as previously reported	155	86,155	38,973	25,940	8,531	—	159,754
— change in accounting policy	—	—	—	—	—	9,033	9,033
— as restated	155	86,155	38,973	25,940	8,531	9,033	168,787
Exchange adjustment	2	456	(2,982)	(2,046)	(101)	(22)	(4,693)
(Charge)/credit to income statement	(1)	19,529	(1,349)	760	(8,430)	(4,489)	6,020
As at 31 December 2022	**156**	**106,140**	**34,642**	**24,654**	**—**	**4,522**	**170,114**
Exchange adjustment	**—**	**83**	**(936)**	**(667)**	**—**	**(57)**	**(1,577)**
(Charge)/credit to income statement	**(1)**	**6,464**	**(1,271)**	**(746)**	**—**	**7,700**	**12,146**
As at 31 December 2023	**155**	**112,687**	**32,435**	**23,241**	**—**	**12,165**	**180,683**

Deferred tax liabilities

	Accelerated tax depreciation	Revaluation of investment properties	Fair value adjustments on business combination	Recognition of revenue overtime	Others	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2022						
— as previously reported	350,756	330,683	283,434	—	6,210	971,083
— change in accounting policy	9,033	—	—	—	—	9,033
— as restated	359,789	330,683	283,434	—	6,210	980,116
Exchange adjustment	(9,116)	(15,298)	1,907	1,564	85	(20,858)
Charge/(credit) to income statement	15,220	(67,736)	(11,080)	68,246	20	4,670
Credit to other comprehensive income	—	—	(3,162)	—	—	(3,162)
As at 31 December 2022	**365,893**	**247,649**	**271,099**	**69,810**	**6,315**	**960,766**
Exchange adjustment	**(3,011)**	**(3,825)**	**2,664**	**1,416**	**83**	**(2,673)**
Charge/(credit) to income statement	**17,193**	**(54,800)**	**(9,113)**	**49,056**	**(2,497)**	**(161)**
Credit to other comprehensive income	**—**	**—**	**(1,763)**	**—**	**—**	**(1,763)**
As at 31 December 2023	**380,075**	**189,024**	**262,887**	**120,282**	**3,901**	**956,169**

NOTES TO THE FINANCIAL STATEMENTS

9 TAXATION (Continued)

(c) Deferred tax assets and liabilities recognised (Continued)

Deferred tax assets and liabilities are netted off when the taxes related to the same taxation authority and where the offsetting is legally enforceable. The following amounts, determined after appropriate offsetting, are shown separately on the consolidated balance sheet.

	2023	2022
	HK$'000	HK$'000
Deferred tax assets	**89,265**	96,013
Deferred tax liabilities	**(864,751)**	(886,665)
	(775,486)	(790,652)

(d) Deferred tax assets unrecognised

Temporary differences have not been recognised as deferred tax assets in respect of the following items:

	2023	2022
	HK$'000	HK$'000
Tax losses	**1,718,967**	1,591,745
Deductible temporary differences	**1,171**	1,514
	1,720,138	1,593,259

Included in the unrecognised tax losses of the Group are losses of HK$249,990,000 (2022: HK$350,041,000) that will expire on various dates through to 2028 (2022: 2027) from 31 December 2023. Other tax losses and deductible temporary differences of the Group may be carried forward indefinitely. Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

10 DIVIDENDS

The Board does not recommend the payment of any final dividend (2022: nil) in respect of the year ended 31 December 2023. No interim dividend was declared by the Board during the year ended 31 December 2023 (2022: nil).

11 LOSS PER SHARE

The calculation of basic loss per share is based on loss attributable to owners of the Company of HK$676,726,000 (2022: HK$558,222,000) and the weighted average number of 3,020,171,281 shares (2022: 3,020,379,785 shares) in issue during the year.

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 2023 (2022: same).

12 PROPERTY, PLANT AND EQUIPMENT

	Hotel land and buildings	Hotel buildings under construction	Leasehold land and buildings	Other assets	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost					
As at 1 January 2022	3,290,812	616,508	629,960	623,372	5,160,652
Exchange adjustment	(45,740)	(23,588)	(3,735)	(4,852)	(77,915)
Additions	19,693	387,543	670	12,410	420,316
Disposals	—	—	—	(1,790)	(1,790)
As at 31 December 2022	**3,264,765**	**980,463**	**626,895**	**629,140**	**5,501,263**
Exchange adjustment	**2,464**	**(3,934)**	**(872)**	**(1,587)**	**(3,929)**
Additions	**13,186**	**219,354**	**3,984**	**59,412**	**295,936**
Disposals	**—**	**—**	**—**	**(3,107)**	**(3,107)**
Disposal of subsidiaries	**—**	**—**	**—**	**(973)**	**(973)**
Transfer	**708,062**	**(730,642)**	**—**	**22,580**	**—**
Transfer to inventories	**—**	**—**	**(12,475)**	**—**	**(12,475)**
As at 31 December 2023	**3,988,477**	**465,241**	**617,532**	**705,465**	**5,776,715**
Accumulated depreciation and impairment					
As at 1 January 2022	816,822	57,411	513,771	465,974	1,853,978
Exchange adjustment	(21,466)	(271)	(177)	(3,104)	(25,018)
Charge for the year (note 6)	39,333	—	1,676	51,332	92,341
Disposals	—	—	—	(1,745)	(1,745)
As at 31 December 2022	**834,689**	**57,140**	**515,270**	**512,457**	**1,919,556**
Exchange adjustment	**(6,806)**	**—**	**10**	**(1,104)**	**(7,900)**
Charge for the year (note 6)	**39,174**	**—**	**1,495**	**44,489**	**85,158**
Disposals	**—**	**—**	**—**	**(3,008)**	**(3,008)**
Disposal of subsidiaries	**—**	**—**	**—**	**(973)**	**(973)**
Transfer	**57,140**	**(57,140)**	**—**	**—**	**—**
Transfer to inventories	**—**	**—**	**(526)**	**—**	**(526)**
As at 31 December 2023	**924,197**	**—**	**516,249**	**551,861**	**1,992,307**
Net book value					
As at 31 December 2023	**3,064,280**	**465,241**	**101,283**	**153,604**	**3,784,408**
As at 31 December 2022	2,430,076	923,323	111,625	116,683	3,581,707

NOTES TO THE FINANCIAL STATEMENTS

12 PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

(a) Other assets of the Group comprised mainly furniture, fixtures and office equipment, plant and machinery, operating supplies and equipment of the hotel.

(b) Hotel land and buildings included freehold land in Singapore of net book value of HK$1,450,685,000 (2022: HK$1,461,763,000) and hotel buildings in Singapore, Hong Kong and the PRC of net book value of HK$695,816,000 (2022: nil), HK$487,972,000 (2022: HK$508,737,000) and HK$429,807,000 (2022: HK$459,576,000) respectively.

(c) For the financial performance of the Group's hotel business, the rebound of cross-border travelers has in general improved the occupancy rates during the year, while business performance is still dependent on the pace of economic recovery and the changing market environment. Management has carried out impairment assessments on hotel and land and buildings, hotel buildings under construction and other hotel-related assets in Hong Kong, the PRC and Singapore in accordance with HKAS 36. The recoverable amounts are determined with reference to valuations performed by independent professional valuers, Colliers International Consultancy & Valuation (Singapore) Pte Limited ("Colliers") and Knight Frank Petty Limited ("Knight Frank").

For hotel land and buildings in Hong Kong, the PRC and Singapore, valuer has adopted income approach.

Under the income approach, fair value is determined by discounting the projected cash flow streams with the properties using risk-adjusted discount rate. An exit or terminal value projected based on capitalisation rate is also included in the projection. Projection for a period of greater than five years and not more than ten years in general may be used on the basis that a longer projection period represents the long-dated nature of the hotel properties and is a more appropriate reflection of the future cash flows generated from the hotel operations.

There is no impairment required for the hotel land and buildings for the year ended 31 December 2023 and 2022.

Capitalisation rates and discount rates are estimated by independent valuers and management based on the risk profile of the property being valued. The lower the rates, the higher the fair value.

Certain property, plant and equipment with net book value of HK$2,876,798,000 (2022: HK$2,749,569,000) were pledged to banks as securities for bank borrowings granted to certain subsidiaries of the Group (note 27).

13 RIGHT-OF-USE ASSETS

	2023	2022
	HK$'000	HK$'000
Leasehold land	**2,774**	2,800
Buildings	**93,862**	55,118
Prepaid premium for land leases and land use right (note c)	**645,452**	688,392
	742,088	746,310

(a) The Group obtains right to control the use of various leasehold land, buildings and prepaid premium of land leases and land use right for a period of time through lease arrangements. Lease arrangements for buildings are negotiated on an individual basis and obtain a wide range of different terms and conditions including lease payments and lease terms ranging from 24 to 72 months.

(b) Additions to the right-of-use assets and lease liabilities during the year ended 31 December 2023 were HK$81,460,000 (2022: HK$37,783,000).

(c) The balance included an amount of HK$5,732,000 (2022: HK$5,976,000) relating to a Sub-lease Agreement dated 26 June 2006, pursuant to which, the Airport Authority Hong Kong has granted a subsidiary of the Group the right to construct a hotel on the land adjacent to the AsiaWorld-Expo located next to the Hong Kong International Airport. Upon the completion of the construction, the Airport Authority Hong Kong has granted the subsidiary of the Group the right to have the possession and enjoyment of the hotel up to the year of 2047. Under the Sub-lease Agreement, upon expiry of the sub-lease term in the year of 2047, the ownership of the hotel (note 12) and leasehold land will be transferred to the Airport Authority Hong Kong.

Contingent rental payment amounting to approximately HK$16,196,000 (2022: HK$11,520,000) is included in the consolidated income statement, which is charged with reference to revenue generated by the aforesaid subsidiary during the year.

(d) As at 31 December 2023, right-of-use assets with net book value of HK$221,961,000 (2022: HK$237,952,000) were pledged to banks as securities for bank borrowings granted to certain subsidiaries of the Group (note 27).

(e) During the year ended 31 December 2023, total cash outflow for leases amounted to HK$58,205,000 (2022: HK$60,209,000).

(f) Right-of-use assets related to hotel properties were tested for impairment as described in note 12(c).

NOTES TO THE FINANCIAL STATEMENTS

14 INVESTMENT PROPERTIES

	2023			
Completed investment properties	**Hong Kong**	**PRC**	**Others**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
At valuation				
As at 1 January	**4,927,427**	**4,342,720**	**910,590**	**10,180,737**
Exchange adjustment	**—**	**(114,404)**	**—**	**(114,404)**
Addition	**132**	**142,935**	**—**	**143,067**
Adjustment of cost for renovation	**(545)**	**—**	**—**	**(545)**
Fair value changes	**(34,719)**	**(224,085)**	**10,000**	**(248,804)**
As at 31 December	**4,892,295**	**4,147,166**	**920,590**	**9,960,051**
Freehold properties				**828,000**
Leasehold properties				**9,132,051**

	2022			
Completed investment properties	Hong Kong	PRC	Others	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At valuation				
As at 1 January	4,991,510	4,951,109	976,230	10,918,849
Exchange adjustment	—	(376,351)	—	(376,351)
Addition	5,256	7,397	—	12,653
Fair value changes	(69,339)	(239,435)	(65,640)	(374,414)
As at 31 December	4,927,427	4,342,720	910,590	10,180,737
Freehold properties				818,000
Leasehold properties				9,362,737

Investment properties of fair value of HK$1,719,596,000 (2022: HK$1,811,013,000) was pledged to banks as securities for bank borrowings granted to subsidiaries of the Group (note 27).

The Group measures its investment properties at fair value. Independent valuations of the Group's investment properties were performed by the valuers, Savills Valuation and Professional Services Limited ("Savills") and Knight Frank, who hold recognised relevant professional qualification and have recent experience in the locations of the investment properties being valued, to determine the fair values of the investment properties as at 31 December 2023 (2022: same). The Group employed Savills and Knight Frank to value its investment properties which are either freehold or held under leases with unexpired lease terms. The valuations were conformed to the Hong Kong Institute of Surveyors Valuation Standards issued by the Hong Kong Institute of Surveyors.

The Group's investment properties carried at fair value of HK$9,960,051,000 (2022: HK$10,180,737,000) are valued by fair value measurements using significant unobservable inputs (level 3). The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Levels 1, 2 and 3 during the year.

14 INVESTMENT PROPERTIES (Continued)

Fair value measurements using significant unobservable inputs

Fair values of completed commercial properties, residential properties and carparks in Hong Kong, the PRC and others are derived using direct comparison method or income approach, which includes income capitalisation method.

Income capitalisation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to valuers' view of recent lettings, within the subject properties and other comparable properties.

Discounted cash flow method is based on the net present value of the income stream estimated by applying an appropriate discount rate which reflects the risk profile.

Direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

Information about fair value measurements using significant unobservable inputs

			Range of significant unobservable inputs		
	Fair value as at 31 December 2023	Valuation method	Prevailing market rents per month	Unit price	Capitalisation rates
	HK$'000				
Completed investment properties located in Hong Kong					
— commercial	3,526,232	Income Approach	HK$24 — HK$97 psf	N/A	3.0% — 4.0%
— carpark	648,963	Income Approach	HK$320 — HK$3,400	N/A	2.9% — 4.0%
— carpark	717,100	Direct Comparison	N/A	HK$159,000 — HK$2,800,000	N/A
PRC					
— commercial	2,785,917	Income Approach	HK$7 — HK$23 psf	N/A	4.5% — 6.0%
— commercial	1,159,793	Direct Comparison	N/A	HK$2,650 psf	N/A
— carpark	17,666	Income Approach	HK$1,607	N/A	4.5% — 4.75%
— carpark	183,790	Direct Comparison	N/A	HK$145,934 — HK$482,790	N/A
Others					
— residential	92,590	Direct Comparison	N/A	HK$3,302 — HK$4,910 psf	N/A
— commercial	828,000	Income Approach	HK$90 psf	N/A	2.0% — 3.8%

NOTES TO THE FINANCIAL STATEMENTS

14 INVESTMENT PROPERTIES (Continued)

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

	Fair value as at 31 December 2022	Valuation method	Range of significant unobservable inputs: Prevailing market rents per month	Unit price	Capitalisation/ discount rates
	HK$'000				
Completed investment properties located in Hong Kong					
— commercial	3,523,992	Income Approach	HK$25 — HK$96 psf	N/A	3.0% — 4.0%
— carpark	645,735	Income Approach	HK$270 — HK$3,400	N/A	2.9% — 4.0%
— carpark	757,700	Direct Comparison	N/A	HK$142,000 — HK$3,000,000	N/A
PRC					
— commercial	2,913,607	Income Approach	HK$7 — HK$25 psf	N/A	4.5% — 6.0%
— commercial	1,221,795	Direct Comparison	N/A	HK$2,819 psf	N/A
— carpark	18,386	Income Approach	HK$1,658	N/A	4.5% — 4.75%
— carpark	188,932	Direct Comparison	N/A	HK$150,017 — HK$496,298	N/A
Others					
— residential	92,590	Direct Comparison	N/A	HK$3,315 — HK$4,907 psf	N/A
— commercial	818,000	Income Approach	HK$89 psf	N/A	2.0% — 3.8%

Prevailing market rents are estimated based on the independent valuers' view of recent lettings, within the subject properties and other comparable properties. The lower the rents, the lower the fair value.

Capitalisation and discount rates are estimated by the independent valuers based on the risk profile of the properties being valued and the market conditions. The higher the rates, the lower the fair value.

15 SUBSIDIARIES

Particulars regarding the principal subsidiaries are set out in note 42.

Subsidiaries with material non-controlling interests

The residential portion of Nova City Phase V owned and developed by Nova Taipa — Urbanizações, Limitada, a subsidiary of the Group ("NC5 Residential") has non-controlling interest material to the Group as the holder of the non-voting Class B share of Fast Shift Investments Limited is entitled to 29% of the economic benefits in or losses arising from NC5 Residential.

Ranex Investments Limited ("Ranex") is the subsidiary with non-controlling interests that are also material to the Group, with shareholding held by non-controlling interests of 49%.

Set out below are the summarised financial information for NC5 Residential and Ranex.

Summarised balance sheet

	As at 31 December			
	NC5 Residential		Ranex	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current				
Assets	**2,665,311**	2,544,198	**239,232**	332,170
Liabilities	**(107,378)**	(128,892)	**(33,246)**	(34,647)
Total net current assets	**2,557,933**	2,415,306	**205,986**	297,523
Non-current				
Assets	**82**	1,990	**2,952,000**	3,013,000
Liabilities	**(75,208)**	(84,443)	**(124,936)**	(116,776)
Total net non-current (liabilities)/assets	**(75,126)**	(82,453)	**2,827,064**	2,896,224
Net assets	**2,482,807**	2,332,853	**3,033,050**	3,193,747

Summarised statement of comprehensive income

	For the year ended 31 December			
	NC5 Residential		Ranex	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
Revenue	**392,315**	756,344	**73,578**	73,662
Profit/(loss) before taxation	**185,789**	388,627	**(2,537)**	(31,981)
Taxation	**(23,419)**	(48,085)	**(8,160)**	(8,291)
Profit/(loss) after taxation	**162,370**	340,542	**(10,697)**	(40,272)
Other comprehensive loss	**(12,417)**	(23,022)	**—**	—
Total comprehensive income/(loss)	**149,953**	317,520	**(10,697)**	(40,272)
Profit/(loss) after taxation allocated to non-controlling interests	**47,185**	101,848	**(4,921)**	(18,525)
Dividends to non-controlling interests	**—**	435,000	**69,000**	92,000

NOTES TO THE FINANCIAL STATEMENTS

15 SUBSIDIARIES (Continued)

Summarised cash flows

	For the year ended 31 December			
	NC5 Residential		Ranex	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash flows from/(used in) operating activities				
Cash generated from/(used in) operations	**364,599**	541,412	**50,395**	(120,892)
Income tax paid	**(58,189)**	(138,605)	**—**	—
Net cash generated from/(used in) operating activities	**306,410**	402,807	**50,395**	(120,892)
Net cash generated from investing activities	**8,165**	11,733	**8,945**	5,130
Net cash used in financing activities	**—**	(1,500,000)	**(150,000)**	(200,000)
Net increase/(decrease) in cash and cash equivalents	**314,575**	(1,085,460)	**(90,660)**	(315,762)
Cash and cash equivalents as at 1 January	**144,278**	1,229,738	**289,832**	605,594
Cash and cash equivalents as at 31 December	**458,853**	144,278	**199,172**	289,832

16 JOINT VENTURES

	2023	2022
	HK$'000	HK$'000
Share of net assets	**10,346,835**	11,980,319

Particulars regarding the principal joint ventures are set out in note 42.

Summarised financial information of material joint venture

Basecity Investments Limited ("Basecity") is the Group's material joint venture which is engaged in property investment and hotel operating businesses in Macau.

Basecity is a private company and there is no quoted market price available for its shares.

Set out below are the summarised financial information for Basecity which is accounted for using equity method of accounting.

16 JOINT VENTURES (Continued)

Summarised financial information of material joint venture (Continued)

	2023	2022
	HK$'000	HK$'000
Current		
Cash and cash equivalents	**843,916**	472,750
Other current assets (excluding cash)	**339,903**	322,247
Total current assets	**1,183,819**	794,997
Financial liabilities (excluding trade payables)	**(292,733)**	(291,071)
Other current liabilities (including trade payables)	**(94,799)**	(70,171)
Total current liabilities	**(387,532)**	(361,242)
Non-current		
Investment properties	**8,297,000**	8,541,565
Other assets	**832,427**	869,460
Total non-current assets	**9,129,427**	9,411,025
Other liabilities	**(972,859)**	(988,306)
Total non-current liabilities	**(972,859)**	(988,306)
Net assets	**8,952,855**	8,856,474

Summarised statement of comprehensive income

	For the year ended 31 December	
	2023	2022
	HK$'000	HK$'000
Revenue	**674,821**	465,642
Depreciation and amortisation	**(39,076)**	(42,521)
Interest income	**10,612**	2,979
Fair value changes on investment properties	**(256,065)**	(260,000)
Others	**(280,561)**	(244,227)
Profit/(loss) before taxation	**109,731**	(78,127)
Taxation	**(13,350)**	7,447
Profit/(loss) for the year	**96,381**	(70,680)
Other comprehensive income	**—**	—
Total comprehensive income/(loss)	**96,381**	(70,680)

NOTES TO THE FINANCIAL STATEMENTS

16 JOINT VENTURES (Continued)

Reconciliation of summarised financial information

	2023	2022
	HK$'000	HK$'000
Opening net assets as at 1 January	**8,856,474**	8,927,154
Profit/(loss) for the year	**96,381**	(70,680)
Closing net assets as at 31 December	**8,952,855**	8,856,474
Interests in joint venture at 51%	**4,565,956**	4,516,802

Aggregate information of joint ventures that are not individually material:

	2023	2022
	HK$'000	HK$'000
Aggregate carrying amounts of individually immaterial joint ventures in the consolidated financial statements	**5,780,879**	7,463,517
Aggregate amounts of the Group's share of those joint ventures'		
(Loss)/profit for the year (notes)	**(325,617)**	47,080
Other comprehensive loss	**(143,315)**	(511,132)
Total comprehensive loss	**(468,932)**	(464,052)

There are no material contingent liabilities relating to the Group's interests in the joint ventures.

Notes:

(a) During the year ended 31 December 2022, the 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.

(b) During the year, the Group's share of individually immaterial joint ventures' losses includes share of net fair value loss of investment properties, netted of deferred tax, amounting to HK$213,261,000 (2022: gain of HK$6,041,000). The fair values of completed investment properties held by Basecity, Nextor Holdings Limited, Shanghai Huayan Real Estate Development Limited and Shun Tak Qiantan (Shanghai) Cultural Real Estate Company Limited were determined by Savills, Knight Frank, Jones Lang LaSalle Limited and Colliers under income approach or direct comparison method.

17 ASSOCIATES

	2023	2022
	HK$'000	HK$'000
Share of net assets	**5,739,365**	5,650,658

There is no associate that is individually material to the Group. The contribution to an associate was unsecured, non-interest bearing and with no fixed term of repayment. The carrying amount of the amount due by an associate approximates its fair value.

Aggregate information of associates that are not individually material:

	2023	2022
	HK$'000	HK$'000
Aggregate carrying amounts of individually immaterial associates in the consolidated financial statements	**5,739,365**	5,650,658
Aggregate amounts of the Group's share of those associates'		
Loss for the year (note)	**(12,342)**	(371,474)
Other comprehensive income/(loss)	**19,914**	(228,705)
Total comprehensive income/(loss)	**7,572**	(600,179)

There are no material contingent liabilities relating to the Group's interests in the associates.

Note:

During the year, the Group's share of associates' profit included share of net fair value gain of investment properties, netted of deferred tax, amounting to HK$21,446,000 (2022: loss of HK$83,928,000). The fair values of completed investment properties held by an associate of the Group were determined by Savills under income capitalisation method, while the fair values of investment properties under construction held by other associates of the Group were determined by Beijing Colliers International Real Estate Valuation Co., Ltd. under residual method.

NOTES TO THE FINANCIAL STATEMENTS

18 INTANGIBLE ASSETS

	Licences and other operating rights	Franchises and royalties	Total
	HK$'000	HK$'000	HK$'000
Cost			
As at 1 January 2022, 31 December 2022 and 31 December 2023	**4,510**	**2,101**	**6,611**
Accumulated amortisation and impairment			
As at 1 January 2022	2,510	1,269	3,779
Amortisation for the year (note 6)	160	62	222
As at 31 December 2022	**2,670**	**1,331**	**4,001**
Amortisation for the year (note 6)	**413**	**63**	**476**
As at 31 December 2023	**3,083**	**1,394**	**4,477**
Net book value			
As at 31 December 2023	**1,427**	**707**	**2,134**
As at 31 December 2022	1,840	770	2,610

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

(a) Financial assets at fair value through other comprehensive income

	2023	2022
	HK$'000	HK$'000
Equity securities		
Unlisted	**1,257,300**	1,889,605
Listed		
— In Hong Kong	**219,469**	323,122
— Outside Hong Kong	**10,723**	8,892
	230,192	332,014
Debt securities		
Listed in Hong Kong	**—**	14,549
	1,487,492	2,236,168
Less: current portion	**—**	(14,549)
Non-current portion	**1,487,492**	2,221,619

19 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AND THROUGH PROFIT OR LOSS (Continued)

(a) Financial assets at fair value through other comprehensive income (Continued)

The financial assets at FVOCI are denominated in the following currencies:

	2023	2022
	HK$'000	HK$'000
Hong Kong dollar	**1,473,327**	2,194,611
United States dollar	**14,165**	41,557
	1,487,492	2,236,168

(b) Financial assets at fair value through profit or loss

	2023	2022
	HK$'000	HK$'000
Debt securities		
Unlisted	**—**	302,613

Financial assets at FVPL represented 89,334,235 Series D preferred shares issued by WMMH, which was acquired by the Group under a share purchase agreement at the consideration of US$70 million in November 2021. The financial assets at FVPL are denominated in United States dollar.

The fair values of listed equity and debt securities are determined on the basis of their quoted market prices at the balance sheet date.

Management has assessed the fair value of the Group's investments in accordance with the requirements under HKFRS 9. The key estimates and assumptions applied on the valuation are set out in note 39(e) of the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

20 OTHER NON-CURRENT ASSETS

	2023	2022
	HK$'000	HK$'000
Amounts due by joint ventures (note a)	**169,480**	114,480
Amounts due by associates (note b)	**238,850**	234,713
Deposits and prepayments	**54,089**	38,290
Properties for or under development (note c)	**276,415**	—
	738,834	387,483

Notes:

(a) Amounts due by joint ventures are interest free and repayable on demand. The balances are denominated in Hong Kong dollar.

(b) Amounts due by associates are unsecured. An amount of HK$150,882,000 (2022: HK$150,882,000) carries interest at HIBOR plus 2% per annum on loan principal and repayable on demand. The related interest income for the year amounted to HK$5,349,000 (2022: HK$1,601,000). An amount of HK$33,000,000 (2022: HK$33,000,000) carries interest at 2.8% per annum on loan principal and repayable by 15 December 2025. The related interest income for the year amounted to HK$458,000 (2022: HK$43,000). An amount of RMB8,200,000 (2022: RMB8,200,000) carries interest at 6.5% per annum on loan principal and is repayable by 4 January 2025. An amount of RMB4,000,000 (2022: nil) carries interest at 5% per annum on loan principal and is repayable by 31 January 2025. The remaining balances are non-interest bearing and with no fixed term of repayment. The balances are denominated in Hong Kong dollar and Renminbi.

(c) During the year, sales of specific units of properties for or under development to certain buyers were halted by the local authority. As a result, the accumulated revenue of HK$208,902,000 and cost of inventories sold of HK$160,533,000 in relation to those units, recognised in the consolidated income statement to date, were reversed during the year. The costs incurred to date on those units are presented as "other non-current assets" as at 31 December 2023.

(d) The maximum exposure to credit risk as at 31 December 2023 is the carrying amounts, which approximate their fair values (2022: same).

21 PROPERTIES FOR OR UNDER DEVELOPMENT

	2023	2022
	HK$'000	HK$'000
Properties for or under development, at cost	**1,322,232**	2,838,621

The amount of properties for or under development expected to be recovered within one year is HK$1,322,232,000 (2022: HK$2,436,960,000).

No properties for or under development is expected to be recovered after more than one year (2022: HK$401,661,000).

Properties for or under development of HK$1,291,128,000 (2022: HK$2,838,621,000) were pledged to banks as securities for bank borrowings granted to subsidiaries of the Group (note 27).

22 INVENTORIES

	2023	2022
	HK$'000	HK$'000
Properties held for sale	**8,965,101**	9,187,255
Others	**15,490**	14,125
	8,980,591	9,201,380

Properties held for sale of HK$6,577,423,000 (2022: HK$6,572,666,000) and other inventories of HK$449,000 (2022: HK$388,000) were pledged to banks as securities for bank borrowings granted to certain subsidiaries of the Group (note 27).

23 TRADE AND OTHER RECEIVABLES, DEPOSITS PAID AND PREPAYMENTS

	2023	2022
	HK$'000	HK$'000
Trade receivables (note a)	**98,003**	191,737
Less: Provision for impairment of trade receivables	**(3,449)**	(4,900)
	94,554	186,837
Deposits for acquisitions of interests in land development rights (note b)	**500,000**	500,000
Other debtors, deposits and prepayments (note c)	**265,184**	286,691
	859,738	973,528

The carrying amounts of trade and other receivables approximate their fair values because of their immediate or short-term maturities. They are denominated in the following currencies:

	2023	2022
	HK$'000	HK$'000
Hong Kong dollar	**585,633**	596,202
Macau pataca	**40,847**	52,882
Renminbi	**76,806**	119,436
Singapore dollar	**126,075**	177,216
United States dollar	**29,954**	27,325
Others	**423**	467
	859,738	973,528

NOTES TO THE FINANCIAL STATEMENTS

23 TRADE AND OTHER RECEIVABLES, DEPOSITS PAID AND PREPAYMENTS (Continued)

Notes:

(a) Trade receivables

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:

	2023	2022
	HK$'000	HK$'000
0 — 30 days	**53,592**	143,128
31 — 60 days	**24,996**	16,436
61 — 90 days	**14,470**	6,838
Over 90 days	**4,945**	25,335
	98,003	191,737

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables.

Movement in the loss allowance of trade debtors during the year is as follows:

	2023	2022
	HK$'000	HK$'000
As at 1 January	**4,900**	6,365
Exchange adjustment	**—**	9
Impairment loss recognised during the year	**244**	377
Impairment loss reversed during the year	**(355)**	(54)
Uncollectible amount written off	**(1,340)**	(1,797)
As at 31 December	**3,449**	4,900

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

(b) Deposits for acquisitions of interests in land development rights

These represent refundable deposits paid by the Group for acquiring interests in land development rights from a related company of HK$500,000,000 (2022: HK$500,000,000) in Macau. The transaction is further disclosed in note 34(b)(viii).

(c) Included within the balance of "other debtors, deposits and prepayments" as at 31 December 2023, the Group recognised an asset of HK$72,539,000 (2022: HK$119,161,000) in relation to sales commissions to obtain property sales contract. The Group capitalised the amount and amortised it when the property sales revenue or the forfeiture income from property sales deposits are recognised. During the year, HK$92,234,000 (2022: HK$29,961,000) are charged to the consolidated income statement.

24 CASH AND BANK BALANCES

	2023	2022
	HK$'000	HK$'000
Bank deposits	**5,209,063**	4,591,510
Cash and bank balances	**1,424,923**	1,946,519
	6,633,986	6,538,029

The carrying amounts of bank deposits, cash and bank balances approximate their fair values because of their immediate or short term maturities.

The carrying amounts of cash and bank balances are denominated in the following currencies:

	2023	2022
	HK$'000	HK$'000
Hong Kong dollar	**1,754,477**	2,395,739
Macau pataca	**158,240**	115,875
Renminbi	**1,793,548**	1,892,723
Singapore dollar	**894,647**	794,679
United States dollar	**2,033,045**	1,338,986
Others	**29**	27
	6,633,986	6,538,029

As at 31 December 2023, bank balances and bank deposits include amount of HK$102,404,000 (2022: HK$122,818,000) held under charge in favour of banks in respect of bank loan facilities (note 27). As at 31 December 2023, the balances can be utilised under specified conditions by the Group. (2022: same).

25 TRADE AND OTHER PAYABLES, AND DEPOSITS RECEIVED

	2023	2022
	HK$'000	HK$'000
Amounts due to joint ventures (note a)	**1,958**	1,225,842
Trade and other creditors, deposits and accrued charges (note b)	**901,015**	666,316
	902,973	1,892,158

NOTES TO THE FINANCIAL STATEMENTS

25 TRADE AND OTHER PAYABLES, AND DEPOSITS RECEIVED (Continued)

The carrying amounts of trade and other payables approximate their fair values because of their short term maturities. The trade and other payables are denominated in the following currencies:

	2023	2022
	HK$'000	HK$'000
Hong Kong dollar	**191,450**	185,672
Macau pataca	**57,202**	61,832
Renminbi	**290,127**	1,369,783
Singapore dollar	**362,320**	273,817
United States dollar	**1,713**	1,035
Others	**161**	19
	902,973	1,892,158

Notes:

(a) Amounts due to joint ventures are unsecured and non-interest bearing. As at 31 December 2022, amounts due to a joint venture of RMB1,085,000,000, approximately HK$1,223,826,000, were denominated in Renminbi and were mainly settled by the capital reduction of the joint venture during the year as major non-cash transaction. The remaining balances are denominated in Hong Kong dollar and Macau pataca, and with no fixed term of repayment. The carrying amounts approximate their fair values.

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

	2023	2022
	HK$'000	HK$'000
0 — 30 days	**256,280**	265,804
31 — 60 days	**3,869**	5,263
61 — 90 days	**42**	40
Over 90 days	**1,694**	2,131
	261,885	273,238

26 CONTRACT ASSETS AND LIABILITIES

The Group has recognised the following revenue-related contract assets and liabilities:

	2023	2022
	HK$'000	HK$'000
Contract assets		
Property sales (note a)	**1,134,377**	305,117
Contract liabilities		
Property sales (note b)	**76,940**	143,438
Hotel and club operations	**49,721**	45,484
	126,661	188,922
Less: non-current portion	**(44,760)**	(39,414)
Current portion	**81,901**	149,508

Notes:

(a) Contract assets consist of unbilled amount resulting from sale of properties when revenue recognised exceeds the amount billed to the buyer.

(b) The Group received payments from customers based on billing schedule as established in contracts. Payments are usually received in advance before the transfer of property.

(c) The following table shows the amount of the revenue recognised in the current year that relates to contract liabilities balance at the beginning of the year:

	2023	2022
	HK$'000	HK$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year		
— Property sales	**142,438**	231,637
— Hotel and club operations	**5,698**	4,800
	148,136	236,437

(d) The following table shows the amount of unsatisfied performance obligations resulting from fixed price contracts with an original expected timing of revenue recognition in more than one year:

	2023	2022
	HK$'000	HK$'000
Expected to be recognised within one year	**2,215,715**	2,680,437
Expected to be recognised after one year	**44,760**	955,347
	2,260,475	3,635,784

For all other contracts with an original expected duration of one year or less or are billed based on time incurred, as permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

NOTES TO THE FINANCIAL STATEMENTS

27 BANK BORROWINGS

	2023	2022
	HK$'000	HK$'000
Bank borrowings repayable as follows:		
Not exceeding 1 year	**3,974,148**	4,266,508
More than 1 year but not exceeding 2 years	**5,436,366**	2,892,624
More than 2 years but not exceeding 5 years	**5,947,973**	8,604,592
More than 5 years	**182,689**	208,729
	15,541,176	15,972,453
Less: Current portion	**(3,974,148)**	(4,266,508)
Non-current portion	**11,567,028**	11,705,945

As at 31 December 2023, the balance comprises total principal amounts of bank borrowings of HK$15,597,389,000 net of unamortised bank borrowing facilities fees of HK$56,213,000.

Bank borrowings include secured bank borrowings of HK$6,056,353,000 (2022: HK$6,842,875,000) and are secured by the following pledged assets:

	2023	2022
	HK$'000	HK$'000
Property, plant and equipment (note 12)	**2,876,798**	2,749,569
Properties for or under development (note 20 and 21)	**1,291,128**	2,838,621
Inventories (note 22)	**6,577,872**	6,573,054
Right-of-use assets (note 13)	**221,961**	237,952
Investment properties (note 14)	**1,719,596**	1,811,013
Cash and bank balances (note 24)	**102,404**	122,818
Other assets	**41,461**	37,721
	12,831,220	14,370,748

Out of the above secured bank borrowings, an aggregate amount of HK$545,451,000 (2022: HK$662,272,000) are also secured by pledges of shares of certain subsidiaries (note 42).

Bank borrowings amounting to HK$527,671,000 (2022: HK$581,651,000) are repayable by instalments.

Bank borrowings are interest bearing at floating rates with contractual interest repricing dates ranged within 6 months. As at 31 December 2023, the weighted average effective interest rate of the Group's bank borrowings is 4.7% (2022: 4.2%) per annum.

The carrying amounts of bank borrowings approximate their fair values and are denominated in the following currencies:

	2023	2022
	HK$'000	HK$'000
Hong Kong dollar	**10,030,273**	9,791,850
Renminbi	**279,247**	304,379
Singapore dollar	**5,231,656**	5,876,224
	15,541,176	15,972,453

28 PROVISION FOR EMPLOYEE BENEFITS

Provision for employee benefits represents cost of cumulative paid leaves that the Group expects to pay.

	2023	2022
	HK$'000	HK$'000
As at 1 January	**7,084**	7,752
Net amount provided during the year	**496**	523
Amount utilised and paid during the year	**(262)**	(1,191)
As at 31 December	**7,318**	7,084

29 LOANS FROM NON-CONTROLLING INTERESTS

Loans from non-controlling interests are expected to be repayable on demand. As at 31 December 2023, the loans amounting to HK$50,361,000 (2022: HK$60,361,000) were non-interest bearing and unsecured.

The Group did not provide any guarantee on loans from non-controlling interests in both years.

The carrying amounts of loans from non-controlling interests approximate their fair values and are denominated in Hong Kong dollar.

30 SHARE CAPITAL

	2023		2022	
	Number of shares	**HK$'000**	Number of shares	HK$'000
Issued and fully paid ordinary shares				
At beginning of the year	**3,020,379,785**	**9,858,250**	3,020,379,785	9,858,250
Buy-back of shares	**(2,718,000)**	**—**	—	—
At end of the year	**3,017,661,785**	**9,858,250**	3,020,379,785	9,858,250

During the year ended 31 December 2023, the Company bought back its own shares through The Stock Exchange of Hong Kong Limited as follows:

2023

Month of buy-back	Number of shares bought back	Price per share Highest	Price per share Lowest	Aggregate consideration
		HK$	HK$	HK$'000
November 2023	2,718,000	1.02	1.02	2,772
	Total expenses on shares bought back			8
				2,780

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$2,780,000 was paid wholly out of the Company's retained profits. All the shares bought back were cancelled subsequently.

NOTES TO THE FINANCIAL STATEMENTS

31 SHARE OPTION SCHEME

At the annual general meeting of the Company held on 29 June 2022, the shareholders of the Company passed a resolution to adopt a new share option scheme (the "2022 Share Option Scheme") under which the Directors of the Company may grant options to eligible persons to subscribe for the Company's shares subject to the terms and conditions as stipulated therein.

No share options were granted under the 2022 Share Option Scheme since its adoption.

32 OTHER RESERVES

	2023	2022
	HK$'000	HK$'000
Capital reserve	**11,220**	11,231
Asset revaluation reserve (note a)	**213,805**	226,737
Legal reserve (note b)	**67,361**	64,396
Special reserve (note c)	**(151,413)**	(151,413)
Investment revaluation reserve (note d)	**201,008**	933,637
Hedging reserve	**4,265**	4,265
Exchange reserve	**(666,882)**	(414,607)
Retained profits	**22,177,620**	22,859,815
	21,856,984	23,534,061

Notes:

(a) Asset revaluation reserve represents the fair value adjustment to the identifiable net assets acquired arising from acquisitions of subsidiaries, as related to the Group's previously held interests in them and is dealt with in accordance with the accounting policy adopted for business combination achieved in stages under HKFRS 3 "Business Combinations".

(b) Legal reserve is a non-distributable reserve of certain subsidiaries, joint ventures and associates which is set aside from the profits of these companies in accordance with the rules and regulations in Macau and the PRC.

(c) Special reserve represents the difference between the fair value and the carrying amount of the underlying assets and liabilities attributable to the additional interest in a subsidiary acquired from non-controlling interests.

(d) Investment revaluation reserve represents the cumulative changes in fair value of financial assets at FVOCI and is accounted for in accordance with the accounting policy adopted in note 2(j).

33 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

(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 2022.

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 note 2(d).

NOTES TO THE FINANCIAL STATEMENTS

33 SEGMENT INFORMATION (Continued)

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

2023

	Property	Transportation	Hospitality	Investment	Eliminations	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue and other income						
External revenue (note e)						
Revenues from contracts with customers						
— Recognised at a point in time	577,438	—	139,821	30,390	—	747,649
— Recognised over time	2,404,262	—	362,485	—	—	2,766,747
	2,981,700	—	502,306	30,390	—	3,514,396
Revenues from other sources						
— Rental income	457,255	—	—	330	—	457,585
— Dividend income	—	—	—	96,157	—	96,157
	457,255	—	—	96,487	—	553,742
	3,438,955	—	502,306	126,877	—	4,068,138
Inter-segment revenue	661	—	1,199	3,748	(5,608)	—
Other income (external income and excluding interest income)	15,220	—	82,614[i]	6,752	—	104,586
	3,454,836	—	586,119	137,377	(5,608)	4,172,724
Segment results	882,132	—	(73,586)	(231,395)[ii]	—	577,151
Fair value changes on investment properties	(248,804)	—	—	—	—	(248,804)
Interest income						233,733
Unallocated expense						(163,184)
Operating profit						398,896
Finance costs						(683,821)
Share of results of joint ventures	(237,707)	—	(38,756)	—	—	(276,463)
Share of results of associates	33,166	9,935	(14,187)	(41,256)	—	(12,342)
Loss before taxation						(573,730)
Taxation						(59,776)
Loss for the year						(633,506)

Notes:

(i) Amount included hotel management contract termination income of HK$75,353,000.

(ii) Amount included fair value loss on financial assets at fair value through profit or loss of HK$302,613,000 (note 5).

33 SEGMENT INFORMATION (Continued)

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

2023

	Property	Transportation	Hospitality	Investment	Eliminations	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets						
Segment assets	26,079,948	225,190	4,731,829	1,549,076	—	32,586,043
Joint ventures	10,495,337	—	(148,502)	—	—	10,346,835
Associates	4,559,082	397,937	115,048	667,298	—	5,739,365
Unallocated assets						3,149,456
Total assets						51,821,699
Liabilities						
Segment liabilities	779,789	20	248,833	20,176	—	1,048,818
Unallocated liabilities						16,706,702
Total liabilities						17,755,520
Other information						
Additions to non-current assets (other than financial instruments and deferred tax assets)	318,164	—	295,366	15,863	—	629,393
Depreciation						
— property, plant and equipment	3,571	—	75,505	2,934	—	82,010
— right-of-use assets	8,998	—	28,564	5,367	—	42,929
Amortisation						
— intangible assets	—	—	413	63	—	476
Impairment losses provided/ (reversed)						
— trade receivables, net	97	—	(208)	—	—	(111)

NOTES TO THE FINANCIAL STATEMENTS

33 SEGMENT INFORMATION (Continued)

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

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 (note e)						
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)[iii]	—	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[iv]	—	(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:

(iii) Amount included fair value loss on financial assets at fair value through profit or loss of HK$242,372,000 (note 5).

(iv) 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.

33 SEGMENT INFORMATION (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

33 SEGMENT INFORMATION (Continued)

(c) Geographical information

The following table set out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets (other than joint ventures, associates, financial instruments, deferred tax assets and other non-current assets). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of non-current tangible assets is based on the location of the assets. The geographical location of intangible assets and goodwill is based on the location of the operation to which they are located.

	Hong Kong	Macau	PRC	Singapore	Others	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2023						
Revenue and other income from external customers	**589,209**	**759,458**	**212,630**	**2,602,467**	**8,960**	**4,172,724**
Non-current assets	**5,529,178**	**947,190**	**5,762,457**	**2,249,858**	**—**	**14,488,683**
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

(d) Information about major customers

For the year ended 31 December 2023 and 2022, the revenue from the Group's largest external customer amounted to less than 10% of the Group's total revenue.

(e) External revenue

External revenue comprises revenue by each reportable segment and dividend income from financial assets at FVOCI (note 4).

34 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Note	**2023**	2022
		HK$'000	HK$'000
STDM Group	(i)		
Dividend income from STDM		**85,452**	71,789
Fees received from STDM Group for provision of hospitality management and related services		**19,385**	14,058
Fees received from STDM Group for provision of property related services		**17,764**	17,260
Fees received from STDM Group for provision of business support services		**1,777**	1,210
Rental and related expenses paid to STDM Group		**14,819**	13,457
Amount reimbursed by STDM Group for staff expenses and administrative resources shared		**37,364**	37,058
Joint ventures			
Management and consultancy fee received from joint ventures		**25,179**	30,398
Sanitation/cleaning service income received from a joint venture		**13,538**	13,339
Associates			
Rental and related expenses paid to an associate		**9,367**	10,233
Insurance premium paid to an associate		**7,944**	8,258
Management fee received from an associate		**4,515**	4,200
Key management personnel			
Directors' emoluments	(ii)		
— Salaries and other short-term employee benefits		**30,434**	30,301
— Provident fund contributions		**1,149**	1,149
Consideration for sale of properties	(iii)	**—**	197,279
Marketing expenses paid	(iv)	**3,302**	1,950

NOTES TO THE FINANCIAL STATEMENTS

34 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

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

	Note	2023	2022
		HK$'000	HK$'000
STDM Group	(i)		
Net receivable from STDM Group	(v)	**13,589**	16,171
Joint ventures			
Amounts due by joint ventures	(vi)	**178,132**	121,074
Amounts due to joint ventures	(vi)	**1,958**	1,225,842
Associates			
Amounts due by associates	(vii)	**239,833**	237,171
Key management personnel			
Deposit paid by a subsidiary to Sai Wu Investment Limited ("Sai Wu")	(viii)	**500,000**	500,000
Contract assets recognised for sale of properties	(iii)	**40,809**	24,640

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) Further details of Directors' emoluments are disclosed in note 7 to the consolidated financial statements.

(iii) During the year ended 31 December 2022, Ms. Pansy Ho, Director of the Company, entered into a sale and purchase agreement with the Group to purchase a residential unit at Les Maisons Nassim in Singapore developed by the Group at a total consideration of S$34,612,500, equivalent to HK$197,279,000. As at 31 December 2023, the excess of cumulative revenue recognised in profit or loss over the cumulative billings for sale of the property of HK$40,809,000 (2022: HK$24,640,000) was recognised as contract assets.

During the year ended 31 December 2023, revenue amounting to HK$66,278,000 (2022: HK$102,999,000) was recognised in the consolidated income statement in relation to this sale and purchase agreement.

(iv) Ms. Pansy Ho, Director of the Company, has beneficial interest in Occasions. Occasions Group provided brand marketing and consultancy services to the Group from time to time on a non-exclusive basis.

34 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

Notes: (Continued)

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

(vi) Amounts due by joint ventures and amounts due to joint ventures are unsecured and non-interest bearing. As at 31 December 2022, amounts due to a joint venture of RMB1,085,000,000 were mainly settled by the capital reduction of the joint venture during the year. The remaining balances are with no fixed term of repayment.

(vii) Amounts due by associates are unsecured. An amount of HK$150,882,000 (2022: HK$150,882,000) carries interest at HIBOR plus 2% per annum on loan principal and repayable on demand. The related interest income for the year amounted to HK$5,349,000 (2022: HK$1,601,000). An amount of HK$33,000,000 (2022: HK$33,000,000) carries interest at 2.8% per annum on loan principal and repayable by 15 December 2025. The related interest income for the year amounted to HK$458,000 (2022: HK$43,000). An amount of RMB8,200,000 (2022: RMB8,200,000) carries interest at 6.5% per annum on loan principal and is repayable by 4 January 2025. An amount of RMB4,000,000 (2022: nil) carries interest at 5% per annum on loan principal and is repayable by 31 January 2025. The remaining balances are non-interest bearing and with no fixed term of repayment.

(viii) 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 now beneficially owned by the late Dr. Stanley Ho to acquire the interest in the land development right (note 23(b)). A refundable deposit of HK$500,000,000 was paid by Shun Tak Nam Van to Sai Wu. Further 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 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.

NOTES TO THE FINANCIAL STATEMENTS

35 RETIREMENT BENEFITS SCHEMES

The Group provides defined contribution provident fund schemes for its eligible employees in Hong Kong, including the Occupational Retirement (ORSO) scheme and the Mandatory Provident Fund (MPF) scheme.

The Group's contributions to the MPF scheme are based on fixed percentages of member's salaries, ranging from 5% of MPF relevant income to 10% of the basic salary depending on respective companies' scheme rules and the choice of the employees. Member's mandatory contributions are fixed at 5% of MPF relevant monthly income which is capped at HK$30,000 (2022: HK$30,000).

The Group also operates a defined contribution provident fund scheme for eligible employees in Macau. Contributions to the scheme are made either only by the employer ranging from 5% to 10% or by both employer and employees ranging from 5% to 10% of the employees' monthly basic salaries.

The eligible employees of the Company's subsidiaries in the PRC are members of pension schemes operated by the Chinese local governments. The subsidiaries are required to contribute a certain percentage of their payroll costs to the pension schemes to fund the benefits.

The assets held under the MPF scheme and the other provident fund schemes are managed by independent trustees. The Group's contributions charged to the consolidated income statement for the year ended 31 December 2023 were HK$26,248,000 (2022: HK$19,647,000). Under the provident fund schemes other than MPF scheme, no forfeiture of employer's contributions was applied to reduce the Group's contributions for both years. Up to the balance sheet date, forfeited contributions retained in the ORSO and other provident fund schemes were HK$10,880,000 (2022: HK$12,432,000).

36 COMMITMENTS

(a) Capital commitments

Except for the commitments disclosed elsewhere in the consolidated financial statements, the Group held the following capital commitments as at year end:

	Note	2023	2022
		HK$'000	HK$'000
Contracted but not provided for			
Property, plant and equipment	(i)	**27,591**	210,431
Investment properties		**8,474**	31,310
		36,065	241,741
Capital contribution to			
An associate	(ii)	**629,283**	732,187

Notes:

(i) As at 31 December 2023, the outstanding commitments mainly include approximately HK$6 million and HK$11 million (2022: HK$165 million and HK$43 million) for development of hotel properties in Singapore and Hengqin respectively.

(ii) As at 31 December 2023, the outstanding commitment represents capital contribution of USD81 million (2022: USD94 million) to an associate for investing in real estate projects in the PRC for healthcare usage, with hotel and/or retails components, complemented by healthcare-related amenities and mixed use properties.

(iii) The Group's share of capital commitment of joint ventures is HK$187 million as at 31 December 2023 (2022: HK$311 million).

36 COMMITMENTS (Continued)

(b) Future minimum lease payments receivable

The Group leases out properties under operating leases. The majority of the leases typically run for periods of 1 to 15 years. None of the leases include material contingent rentals.

The future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows:

	2023	2022
	HK$'000	HK$'000
Within one year	**346,867**	360,551
After 1 year but within 2 years	**202,251**	237,049
After 2 years but within 3 years	**103,796**	100,856
After 3 years but within 4 years	**47,024**	37,551
After 4 years but within 5 years	**23,143**	23,945
After 5 years	**3,379**	8,091
	726,460	768,043

(c) Property development commitments

The Group had outstanding commitments of HK$435 million (2022: HK$661 million) under various contracts for property development projects.

In addition to the above, the Group had commitments of payment up to HK$250 million (2022: HK$250 million) in cash and of issue of up to 148,883,374 (2022: 148,883,374) ordinary shares of the Company for the conditional acquisitions of the interests in the land development rights in respect of the property sites adjoining the Macau Tower in Nam Van, Macau (notes 23(b) and 34(b)(viii)).

NOTES TO THE FINANCIAL STATEMENTS

37 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Bank borrowings	Finance costs payable	Lease liabilities	Loans from non-controlling interests	Dividend payable to shareholders	Dividend payable to non-controlling interest	Total
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
As at 1 January 2023	**15,972,453**	**14,144**	**59,032**	**60,361**	**4,570**	**—**	**16,110,560**
Cash flows	**(522,606)**	**(676,769)**	**(43,597)**	**(10,000)**	**(4)**	**(71,912)**	**(1,324,888)**
Exchange adjustments	**81,555**	**—**	**—**	**—**	**—**	**—**	**81,555**
Finance costs	**—**	**679,815**	**4,006**	**—**	**—**	**—**	**683,821**
Dividends declared	**—**	**—**	**—**	**—**	**—**	**71,912**	**71,912**
Loan facilities fee	**9,774**	**—**	**—**	**—**	**—**	**—**	**9,774**
Addition to lease liabilities (note 13 (b))	**—**	**—**	**81,460**	**—**	**—**	**—**	**81,460**
As at 31 December 2023	**15,541,176**	**17,190**	**100,901**	**50,361**	**4,566**	**—**	**15,714,194**

	Bank borrowings	Finance costs payable	Lease liabilities	Loans from non-controlling interests	Dividend payable to shareholders	Dividend payable to non-controlling interest	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2022	17,728,456	10,227	65,007	60,361	4,573	—	17,868,624
Cash flows	(1,819,203)	(399,294)	(46,245)	—	(3)	(527,000)	(2,791,745)
Exchange adjustments	45,417	—	—	—	—	—	45,417
Finance costs	—	403,211	2,487	—	—	—	405,698
Dividends declared	—	—	—	—	—	527,000	527,000
Loan facilities fee	17,783	—	—	—	—	—	17,783
Addition to lease liabilities (note 13 (b))	—	—	37,783	—	—	—	37,783
As at 31 December 2022	15,972,453	14,144	59,032	60,361	4,570	—	16,110,560

38 CONTINGENCY AND FINANCIAL GUARANTEES

The Company has provided a corporate guarantee for securing a banking facility granted to an associate. As at 31 December 2023, the bank loan balance proportionate to the Company's shareholding amounted to HK$164 million (2022: HK$175 million).

39 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 Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the senior management. The management manages and monitors these risk exposures to ensure appropriate measures are implemented on timely and effective manners.

(a) Credit risk

The Group is exposed to credit risk on financial assets, that a loss may incur if the counterparties fail to discharge their obligation, mainly including amounts due by joint ventures and associates, trade and other receivables, deposit paid, contract assets, debt securities classified as financial assets at FVOCI, bank deposits and cash at banks.

The Group has policies in place to ensure that sales of properties are made to buyers with an appropriate financial strength and appropriate percentage of down payments. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. If a buyer defaults on the payment, the Group is able to retain the buyer's deposits and sell the property to recover any amounts recognised. Unless the selling price would drop by more than the buyer's deposits received, the Group may not be in a loss position in selling those properties out. In this regard, the directors of the Company consider that the Group's credit risk related to property sale receivables and contract assets are largely mitigated.

Credit risk arises from cash and bank balances and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a sound credit rating are accepted. The Group manages credit risk arising from trade debtors in accordance with defined credit policies, dependent on market requirements and business 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 the proceeds from sales of properties which are receivable pursuant to the terms of the relevant agreements. In addition, the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Management of the Group reviews regularly the recoverable amount of trade receivables to ensure that adequate impairment provisions are made for irrecoverable amounts. The Group's investment in debt securities are considered to be low risk because of their high credit ratings. The credit ratings of the investments are monitored for credit deterioration.

Amounts due by joint ventures and associates are granted taken into account of their financial position, past experience and other factors. The Group monitors the credibility of joint ventures and associates continuously.

Summary quantitative data

	2023	2022
	HK$'000	HK$'000
Other non-current assets (excluding prepayments)	**438,300**	367,384
Trade receivables, other receivables and deposits paid (excluding prepayments)	**243,091**	321,022
Debt securities classified as financial assets at FVOCI	**—**	14,549
Cash and bank balances	**6,633,986**	6,538,029
	7,315,377	7,240,984

NOTES TO THE FINANCIAL STATEMENTS

39 FINANCIAL INSTRUMENTS (Continued)

Financial risk management (Continued)

(a) Credit risk (Continued)

As at 31 December 2023 and 2022, the maximum exposure to credit risk is represented by the carrying amount of each financial asset. Except for the financial guarantees given by the Group as set out in note 38, the Group does not provide any other guarantees which would expose the Group or the Company to material credit risk.

Credit risk arising from the other financial instruments of the Group, which include mainly cash and bank balances and debt securities classified as financial assets at FVOCI, is limited because the counterparties are considered by the Directors to have high creditworthiness. The Directors assess the creditworthiness with reference to external credit ratings (if available) or to historical information about counterparty default rates.

Other non-current assets mainly include amounts due by joint ventures amounting to HK$169 million (2022: HK$114 million), which are contributed by two (2022: two) joint ventures, and amounts due by associates amounting to HK$239 million (2022: HK$235 million), which are contributed by three (2022: three) associates. Directors consider the balances could be recovered by the operations of joint ventures and associates in the future and consider the loss given default is minimal.

For the trade receivables, management considers the credit risk of the counterparties is not high. The Group maintains frequent communications with these counterparties. Management has closely monitored the credit qualities and the collectability of these receivables and consider that the expected credit risks of them are minimal in view of the history of cooperation with them and forward looking information.

The Directors of the Group consider the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis during the year. To assess whether there is a significant increase in credit risk the Group compares risk of a default occurring on the assets as at the balance sheet date with the risk of default as at the date of initial recognition. Especially the following indicators are incorporated.

- actual or expected significant adverse changes in business, financial economic conditions that are expected to cause a significant change to the company's ability to meet its obligations;
- actual or expected significant changes in the operating results of the company; and
- significant changes in the expected performance and behavior of the company, including changes in the payment status of the third party.

As at 31 December 2023 and 2022, management consider other receivables, mortgage loan receivable, other non-current assets, debt securities classified as financial assets at FVOCI and cash and bank balances as low credit risk as counterparties have a strong capacity to meet its contractual cash flow obligations in the near future. The Group has assessed that the ECL for these balances are immaterial. Thus, the loss allowance recognised during the year for these balances is close to zero.

39 FINANCIAL INSTRUMENTS (Continued)

Financial risk management (Continued)

(b) Liquidity risk

The Group is exposed to liquidity risk on financial liabilities. It is the Group's policy to regularly monitor its liquidity requirements and its compliance with any lending covenants, and to secure adequate funding and sufficient cash reserves to match with the cash flows required for working capital and investing activities. In addition, banking facilities have been put in place for contingency purposes. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

2023

	Less than 1 year or on demand	**Later than 1 year and not later than 5 years**	**Later than 5 years**	**Total undiscounted cash flows**	**Carrying amount at 31 December**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Non-derivative financial liabilities					
Lease liabilities	**41,797**	**68,444**	**1,564**	**111,805**	**100,901**
Bank borrowings	**4,580,160**	**12,186,440**	**248,998**	**17,015,598**	**15,541,176**
Trade and other payables	**902,973**	**—**	**—**	**902,973**	**902,973**
Loans from non-controlling interests	**50,361**	**—**	**—**	**50,361**	**50,361**
	5,575,291	**12,254,884**	**250,562**	**18,080,737**	**16,595,411**

2022

	Less than 1 year or on demand	Later than 1 year and not later than 5 years	Later than 5 years	Total undiscounted cash flows	Carrying amount at 31 December
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-derivative financial liabilities					
Lease liabilities	32,651	29,566	—	62,217	59,032
Bank borrowings	4,857,461	12,229,515	298,093	17,385,069	15,972,453
Trade and other payables	1,892,158	—	—	1,892,158	1,892,158
Loans from non-controlling interests	60,361	—	—	60,361	60,361
	6,842,631	12,259,081	298,093	19,399,805	17,984,004

NOTES TO THE FINANCIAL STATEMENTS

39 FINANCIAL INSTRUMENTS (Continued)

Financial risk management (Continued)

(c) Market risk

(i) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing financial assets and liabilities. It is the Group's policy to regularly monitor and manage its interest rate risk exposure, by maintaining an appropriate and comfortable level of mix between fixed and variable-rate financial assets and liabilities and by repaying and/or selling the relevant fixed and variable-rate financial assets and liabilities in case of significant unfavourable market interest rate movement.

Summary quantitative data

	2023	2022
	HK$'000	HK$'000
Variable-rate financial assets/(liabilities)		
Trade and other receivables, deposits paid and prepayments	**58**	51
Other non-current assets	**151,497**	151,550
Bank balances and deposits	**5,947,574**	6,003,211
Bank borrowings	**(12,097,389)**	(12,139,070)
	(5,998,260)	(5,984,258)
Fixed-rate financial assets/(liabilities)		
Financial assets at FVOCI	**—**	14,549
Other non-current assets	**46,386**	42,249
Bank borrowings	**(3,500,000)**	(3,900,000)
	(3,453,614)	(3,843,202)
Net interest-bearing liabilities	**(9,451,874)**	(9,827,460)

Sensitivity analysis

As at 31 December 2023, if interest rates had been 50 basis points (2022: 50 basis points) higher/lower with all other variables held constant, the Group's profit after taxation and equity after taking into account the impact of finance costs capitalised in hotel buildings under construction would decrease by HK$19.8 million (2022: HK$20.1 million)/increase by HK$22.2 million (2022: HK$24.1 million) arising mainly as a result of change in interest income, net on variable-rate financial assets/liabilities.

The sensitivity analysis has been prepared with the assumption that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for the relevant financial instruments in existence at that date. The changes in interest rates represent management's assessment of a reasonably possible change at that date over the period until the next annual balance sheet date.

39 FINANCIAL INSTRUMENTS (Continued)

Financial risk management (Continued)

(c) Market risk (Continued)

(ii) Currency risk

The Group is exposed to currency risk on financial assets and liabilities that are denominated in United States dollar ("USD"), Macau pataca ("MOP"), Singapore dollar ("SGD") and Renminbi ("RMB").

The Group closely monitors and manages its exposure to currency risk, in particular the currency risk arising from those currencies that are not pegged to Hong Kong dollar ("HKD"), the functional currency of the Company.

While the Group has financial assets and liabilities denominated in USD and MOP, they are continuously pegged to HKD and these exposure to currency risk for such currencies is minimal to the Group. The Group's exposure to currency risk on financial assets and liabilities that are denominated in SGD and RMB are relatively insignificant. Since the currencies of financial assets and financial liabilities are primarily the functional currency of the respective company. The Group continuously monitors and manages such exposure to ensure they are at manageable levels.

Sensitivity analysis

As at 31 December 2023, if HKD weakened 10% (2022: 10%) against RMB and SGD with all other variable held constant, the Group's profit after taxation would decrease by HK$13.9 million (2022: HK$89.4 million) and increase by HK$9.2 million (2022: HK$0.9 million) respectively. Conversely, if HKD had strengthened 10% (2022: 10%) against RMB and SGD with all other variables held constant, the Group's profit after taxation would increase by HK$13.9 million (2022: HK$89.4 million) and decrease by HK$9.2 million (2022: HK$0.9 million).

The sensitivity analysis has been prepared with the assumption that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to the exposure to currency risk for the relevant financial instruments in existence at that date. The changes in foreign exchange rates represent management's assessment of a reasonably possible change in foreign exchange rates at that date over the period until the next annual balance sheet date.

The sensitivity analysis had not been prepared for the Group's exposure to currency risk arising from financial assets and liabilities denominated in USD and MOP. In view of the facts the HKD has been pegged with USD and MOP for many years and the respective government in Hong Kong and Macau have continuously committed not to amend the pegged rates, the management's assessment of reasonably changes in value of HKD against USD and against MOP at the balance sheet date over the period until the next annual balance sheet date is not material.

NOTES TO THE FINANCIAL STATEMENTS

39 FINANCIAL INSTRUMENTS (Continued)

Financial risk management (Continued)

(c) Market risk (Continued)

(iii) Price risk

The Group is exposed to price risk on listed and unlisted securities.

The Group's policy is mainly to invest in financial assets with price risk by using its surplus funds in order to minimise the impact of the exposure to the Group's business operation and financial position and simultaneously, to enhance the return to the shareholders. The Group aims at holding the listed and unlisted securities for long term strategic purposes.

For its listed securities, the Group regularly monitors their performance by reviewing their listed price and announcements, including interim and annual reports. These investments are selected based on their respective investment potential and prospect and are diversified in different industries. For its unlisted securities, the Group monitors their performance by reviewing their reports, including management reports and annual financial statements, and recent transactions.

Summary quantitative data

	2023	2022
	HK$'000	HK$'000
Financial assets, at fair value		
Financial assets at FVOCI	**1,487,492**	2,236,168
Financial assets at FVPL	**—**	302,613

Sensitivity analysis

As at 31 December 2023, if prices of the listed and unlisted securities, classified as financial assets at FVOCI and financial assets at FVPL, had been 10% (2022: 10%) higher/lower with all other variables held constant, the Group's investment revaluation reserve would have been HK$148.7 million (2022: HK$223.6 million) higher/lower and no change in profit for the year (2022: HK$30.3 million higher/lower).

The sensitivity analysis has been prepared with the assumption that the change in price had occurred at the balance sheet date and had been applied to the exposure to price risk for the relevant financial instruments in existence at that date. The changes in price represent management's assessment of a reasonably possible change at that date over the period until the next annual balance sheet date.

39 FINANCIAL INSTRUMENTS (Continued)

Financial risk management (Continued)

(d) Categories of financial instruments

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

	2023	2022
	HK$'000	HK$'000
Financial assets		
Financial assets measured at amortised cost (including cash and bank balances)	**7,315,377**	7,226,435
Financial assets at FVOCI	**1,487,492**	2,236,168
Financial assets at FVPL	**—**	302,613
Financial liabilities		
Financial liabilities measured at amortised cost	**16,595,411**	17,984,004

(e) 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).

31 December 2023

	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Assets				
Financial assets at FVOCI				
— equity securities	230,192	3,442	1,253,858	1,487,492
Financial assets at FVPL				
— debt securities	—	—	—	—
Total assets	230,192	3,442	1,253,858	1,487,492

NOTES TO THE FINANCIAL STATEMENTS

39 FINANCIAL INSTRUMENTS (Continued)

Financial risk management (Continued)

(e) Fair value estimation (Continued)

31 December 2022

	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Assets				
Financial assets at FVOCI				
— equity securities	332,014	3,761	1,885,844	2,221,619
— debt securities	14,549	—	—	14,549
Financial assets at FVPL				
— debt securities	—	—	302,613	302,613
Total assets	346,563	3,761	2,188,457	2,538,781

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity and debt investments classified as FVOCI.

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Level 2 equity securities are valued based on the net asset value per share.

39 FINANCIAL INSTRUMENTS (Continued)

Financial risk management (Continued)

(e) Fair value estimation (Continued)

Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Specific valuation techniques used to value financial instruments include:

— Quoted market prices or dealer quotes for similar instruments.

— The fair values of derivative financial instruments are determined either by reference to mark-to-market values quoted by the independent financial institutions or the estimated future cash flows at the balance sheet date.

— Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

During the year, 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 year.

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 31 December 2023	**Valuation method**	**Expected dividend stream per year**	**Dividend yield**
HK$'000			
1,253,858	**Market approach**	**HK$71.9 million**	**5.73%**

		Range of significant unobservable inputs	
Fair value as at 31 December 2022	Valuation method	Expected dividend stream per year	Dividend yield
HK$'000			
1,871,489	Market approach	HK$96.7 million	5.17%

NOTES TO THE FINANCIAL STATEMENTS

39 FINANCIAL INSTRUMENTS (Continued)

Financial risk management (Continued)

(e) Fair value estimation (Continued)

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

The determination of fair value of the investment using significant unobservable input involves a high degree of judgement and estimates. For illustration purpose, the sensitivity of the fair value of such investment as at 31 December 2023 and 2022 to hypothetical changes in the significant principal assumptions (while holding all other assumptions constant) is as follows:

31 December 2023

		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$125 million**	**Decrease by HK$125 million**
Dividend yield	**Decrease/increase by 0.5%**	**Increase by HK$120 million**	**Decrease by HK$101 million**

31 December 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$187 million	Decrease by HK$187 million
Dividend yield	Decrease/increase by 0.5%	Increase by HK$200 million	Decrease by HK$165 million

Investment in WMMH classified as level 3 equity securities and debt securities are fair valued using the liquidation approach, using the latest available financial information and public information, to estimate any potential amount to be distributed from WMMH to the Group.

39 FINANCIAL INSTRUMENTS (Continued)

Financial risk management (Continued)

(e) Fair value estimation (Continued)

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

The movements of the carrying value of the unlisted investments which is catogorised at Level 3 fair value hierarchy are as follows:

	Financial assets at FVOCI	Financial assets at FVPL	Total
	HK$'000	HK$'000	HK$'000
As at 1 January 2022	2,101,105	544,985	2,646,090
Change in fair value recognised in profit or loss	—	(242,372)	(242,372)
Change in fair value recognised in other comprehensive income	(215,261)	—	(215,261)
As at 31 December 2022	**1,885,844**	**302,613**	**2,188,457**
Change in fair value recognised in profit or loss	**—**	**(302,613)**	**(302,613)**
Change in fair value recognised in other comprehensive income	**(631,986)**	**—**	**(631,986)**
As at 31 December 2023	**1,253,858**	**—**	**1,253,858**

NOTES TO THE FINANCIAL STATEMENTS

40 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders, and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure. The Group manages its capital structure and makes adjustments to it taking into account current and expected debt and equity capital market conditions, the Group's investment strategy and opportunities, projected operating cash flows and capital expenditures, and general market conditions. To maintain or adjust the capital structure, the Group may adjust the level of borrowings, the dividend payment to shareholders, issue new shares, raise debt financing or repurchase own shares.

The Group monitors its capital structure on the basis of a net debt-to-adjusted capital ratio. Net borrowing is calculated as total debt, which includes current and non-current borrowings, less cash and bank balances. Adjusted capital comprises all components of equity attributable to owners of the Company less hedging reserve. During 2023, the Group's strategy was to maintain a healthy net debt-to-adjusted capital ratio.

The net debt-to-adjusted capital ratio as at 31 December 2023 and 2022 was as follows:

	2023	2022
	HK$'000	HK$'000
Bank borrowings (note 27)	**15,541,176**	15,972,453
Less: Cash and bank balances (note 24)	**(6,633,986)**	(6,538,029)
Net borrowing	**8,907,190**	9,434,424
Equity attributable to owners of the Company	**31,715,234**	33,392,311
Less: Hedging reserve (note 32)	**(4,265)**	(4,265)
Adjusted capital	**31,710,969**	33,388,046
Net debt-to-adjusted capital ratio	**28.1%**	28.3%

41 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	2023	2022
	HK$'000	HK$'000
Non-current assets		
Property, plant and equipment	750	872
Subsidiaries	640,116	640,116
Associates	387,250	387,250
Financial assets at fair value through other comprehensive income	1,235,219	1,843,669
Other non-current assets	16,983,036	16,583,783
	19,246,371	19,455,690
Current assets		
Trade and other receivables, and deposits paid	34,991	29,306
Cash and bank balances	2,427,319	2,856,394
	2,462,310	2,885,700
Current liabilities		
Trade and other payables, and receipts in advance	7,313,915	7,741,182
Provision for employee benefits	3,298	4,067
	7,317,213	7,745,249
Net current liabilities	(4,854,903)	(4,859,549)
Net assets	14,391,468	14,596,141
Equity		
Share capital	9,858,250	9,858,250
Other reserves (note (a))	4,533,218	4,737,891
Total equity	14,391,468	14,596,141

The balance sheet of the Company was approved by the Board of Directors on 26 March 2024 and was signed on its behalf

Pansy Ho
Director

Daisy Ho
Director

NOTES TO THE FINANCIAL STATEMENTS

41 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

Notes:

(a) The reserve movement of the Company is as follows:

	Capital reserve	Investment revaluation reserve	Retained profits	Total
	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2022	10,855	(323,639)	6,423,849	6,111,065
Loss for the year	—	—	(1,239,207)	(1,239,207)
Fair value changes of equity investments as financial assets at FVOCI	—	(133,967)	—	(133,967)
As at 31 December 2022	**10,855**	**(457,606)**	**5,184,642**	**4,737,891**
Profit for the year	**—**	**—**	**406,557**	**406,557**
Fair value changes of equity investments as financial assets at FVOCI	**—**	**(608,450)**	**—**	**(608,450)**
Buy-back of shares	**—**	**—**	**(2,780)**	**(2,780)**
As at 31 December 2023	**10,855**	**(1,066,056)**	**5,588,419**	**4,533,218**

42 PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

	Place of incorporation/ principal place of operation	Issued and paid up capital/ registered capital	Percentage held by the Group 2023	Percentage held by the Group 2022	Principal activities
Property — Hong Kong					
Goform Limited	Hong Kong	Ordinary shares: HK$2	**100**	100	Assets leasing and investment holding
Hocy Development Limited	Hong Kong	Ordinary shares: HK$2	**100**	100	Property investment
Iconic Palace Limited	Hong Kong	Ordinary shares: HK$20	**100**	100	Property investment
Megabright Investment Limited	Hong Kong	Ordinary shares: HK$2	**100**	100	Investment holding
Ranex Investments Limited	Hong Kong	Ordinary shares: HK$100	**51**	51	Property investment and development
Shun Tak Development Limited	Hong Kong	Ordinary shares: HK$634,445,380	**100**	100	Investment holding
Shun Tak Property Investment & Management Holdings Limited	Hong Kong	Ordinary shares: HK$2	**100**	100	Property investment and provision of management services
Shun Tak Property Management Limited	Hong Kong/Hong Kong and Macau	Ordinary shares: HK$2	**100**	100	Property management
Sonata Kingdom Limited ^^	Hong Kong	Ordinary share: HK$1	**100**	100	Property investment
Shun Tak Centre Limited # ("STCL")	Hong Kong	Ordinary Class A shares: HK$100,000 Ordinary Class B shares: HK$4,500 Ordinary Class C shares: HK$5,500	**(Note 1)**	(Note 1)	Property investment and investment holding
Property — Macau					
Ace Wonder Limited	British Virgin Islands	Ordinary share: US$1	**100**	100	Investment holding
Basecity Investments Limited ^	British Virgin Islands	Ordinary shares: US$10,000	**51** **(Note 2)**	51 (Note 2)	Investment holding
Properties Sub F, Limited ^	Macau	MOP1,000,000	**51** **(Note 2)**	51 (Note 2)	Property investment, hotel owning and operation
Eversun Company Limited	Hong Kong/Macau	Ordinary shares: HK$200	**100**	100	Property investment
Fast Shift Investments Limited ("Fast Shift")	British Virgin Islands	Ordinary Class A share: US$1 Non-voting Class B share	**100** **(Note 3)** **(Note 4)**	100 (Note 3) (Note 4)	Investment holding
Nova Taipa — Urbanizações, Limitada ("NTUL")	Macau	Quota capital: MOP10,000,000	**(Note 4)**	(Note 4)	Property development
Nextor Holdings Limited ^	British Virgin Islands	Ordinary shares: US$10	**50**	50	Investment holding
Viver Taipa Limitada ^	Macau	Quota capital: MOP25,000	**50**	50	Property investment
Shun Tak Nam Van Investimento Limitada	Macau	Quota capital: MOP25,000	**100**	100	Property development
Winning Reward Investments Limited	British Virgin Islands	Ordinary share: US$1	**100**	100	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

42 PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (Continued)

	Place of incorporation/ principal place of operation	Issued and paid up capital/ registered capital	Percentage held by the Group 2023	Percentage held by the Group 2022	Principal activities
Property — Mainland China					
Shun Tak Real Estate (Beijing) Co. Ltd. *ᵝ 信德京匯置業(北京)有限公司	PRC	RMB465,000,000@	**100**	100	Property investment and hotel development
Guangzhou Shun Tak Real Estate Company Limited ᵝ	PRC	HK$130,000,000@	**60**	60	Property investment
Perennial HC Holdings Pte. Ltd. #	Singapore	Ordinary shares: US$231,480,000	**30**	30	Investment holding
Perennial Tongzhou Development Pte. Ltd. #	Singapore	Ordinary shares: S$388,778,402	**31.6**	31.6	Investment holding
Shun Tak Cultural Centre Limited	Hong Kong	Ordinary shares: HK$10	**60**	60	Investment holding
Sonic City Limited	Hong Kong	Ordinary share: HK$1	**100**	100	Investment holding
Zhuhai Hengqin Shun Tak Property Development Co. Ltd *ᵝ 珠海横琴信德房地產開發有限公司	PRC	RMB1,410,000,000@	**100**	100	Property investment and hotel development
Shun Tak Qiantan (Shanghai) Cultural and Real Estate Company Limited *^Ω 信德前灘(上海)文化置業有限公司	PRC	RMB3,000,000,000@	**50**	50	Property investment, performing art centre operation, hotel owning and operation
Shun Yin Limited	Hong Kong	Ordinary shares: HK$100	**100**	100	Investment holding
Tak Hope Limited	Hong Kong	Ordinary shares: HK$100	**100**	100	Investment holding
Shanghai Suzuan Investment Company Limited* 上海蘇鑽投資有限公司	PRC	RMB2,529,880,000@	**100**	100	Investment holding
Shanghai Tongxin Investment Company Limited* 上海潼信投資有限公司	PRC	RMB2,270,120,000@	**100**	100	Investment holding
Shanghai Huahe Real Estate Development Company Limited*^Ω 上海華合房地產開發有限公司	PRC	RMB1,825,507,698@	**50**	50	Property development
Shanghai Huayan Real Estate Development Company Limited*^Ω 上海華筵房地產開發有限公司	PRC	RMB4,573,861,007@	**50**	50	Property development

42 PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (Continued)

	Place of incorporation/ principal place of operation	Issued and paid up capital/ registered capital	Percentage held by the Group 2023	Percentage held by the Group 2022	Principal activities
Property — Singapore					
Shun Tak Somerset Investors Pte. Ltd.	Singapore	Ordinary shares: S$343,501 Preference shares: S$95,607,500	**100**	100	Investment holding
Shun Tak (Somerset) Pte. Ltd.	Singapore	Ordinary shares: S$10,001	**100**	100	Property holding
Shun Tak Residential Development Pte. Ltd.	Singapore	Ordinary shares: S$1,000,000	**100**	100	Property development
Shun Tak Cuscaden Residential Pte. Ltd.	Singapore	Ordinary shares: S$2,000,000	**100**	100	Property development
Transportation					
Shun Tak — China Travel Shipping Investments Limited#	British Virgin Islands/ Hong Kong	Ordinary shares: US$10,000	**50 (Note 5)**	50 (Note 5)	Investment holding
Hospitality					
Artyzen Hospitality Group Limited	Hong Kong	Ordinary share: HK$1	**100**	100	Hospitality management and auxiliary services
Host Wise International Limited	Hong Kong	Ordinary share: HK$1	**100**	100	Property investment for hotel operation
Shun Tak Property (Shanghai) Co., Ltd. *β 信德置業(上海)有限公司	PRC	RMB880,000,000@	**100**	100	Hotel owning and operation
Shun Tak Real Estate (Singapore) Pte. Ltd.	Singapore	Ordinary share: S$1	**100**	100	Hotel owning and operation
Sociedade de Turismo e Desenvolvimento Insular, S.A. #	Macau	Capital: MOP200,000,000	**34.9**	34.9	Hotel and golf club operations
Union Sky Holdings Limited ^^	Hong Kong	Ordinary shares: HK$10,000	**70**	70	Hotel owning and operation
Investment					
Step Ahead International Limited	British Virgin Islands/ Hong Kong	Ordinary share: US$1	**100**	100	General investment
Common Sense Limited	Hong Kong	Ordinary shares: HK$100	**100**	100	General investment
Phoenix Media Investment (Holdings) Limited#	Cayman Islands	Ordinary shares: HK$499,365,950	**16.9**	16.9	Investment holding
Finance					
Shun Tak Finance Limited	Hong Kong	Ordinary shares: HK$2	**100**	100	Financing

NOTES TO THE FINANCIAL STATEMENTS

42 PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (Continued)

Notes:

1. The Group holds a total of 550 Class A Shares and 450 Class B Shares in the capital of STCL. The Group is entitled to the 55% profits and the net assets of the STCL group which comprises certain properties situated in Central, Hong Kong, and 100% assets of the STCL which are beneficially owned by the B Shares, respectively. The Group does not control STCL under the contractual agreement, the interest held is accounted for as an associate.

2. The Group holds more than 50% interests in these joint ventures. However, under the contractual agreements, the Group does not control these joint ventures as the decisions about relevant activities require the unanimous consent of the parties sharing the control.

3. Non-voting Class B share (representing 100% non-voting Class B shares) with no par value.

4. Save for one issued non-voting Class B share of Fast Shift which is held by a third party, the entire issued share capital of NTUL is owned by the Company indirectly through Shun Tak Development Limited, Nomusa Limited and Fast Shift. Pursuant to an investment agreement in relation to NTUL dated 3 January 2014, holder of the non-voting Class B share of Fast Shift is entitled to 29% of the economic benefits in or losses arising from the residential portion of Nova City Phase V owned and developed by NTUL.

5. On 16 July 2020, the Group completed the restructuring of STCT group. Since then the Group does not control STCT group under the contractual agreement, the interest held is accounted for as an associate.

6. The above table lists the principal subsidiaries, joint ventures and associates of the Group which, in the opinion of the Directors, principally affect the results and net assets of the Group.

@ Registered capital
# Associates
^ Joint ventures
^^ Shares of subsidiaries were pledged to banks as securities for bank loans granted to certain subsidiaries of the Group (note 27)
β Wholly-owned foreign enterprise (WOFE) registered under PRC law
Ω Equity joint venture registered under PRC law
* For identification purpose only

43 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 26 March 2024.

FIVE-YEAR FINANCIAL SUMMARY

	Note	2023	2022	2021	2020	2019
	Note	**(HK$ million)**	(HK$ million)	(HK$ million)	(HK$ million)	(HK$ million)
Consolidated Income Statement						
Revenue		**4,068**	3,491	4,830	4,190	14,649
(Loss)/profit attributable to owners of the Company		**(677)**	(558)	962	262	3,456
Consolidated Balance Sheet						
Non-current assets		**32,890**	35,150	37,694	37,000	33,611
Current assets		**18,931**	19,872	21,861	23,937	31,718
Current liabilities		**(5,211)**	(6,583)	(4,172)	(6,098)	(15,842)
Non-current liabilities		**(12,544)**	(12,660)	(17,165)	(16,923)	(9,026)
Net assets		**34,066**	35,779	38,218	37,916	40,461
Share capital and other statutory capital reserve		**9,858**	9,858	9,858	9,858	9,858
Other reserves		**21,857**	23,534	25,507	25,227	25,358
Proposed dividends		**—**	—	—	—	544
Equity attributable to owners of the Company		**31,715**	33,392	35,365	35,085	35,760
Non-controlling interests		**2,351**	2,387	2,853	2,831	4,701
Total equity		**34,066**	35,779	38,218	37,916	40,461
Number of issued and fully paid shares (million)	1	**3,018**	3,020	3,020	3,021	3,021
Performance Data						
(Loss)/earnings per share (HK cents)						
— basic		**(22.4)**	(18.5)	31.9	8.7	114.3
— diluted		**(22.4)**	(18.5)	31.9	8.7	114.3
Dividends per share (HK cents)						
— interim		**—**	—	—	—	—
— final		**—**	—	—	—	18.0
— special		**—**	—	—	—	—
Dividend cover		**N/A**	N/A	N/A	N/A	6.4
Current ratio		**3.6**	3.0	5.2	3.9	2.0
Gearing (%)	2	**28.1**	28.3	28.0	35.6	17.3
Return on equity attributable to owners of the Company (%)		**(2.1)**	(1.7)	2.7	0.7	9.7
Net asset value per share (HK$)		**11.3**	11.8	12.7	12.5	13.4

	2023	2022	2021	2020	2019
Headcount by Division					
Head Office	**254**	241	239	250	250
Property	**712**	657	640	640	593
Transportation	**—**	—	—	—	1,587
Hospitality	**704**	566	594	626	755
Investment	**50**	43	41	43	38

Notes:

1. Number of issued and fully paid shares is based on the number of shares in issue at the balance sheet date.

2. Gearing represents the ratio of net borrowings to equity attributable to owners of the Company.

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