信德集團
SHUN TAK HOLDINGS

STOCK CODE 股份代號：242

圓融不息
Circle of Inclusivity

2021

信德集團有限公司年報

Shun Tak Holdings Limited Annual Report

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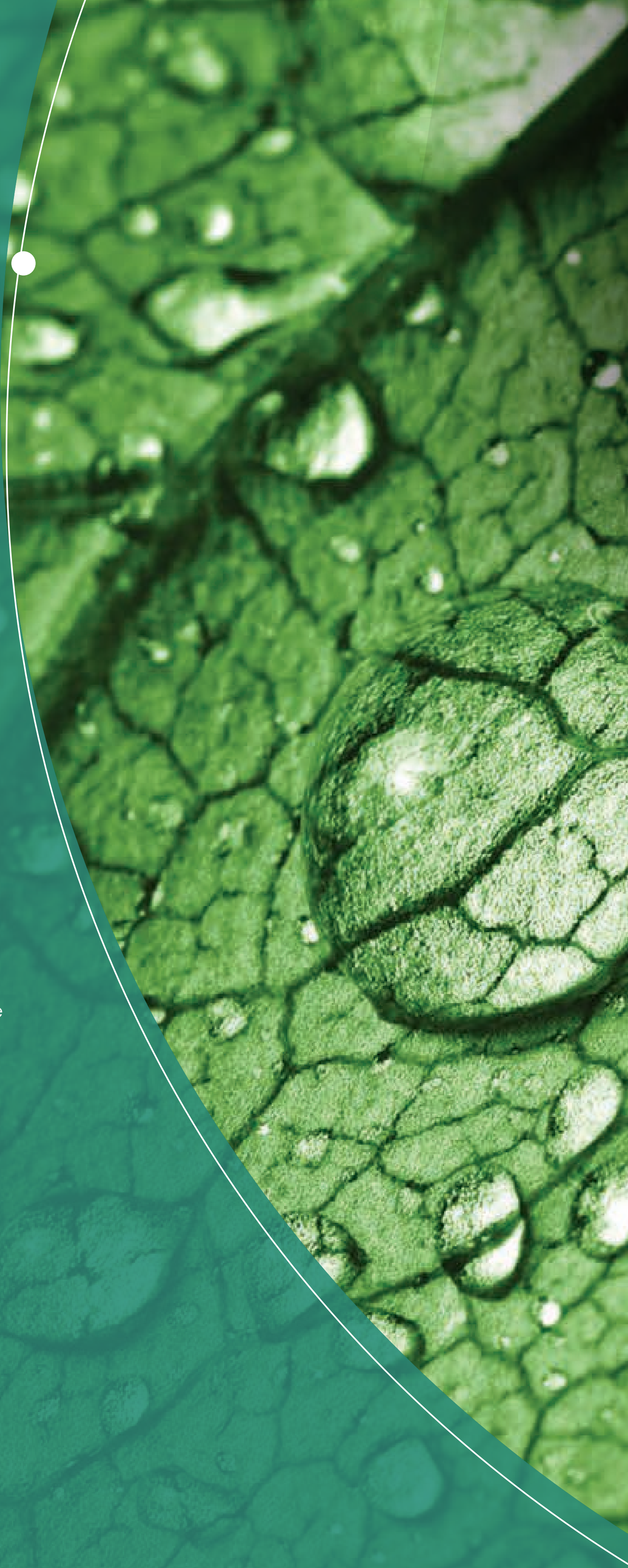

PAST PERFORMANCE AND FORWARD LOOKING STATEMENTS

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.

Circle of Inclusivity

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

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

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

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

Company Secretary

Ms. Angela Tsang

Registered Office and Contact Details

Penthouse 39th Floor, West Tower
Shun Tak Centre
200 Connaught Road Central
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Tel: (852) 2859 3111
Fax: (852) 2857 7181
Website: www.shuntakgroup.com
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, transportation, hospitality 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 growing presence in the Greater China real estate market with investments in Tongzhou and Dong Zhi Men in Beijing, Minhang, Qiantan and Jingan in Shanghai, Hengqin in Zhuhai, Xiqing in Tianjin and Chenggong in Kunming.

The Group has also recently entered the Singapore market through the acquisition of premium properties in the prime locations around central business district, building a well-rounded portfolio spanning hotel, commercial and residential developments.

One Central, the Group's joint venture with Hongkong Land Holdings Limited, is located on a prime waterfront site in Macau Peninsula. The project comprises 7 prestigious residential towers, a luxurious flagship shopping mall, a 5-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 first four phases have generated strong public response. The final phase of Nova City — Nova Grand, sits above a large-scale lifestyle shopping centre with a gross floor area over 655,000 square feet. The massive Nova Mall, a joint venture partnership formed with Abu Dhabi Investment Authority to co-invest in the shopping centre, has become a retail hub serving the Taipa community since its opening.

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

Its property management branch currently offers professional property and facility management services to residential development, clubhouse, office tower, shopping mall and carpark across Hong Kong and Macau.

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 comprising retail, office and serviced apartments all amalgamated under one prime address along the famous Grand Canal.

Shun Tak Tower, the Group's wholly-owned property in Beijing Dong Zhi Men near East 2nd Ring Road, is located next to the airport highway, serviced by a convenient network of major metro lines and bus routes. The 63,000-square-foot site comprises both office and hospitality components and is close to Beijing downtown, embassy area, and YanSha district.

In December 2020, the Group acquired the remaining 30% interest in Hengqin Integrated Development and became its sole owner. Hengqin Integrated Development, located in Zhuhai of Guangdong Pilot Free Trade Zone and being under the orbit of the Greater Bay Area boasts an unparalleled connectivity, with direct access to the port and commercial facilities at the Macau border. It is also serviced by an extension of the Guangzhou-Zhuhai Intercity Rail since August 2020, and to be serviced by the Hengqin and Macau light rails in the future. It will be developed into an integrated landmark which comprises office, retail, hotel and apartments.

NEW BUND 31 at Qiantan, Shanghai is a 50:50 joint venture project with Shanghai Lujiazui (Group) Company Limited. This cultural and community hub in Shanghai spans 140,500 square metres of total gross floor area, bringing together offices, retail space, basement retail, and a 5-star hotel offering 202 rooms, to be managed by Artyzen Hospitality Group.

NEW BUND 31, Qiantan, Shanghai

Moreover, an art and cultural centre featuring a concert hall and other multi-purpose halls with a capacity of 4,000 spectators will be incorporated.

In 2018, the Group ventured into China's healthcare sector through a strategic partnership with Perennial Holdings Private Limited, under which the two will jointly develop mixed-use healthcare complexes close to 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 eldercare facilities, while also incorporating hospitality and retail components.

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 metres and a total developable gross floor area of approximately 329,000 square metres. Situated 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 holds a 50% effective interest in the project afterwards.

Beyond its Greater China home base, the Group is 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 units, medical suites and 2 levels of retail podium.

In 2018, the Group acquired two plots of prime residential redevelopment sites in downtown Singapore, to be 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 will be redeveloped into luxury residential condominiums for sale.

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 to create a combined entity under the brand name "TurboJET". TurboJET, operated and managed by Shun Tak — China Travel Shipping Investments Limited 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 such as Hong Kong, Macau, Zhuhai, Shenzhen and Shekou.

In 2003, TurboJET launched "TurboJET Airport Routes" (previously known as "TurboJET Sea Express"), a unique inter-regional multimodal 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.

CORPORATE PROFILE

In line with Macau 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 customised 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 vicinity.

In July 2020, the Group completed an important shareholding restructure exercise in association with China Travel International Investment Hong Kong Limited ("CTII"). As a result, Shun Tak — China Travel Shipping Investments Limited became a 50/50 owned company, taking the twenty years' partnership further with the vision of solidifying a multi-modal transportation platform in Greater Bay Area 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 within the Greater Bay Area, the division has cooperated with veteran cross-boundary land transport operators to participate in the operation of "Hong Kong-Zhuhai-Macau 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 our multi-modal transportation platform with expanded cross boundary land transportation services across the Bridge.

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 Mandarin Oriental Hotel comprising 213 guest rooms 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 Wan and the South China Sea.

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

Artyzen, Singapore is the Group's first foray into the hotel market in Singapore. Sited close to the local central business district and major tourism belt, the property will be developed into 5-star luxury hotel of 142 room keys.

The award-winning Macau Tower Convention & Entertainment Centre ("Macau Tower") managed by the Group, is a major MICE venue and tourist destination in Macau. Apart from MICE business, it offers eclectic dining choices, the best observation spot in town, shopping attractions, as well as the world's highest commercial Bungy Jump.

In 2013, the Group founded Artyzen Hospitality Group Limited ("AHG") to offer hotel management solutions to hotel owners and developers, as well as manage its own portfolio of luxury hotel brands, characterized by unique Asian art and cultural offerings. This strategic expansion not only strengthens the Group's presence in hotel services, but also seizes the extensive opportunities in the burgeoning Asian tourism landscape, especially for the increasingly affluent, discerning and mobile travelers in China. AHG is currently managing 8 operating properties (5 Artyzen branded hotels and 3 non-branded hotels) and a portfolio of 11 properties under development, either as owner-operator or on management contractual basis, located in Singapore, Shanghai, Chongqing, Hengqin and Suzhou. The Artyzen branded hotels are Artyzen Grand Lapa Macau (formerly Grand Lapa Hotel), Artyzen Habitat Dongzhimen Beijing, Artyzen Habitat Hongqiao Shanghai, YaTi by Artyzen Hongqiao Shanghai and Eature Residences Lingang. The non-branded hotels are Grand Coloane Resort in Macau, as well as Ka'anapali Beach Hotel and The Plantation Inn in Maui, Hawaii.

Artyzen Habitat Lingang Shanghai

Artyzen Habitat Dongzhimen Beijing is a 138-key hotel opened in 2017. The hotel nestles in a vibrant area within Beijing's old fortress walls in Dongzhimen but also just 25 minutes' drive from the airport and is close to rail links.

Opened in 2018 in the new Shanghai MixC complex, the 188-key Artyzen Habitat Hongqiao Shanghai is situated in one of the city's latest and best shopping destinations, conveniently located for numerous entertainment hotspots and is close to Shanghai Hongqiao International Airport and the Hongqiao Railway Station.

Also situated in the Shanghai MixC complex, YaTi by Artyzen Hongqiao Shanghai, offers 303 rooms catering to a new generation of modern travelers looking for superior service on an affordable budget.

This 128-unit hotel room apartment, Eature Residences Lingang, operated by the Group was launched in December 2021. It is located in the Lingang Special Area of Shanghai Pilot Free Trade Zone, earmarked to take the lead nationwide in frontier technology industries and new finance, trade and economy.

Artyzen Club is a well-appointed private business membership club introduced by the Group in 2018. The Club provides a variety of dining venues and recreational and fitness facilities, as well as multifunctional spaces ideal for corporate and private events.

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 53.9% 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 of a 10-year tenancy agreement of the Kai Tak Cruise Terminal. The facility is designed to accommodate the new class of mega-cruisers and 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 3 different locations — Nova Mall, Macau Tower and Senado Square. 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.

In June 2021, the Group entered into a sale and purchase agreement with a substantial shareholder of Phoenix Media Investment (Holdings) Limited ("Phoenix Media"), to acquire approximately 16.93% equity interest in Phoenix Media at a cash consideration of approximately HK$516 million. Phoenix Media operates popular global channels for audiences worldwide and is involved in omni-media business such as animated comics, games, digital technologies, creative cultural, cloud technology services, education and exhibitions, among others. The acquisition was completed on 22 June 2021, upon which Phoenix Media becomes an associate of the Group.

In 2021, the Group invested in approximately 2.0% interests in WM Motor Holdings Limited ("WMMH") through entering into of a share purchase agreement and a share exchange agreement with WMMH. WMMH (through its subsidiaries) is principally engaged in the manufacturing and sales of electric vehicles in China.

MANAGEMENT PROFILE

MS. PANSY HO

S.B.S., JP
Group Executive Chairman and Managing Director
aged 59

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, a member of the remuneration committee and nomination 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 the board of directors of Macau International Airport Co. Ltd. She is also a co-chairperson and an executive director of MGM China Holdings Limited and a vice-chairman and a non-executive director of Phoenix Media Investment (Holdings) Limited, both are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and 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 Beijing Municipal Committee of the Chinese People's Political Consultative Conference, an executive president of China Chamber of Tourism and a vice president of China Women's Chamber of Commerce under All-China Federation of Industry & Commerce. In Hong Kong, she is the chairperson of Hong Kong Federation of Women and a committee member of The Chinese General Chamber of Commerce. In Macau, she is the vice president of the board of directors of Macao Chamber of Commerce, the vice chairperson of Macao Convention & Exhibition Association, the chairperson of Global Tourism Economy Research Centre, and a vice chairman and the secretary-general of Global Tourism Economy Forum. 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 66

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. He is also an independent non-executive director of a subsidiary 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 Lee Hing Development Limited and an executive director of Miramar Hotel and Investment Company, Limited and Vision Values Holdings Limited, which are 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 72

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

Mr. Charles Ho contributes much to public affairs. He is a member of the Standing Committee of the Chinese People's Political Consultative Conference National Committee and an economic consultant of Shandong Provincial Government of the PRC. He is an honorary trustee of Peking University and a trustee of University of International Business and Economics in the PRC. 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 63

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 was then 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, which is 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 57

MS. DAISY HO

B.B.S.
Executive Director and Deputy Managing Director
aged 57

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 is also a member of the board of trustees of Milton Academy, Massachusetts, USA. 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. 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 chairman of the board of directors 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 has been appointed as a member of Standing Committee on Judicial Salaries and Conditions of Service since January 2022.

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, a fellow of The Hong Kong Institute of Directors, Governor of The Canadian

MS. MAISY HO

B.B.S.
Executive Director
aged 54

Chamber of Commerce in Hong Kong, Chairman (2020–2021) and Advisor (2021–2022) of Po Leung Kuk, Chairman of Hong Kong Ballet, 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 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. 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 the member of Equal Opportunities Commission and member of Committee on the Promotion of Civic Education since 2017. She has been appointed as council member of The Hong Kong Academy for Performing Arts since January 2018. In December 2021, she has been appointed as a member of the Hospital Authority.

In Hong Kong, Ms. Maisy Ho is a member of Hospital Governing Committee of Queen Elizabeth Hospital, past president of Hong Kong Institute of Real Estate Administrators, member of Chartered Institute of Housing Asian Pacific Branch, standing committee member and vice chairman of Ladies' Committee of The Chinese General Chamber of Commerce, vice chairlady of All-China Women's Federation Hong Kong Delegates Association Limited, member 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, director of Hong Kong Tai Chi Youth Charitable Foundation and honorary vice president and member of executive committee 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 is an executive vice president of Property Management Business Association Macao, vice chairman of supervisory board of Macao International Brand Enterprise Commercial Association, standing committee member and deputy chief of Ladies Committee of Macao Chamber of Commerce, committee member of Kiang Wu Hospital Charitable Association and vice chairman of board of directors of Global Tourism Economy Research Centre. She 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.

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

MANAGEMENT PROFILE

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 67

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 59

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

Mr. Rogier Verhoeven has extensive experience in business development, general management and hospitality industry. He is responsible for overseeing the 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 2021

	2021	2020
	HK$'000	HK$'000
Revenue	**4,829,794**	4,190,309
Profit attributable to owners of the Company	**962,431**	262,440
Total equity	**38,217,814**	37,915,549
Earnings per share (HK cents)		
— basic	**31.9**	8.7
— diluted	**31.9**	8.7
Dividends per share (HK cents)	**—**	—
Net asset value per share (HK$)	**12.7**	12.5

The calculation of basic earnings per share is based on the weighted average number of 3,020,898,141 shares (2020: 3,021,479,785 shares) in issue during the year. Basic and fully diluted earnings per share are the same as the share options of the Company has an anti-dilutive effect on the basic earnings per share for the year ended 31 December 2021 (2020: same).

Financial Calendar 2022

Announce 2021 annual results	25 March 2022
For determining shareholders' eligibility to attend and vote at Annual General Meeting	
Deadline for lodgement of all transfers	4:30 p.m. on 22 June 2022
Closure of register of members	23 June 2022 to 29 June 2022, both days inclusive
Record date	29 June 2022
Annual General Meeting	29 June 2022
Announce 2022 interim results	August 2022

SIGNIFICANT EVENTS

January:

The Group acquired an additional 10% effective interest in Shanghai Suhe Bay Area Mixed-use Development Project, to raise its shareholding to 50%.

February:

Mandarin Oriental, Macau earned Triple Five Star rating for Hotel, Restaurant and Spa from Forbes Travel Guide 2021 Star Awards.

May:

Park Nova was launched for sale in May with satisfactory results, 31 units were sold including the 3 penthouses in 2021.

June:

Shun Tak — China Travel Shipping Investments Limited early terminated a tenancy agreement with regards to the operation of Tuen Mun Ferry Terminal.

The Group completed an acquisition of approximately 16.93% equity interest in Phoenix Media Investment (Holdings) Limited at a cash consideration of approximately HK$516 million.

July:

Macau Cruise launched the "Barra-Coloane" route.

August:

An entertainment centre "FunPark" was added to the NOVA Mall Toys'R'Us Flagship Store.

2021

September:

Hong Kong SkyCity Marriott Hotel was named "Hong Kong's Leading Airport Hotel 2021" by World Travel Awards, and "Hong Kong Luxury Airport Hotel 2021" by World Luxury Hotel Awards.

October:

The Group invested in approximately 2.0% interests in WM Motor Holdings Limited ("WMMH") through entering into of a share purchase agreement and a share exchange agreement with WMMH.

December:

Park Nova clinched the "Best Condo Development (Asia)" at the 16th PropertyGuru Asia Property Awards Grand Final.

The Macau Tower Convention & Entertainment Centre celebrated its 20th anniversary.

Managed by the Group, Eature Residences Lingang opened for operation.

Hong Kong SkyCity Marriott Hotel signed on as an exclusive quarantine hotel for air crews.

TurboJET reached a management agreement with PRC partners to commence its agency service in Hong Kong for the ferry route between Zhuhai and Hong Kong.

Stecco Natura Gelaterie launched a new cafe gelato store at Tai Kwun.

CHAIRMAN'S STATEMENT

Dear Shareholders,

2021 was the second year in which the world had to deal with the ongoing COVID-19 pandemic and its profound economic implications. Although we saw initial revival in the first quarter as domestic health threats eased and the general economy turned a corner from months of downturn, many industries have been shaken to their cores, most notably tourism. With a sizable portfolio in cross-border transportation and hospitality, the Group's performance continued to be staggered by the shuttered borders. Yet, we demonstrated solidity and value creation power, having built balanced market exposure in diversified sectors over the years. Specifically, property projects in China, Macau and Singapore yielded satisfactory sales and rental, which contributed positively to the Group's moderate top-line growth during the year. Profit attributable to shareholders of the Group for the year ended 31 December 2021 amounted to HK$962 million (2020: HK$262 million). Basic earnings per share were HK31.9 cents (2020: HK8.7 cents). Taking into consideration headwinds in 2022 and capital needs for future development, the Board does not recommend the payment of any final dividend (2020: Nil) in respect of the year ended 31 December 2021. No interim dividend was declared by the Board during the year.

In 2021, the Property division benefited from sales proceeds from a number of residential projects. In Macau, 98% of total units of Nova Park and 86% of total units of Nova Grand were sold. In China, 421 sold residential units of the Hengqin Integrated Development and 224 residential units of the Suhe Bay Development were started handing over to the homebuyer. In Singapore, 31 units of Park Nova and 2 units of Les Maisons Nassim were transacted. These significant successes were made possible on the back of our acquisition approach that focuses on prime location investments, as well as our growing brand recognition in these new markets. In other locations, our strategies of partnership with leading local developers are also paying off. A number of key integrated projects are completing by phases in 2022 with pre-sale or leasing currently underway. These include apartments in Tongzhou Integrated Development, offices at NEW BUND 31, and office towers and retail space at Suhe Bay Development. They are expected to make a solid contribution to the long term recurrent rental income for the Group.

While we are confident in our projects and the strong fundamentals in markets we operate in, we are also mindful of various deterring factors. These include tightened credit policy for home loans in China, as well as cooling measures introduced to rein in residential price hikes in Singapore. The Group will adopt a flexible and phased approach in its sales and leasing initiatives in response to market conditions.

The Group's Transportation division suffered detrimental losses as Hong Kong maritime borders remain closed and regional travel still subject to stringent quarantine requirements over the past two years. Compounding the

"These significant successes were made possible on the back of our acquisition approach that focuses on prime location investments, as well as our growing brand recognition in these new markets."

dire situation is the prevalence of the Omicron variant which wreaked havoc to our society. Given the extent and rapidity of its spread, we expect 2022 to be equally, if not more challenging for the industry. In order to navigate through the current hardships, the division engaged in a combination of organization restructuring, rightsizing of our fleet and other overhead controls, which brought our operation costs to 58% of that of pre-pandemic levels. In spite of current obstacles, we remain fully committed to supporting the long term growth of the Greater Bay Area. Along with our partner, China Travel International Investment Hong Kong Limited, we are strategically consolidating our resources and rationalizing our land and sea service networks to better complement future travel patterns within the region.

After a promising start in 2021, a time when the pandemic was contained at low levels and pent-up travel demand began to unleash, our Group's hotel portfolio registered encouraging improvements in occupancy, particularly in China. Yet, sporadic flare-ups continued to batter peak season demands, and inter-provincial travel bans suffocated the recovery despite initial optimistic forecasts until Omicron further devastated the industry in December. Nonetheless, the market projects strong recovery in 2022, forecasting domestic travel to return to 70% pre-pandemic level. Our Artyzen Hospitality Group ("AHG") targets to capitalize upon this recovery, as it launches 5 additional hotel properties in key regions across China in 2022. By the end of 2022, AHG will have established a significant foothold in Shanghai with a total of 7 properties. The brand cluster effect will propel the group's reputation among Chinese travelers and pave momentum for launches in other Asian markets, such as flagship opening of Artyzen Singapore in 2023.

On behalf of the Board, I would like to express my sincere gratitude to our staff for their resilience and continued focus; the trust of our customers and the support of our shareholders. In this era of discontinuity and disruption of the business environment, Shun Tak will remain highly disciplined in maintaining our capital and liquidity that positions us well to capture forthcoming revivals. At the core, I believe that we can and will leverage our unique scale into even higher value creation for our stakeholders, especially you, our shareholders. Although it may be difficult to imagine in this time of immeasurable hardship and deep uncertainty, I am confident our investments into the future will pay off and look forward to your continued support.

Thank you.

By order of the Board

Pansy Ho

Group Executive Chairman and Managing Director

25 March 2022

Circle of Harmony

PROPERTY

The Group redefines quality of life with a well-rounded and exquisitely built property portfolio covering integrated and residential developments. Tenants are offered a quality living environment with the Group's premium facility management and concierge services. From the Greater China Region to overseas market, the Group's properties are all based on a people-oriented, harmonious and inclusive objective to create a new standard of a pleasant and comfortable lifestyle.

REVIEW OF OPERATIONS

PROPERTY

2021 was in general a resilient year for properties. Despite lingering coronavirus concerns, the sustained low interest environment has underpinned residential transactions for years and strong liquidity in the market continued to support price and volume. In addition, the pandemic situation has largely been contained in China, Hong Kong and Macau, allowing daily lives to return to some normalcy. The overall retail rental correction has reached the cyclical bottom as domestic spending improved. Nonetheless, the tightening policies governing mainland capital financing for property developers and a number of adverse factors towards the end of year, including widespread outbreaks of Omicron, and cooling measures in the Singapore residential market have put a dampener on the performance of the Group's property portfolio. With the booking of earnings from the current year sales of the Hengqin Integrated Development, Nova Grand in Macau and Park Nova and Les Maisons Nassim in Singapore, the division posted a profit of HK$1,854 million, representing a 25% year-on-year decrease (2020: HK$2,468 million).

Park Nova, Singapore

PROPERTY DEVELOPMENTS

PROJECTS COMPLETED WITH RECENT SALES

In Macau

Nova Park
(Group interest: 100%)
Nova Park, Phase 4 of Nova City, is a striking urban park-side residential development with an unimpeded view of the stunning Taipa Central Park, set in the heart of the thriving Taipa community. Its three residential towers cover a gross floor area of approximately 680,000 square feet and offer 620 residential units in total. During the year 2021, 9 units were transacted. As at 31 December 2021, close to 98% of total units have been sold.

Nova Grand
(Group interest: residential: 71%)
Nova Grand is the final phase of the Group's flagship Nova City development comprising approximately 1,700 residential units in eight towers. During the year, 116 units have been transacted, primarily driven by local end-user market. 123 units have been handed over. As of 31 December 2021, 86% of total units have been sold.

In Southern China

Hengqin Integrated Development
(Group interest: 100%)
This development is sited immediately adjacent to the Hengqin Port, a 24-hour cross-border facility launched for operation in August 2020. It enjoys tremendous nodal convenience at the intersection of the Guangzhou-Zhuhai Intercity Rail and the future Macau Light Rail. The Hengqin Pilot Zone, heavily backed and supported by national policy, is still in its fledgling stage but is rapidly building a world class tourism cluster.

421 residential units of the project were being sold. In August 2021, the Group started handing over the sold units to their homebuyers. The remaining 5 units, including 4 showflats, are targeted to be sold next year.

In the first quarter of 2022, approximately 42,300 square metres of Grade A office, a 43,000 square metres shopping mall are expected to be completed following moderate construction delays. Leasing efforts are currently underway, targeting to draw interests from the professional sector for offices. For retail, tenants in lifestyle, special F&B, wellness and entertainment, are being invited to offer holistic experiences to family tourists and the local community. In addition, a 230-room Artyzen Habitat Hotel with an expansive social space is expected to open in first half of 2023.

In Singapore

111 Somerset Road, Singapore
(Group interest: 100%)
This 17-storey integrated property offering a gross floor area of approximately 766,550 square feet is located within the venerable Orchard Road precinct immediately adjacent to the Somerset MRT station. It comprises two office towers, a 2-level retail podium and a 2-level basement carpark, which completed a comprehensive asset enhancement initiative in 2020.

During the year, leasing performance remained resilient, with an average committed occupancy rate of approximately 70% for offices and above 80% for retail as at 31 December 2021. As Singapore embraces a "live with the virus" strategy, it is expected that economic activities will gradually rebound in 2022 and improvements in returns can be yielded.

Hengqin Integrated Development Project

REVIEW OF OPERATIONS

PROJECTS UNDER DEVELOPMENT

In Northern China

Tongzhou Integrated Development, Beijing
(Group interest: Phase 1–24%)
Situated in Tongzhou Beijing, the new capital for Beijing Central Government headquarters and state-owned enterprises, this iconic development is sited on the Grand Canal, with its Phase 1 expected to complete in 2023. The integrated community will feature 127,000 square metres of retail space, 119,000 square metres of office space, and 50,000 square metres of apartment units. Its retail podium will be directly linked to the currently operating metro line M6, which connects to the Beijing city centre. Renovation of sales office and show flats are underway, with pre-sale of apartments expected in 2023.

Tianjin South HSR Integrated Development
(Group interest: 30%)
This 77,000 square metres site was acquired by the Group in 2018 through a strategic partnership with Singapore-based Perennial Holdings Private Limited ("Perennial"), a well-established developer with extensive footprint in China's healthcare industry. The project involves establishing a world-class "health city" adjacent to the Tianjin South High-Speed Railway Station in fulfillment of elevating demands of quality medical care within the fast-growing "Jing-Jin-Ji" megalopolis. The masterplan currently comprises a general hospital, eldercare facilities and commercial elements including retail and hotel, covering around 330,000 square metres. Superstructure works are in progress, with the eldercare towers and the hotel topped out in 2021. Construction is expected to complete in the third quarter of 2022, and operation is expected to begin in 2023.

In Eastern China

NEW BUND 31, Qiantan, Shanghai
(Group interest: 50%)
This cultural and community hub in Shanghai spans 140,500 square metres of total gross floor area, bringing together offices, retail space, basement retail, and a 5-star hotel offering 202 rooms, to be managed by Artyzen Hospitality Group. The project also features a Performing Arts Center ("PAC") housing a concert hall and other multi-purpose halls with a capacity of 4,000 spectators.

The project is a 50/50 joint venture with Shanghai Lujiazui (Group) Company Limited. Construction for offices was completed in the end of 2021, and leasing is currently underway. Retail, hotel and PAC will complete in 2023. Upon completion, it is expected to become a prominent cultural icon in Shanghai.

Shanghai Suhe Bay Area Mixed-use Development Project
(Group interest: 50%)
In January 2021, the Group acquired an additional 10% effective interest in this 186,500 square metres multiplex located in Shanghai Suhe Bay Area in Jingan District, to raise its shareholding to 50% alongside its co-developer China Resources Land Limited ("CR Land").

Situated in one of the core commercial areas of Shanghai, the project is close to major tourist destinations such as the Bund and the People's Square, as well as established central business districts including Nanjing West Road and Lujiazui.

On the Northern parcel, two office blocks and all 224 residential units were sold in 2020 and 2021. The Group is targeting to sell a remaining office tower in 2022. The project was completed in October 2021.

Shanghai Suhe Bay Area Mixed-use Development Project

On the Southern parcel, retail is scheduled to launch in mid-2022 under the brand MixC World. Pre-leasing for a 42-storey office tower will commence from 2022 as construction is expected to complete in June 2022.

In Western China

Kunming South HSR Integrated Development
(Group interest: 30%)
Similar to the Tianjin project, the Kunming South HSR Integrated Development was also acquired in partnership with Perennial in December 2018. The Group intends to develop this 65,000 square metres site into a regional healthcare and commercial hub comprising hospitality, medical care, eldercare, MICE, and retail components across a proposed gross floor area of approximately 550,000 square metres. Like the Tianjin site, the Kunming South HSR Integrated Development is located next to a high-speed railway station, facilitating convenient regional access. Superstructure works are in progress, with the site expected to become operational in 2024.

In Singapore

Park Nova
(Group interest: 100%)
Located in Singapore's prestigious residential district and within walking distance to the world-renowned Orchard Road Shopping Belt, sales and construction of this 43,356 square foot site has progressed well on track within 2021. The 21-storey residential tower will feature a strata area of approximately 125,000 square feet and will have 51 simplex units and 3 penthouses. The building is lifted high above Orchard Boulevard on elliptical columns to create unobstructed private views above the lush greenery. Each unit is served by a private lift, catered for upmarket buyers seeking an exclusive yet central urban lifestyle at the heart of actions. Construction works are underway and it is expected to complete in 2023.

The project was launched for sale in May 2021 with satisfactory results but the momentum was dampened by an outbreak of local pandemic. As of 31 December 2021, 31 units were sold including the 3 penthouses. In December 2021, the local government introduced extra stamp duty on residential property in an effort to curb inflation in residential prices. This will significantly raise the cost of home ownership, particularly among foreign buyers, and become hindrance for 2022 sales.

Les Maisons Nassim
(Group interest: 100%)
This majestic development standing on a 66,452 square feet prime site located at one of the most coveted addresses in town, will be developed into approximately 110,000 square feet of Bungalow-in-the-Sky. Nestled in the ultra-luxurious heritage Good Class Bungalow district, this epic development will have a total of 14 units comprising 8 simplex units, 4 duplex units and 2 penthouses. Each residence is fitted with its own dedicated private lift and carparks, and features a grand arrival experience with verdant landscape which speaks subtle luxury and sophistication. Construction is underway with expected completion by 2023. As of 31 December 2021, 2 units have been transacted, and 3 units have been granted with Option To Purchase in early 2022.

Les Maisons Nassim, Singapore

REVIEW OF OPERATIONS

PROJECTS UNDER PLANNING

In Macau

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

PROPERTY INVESTMENTS

In Hong Kong

liberté place
(Group interest: 64.56%)
This mall is located at Lai Chi Kok MTR Station in West Kowloon. As a neighborhood mall offering everyday household conveniences to the four largest residential developments in Kowloon West, business and rental income remain strong and unscathed by the pandemic, maintaining 98% occupancy.

The Westwood
(Group interest: 51%)
With 158,000 square feet of leasable area across five storeys, The Westwood is a prominent shopping destination serving the Western District on Hong Kong Island. The mall completed a major renovation in June 2021, and its major anchor supermarket introduced a flagship concept store at this location which draws increased footfall. Another anchor tenant offering fun and entertainment will launch business in 2022, reinforcing the mall's position as a family oriented destination. As of 31 December 2021, the mall registered an occupancy rate of 83%.

Chatham Place
(Group interest: 51%)
This 3-storey shopping arcade appending to Chatham Gate is positioned as an educational hub with a major kindergarten as its key anchor tenant complemented by a host of children learning centres. Under the impact of COVID-19 and mandatory school closures, lease performance significantly deteriorated. As of 31 December 2021, the mall posted an average occupancy of 37%.

Shun Tak Centre Portfolio
The Group owns 100% interest of Shop 402 and another 55% interest in a collection of assets at Shun Tak Centre, which comprises of 213,786 square feet of retail area, 13,827 square feet of gross office area and 85 parking spaces. With the closure of sea borders and a collapse of tourist traffic, the property took the opportunity to commence major renovation. Shop 402 is to be transformed into an exhibition and event space, targeting businesses from the corporate, associations, digital and art related spheres.

In Macau

Nova Mall
(Group interest: 50%)
Located at the heart of the Nova residential community in Taipa, Nova Mall is the first shopping destination in Macau dedicated to serving locals' daily needs. Since its launch, the Mall has quickly become a robust community hub in Taipa. With the opening of the last anchor tenant in December, footfall has further increased. As of 31 December 2021, over 90% of lettable space has been leased. Additional local brands will be launched in the first quarter of 2022, bringing overall occupancy to over 85%.


One Central, Macau

One Central Shopping Mall
(Group interest: 51%)
Widely known for its premium flagship stores, One Central is a prominent shopping destination housing around 400,000 square feet of leading luxury brands. The mall is undergoing a tenancy reshuffling exercise, with top selling brands introducing new or flagship stores to this location. Average occupancy for the year stood at approximately 90%. Tenant sales rebounded strongly in 2021 compared to the prior year.

Shun Tak House
(Group interest: 100%)
This 28,000 square foot property situated at the heart of Macau's major tourist locale is predominantly occupied by two anchor tenants. The property maintained a 100% occupancy rate during the year. With the significant decline in tourist arrivals, tenants suffered substantial loss in business and the Group continued to extend concessionary relief to these long term tenants as support to weather the downturn.

In China

Shun Tak Tower Beijing
(Group interest: 100%)
Shun Tak Tower is situated in Beijing Dong Zhi Men, conveniently located next to the airport highway and enjoys proximity to Beijing downtown and the embassy area. The site spans 63,000 square feet (5,832 square metres), with a gross floor area of approximately 419,000 square feet (38,900 square metres) rising 21 levels above ground, and 182,000 square feet (16,900 square metres) in 4 underground levels. The property also houses a 138-room Artyzen Habitat Hotel.

In an effort to improve occupancy under the competitive market, new incentive schemes for agents and tenants were introduced. The property posted an average office occupancy rate of 78% in 2021.

Guangzhou Shun Tak Business Centre
(Group interest: 60%)
This development in Guangzhou, a 32-storey office tower over a six-storey shopping mall, generated steady revenue for the Group, posting an average occupancy rate of 94% in 2021.

PROPERTY SERVICES

The division offers property and facility management service to a substantial portfolio across the Greater Bay Area. In Hong Kong, 2021 was a stable year with the team streamlining its structure and exploring new business opportunities. In comparison, its Macau operation faced formidable challenges as newly enacted regulations require all properties to form owners' organizations and empowered them to appoint their own management. Such led to pressure to reduce remuneration and changeover of management in some situations. However, the growing portfolio of Group related properties, including Nova Mall and Nova Grand, as well as new projects in Hengqin, Shanghai and Beijing, offer new growth potentials for the division.

With the stabilization of the COVID-19 crisis, both cleaning and laundry businesses recovered and exhibited healthy growth. It is expected that new capacities will be introduced in 2022 to pave way for expansion.

Shun Tak Tower Beijing

Circle of Connection

TRANSPORTATION

Committed to connecting different cities of the Greater Bay Area, the Group is dedicated to developing a leading platform of sea, land and air transportation in the region, bringing together robust capabilities and elite teams to build a seamless transportation network, and facilitate the development of traffic and transportation throughout the region.

REVIEW OF OPERATIONS

TRANSPORTATION

Under the stranglehold of COVID-19 which instigated radical disruptions to travel and stymied regional tourism, the division maintained its focus on rationalizing its overall transportation portfolio, including land and sea networks, to stay nimble and evolve with future recovery needs. Following almost two years of ferry service suspension with all maritime borders closed off, Shun Tak — China Travel Shipping Investments Limited suffered a substantial share of loss of HK$304 million in 2021 (2020: HK$300 million loss before the restructuring and a shared loss of HK$134 million after the restructuring). Critical measures to conserve liquidity and restructure operation were implemented, resulting in a reduction in operating cost by 54% in 2020, and a further 58% in 2021. As new virus variants flared up across the region during the last quarter, border reopening plans between China and the two SARs were upended and outlook remains grim. Nonetheless, the Group stays committed to its long-term vision of building a cross-border multi-modal platform in support of Central Government's policy of creating a world class Greater Bay Area, and is constantly reviewing its strategy to rebalance its resources in response to the health crisis and market demands. It is also leveraging its tourism experience and operational excellence to diversify its offerings, such as local cruises, coach rental and ferry management services.

SHUN TAK — CHINA TRAVEL SHIPPING INVESTMENTS LIMITED

Following a shareholding restructure in association with China Travel International Investment Hong Kong Limited ("CTII") in July 2020, Shun Tak — China Travel Shipping Investments Limited became a 50/50 owned company. The two partners, both leaders in regional cross border transportation, consolidated their fleets of cross border ferries and coaches and network advantages to drive concerted development in the Greater Bay Area, one of the most affluent and fastest-growing regions in China. Once the pandemic stabilizes and a regional travel bubble can be established, the company will be in a competitive position to capitalize upon pent-up demand and spending power to make strong recovery.

In Hong Kong, with a complete standstill in ferry service, the company early terminated a tenancy agreement with regards to the operation of Tuen Mun Ferry Terminal in June 2021 as part of its efforts to refocus resources.

In Macau, since the company launched a sea-borne sightseeing service "Macau Cruise" in 2018, it has become immensely popular among tourists and locals alike. The cruise service offers a unique viewpoint of Macau and immersive travel experience, capturing the vibrant cityscape and Macau's many iconic landmarks and featuring various heritage points of interest and walking tours in the city. A new route connecting Barra and Coloane was introduced in July 2021 as the new Barra Pier was launched. The business performed satisfactorily in the corporate charter and special event segments, and joint promotions with hotels and F&B brands were well received.

During the year, in addition to the agency arrangement with Shekou and Shenzhen ferry operators on routes between Macau and Shekou/ Shenzhen, the company entered into agency agreements with Zhuhai ferry operators to manage routes between Zhuhai and the two SARs upon port reopening and service resumption.

On land, cross boundary services including "TurboJET Cross Border Limo" service, "HK-MO Express" and "Macau HK Airport Direct" were suspended, while the "Golden Bus" traversing the Hong Kong-Zhuhai-Macau Bridge only operated with restricted frequency. With the suspension of its core business, the CTG Bus has maintained and developed Macau local shuttle bus service and corporate leasing business. Our cross-border coach services between Guangdong Province and Macau have also resumed operations since July 2020.

The health crisis will continue to exert severe threats and financial pressure upon the division until borders progressively open and quarantine restrictions lifted. Despite the emerging outbreaks of Omicron, governments of Guangdong, Hong Kong and Macau are continuing to actively lay the ground works for quarantine-free travels, including the introduction of compatible Health Code Systems. The division is constantly staying ahead of reopening plans to ensure it can swiftly relaunch in response to authorities' notice and maintain the highest standards in terms of capacity, safety and health requirements for a seamless and secure recovery.

TurboJET Cross Border Limo

Circle of Dedication

HOSPITALITY

Leveraging its well established tourism business, the Group has developed a diversified hotel and tourism portfolio. Combining its hotel management expertise with the essence of authentic traditional cultures, the Group is committed to offering a refreshing leisure experience with its boutique luxurious hotels and travel initiatives for tourists.

REVIEW OF OPERATIONS

HOSPITALITY

Since the pandemic first started in 2020, tourism has continued to be the hardest hit of all industries, as border closures and containment measures significantly decimated global travels. Despite the availability of vaccination, sporadic resurgence of Delta and the rampant spread of Omicron in the latter months led governments to reimpose stringent controls under the zero tolerance COVID-19 policy, eradicating any recovery in momentum gained earlier in the year. Quarantine-free travel between Guangdong and Macau was disrupted since summer 2021 with an uptick of cases in the region, while reopening of borders between China and Hong Kong remained up in the air. In China, the Group's hotel portfolio benefited from the resilient domestic market and performed moderately well over most parts of the year before lockdowns in multiple provinces began in the last quarter. Amid the pandemic volatility, the division posted a loss of HK$141 million (2020: HK$548 million).

Artyzen Grand Lapa Macau

HOTELS IN OPERATION

Hong Kong SkyCity Marriott Hotel
This 658-room airport hotel is located adjacent to the AsiaWorld-Expo (“AWE”), Hong Kong’s largest convention and exhibition centre, and in close proximity to the Hong Kong International Airport. With its strategic location, the hotel has traditionally specialized in MICE and airline corporate markets.

In 2021, MICE at AWE dwindled to near zero as it was transformed into a makeshift community treatment facility commissioned by the government. The resulting loss in business opportunities was further amplified by many international airlines’ decision to suspend or drastically reduce operations into Hong Kong given the city’s stringent flight crew curbs. Airport passenger volume plunged 85% year-on-year. In December 2021, the hotel signed on as an exclusive quarantine hotel for air crews in order to secure its baseline revenue.

During the year, the hotel was recognized as Hong Kong’s Leading Airport Hotel 2021 by World Travel Awards, and Hong Kong Luxury Airport Hotel 2021 by the World Luxury Hotel Awards.

Mandarin Oriental, Macau
The prestigious Mandarin Oriental, Macau has established a solid foothold in the luxury travel market with its exceptional hospitality and bespoke services. Over the first half of 2021, tourist arrivals showed steady growth, but later outbreaks within Guangdong Province in June and subsequent local cases from August onward dealt a heavy blow to summer and Golden Week business. China market contributed 80% of hotel revenue, while the recovery in local staycations, events, spa and F&B business made up the remaining 20%.

The hotel was proud recipient of Triple Five Star rating for Hotel, Restaurant and Spa from Forbes Travel Guide 2021 Star Awards, and recognized as Top 20 Hotels in China by Conde Nast Traveller 2021 — Reader’s Choice Awards.

Grand Coloane Resort
Managed by Artyzen Hospitality Group, this resort offers a tranquil upmarket environment for leisure and relaxation. Facing Hac Sa beach in Coloane and nestled among greenery, the resort stands out from other establishments for its serene landscape and attentive services.

In 2021, the property continued to serve as a medical observation hotel in support of Macau SAR Government’s pandemic control measures. It is widely reputed for its scenic room views, personal butler service and in-house dining offers, making it the preferred observation hotel for Hong Kong and Taiwan inbound travelers. The hotel achieved a yearly average occupancy of 78%.

The resort will remain an observation hotel throughout 2022.

Artyzen Habitat Dongzhimen Beijing
This 138-key hotel located within Beijing’s old fortress wall, offers a unique blend of contemporary designs amid the traditional local community, and the perfect balance of old and new for travelers seeking authentic local experiences.

Since the start of the pandemic, the capital city has been subject to the tightest containment measures and mobility restrictions. These have further heightened since June 2021, after a relatively healthy first six months, as pockets of outbreaks began to threaten several neighboring provinces, closely preceding Beijing’s hosting of the Winter Olympics in February 2022. As a result, significant cancellations in hotel bookings have been recorded in the second half of year, with full year occupancy slipped to an average of 57%.


Artyzen Habitat Dongzhimen Beijing

REVIEW OF OPERATIONS

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

Close to the national exhibition centre, the hotel has a strong footing in the corporate segment. Despite a collapse in international business travel, China's MICE market fared relatively stable over the traditional trade fair seasons with domestic demand driving growth. The hotel recorded a full year average occupancy of 60%.

YaTi by Artyzen Hongqiao Shanghai
The 303-room stylish budget hotel located in the Shanghai MixC complex is wholly-owned by the Group. After a year of rebranding and repositioning, the property experienced an uptick in the second quarter with local support. However, with the government control measures in family group traveling during the summer holidays and successive COVID-19 outbreaks, family business declined substantially. The hotel recorded 27% in average occupancy over the year.

Eature Residences Lingang
This 128-unit hotel room apartment operated by the Group was launched in December 2021. It is located in the Lingang Special Area of Shanghai Pilot Free Trade Zone, earmarked to take the lead nationwide in frontier technology industries and new finance, trade and economy. With a clear roadmap from the government and preferential policies enacted, it is expected that Lingang will become a magnet for international talents and demand for housing will take off once the pandemic situation stabilizes.

HOTELS UNDER PLANNING AND DEVELOPMENT

Artyzen Habitat Qiantan Shanghai and The Shàng by Artyzen Qiantan Shanghai
The 246-key Artyzen Habitat Qiantan Shanghai and 210-key The Shàng by Artyzen Qiantan Shanghai, a select service hotel, are located in the up-and-coming hub for business, entertainment, residential and worldclass sporting facilities. They are located 20 minutes from the centre of Shanghai and are situated 40 minutes' away from Pudong and Hongqiao International Airport. These soon-to-be-opened properties are scheduled for opening in the first quarter of 2022.

Artyzen Habitat Hotel Hengqin Zhuhai
The hotel is sited adjacent to the port facility connecting Macau and Zhuhai. It is minutes from Macau Cotai area, and only 15 minutes away from the renowned Hengqin Chimelong Ocean Kingdom. The 230-guestroom property is scheduled for opening in the first half of 2023.

Artyzen NEW BUND 31
This 202-room high end lifestyle hotel will be the first keystone for the "Artyzen" brand in China upon completion in year 2023. Located next to the NEW BUND 31 Performing Arts Center which is poised to become the largest in-door theatre in China upon completion, the hotel will fully embrace art and culture to epitomize the Artyzen philosophy.

Artyzen Singapore
This 142-room flagship Artyzen Hotels and Resort, located at the heart of downtown Orchard area, is poised to become the top-of-line property in the Group's hotel portfolio. It will comprise a high-end restaurant and bar, a rooftop dining area, an outdoor swimming pool, a gym and other wellness facilities. Under the impact of COVID-19, construction progress has been delayed with opening expected in mid-2023.

Artyzen Singapore

ARTYZEN HOSPITALITY GROUP

The Group's subsidiary, Artyzen Hospitality Group Limited ("AHG"), is a hotel management company which crafted a range of original brands catered for the fast-evolving Asian and millennial markets. Headquartered in Hong Kong with regional offices in Macau, Shanghai and Singapore, the company pioneered a premium lifestyle brand experience beyond luxurious spaces to encompass unique immersion into local art, heritage and traditions, which aims to deliver a contemporary and culturally rewarding experience for its guests.

AHG had a busy 2021 engaging in pre-launch preparations for 5 new hotels scheduled to open in 2022. As at 31 December 2021, it manages 8 operating properties, with the Eature Residences Lingang being its latest addition. The 2022 pipeline of properties are predominantly located in China where a robust recovery in the hospitality sector is evident. These include Artyzen Habitat Qiantan Shanghai, The Shàng by Artyzen Qiantan Shanghai, Artyzen Lingang Shanghai, Artyzen Habitat Lingang Shanghai, and Artyzen Habitat Suzhou. By the end of 2022, AHG will have established a significant foothold in the key city of Shanghai with its 7 properties, creating significant brand visibility from the cluster strategy.

The Group is developing two joint venture hotel projects with Perennial, the asset management role for the 982 room hotel in Tianjin will be taken up by Nexus Hospitality Management Limited, a subsidiary of AHG.

AHG is currently providing management services to three hotel properties in its independent collection, including Artyzen Grand Lapa in Macau, Ka'anapali Beach Hotel and The Plantation Inn in Hawaii. The former was recently rebranded to be marketed under the Artyzen umbrella so as to drive organic synergy, while the latter two achieved encouraging increase in room sales after a renovation overhaul.

The COVID-19 pandemic has brought about formidable challenges and uncertainties. Travel recovery and hotel construction have been affected to varying degrees in different markets. AHG will continue to implement careful cost control and reinforce new promotion channels to capitalize on an expected release of pent-up demand in tourism and travel.

TOURISM FACILITY MANAGEMENT

The Macau Tower Convention & Entertainment Centre ("Macau Tower") is an iconic tourist and MICE venue in Macau. Despite a gradual recovery in inbound tourist arrivals since September 2020 with the establishment of a Guangdong-Macau travel bubble, subsequent waves of outbreak continued to weigh on business revival. In 2021, F&B remained the best performing division backed by strong domestic demand. Observation deck, banquet and MICE suffered year-on-year declines. However, through streamlining operation and reinforcing local sales strategy, the Macau Tower narrowed its overall net loss and is preparing to capitalize on a substantial recovery once the pandemic stabilizes.

MEMBERSHIP CLUB

Artyzen Club is an exclusive networking hub located in the central business district of Hong Kong. Its contemporary and classic ambience, haute Asian and Western cuisines, sports and wellness amenities and versatile event facilities are highly popular among its members. Since its opening, its membership base has been growing at a steady pace, registering 452 members as at 31 December 2021.

Under the shadow of the pandemic, patronage remained suppressed with government mandated social distancing restrictions. In an effort to attract a younger crowd, the Club expanded its facilities to include a karaoke and an expanded gym to drive after-dusk business. The Club is also partnering with credit card companies to promote membership referral programs among premium clients.

Artyzen Club, Hong Kong

Circle of Wisdom

INVESTMENTS

A veteran in the region, the Group has been a key player and investor in Greater China Region's different sectors. With a keen business sense and innovative ideas, the Group has been actively facilitating economic diversification, prosperity and social development in the region.

REVIEW OF OPERATIONS

INVESTMENTS

The Group is a long-term investor in Sociedade de Turismo e Diversões de Macau, S.A. ("STDM"), and holds 15.8% effective interest in the company as at 31 December 2021. STDM in turn owns an effective shareholding of approximately 53.9% in SJM Holdings Limited, which 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 concessionaires licensed by the Macau SAR Government to operate casinos in Macau. In 2021, dividends received amounted to HK$52 million (2020: HK$173 million), representing a significant decline of approximately 70% year on year, reflecting the profound impact induced by the COVID-19 crisis on the tourism economy of Macau.

KAI TAK CRUISE TERMINAL

The Group operates and manages Kai Tak Cruise Terminal Hong Kong in partnership with Worldwide Flight Services Holding SA and Royal Caribbean Cruises Ltd. After suffering a full year of suspension, the government allowed the resumption of "cruise-to-nowhere" in July 2021. The itineraries were enthusiastically received by locals, only the rebound was short-lived with the fifth wave of pandemic hitting the city in December. In spite of formidable headwinds, the Group maintains its support to the tourism development and enhancement of the offerings and attractiveness of Hong Kong as a top tourist destination.

RETAIL MATTERS COMPANY LIMITED

The Group's retail division, Retail Matters Company Limited, is the franchise holder of the international toy brand "Toys'R'Us" in Macau, and worldwide owner of the Italian gelato brand "Stecco Natura Gelaterie".

Toys'R'Us currently operates three outlets in Macau located at Macau Tower, Senado Square and Nova Mall. The latter represents its newest 22,000 square-foot flagship store, which opened for business in June 2020. In 2021, an entertainment centre "FunPark" was added to the location, extending a retail-entertainment experience for shoppers which successfully drove foot traffic to the store. Local demand remained resilient despite seismic tourism performance, with the three stores posting over HK$30 million revenue in total.

Adjusting to market needs, Stecco Natura Gelaterie pivoted its growth strategy by focusing on pop-up operations during peak summer seasons, and adding dine-in capacities to its permanent stores. It operated kiosks at Olympian City and Discovery Bay throughout the summer months, and established its presence in Ocean Park. Moreover, a new gelato store was introduced at Tai Kwun during Christmas 2021, while a first outlet in Macau is slated to open at Nova Mall in summer 2022. The brand has plans to enter the Greater China market as its long-term vision.

PHOENIX MEDIA INVESTMENT (HOLDINGS) LIMITED

In June 2021, the Group completed an acquisition of approximately 16.93% equity interest in Phoenix Media Investment (Holdings) Limited ("Phoenix Media") at a cash consideration of approximately HK$516 million. Phoenix Media operates popular global channels for audiences worldwide and is involved in omni-media business such as animated comics, games, digital technologies, creative cultural, cloud technology services, education and exhibitions, among others.

WM MOTOR HOLDINGS LIMITED

In 2021, the Group invested in approximately 2.0% interests in WM Motor Holdings Limited ("WMMH") through entering into of a share purchase agreement and a share exchange agreement with WMMH. WMMH (through its subsidiaries) is principally engaged in the manufacturing and sales of electric vehicles in China.

RECENT DEVELOPMENTS AND PROSPECTS

2021 marks the second year of the health crisis. Over the first half of year, the economy underwent steady rebound with a waning of disruptions generated by the COVID-19 shock. Despite prolonged border closure, societies regained some normalcy as social distancing measures attenuated, driving retail recovery and unemployment down. In contrast, the latter half of year became increasingly challenging under the combined menace of Delta and Omicron. From pockets of sporadic outbreaks across China to a full-fledged fifth wave in Hong Kong since December, many sectors of the economy face bleak outlook.

Performance of the Group's property division improved year-on-year, underscored by residential sales from a number of overseas projects. During the year, 14 units at Nova Park and 123 units at Nova Grand were being recognized. The Group started handing over the 421 sold residential units of the Hengqin Integrated Development to their homebuyers. In Singapore, 31 units were sold including 3 penthouses from Park Nova, and 2 units from Les Maisons Nassim. The Group's investment portfolio recorded satisfactory improvement in rental income, as recessionary pressure recedes in light of an uptick in commercial activities. Looking ahead, 2022 is anticipated to be a challenging year for residential sales. The combined impact of Omicron threats, interest hike cycle, cooling measures in the Singapore residential market and tightened lending for the property development sector in China, all constitute major headwinds that can steer the gradual recovery off course.

The Omicron variant which rampaged through Hong Kong and Southern China since late December drove another nail to the already frail hospitality and tourism sector. Following a steady rebound in the beginning of 2021, sporadic resurgence in various Chinese provinces led government to advocate "staying put" for holidays. Such calls led to substantial cancellations in anticipated peak seasons, including summer bookings in Macau and winter bookings in Beijing coinciding with the Winter Olympics, with inter-provincial travels grounded. Amid the challenging situation, Artyzen Hospitality Group ("AHG") continued to streamline hotel operations and rationalize overhead to mitigate losses. AHG added the Eature Residences Lingang to its portfolio in December 2021, and is ushering in another 5 new

hotels in 2022. With 4 of these new additions located in the vibrant city of Shanghai, AHG planned to leverage this cluster advantage to enhance its brand recognition across China. It is envisaged that domestic travel will be first to rebound in key cities such as Shanghai, and AHG will be well positioned to capitalize upon the recovery.

The Group's transportation division is severely battered as sea borders have been closed since February 2020. Despite headwinds in the regional and international travel markets, TurboJET strengthened cooperation with PRC partners to manage the ferry service in Hong Kong and Macau for the development of the routes between Zhuhai and the two SARs. In addition, the division further directed its efforts towards developing local maritime leisure products, Macau Cruise. In July, Macau Cruise launched the "Barra-Coloane" route which offers a scenic and comfortable ride overlooking a series of key visitor attractions along the coastlines of Macau and Hengqin as well as featuring various walking tours and heritage points of interest in Macau which has since become highly popular. The division will continue to embrace its rigorous cost-saving programs in order to weather the downturn and prepare for service restart. At the same time, the division will consolidate its strategic partnership with China Travel International Investment Hong Kong Limited to optimize their joint land and sea resources to best serve the evolving regional transportation demands within the Greater Bay Area in the post-pandemic era.

Throughout the pandemic, the Group has demonstrated resilience and resolution, taking firm steps to ensure pipeline projects progress as scheduled and that existing operations are reinvented to become futureproof and positioned for sustainable growth. It is expected that the authorities will maintain a strict and cautious approach in combating the health crisis and that border closures will be extended for an uncertain period of time. The Group will continue to monitor market situations and pragmatically deploy resources in the best interest of the shareholders.

Artyzen Habitat Hongqiao Shanghai

Circle of

Virtues

CORPORATE SOCIAL RESPONSIBILITY

The Group is committed to giving back to the community by fulfilling social responsibilities with our initiatives. From top down, we focus on the positive social impact our operations could create. Apart from contributing to the community with our own resources, we spare no effort in supporting philanthropy and meaningful causes, aiming at instilling a caring culture and promoting social integration and harmony.

CORPORATE SOCIAL RESPONSIBILITY

In the wake of COVID-19's fallout, Shun Tak has reflected upon our corporate responsibility and our actions to help both society and the environment out of the pandemic's ashes. The Group recognises the key to recovery is by engaging our stakeholders to promote sustainable operations and inclusive communities. Together we will recover faster and come back more resilient than ever.

RECOVERY THROUGH PARTNERSHIP, INCLUSIVITY AND DIVERSITY

At Shun Tak, we believe the only way to speed up our recovery from the pandemic is by expanding and increasing our partnerships formed on the basis of inclusivity and diversity. The more social segments we reach, the more effective our community's recovery and future resilience will be.

Partnership — Funds and Fun

Our partners come in different shapes and sizes, from social welfare organisations and government authorities to schools, organisations and individuals. In collaboration with these partners, we donated, sponsored, organised, volunteered and participated in a diverse multitude of activities, leaving no stone unturned in our efforts to help.

Through the charity events organised by Po Leung Kuk, Tung Wah Group of Hospitals ("TWGHs") and FuHong Society of Macau ("FuHong"), we were able to raise an impressive sum to support the great work these partners have committed themselves to since their founding. Apart from the traditional events like Flag Days, we have also diversified how and what we can donate.

The Po Leung Kuk Charity Walk 2021 redefined charity events under the pandemic, in which funds were raised through registration fees while promoting individual well-being at the same time. The participants could conduct either a walk or a hike of their liking and provide virtual proof by means of a step count or a selfie afterwards.

For FuHong's Happy Market, we donated 1,000 grocery packs which were sold to individuals in need at discounted prices. The proceeds would support both households and individuals on welfare.

Inclusivity — Everyone in Need

People in need can sometimes be forgotten as a result of society's segmentation labelling. Over the years, we have worked with the elderly, the youth, those with special needs, and more recently, the quarantined, with an aim to extend our social segment coverage in the future.

Elderly

We hold the elderly in high regard for the past contributions they have sowed so that we can reap its benefits today. Therefore, our initiatives focus on supporting their physical and social well-being.

This year, we continued our Knit for Charity initiative and donated mittens as they are popular among the elderlies for its warmth. Our volunteers knitted 62 pairs of mittens, which were then distributed in a separate excursion event with the elderlies. We also continued to participate in Po Leung Kuk's flagship District Elderly Campaign, where we would gather volunteers to visit the elderly at a public housing estate and brought along a variety of heart-warming gifts to show our concern and appreciation for them amidst the pandemic.

Similar to our fundraising efforts, our care for the elderly has taken a diverse approach on top of the existing initiatives. We connected with Holistic SY and TWGHs Wu Ki Lim Neighbourhood Elderly Centre to conduct a joint therapeutic programme and supported it by

TWGHs Flag Day 2021

CORPORATE SOCIAL RESPONSIBILITY

recruiting volunteers. Our volunteers were tasked with heating up herbal bags with a steamer and then applying them on the elderly to enhance their blood circulation. As the elderly enjoyed the activity, our volunteers actively engaged them in a friendly conversation to help them feel cared for as their bodies recharged.

Youth

The youth and the elderly form a cycle of succession. The elderly represents our past and the youth represents our future, hence we actively initiate programmes aimed to prepare them for their future as well as ours.

This year, we partnered with Project WeCan and the Young Entrepreneurs Development Council to participate in their respective events — Career Exploration Day and "Mind Way, My Way® Life Planning Program". During both events, online workshops were conducted for nearly 1,000 secondary school students where they received advice on career planning and development, interview skills and what it is like to work in the property management sector.

Another initiative was to support the Sheng Kung Hui Astor Shore, as we believe youth counselling is just as important as career guidance while adolescents learn to deal with their issues during their stay. Since the girls at Astor Shore seldom get to see their families, we kick-started the Family Skywalk initiative that provided 31 girls the opportunity to hang out with their families while enjoying the evening picturesque of Macau.

Special Needs

In addition, we express care for those in society who require specific support by engaging with different organisations to ensure that they feel welcomed and supported as they integrate into society.

Our Artyzen Grand Lapa Macau ("Artyzen Grand Lapa") worked with FuHong to invite an aspiring autistic artist Mr. Leong Ieng Wai (a.k.a. "0.38") to sketch the hotel's iconic "Window of Tomar" as the design for our Chinese New Year Cake Box. We also invited 50 students and their parents from Kai Chi School to learn about the culinary art of making authentic Portuguese egg tarts through a workshop run by our professional chefs.

Since 2020, our Macau Tower has set up a barrier-free bus stop at its entrance to facilitate Caritas Macau's rehabus service, so as to benefit wheelchair users around these convenient locations as they commute throughout Macau.

Home Sweet Quarantine

Grand Coloane Resort in Macau remained a medical observation hotel for the quarantined this year, thus creating a new social segment because of the pandemic. Various programmes were launched to lift the spirits of our guests up. These programmes included "Biggest Heart in the City", "Go Fit", "Virtual Butler" and "Smiley Badge", promoting positivity and well-being to build connections with our clients through smiles, 24-hour personal concierge service and an array of activities.

Diversity — Art and Culture

Our social responsibility is not limited to specific social segments but also to promote art and culture among the public by sponsoring and hosting numerous art-and-culture-related events.

This year marked the special occasion of the Communist Party of China's 100th Anniversary, giving cause for celebration across the nation and to learn more about our nation's culture.

In Hong Kong, we sponsored two exhibitions totalling HK$1,500,000, namely the "Centenary of Achievements — Celebration of the CPC's 100th Anniversary Grand Exhibition" and the "Centennial Long March — Modern Chinese History Grand Photo Exhibition". Both exhibitions were for the general public, and the latter was also held in 1,000 local schools. While in Macau, we encouraged 80 staff members to attend two local exhibitions organised by the Liaison Office of the Central People's Government in the Macao SAR and the Macao SAR government. Macau Tower, too, organised a unique exhibition showcasing 120 historical photos taken in China in 1949 by the famed Russian multimedia artist Vladislav Mikosha. Our Artyzen Beijing Hotel also sponsored its venue for the 2nd Xiangbei Community Fashion and Creativity Show to celebrate the occasion.

Artyzen Grand Lapa promoted various cultures since 2018 by continuing its in-house community programme "Boa Vida", meaning "good life, good living" in Portuguese. This programme covered different activities throughout the year such as the Chinese New Year market to promote Chinese culture, the mini concert to celebrate Easter and the yoga workshop hosted on International Yoga Day in June to promote health and well-being.

One of the most significant art events was the "Mythologies: Surrealism and Beyond — Masterpieces from Centre Pompidou" exhibition, where we sponsored a sum of HK$1,500,000. The exhibition was organised and supported by The French May Arts Festival, and showcased Surrealism artworks and the history of how Surrealism came into being.

The opening ceremony of "Get together • Stand up — Moscow Multimedia Art Museum presenting the Mikosha Photography Exhibition"

Officiating guests included Mr. Edmund Ho Hau-wah, Vice-Chairman of the National Committee of the Chinese People's Political Consultative Conference (Left 6) and Ms. Yan Zhichan, Deputy Director of the Liaison Office of the Central People's Government in the Macao SAR (Left 5).

CORPORATE SOCIAL RESPONSIBILITY

TRANSITIONING TOWARDS SUSTAINABLE, RESILIENT AND LOW CARBON OPERATIONS

Managing Climate Risks

Recognising the importance of identifying our strengths and potential climate risk exposures early, the Group has taken the initiative to undergo a synoptic evaluation in accordance with the four thematic areas (Governance, Strategy, Risk Management, Metrics and Targets) following recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") this year in order to mitigate the impacts of climate change on our business operations and the continuous delivery of quality products and services to our stakeholders.

The Group adopts a dedicated, hierarchical approach in our sustainability governance. Delegated by the Board, the Executive Committee oversees the activities of the Sustainability Steering Committee ("SSC"). The SSC, supported by the Sustainability Taskforce Team, facilitates the implementation of sustainability management policies in our operations. This enables us to achieve holistic and centralised coordination across all business units.

We are also actively exploring the integration of green building principles and sustainability considerations into our strategic development portfolio. In addition to the pursuit of green building certifications, we are progressively increasing the adoption of green materials and climate resilient designs such as surface-water flood management for our new property development projects.

In terms of risk management, the Group has introduced appropriate measures to address our climate-related risk exposure in three major areas of influence — within our organisation, at our operations interface with stakeholders, and throughout our supply chain. For instance, our Property Management Division has implemented Environmental Management Systems ("EMS") to support responsible management of environmental impacts arising from our business activities, a notable number of which have obtained ISO 14001 certifications. Our Sustainable Procurement Policy and Supplier Code of Conduct also provide guidance to our business units regarding transitioning towards low carbon operations.

Environmental Targets 2030

The Group believes that climate-related metrics and targets can help provide a clear sustainability ambition for our people to collectively journey towards while also facilitating organisational transparency. As such, further to our current metrics in the continuous monitoring of Scope 1 and 2 greenhouse gas emissions, we have laid down four new quantifiable environmental targets for year 2030, which are established based on the environmental impacts directly associated with our business areas and echo the Sustainable Development Goals of the United Nations.

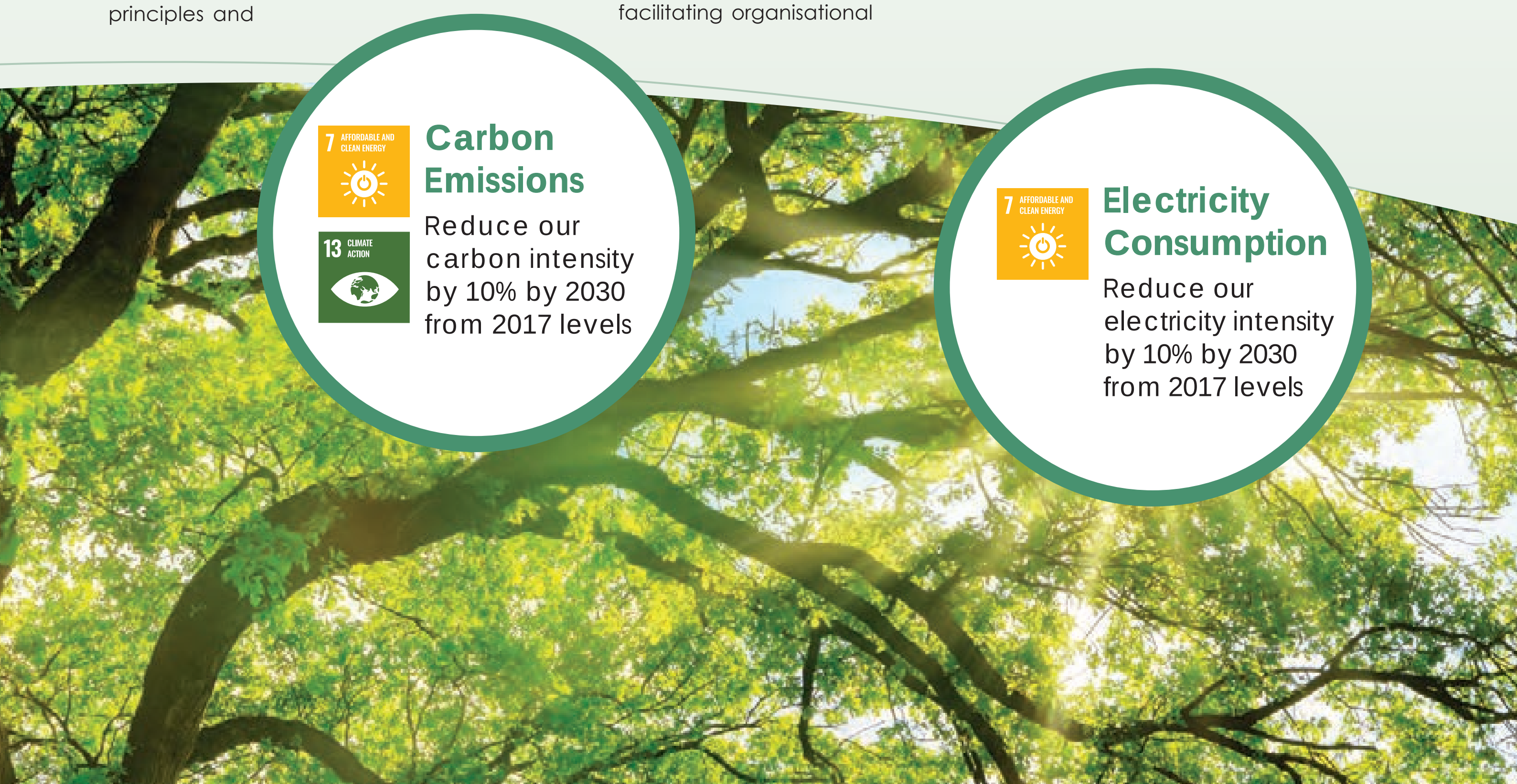
Over the next decade, we are dedicated to reducing our Carbon Emissions, Energy Consumption and Water Consumption by 10% with reference to year 2017 levels, as well as 10% of our waste generated at source with reference to 2020 levels.

Initiatives for a Sustainable Future

In support of our transition towards sustainable and low-carbon operations, as well as the progressive achievement of our new Environmental Targets 2030, various measures and plans for improvement works have been put in place across our diverse business units in 2021.

Energy and Water Efficiency

With adequate optimisation of boiler and chiller operation schedules and management of our greywater recycling system, our Group is



dedicated to increase energy-use efficiency and water-use efficiency throughout our daily operations. Other ongoing upgrades include the replacement of lighting fixtures with LED counterparts, and switching to more energy efficient air handling units and ventilation systems, henceforth reducing our contribution to climate change.

To further enhance our sustainability efforts, the Group has set out a series of refurbishment and upgrading plans across our infrastructure development over the next few years. For instance, an upgrade to the Building Management System ("BMS"), replacement of diesel-fuelled boilers with electric heat pumps, and installation of motion sensors and timers to control after-hours non-essential illumination, which is envisaged altogether to allow for significant energy savings at our Macau Tower. We are also actively planning for the introduction of electric vehicle charging stations to Chatham Gate's carpark to promote green transport modes with reduced emissions.

Waste Reduction

Hotels managed by Artyzen Hospitality Group have also incorporated various waste reduction initiatives in our core services to practice sustainable operations. Through opting for organic, bio-degradable alternatives such as sugarcane pulp containers and kraft paper packaging in place of plastic options in culinary services and room amenities, we are committed to reducing the amount of non-recyclable waste generated at source which originates from our services.

Working Together for Our Environment

Combating climate change, however, requires the collective efforts of our staff, our stakeholders, and the wider community. As such, the Group has participated and organised diversified events to raise environmental awareness and promote green practices in daily life. This year, we continued to pledge our support for climate action through switching off non-essential lights during Earth Hour and World Environment Day, organising the Biz-Green Dress Day that encourages our staff to dress in lightweight and breathable clothing to avoid excessive air-conditioning, and bringing back our annual flea market, the Green Bazaar, for the 5th consecutive year held by our Macau Office.

Furthermore, additional efforts include sponsorships on offer to non-governmental organisations for hosting environmental events at liberté place, The Westwood's signing of the ECH$_2$O Charter co-created by the Water Supplies Department and Green Council, and the Group's active pursuit of Green Organisation Certification's Wastewi$e Certificate.

For details on the Group's CSR initiatives and achievements during the year, please refer to the 2021 Sustainability Report which is now available on our corporate website: www.shuntakgroup.com.

[1] Disclaimer: https://www.shuntakgroup.com/en/mscidisclaimer/index.html

11th Consecutive Year as a constituent stock of Hang Seng Corporate Sustainability Benchmark Index

Achieved **BBB** in the MSCI ESG Rating[1]

Received three accolades at the **BDO ESG Awards 2021**, including "ESG Report of the Year", "Best in ESG Award" and "Best in Reporting Award" in the Small Market Capitalisation category

15 Years Plus Caring Company Logo awarded by The Hong Kong Council of Social Service

Water Consumption

Reduce our water intensity by 10% by 2030 from 2017 levels

Waste Generation

Reduce our waste intensity by 10% by 2030 from 2020 levels

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 2021	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)	1,950 (Note 2)	5,426	Residential	100%	Completed	—
	85 motor car parking spaces (Note 2)	—	Carpark	100%	Completed	—
Phase V - Nova Grand (Taipa Lot BT2/3)	46,703 (Note 2)	23,843	Residential	71%	Completed	—
	579 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 2021	Estimated Completion Date
PRC						
Lot 31-01,Code Z000801, Qiantan District, the South Extension of Huangpu River, Pudong New Area, Shanghai	140,542 (Note 3)	26,707	Commercial (with Art & Cultural Centre)/ Office/ Hotel	50%	Superstructure works in progress	2023 2021 2023
Plots 13, 14-1 and 14-2 Tongzhou District, Beijing	299,661 (Note 4)	38,926	Commercial/ Office/ Serviced Apartment	24%	Substructure works in progress	2023
Plots Zhu Heng Guo Tu Chu No. 2013-04 Hengqin New District, Zhuhai	1,333 (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	325,032 (Note 7)	76,988	Hotel/ Commercial/ Medical/ Eldercare	30%	Superstructure works in progress	2023
Plots KCC2018-6-A1 and KCC2018-6-A2 Chenggong District, Kunming, Yunnan	552,308 (Note 7)	65,054	Hotel/ Commercial/ Medical/ Eldercare/ MICE	30%	Superstructure works in progress	2023 - 2024 by phrases
Plots 33-02, 44-01, 46-01 and 46-02 Jing An District, Shanghai	328,983 (Note 7)	65,692	Residential/ Office/ Commercial	50%	Mainly superstructure works in progress	2022
Singapore						
TripleOne Somerset 111 Somerset Road	46,795 (Note 1)	10,166	Commercial/ Office/ Medical Suite	100%	Asset enhancement works was completed	—
9 Cuscaden Road	11,048	2,391	Hotel	100%	Superstructure works in progress	2022
Park Nova 18 Tomlinson Road	13,187 (Note 8)	4,281	Residential	100%	Substructure works in progress	2023
Les Maisons Nassim 14, 14A, 14B and 14C Nassim Road	9,507 (Note 8)	6,174	Residential	100%	Substructure works in progress	2023

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 2021	Estimated Completion Date
Macau						
Harbour Mile (Note 5)	110,204 (Note 6)	12,960 (Note 6)	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 2021	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
Singapore						
Units 03-37/38/39, 06-15 and 15-13 111 Somerset Road	389	—	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	974	—	Commercial	100%	822	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 9)	2049
YaTi by Artyzen Hongqiao Shanghai No.3999-6 Hongxin, Minhang District, Shanghai	12,686	1,910	Hotel/ Commercial	100%	480 (Note 9)	2049
Plots Zhu Heng Guo Tu Chu No. 2013-04 Hengqin New District, Zhuhai	99,240	—	Commercial/ Office/ Hotel	100%	99,071	2054
	1,094 motor car parking spaces	—	Carpark	100%	—	2054

Notes:

(1) Remaining saleable area or number of car parking spaces for sale as at 31 December 2021.

(2) Remaining gross floor area or number of car parking spaces for sale as at 31 December 2021.

(3) The gross floor area, which includes basement area, shall be subject to the PRC Government approval.

(4) 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.

(5) 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.

(6) 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.

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

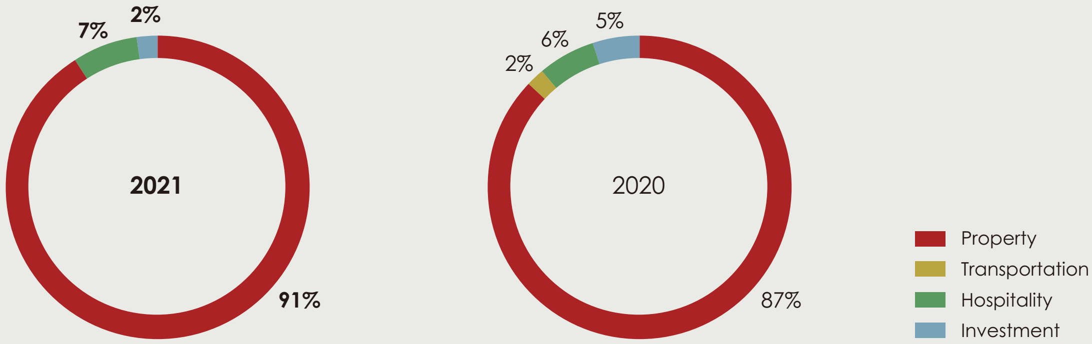
(8) The gross floor area shall be subject to the Singapore Government approval and design development.

(9) Lettable commercial floor area as at 31 December 2021.

GROUP FINANCIAL REVIEW

REVENUE ANALYSIS

Revenue by Division



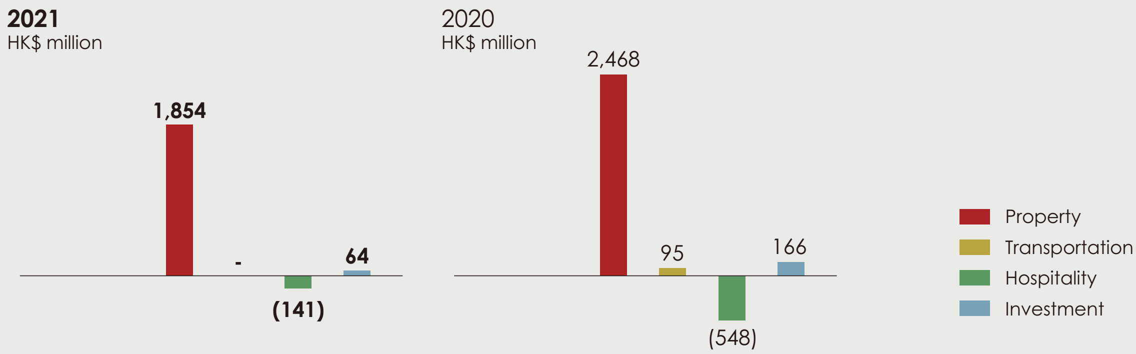
(HK$ million)	2021	2020	Variance	Change	Remarks
Property	**4,380**	3,634	746	+21%	The increase was mainly attributable to property sales recognised for residential units at Hengqin, Southern China and Singapore.
Transportation	**—**	87	(87)	-100%	Shun Tak-China Travel Shipping Investments Limited ("STCT") became an associate of the Group after the restructuring in July 2020.
Hospitality	**352**	254	98	+39%	The increase was mainly attrbutable to improved hotel room rate and occupancy.
Investment	**98**	215	(117)	-54%	The decrease was mainly attributable to less dividend income from STDM.
Total	**4,830**	4,190	640	+15%	

Revenue by Geographical Area

(HK$ million)	2021	2020	Variance	Change	Remarks
Hong Kong	**400**	652	(252)	-39%	The decrease was mainly attributable to reduced property sales recognised for Hong Kong.
Macau	**2,240**	2,637	(397)	-15%	The decrease was mainly attributable to reduced property sales recognised for residential units at Nova Grand.
Mainland China	**1,340**	740	600	+81%	The increase was mainly attributable to the property sales recognised for Hengqin project.
Others	**850**	161	689	+428%	The increase was mainly due to property sales recognised for Les Maisons Nassim and Park Nova in Singapore.
Total	**4,830**	4,190	640	+15%	

PROFIT AND LOSS ANALYSIS

Segment results by Division



(HK$ million)	2021	2020	Variance	Change	Remarks
Property	**1,854**	2,468	(614)	-25%	The decrease was mainly attributable to one-off gain on disposal of an associate under property division in 2020.
Transportation	**—**	95	(95)	-100%	STCT became an associate of the Group after the restructuring in July 2020.
Hospitality	**(141)**	(548)	407	+74%	The improvement was mainly attributable to reduced impairment loss and improved hotel performance.
Investment	**64**	166	(102)	-61%	The variance was mainly attributable to reduced dividend income from STDM.
Unallocated net (expense)/income	**(38)**	14	(52)	-371%	The decrease was mainly due to lower interest income and reduced in fixed deposits during the year.
Fair value changes on investment properties	**178**	(449)	627	+140%	The fair value changes on investment properties reflected the stabilised performance of our portfolio in the property market.

GROUP FINANCIAL REVIEW

(HK$ million)	2021	2020	Variance	Change	Remarks
Operating profit	**1,917**	1,746	171	+10%	
Finance costs	**(328)**	(382)	54	+14%	The variance was mainly attributable to the decrease in interest rates and maturity of the medium term notes in March 2020.
Share of results of joint ventures	**109**	(430)	539	+125%	The improvement was mainly due to reduced attributable share of the fair value loss of investment properties in joint ventures and share of profit arising from property sales in the Suhe project, Shanghai.
Share of results of associates	**(61)**	9	(70)	-778%	The decrease mainly reflected attributable share of the results from associates including gain on bargain purchase upon acquisition of the 16.93% equity interest of Phoenix Media Investment (Holdings) Limited ("Phoenix Media").
Profit before taxation	**1,637**	943	694	+74%	
Taxation	**(456)**	(310)	(146)	-47%	The increase was mainly attributable to increased taxable profit recognised from property sales at Hengqin, Southern China.
Profit for the year	**1,181**	633	548	+87%	
Profit attributable to non-controlling interests	**(219)**	(371)	152	+41%	The variance was mainly attributable to reduced profit shared by non-controlling interests in property division.
Profit attributable to owners of the Company	**962**	262	700	+267%	

+/- 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 2021, the Group's total net assets increased by $302 million over last year to HK$38,218 million. Cash and liquidity position remains strong and healthy. During the year, net cash from operating activities amounted to HK$2,077 million. Major cash inflow of investing activities included HK$1,302 million repayments from joint ventures and HK$1,244 million proceeds from disposal of financial assets at fair value through profit or loss. The major cash outflow of investing activities consisted of HK$1,305 million related to acquisition of interest in associates and HK$791 million for increase in bank deposits maturities over three months. Net cash used in financing activities of HK$780 million was mainly attributable to the composite effect from repayment of loans, drawdown of new bank loans, payment of finance cost and dividend paid to non-controlling interests.

Cash Flow Variance Analysis (HK$ million)	2021	2020	Variance
Operating activities	**2,077**	1,027	1,050
Investing activities	**248**	(667)	915
Financing activities	**(780)**	(5,863)	5,083
Net increase/(decrease) in cash and cash equivalents	**1,545**	(5,503)	7,048

The Group's bank balances and deposits amounted to HK$7,819 million as at 31 December 2021, representing an increase of HK$2,373 million as compared with the position as at 31 December 2020. 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 2021 amounted to HK$22,955 million, of which HK$5,142 million remained undrawn. The principal amount of Group's bank borrowings outstanding at the year end amounted to HK$17,813 million.

Based on a net borrowings of approximately HK$9,910 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 28.0% (2020: 35.6%). 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
9%	**29%**	**49%**	**13%**	**100%**

Material Acquisitions, Disposals and Commitments

In January 2021, the Group completed a further acquisition of an effective interest of 10% in a mixed-use development project located in Suhe Bay Area in Jingan District of Shanghai through a public tender at a consideration of RMB944.4 million. The Group increased its effective interest from 40% to 50% in the project upon completion of the acquisition.

In June 2021, the Group has completed the acquisition of approximately 16.93% equity interest of Phoenix Media, a leading Chinese satellite television broadcasting television operator broadcasting in the PRC as well as worldwide, from an independent third party at a cash consideration of approximately HK$516 million. Upon completion of the acquisition, Phoenix Media became an associate of the Group. A gain on bargain purchase of approximately HK$321 million was recognised within the share of results of associates during the year, representing the Group's share of the provisional fair values of the identifiable net assets acquired over the cost of investment.

In November 2018, the Group entered into a main contract for construction a hotel property in Singapore. As at 31 December 2021, the Group has an outstanding commitment of approximately HK$372 million.

In January 2018, the Group entered into an agreement with other partners to jointly invest in Perennial HC Holdings Pte. Ltd. ("HC Co"), which will invest in potential real estate projects in the PRC predominantly for healthcare usage, with hotel and/or with retails components, complemented by healthcare-related amenities and mixed use properties. The total committed capital for HC Co is US$500 million. The Group holds 30% equity interest in HC Co and thus has its share of commitment at US$150 million. As at 31 December 2021, the Group has an outstanding commitment to contribute capital of approximately US$94 million (equivalent to approximately HK$731 million) to HC Co.

Charges on Assets

At the year end, bank loans with principal amount of approximately HK$7,763 million (2020: HK$9,723 million) were secured with charges on certain assets of the Group amounting to an aggregate carrying value of HK$15,159 million (2020: HK$19,349 million). Out of the above secured bank loans, an aggregate principal amount of HK$694 million (2020: HK$2,511 million) was also secured by pledges of shares in certain subsidiaries.

GROUP FINANCIAL REVIEW

Contingent Liabilities

The Company has provided a corporate guarantee for securing a banking facility granted to an associate. As at 31 December 2021, the bank loan balance proportionate to the Company's shareholding amounted to HK$110 million (2020: nil).

Human Resources

The Group, including subsidiaries but excluding joint ventures and associates, employed approximately 1,500 employees at the year end. The Group adopts competitive remuneration packages for its employees. Promotion and salary increments are based on performance. Social activities are organised to foster team spirit amongst employees and they are encouraged to attend training classes that are related to the Group's businesses and developments.

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 2021.

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 45 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 34 to the financial statements.

GROUP FINANCIAL STATEMENTS

The results of the Group for the year ended 31 December 2021 and the state of affairs of the Company and of the Group as at that date are shown in the financial statements on pages 113 to 208.

DIVIDEND

No interim dividend was declared by the board of directors (the "Board") during the year ended 31 December 2021 (2020: nil).

The Board does not recommend the payment of any final dividend (2020: nil) in respect of the year ended 31 December 2021.

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 2021 and discussion of its future development are provided in Chairman's Statement, Review of Operations, and Recent Developments and Prospects on pages 16 to 41.

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 90 to 103.

REPORT OF THE DIRECTORS

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.

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 addition, the Group identified its climate-related risks and explored mitigation measures, referencing the recommendations from the Task Force on Climate-related Financial Disclosures ("TCFD"), an international organisation which has developed a set of voluntary climate-related financial risk disclosures. Our continued effort to improve energy, water and waste performance has resulted in the reduction of our carbon footprint across our operations.

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 50 to 55.

SHARES ISSUED

No shares were issued during the year ended 31 December 2021.

Details of the share capital of the Company during the year are shown in note 31 to the financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2021, calculated under Part 6 of the Hong Kong Companies Ordinance (Cap. 622), amounted to HK$6,423,849,000 (2020: HK$6,063,690,000).

DONATIONS

During the year, the Group made donations of HK$28,622,000 (2020: HK$15,665,000) for charitable and community purposes.

DEBENTURES

No debentures were issued during the year ended 31 December 2021.

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. 57% of the Group's total purchases was attributable to the Group's five largest suppliers combined, with the largest supplier accounting for 21% 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, Mr. Charles Ho, Mr. Kevin Yip, Ms. Daisy Ho and Mr. David Shum 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 2021 are set out in note 35 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$7.6 million was paid for the provision of brand marketing and consultancy services by the Occasions Group to the Group under the Master Consultancy Agreement.

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. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

REPORT OF THE DIRECTORS

2. On 12 December 2016, 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 sets out a framework for products and/or services which may be provided/demanded by the Group to/from MGM and/or its subsidiaries (the "MGM Group") from time to time on a non-exclusive basis.

   The Renewed MGM Agreement is for a term of 3 years from 1 January 2017 to 31 December 2019 and is renewable for successive terms of 3 years by mutual agreement in writing. The Renewed MGM Agreement expired on 31 December 2019.

   On 27 December 2019, 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 2020 to 31 December 2022 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, ferry tickets, travel products and rental of hotel rooms between the MGM Group and the Group.

Save for the transactions mentioned in sub-paragraphs 1 to 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 2021, 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 10 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 percentage of total issued shares
Name of Director	**Nature of Interests**	**Personal interests**	**Corporate interests**		
				Note	Note (i)
Ms. Pansy Ho	Interests in issued shares	166,043,937	373,620,627	(iii)	17.87%
	Interests in issued shares	—	65,040,000	(v)	2.15%
	Interests in unissued shares	—	148,883,374	(ii)	4.93%
Ms. Daisy Ho	Interests in issued shares	89,496,345	134,503,471	(iv)	7.42%
	Interests in issued shares	—	65,040,000	(v)	2.15%
	Interests in unissued shares	—	148,883,374	(ii)	4.93%
Ms. Maisy Ho	Interests in issued shares	38,901,203	31,717,012	(vi)	2.34%
Mr. David Shum	Interests in issued shares	5,660,377	—		0.19%

Notes:

(i) As at 31 December 2021, the total number of issued shares of the Company was 3,020,379,785.

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

(iii) The 373,620,627 shares in which Ms. Pansy Ho was deemed to hold interests under the SFO, comprised 189,396,066 shares held by Beeston Profits Limited ("BPL") and 184,224,561 shares held by Classic Time Developments Limited ("CTDL"). Both BPL and CTDL are wholly-owned by Ms. Pansy Ho.

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

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

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

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 2021, 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 2021.

(2) Share Options

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

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

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

				Number of share options		
Name of director	**Date of grant**	**Exercise period**	**Exercise price per share**	**At 1 January 2021**	**At 31 December 2021**	
			HK$			Note
Mr. Norman Ho	29 March 2011	29 March 2011 to 27 March 2021	3.86	1,132,124	—	(i)
Mr. Charles Ho	29 March 2011	29 March 2011 to 27 March 2021	3.86	1,132,124	—	(i)
Total				2,264,248	—	

Notes:

(i) These share options were vested on 29 March 2011 and lapsed during the year.

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

Save as disclosed above, as at 31 December 2021, none of the Directors or their spouses or children under 18 years of age were granted any rights to subscribe for any equity or debt securities of the Company or any of its associated corporations under the 2012 Share Option Scheme and 2002 Share Option Scheme.

A summary of the 2012 Share Option Scheme disclosed in accordance with the Listing Rules is set out below:

(i) Purpose of the 2012 Share Option Scheme

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 of the 2012 Share Option Scheme

(a) 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;

(b) a consultant, business or joint venture partner, franchisee, contractor, agent or representative of the Company or its affiliates;

(c) a person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to the Company or its affiliates;

(d) any person who provides goods and services to the Company or its affiliates;

(e) an associate of any of the foregoing persons; or

(f) any supplier, customer, strategic alliance partner or adviser to the Company or its affiliates.

REPORT OF THE DIRECTORS

(iii)	Total number of shares available for issue under the 2012 Share Option Scheme and percentage on issued shares as at the date of this annual report	No share option has been granted under the 2012 Share Option Scheme as at the date of this annual report. The total number of shares available for issue under the 2012 Share Option Scheme is 298,688,071, representing approximately 9.9% of the Company's total number of issued shares as at the date of this annual report. The Company has 3,020,379,785 shares in issue as at the date of this annual report.
(iv)	Maximum entitlement of each participant under the 2012 Share Option Scheme	In any 12-month period: — 1% of the issued shares (excluding substantial shareholders and Independent Non-Executive Directors) — 0.1% of the issued shares and not exceeding HK$5 million in aggregate value (for substantial shareholders and Independent Non-Executive Directors)
(v)	The period within which the shares must be taken up under an option	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 minimum period for which an option must be held before it can be exercised	There is no minimum holding period prescribed in the 2012 Share Option Scheme, but the Board may at its absolute discretion impose a vesting period on an option.
(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 of the 2012 Share Option Scheme	The 2012 Share Option Scheme shall remain in force until 5 June 2022.

(3) Substantial Shareholders' and Other Persons' Interests

As at 31 December 2021, 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	16.58%
Oakmount Holdings Limited ("Oakmount")	(ii)	Interests in issued shares	Beneficial owner	Long position	396,522,735	13.13%
Shun Tak Shipping Company, Limited ("STS") and its subsidiaries	(iii)	Interests in issued shares	Beneficial owner and interests of controlled corporation	Long position	373,578,668	12.37%
Beeston Profits Limited ("BPL")	(iv)	Interests in issued shares	Beneficial owner	Long position	189,396,066	6.27%
Classic Time Developments Limited ("CTDL")	(iv)	Interests in issued shares	Beneficial owner	Long position	184,224,561	6.10%
Megaprosper Investments Limited ("MIL")	(v)	Interests in issued shares	Interest of controlled corporation	Long position	65,040,000	2.15%
	(vi)	Interests in unissued shares	Interest of controlled corporation	Long position	148,883,374	4.93%

Notes:

(i) As at 31 December 2021, the total number of issued shares of the Company was 3,020,379,785.

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

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

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

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

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

Save as disclosed above, as at 31 December 2021, 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.

REPORT OF THE DIRECTORS

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, the Company bought back a total of 1,100,000 shares of the Company at an aggregate consideration of HK$2,642,750 (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$
June 2021	1,100,000	2.42	2.39	2,642,750

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 2021.

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.

AUDITOR

The financial statements for the year ended 31 December 2021 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, 25 March 2022

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 14 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. Since Hang Seng Corporate Sustainability Benchmark Index was launched in 2011, the Company has been one of its constituent stocks. Hang Seng Corporate Sustainability Benchmark Index is Asia's first benchmark series that tracks the performance of leading companies in corporate sustainability, focusing on environmental, social and corporate governance aspects. Hong Kong Quality Assurance Agency, the project partner with Hang Seng Indexes Company Limited since 2014, awarded the Company an "AA" grade in recognition of the Company's sustainability achievement.

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 2021, except for Code provision C.2.1 (i.e. A.2.1 prior to 1 January 2022), 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 (i.e. A.6.4 prior to 1 January 2022) requires directors to comply with the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 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 2021.

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 ("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 55.56% of the total number of Directors)	Total number: 4 (Representing 44.44% of the total number of Directors)

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

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 and 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 overseeing the Group's strategic development, setting appropriate policies to manage risks in pursuit of the Group's strategic objectives, and scrutinising operational and financial performance.

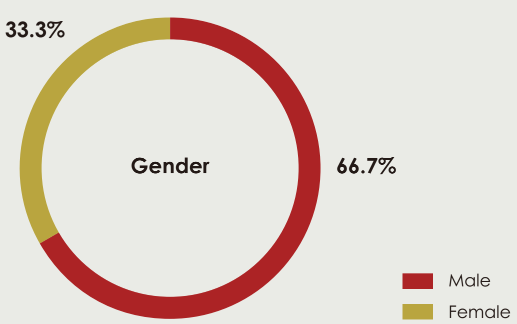
Management is delegated by the Board for carrying out the Group's day-to-day operations. The Group Executive Chairman and Managing Director together with the Deputy Managing Director, working with other Executive Directors and the executive management team, are responsible for managing the Group's businesses; 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.

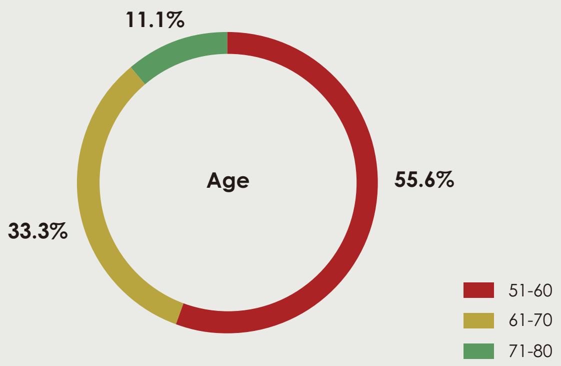
CORPORATE GOVERNANCE REPORT

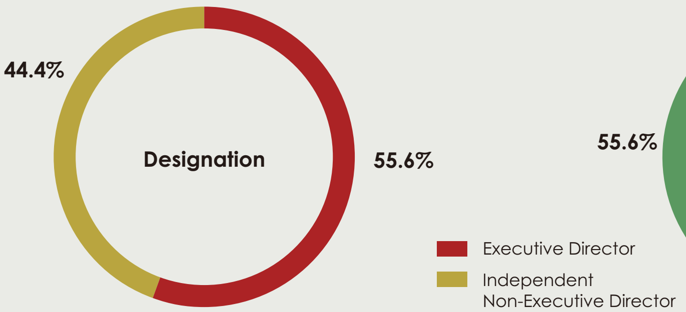
Board Diversity

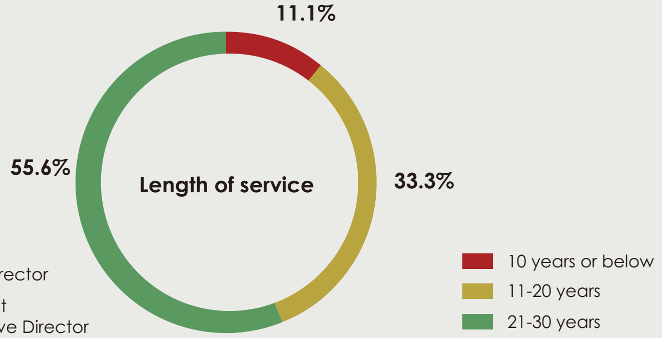
In 2013, the Board adopted a board diversity policy (the "Board Diversity Policy") to achieve a diverse Board and enhance performance quality. "Diversity" would be considered from various aspects, including gender, age, cultural and educational background, professional experience, skills, knowledge and 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.

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 (66.7% male and 33.3% female) as illustrated above, the Board is satisfied that gender diversity has been achieved at Board level.

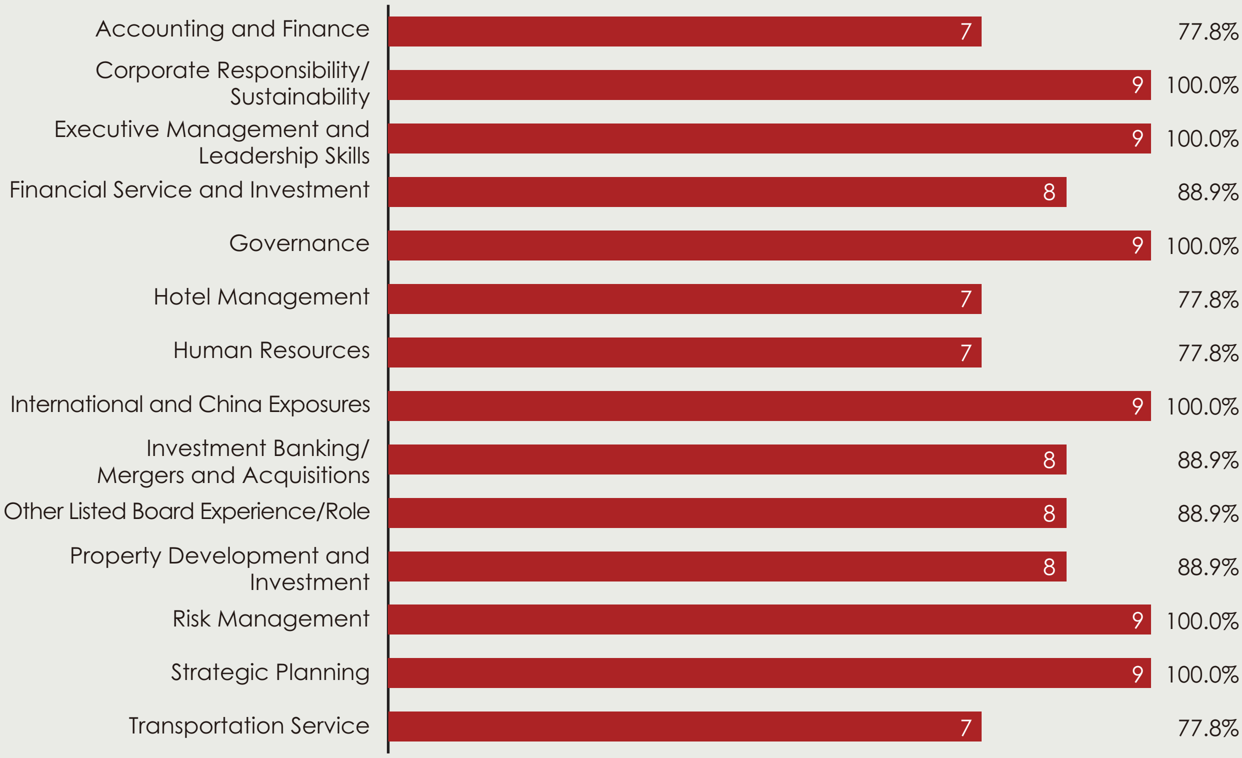
The following sets out the total workforce (including senior management) by gender of the Group as at 31 December 2021:

	Number of Employees	Percentage
Male	676	45%
Female	826	55%

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.

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.

CORPORATE GOVERNANCE REPORT

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 2021.

Board Activities

Financial and Operational Performance

- Considered the financial performance and treasury position
- Reviewed and approved 2020 annual results & annual report and 2021 interim results & interim report
- Reviewed and approved funding activities
- Reviewed and discussed financial forecast
- Considered the 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 the Company's Board Diversity Policy and Nomination Policy
- Reviewed and/or approved the continuing connected transactions
- Reviewed and approved the 2020 Sustainability Report
- Reviewed and evaluated the Directors' fees
- Considered the re-election of Directors and re-appointment of external auditor for approval at the 2021 AGM

Others

- Considered business development opportunities and, where appropriate, approved the related projects
- Considered and, where appropriate, approved ad hoc projects including acquisition of certain equity interest in Phoenix Media Investment (Holdings) Limited and acquisition of Series D preference shares and exchange for Class A ordinary shares of WM Motor Holdings Limited
- Reviewed the appropriateness and effectiveness of the risk management and internal control systems

During the year, a total of five 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 the Stock Exchange's Equity Fundraising Rules and Continuing Obligations, Quarterly Regulatory Update, Ethics, Bribery and Corruption and Financial Reporting Council's Annual Investigation and Compliance Report and Interim Inspection Report, etc.

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
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

Board and Board Committee Meetings

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 2021, the Board held five meetings, and the Group Executive Chairman and Managing Director held one meeting with INEDs without the presence of Executive Directors.

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

Name of Director	**Board**	**Audit and Risk Management Committee** (Note)	**Remuneration Committee**	**Nomination Committee**	**Annual General Meeting** (Note)
		(Number of Meetings Attended/Entitled to Attend)			
Group Executive Chairman and Managing Director					
Ms. Pansy Ho	5/5	n/a	1/1	1/1	1/1
Independent Non-Executive Directors					
Mr. Norman Ho	5/5	2/2	1/1	1/1	1/1
Mr. Charles Ho	4/5	n/a	1/1	1/1	1/1
Mr. Michael Wu	5/5	2/2	1/1	1/1	1/1
Mr. Kevin Yip	5/5	2/2	1/1	1/1	1/1
Deputy Managing Director					
Ms. Daisy Ho	5/5	n/a	1/1	1/1	1/1
Executive Directors					
Ms. Maisy Ho	5/5	n/a	n/a	n/a	1/1
Mr. David Shum	5/5	n/a	n/a	n/a	1/1
Mr. Rogier Verhoeven	5/5	n/a	n/a	n/a	1/1

Note: Representatives of the external auditor participated in two Audit and Risk Management Committee Meetings held in March and August 2021, and also attended the Annual General Meeting.

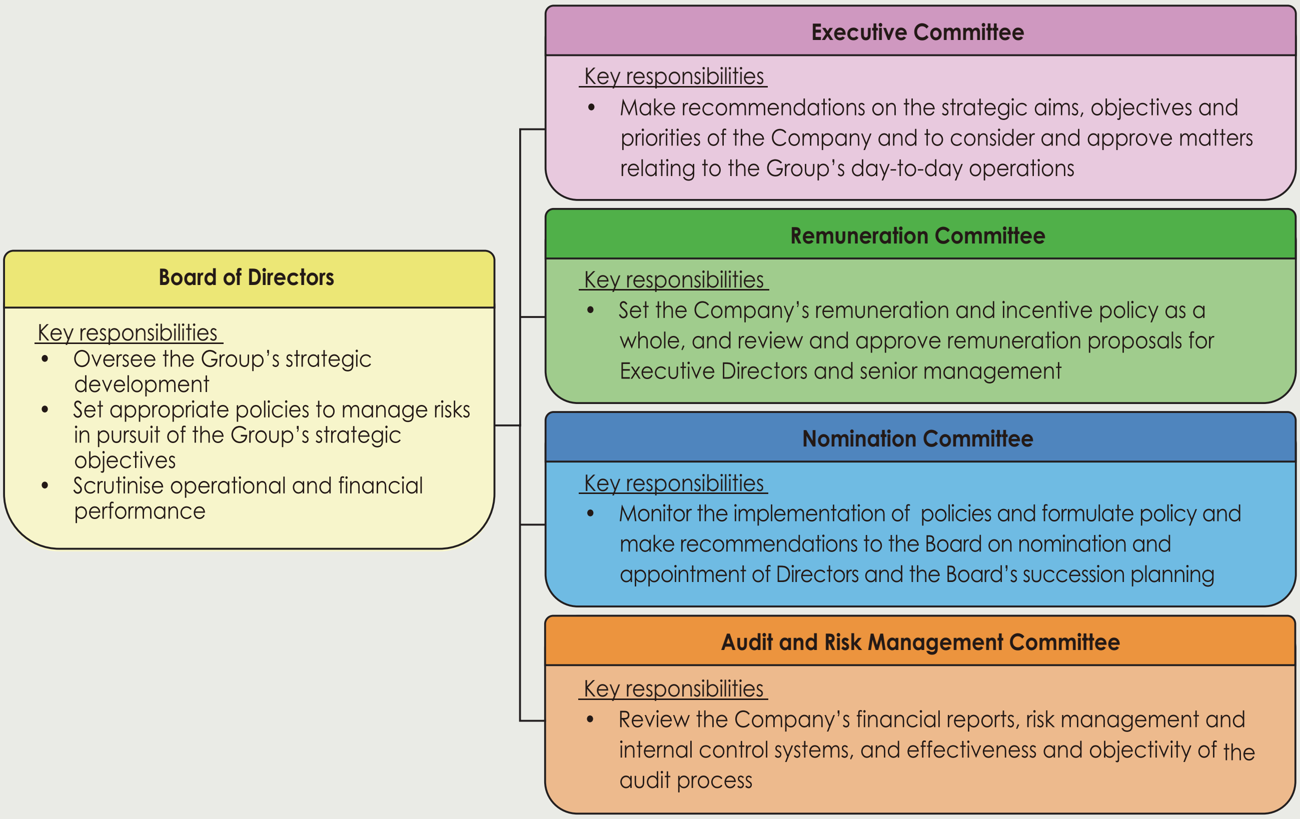
CORPORATE GOVERNANCE REPORT

B. 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:

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.



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 (i.e. D.3.1 prior to 1 January 2022) 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 Code and disclosure in the corporate governance report.

As at the date of this report, the Executive Committee has reviewed (a) the Company's CG Policy; (b) the Company's shareholders' communication policy (the "Shareholders' Communication Policy"); (c) the Company's Mechanism to ensure that independent views and input are available to the Board; (d) the Company's compliance with the CG Code and its disclosure in this report; and (e) Directors' training records.

In light of Code provision D.2 (i.e. C.2 prior to 1 January 2022), 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 and internal control systems and to ensure their appropriateness and effectiveness.

To oversee the Group's strategies and development of corporate sustainability, the 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 to demonstrate the Company's commitment to sustainable business growth and development through adoption of sound environmental, social and governance approaches and the Company has published its annual sustainability reports since then.

CORPORATE GOVERNANCE REPORT

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 88 to 103 of this annual report.

Auditor's Remuneration

For the year ended 31 December 2021, the fees paid/payable by the Group to PricewaterhouseCoopers ("PwC") for their audit and non-audit services amounted to approximately HK$11.4 million and HK$4.6 million respectively, while the audit and non-audit fees paid/payable by the Group to other auditors were HK$0.8 million and HK$0.1 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 2021, 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.

C. 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 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 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 90 to 103 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.

D. 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 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 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.

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

CORPORATE GOVERNANCE REPORT

E. DETAILS OF SHAREHOLDERS

Shareholding of the Company

Shareholding distribution based on the Company's register of members as at 31 December 2021 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	965	58.84%	420,438	0.01%
2,001 to 10,000	288	17.56%	1,544,299	0.05%
10,001 to 100,000	328	20.00%	9,909,124	0.33%
100,001 to 500,000	38	2.32%	7,193,851	0.24%
500,001 or above	21	1.28%	3,001,312,073	99.37%
Total	1,640 (Note 2)	100.00%	3,020,379,785 (Note 1)	100.00%

Notes:

1. 76.02% 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 Last Shareholders' Meeting

The last Shareholders' meeting was the Company's 2021 AGM held at Artyzen Club, 401A, 4th Floor, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Tuesday, 1 June 2021 at 2:30 p.m.. The notice for the 2021 AGM setting out details of each proposed resolution and other relevant information in the circulars were distributed to all Shareholders more than 20 clear business days before the date of the 2021 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 2021 AGM. Procedures for conducting a poll were explained by the Share Registrar before commencement of poll voting at the 2021 AGM.

All resolutions at the 2021 AGM were duly passed including (i) receipt of the audited financial statements of the Company for the year ended 31 December 2020 and the reports of Directors and the independent auditor; (ii) re-election of Mr. Michael Wu, Ms. Maisy Ho and Mr. Rogier Verhoeven 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 2021 AGM.

Important Shareholders' Dates

Important Shareholders' dates in the financial year 2022 are set out in "Financial Highlights and Calendar" in this annual report.

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).

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.

F. 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.

G. OTHERS

Constitutional Documents

During the year ended 31 December 2021, 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, 25 March 2022

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 2021, 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 2020 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, 25 March 2022

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). Mr. Charles 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 2021, 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 2021 AGM; and approve the Nomination Committee Report as incorporated in the 2020 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.

Charles Ho
Chairman of Nomination Committee

Hong Kong, 25 March 2022

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, 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 2021, 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 2020 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 and internal audit functions and approved the Audit and Risk Management Committee Report as incorporated in the 2020 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 2021, and its further engagement to (a) review the Company's preliminary results announcement for the year ended 31 December 2021; 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 2021, 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.

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.

VIEWS OF THE BOARD, MANAGEMENT AND THE AUDIT AND RISK MANAGEMENT COMMITTEE ON THE QUALIFIED OPINION

Reasons for the 2021 Qualified Opinion

The auditor issued a qualified opinion in respect of the Group's consolidated financial statements for the year ended 31 December 2020 ("2020 Scope Limitation") due to scope limitation, as both the Company and its auditor were unable to obtain necessary supporting information and explanations from the Company's then approximately 38.7% owned associate, Perennial Tongzhou Holdings Pte. Ltd. ("PT"), in relation to its 50% effective interests in three property project companies in the PRC during 2020 (collectively, "Onshore JV"). The Company disposed of all of its interests in PT on 28 December 2020 (the "Disposal"). Please refer to the Company's annual report for the year ended 31 December 2020 for details regarding the 2020 Scope Limitation.

Due to the possible effects of the 2020 Scope Limitation, the auditor issued a qualified opinion in respect of the Group's consolidated financial statements for the year ended 31 December 2021 ("2021 Qualified Opinion") as the 2020 Scope Limitation has affected the comparability of the current year's figures against the corresponding figures for the year ended 31 December 2020 in the consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of changes in equity.

Impact on the Company's financial position and management's position, view and assessment

As the issues underlying the 2020 Scope Limitation have been resolved upon the Disposal on 28 December 2020, the Board and the management acknowledge and agree that the 2021 Qualified Opinion was issued solely due to the impact of the 2020 Scope Limitation on the comparability of the figures for the year ended 31 December 2021 and the corresponding figures for the year ended 31 December 2020 in the Company's consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of changes in equity. Other than the possible effects on the comparability of the Company's figures, the 2021 Qualified Opinion does not have any impact on the Company's consolidated financial statements for the year ended 31 December 2021.

Except for the basis of qualification as mentioned above, the consolidated financial statements give a true and fair view of the consolidated financial position of the Company as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year ended 31 December 2021 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

On that basis, the Board and the management have accepted the 2021 Qualified Opinion and concurred with the auditor's view.

View of the Audit and Risk Management Committee

The Audit and Risk Management Committee of the Company confirmed that it had reviewed and agreed with the management's position as set out in the section "Impact on the Company's financial position and management's position, view and assessment" above.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Company's action to address the 2021 Qualified Opinion and removal of the qualified opinion in 2022 financial statements

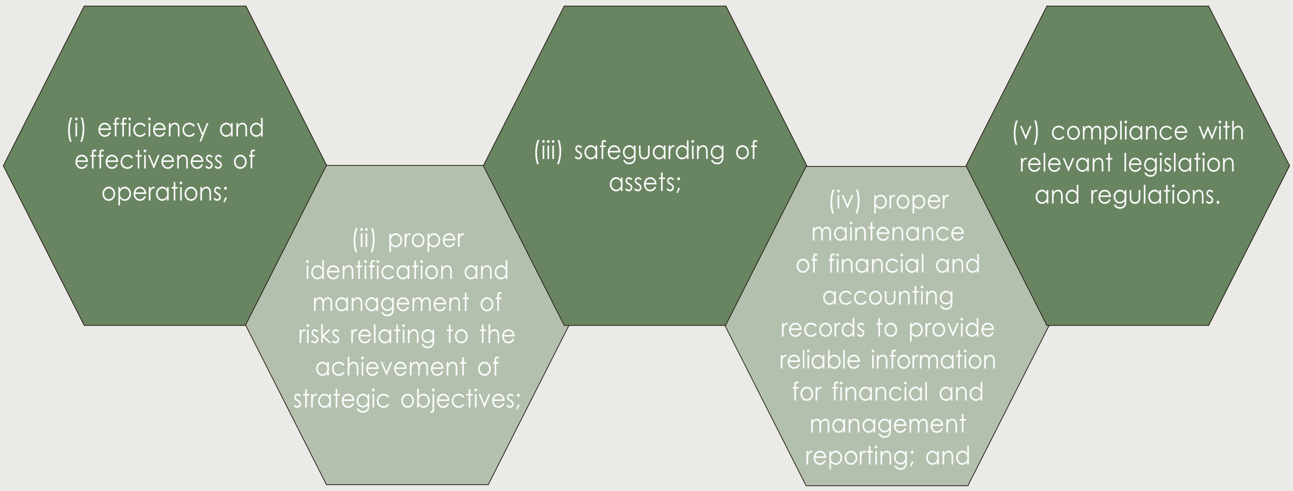
As discussed above, the Disposal was completed before the end of 2020, and the on-going access of financial information of the Onshore JV is no longer necessary post Disposal.

As communicated with the Company's auditors, if the circumstance remains unchanged, it is expected that the qualified opinion in the auditor's report will be removed in respect of the Company's consolidated financial statements for the year of 2022, as (i) the issues underlying the auditor's qualified opinion in 2020 have been resolved upon the Disposal; (ii) the 2021 Qualified Opinion was issued solely due to the effect of the 2020 Scope Limitation on the comparability of the Company's financial figures for the year of 2021 against that of 2020; and (iii) except for the basis of qualification as mentioned above, the auditor is of the view that the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year ended 31 December 2021. Therefore, there will be no comparability issue of corresponding figures for the year of 2021 in the financial statements of the year of 2022.

RISK MANAGEMENT AND INTERNAL CONTROL

Responsibilities of the Board and Management

Shun Tak Group's risk management 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 are established and maintained. The Executive Committee assists the Board in designing, implementing and monitoring the Group's risk management and internal control systems 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 controls systems, 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 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 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 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.

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 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 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 and status of implementation of follow-up actions on control deficiencies. In addition, the head of GIAD attends Audit and Risk Management Committee meetings twice a year to report its progress.

The process used to identify, evaluate and manage risks

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 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, environmental and social, 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 2022) 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	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 outbreak of coronavirus disease ("COVID-19") has infected more than 400 million people globally and crippled the world economy. International travel has almost come to a halt as a number of countries have enforced lockdowns. Ferry services between Hong Kong and Macau have been suspended since February 2020 as a result of the closure of borders by the Hong Kong and Macau SAR Governments. The social distancing rules, compulsory closure of venues, travel restrictions, tightened quarantine and hygiene measures have disruptive effects on the revenue of the Group's transportation, tourism-related, hospitality, MICE and property leasing businesses. Maintaining business continuity during the pandemic are challenging and costly which led to further deterioration of the Group's profitability.

2	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 the recent resurgence of COVID-19 pandemic, historically 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 global economy has plunged into recession as a result of the COVID-19 pandemic. The uncertainty arising from geo political instability further dampens investment and consumer sentiment and leads to a downturn in consumer demand. 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 likely 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.

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 Protection Regulations such as The Personal Information Protection Law ("PIPL") issued by the PRC government, 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, start and completion of its property projects and affect profits. Hospitality operations are subject to a wide variety 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. Policies taken by governments to mitigate the spread of COVID-19 such as lockdown of cities, travel restriction, cessation of dine-in services and quarantine measures have resulted in tremendous decline in the Group's hospitality and transportation revenue. 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. PIPL, the new legislation for the purpose of protecting the rights and interests in relation to personal information, regulating processing activities of personal information and facilitating the rational use of personal information has come into effective since 1 November 2021. Penalties in breach of PIPL include confiscation of any unlawful income and a fine up to RMB50 million or 5% of annual turnover of the previous year.

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	Reliance on Technology and Automated Systems	**What are the risks?** Cyberattacks, 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.	**What are the possible impacts of occurrence?** The recent pandemic has heightened cyber risks due to a remote workforce and use of videoconferencing platforms. The sudden increase in online activity could have implications on system stability, network robustness and data security. 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.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

6	Counterparty, Legal & Compliance, Employee Misconduct, Negligence and Fraud Risks	**What are the risks?** Business counterparties may fail to enforce standards and contractual terms and this 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 and 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. Substantial legal liability could materially and adversely affect the Group's business and financial results or cause reputational harm.

7	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.	**What are the possible impacts of occurrence?** COVID-19 is highly infectious and it can be spread several days before they have any noticeable symptoms. Business continuity will not be possible if the workforce or key leadership management is infected. The global supply chains, from raw materials to finish products have been significantly impacted amid COVID-19 pandemic. Suppliers and service providers may be facing business continuity issues. Mandated closure of factories and inward and logistic services 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.

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.	**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.	**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 RMB288 million and SGD1165 million, the Group's outstanding borrowings at year-end were not denominated in foreign currencies. Approximately 68% 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 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. The Executive Committee, together with a panel of senior management and working groups experienced in business development, fuel hedging, crisis management, safety, health and environmental protection, business continuity and information technology, closely monitor potential risks to minimize 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, 25 March 2022

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

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

QUALIFIED 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 113 to 208, comprise:

- the consolidated balance sheet as at 31 December 2021;
- 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, which include significant accounting policies and other explanatory information.

Our qualified opinion

In our opinion, except for the possible effects on the comparability of the current year's figures and the corresponding figures of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, 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 Qualified Opinion

Comparability of the current year's figures and the corresponding figures for the year ended 31 December 2020 in the consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of changes in equity

The Group holds a number of associates which are accounted for using the equity method of accounting. The Group previously held approximately 38.7% equity interests in an associated company named Perennial Tongzhou Holdings Pte. Ltd. ("PT") which, in turn, held 50% effective interests in three project companies that were engaged in property development for sales in China (collectively the "project companies"). The Group disposed of its interest in PT and the disposal was completed on 28 December 2020 ("date of Disposal").

During the year ended 31 December 2020, the Group relied on the financial information provided by PT management to equity account for the Group's share of result and share of net assets of PT. However, since the books and records of the underlying project companies were kept by the other shareholder holding the remaining 50% interests in the project companies, management of PT did not have sufficient access to the books and records of the project companies, and therefore they were not able to provide to the Group adequate supporting information and explanations with respect to the financial performance and financial position of the project companies up to the date of Disposal. Our access to the underlying records and explanations sought were also denied. We therefore previously qualified our opinion in respect of the Group's consolidated financial statements for the year ended 31 December 2020 due to limitation of scope as we were unable to obtain sufficient appropriate evidence we considered necessary with respect to the financial performance and financial position of PT, and there were no other satisfactory procedures that we could perform to determine whether any adjustments to the Group's share of losses of HK$201,000 and share of currency translation gains in other comprehensive income of HK$15,633,000 in respect of PT from 1 January 2020 to the date of Disposal, as well as a release of exchange reserve to profit or loss upon disposal of HK$70,034,000 and a gain on disposal of HK$562,694,000 (included in Other gains, net) in respect of the disposal of PT were necessary.

Because of the possible effects of this matter on the comparability of the current year's figures and the corresponding figures for the year ended 31 December 2020 in the consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of changes in equity, our opinion on the consolidated financial statements for the year ended 31 December 2021 is therefore qualified.

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 qualified 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.

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. In addition to the matter described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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

INDEPENDENT AUDITOR'S REPORT

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 42(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 2021, the fair values of investment in STDM were HK$2,007 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 specialist 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.

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 2021, the fair value of investment properties held through the Group's subsidiaries was HK$10,919 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 comparable 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, discount rates 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 and discounted cash flow model. 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 all 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, discount rates 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.

INDEPENDENT AUDITOR'S REPORT

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), 21 and 22 to the consolidated financial statements.* As at 31 December 2021, the Group had properties held for sale and properties for or under development with carrying values totalling HK$9,511 million and HK$3,697 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.

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$3,121 million and right-of-use assets of HK$773 million as at 31 December 2021. 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 required in the consolidated income statement for the year ended 31 December 2021. The impairment assessment involves significant judgements and estimation uncertainty in respect of future business performance and key assumptions including 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 assessment of the future impact of COVID-19 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 specialists 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 Board 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.

INDEPENDENT AUDITOR'S REPORT

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.

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.

INDEPENDENT AUDITOR'S REPORT

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, 25 March 2022

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021

	Note	2021	2020
		HK$'000	HK$'000
Revenue	4	**4,829,794**	4,190,309
Other income	4	**147,461**	281,809
		4,977,255	4,472,118
Other gains, net	5	**254,411**	944,074
Cost of inventories sold and services provided		**(2,178,174)**	(1,440,799)
Staff costs		**(554,348)**	(816,382)
Depreciation and amortisation		**(168,652)**	(188,022)
Other costs		**(590,806)**	(775,102)
Fair value changes on investment properties		**177,833**	(449,248)
Operating profit	6	**1,917,519**	1,746,639
Finance costs	8	**(328,237)**	(382,391)
Share of results of joint ventures		**108,915**	(429,734)
Share of results of associates		**(61,451)**	8,796
Profit before taxation		**1,636,746**	943,310
Taxation	9(a)	**(455,919)**	(310,276)
Profit for the year		**1,180,827**	633,034
Attributable to:			
Owners of the Company		**962,431**	262,440
Non-controlling interests		**218,396**	370,594
Profit for the year		**1,180,827**	633,034
Earnings per share (HK cents)	11		
– basic		**31.9**	8.7
– diluted		**31.9**	8.7

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021	2020
	HK$'000	HK$'000
Profit for the year	**1,180,827**	633,034
Other comprehensive (loss)/income		
Items that may be reclassified to profit or loss:		
Debt instruments at fair value through other comprehensive income:		
Changes in fair value	**239**	119
Cash flow hedges:		
Changes in fair value, net of tax	**—**	(19,240)
Transfer to profit or loss	**—**	7,518
Reversal of asset revaluation reserve upon sales of properties, net of tax	**(58,577)**	(61,404)
Release of reserves upon disposal of interests in subsidiaries	**—**	730
Release of exchange reserve upon disposal of an associate	**—**	70,034
Currency translation differences	**96,404**	296,336
Share of currency translation difference of joint ventures	**250,415**	402,985
Share of currency translation difference of associates	**66,391**	135,798
Share of other comprehensive (loss)/income of an associate	**(24)**	3,948
Items that will not be reclassified to profit or loss:		
Revaluation of property, plant and equipment and right-of-use assets upon transfer to investment properties, net of tax	**—**	70,928
Equity instruments at fair value through other comprehensive income:		
Changes in fair value	**(1,027,761)**	(100,733)
Other comprehensive (loss)/income for the year, net of tax	**(672,913)**	807,019
Total comprehensive income for the year	**507,914**	1,440,053
Attributable to:		
Owners of the Company	**282,543**	1,049,902
Non-controlling interests	**225,371**	390,151
Total comprehensive income for the year	**507,914**	1,440,053

CONSOLIDATED BALANCE SHEET

As at 31 December 2021

	Note	2021	2020
		HK$'000	HK$'000
Non-current assets			
Property, plant and equipment	12	**3,306,674**	3,147,271
Right-of-use assets	13	**836,211**	864,285
Investment properties	14	**10,918,849**	7,979,780
Joint ventures	16	**12,480,418**	12,644,111
Associates	17	**6,627,519**	6,075,468
Intangible assets	18	**2,832**	3,055
Financial assets at fair value through other comprehensive income	19(a)	**2,440,904**	3,446,728
Financial assets at fair value through profit or loss	19(b)	**544,985**	—
Deferred tax assets	9(c)	**100,504**	66,982
Other non-current assets	20	**434,886**	2,771,866
		37,693,782	36,999,546
Current assets			
Properties for or under development	21	**3,697,292**	4,025,958
Inventories	22	**9,511,267**	13,454,845
Financial assets at fair value through other comprehensive income	19(a)	**—**	36,433
Trade and other receivables, deposits paid and prepayments	23	**833,342**	903,450
Taxation recoverable		**1,003**	70,684
Cash and bank balances	24	**7,818,628**	5,446,129
		21,861,532	23,937,499
Current liabilities			
Trade and other payables, and deposits received	25	**1,883,575**	1,902,831
Contract liabilities	26	**283,681**	927,213
Lease liabilities		**34,763**	47,144
Bank borrowings	27	**1,544,374**	2,928,476
Provision for employee benefits	28	**7,752**	5,886
Taxation payable		**357,616**	226,465
Loans from non-controlling interests	29	**60,361**	60,361
		4,172,122	6,098,376
Net current assets		**17,689,410**	17,839,123
Total assets less current liabilities		**55,383,192**	54,838,669

CONSOLIDATED BALANCE SHEET

As at 31 December 2021

	Note	2021	2020
		HK$'000	HK$'000
Non-current liabilities			
Contract liabilities	26	**39,219**	32,028
Lease liabilities		**30,244**	49,258
Bank borrowings	27	**16,184,082**	15,011,070
Deferred tax liabilities	9(c)	**911,833**	973,122
Other non-current liabilities	30	**—**	857,642
		17,165,378	16,923,120
Net assets		**38,217,814**	37,915,549
Equity			
Share capital	31	**9,858,250**	9,858,250
Other reserves	33	**25,506,538**	25,226,644
Equity attributable to owners of the Company		**35,364,788**	35,084,894
Non-controlling interests		**2,853,026**	2,830,655
Total equity		**38,217,814**	37,915,549

Pansy Ho
Director

Daisy Ho
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	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 2021	9,858,250	14,465	12,034	(151,413)	2,164,994	4,265	308,672	366,100	22,507,527	–	35,084,894	2,830,655	37,915,549
Profit for the year	–	–	–	–	–	–	–	–	962,431	–	962,431	218,396	1,180,827
Items that may be reclassified to profit or loss:													
Debt instruments at fair value through other comprehensive income:													
Changes in fair value	–	–	–	–	239	–	–	–	–	–	239	–	239
Reversal of asset revaluation reserve upon sales of properties, net of tax	–	–	–	–	–	–	(58,577)	–	–	–	(58,577)	–	(58,577)
Currency translation differences	–	–	–	–	–	–	–	89,429	–	–	89,429	6,975	96,404
Share of currency translation difference of joint ventures	–	–	–	–	–	–	–	250,415	–	–	250,415	–	250,415
Share of currency translation difference of associates	–	–	–	–	–	–	–	66,391	–	–	66,391	–	66,391
Share of other comprehensive loss of an associate	–	–	–	–	(24)	–	–	–	–	–	(24)	–	(24)
Items that will not be reclassified to profit or loss:													
Equity instruments at fair value through other comprehensive income:													
Changes in fair value	–	–	–	–	(1,027,761)	–	–	–	–	–	(1,027,761)	–	(1,027,761)
Disposal	–	–	–	–	506	–	–	–	(506)	–	–	–	–
Other comprehensive (loss)/income for the year, net of tax	–	–	–	–	(1,027,040)	–	(58,577)	406,235	(506)	–	(679,888)	6,975	(672,913)
Total comprehensive (loss)/income for the year	–	–	–	–	(1,027,040)	–	(58,577)	406,235	961,925	–	282,543	225,371	507,914
Dividend to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(203,000)	(203,000)
Lapse of share options	–	(3,596)	–	–	–	–	–	–	3,596	–	–	–	–
Buy-back of shares (note 31)	–	–	–	–	–	–	–	–	(2,649)	–	(2,649)	–	(2,649)
Transfers	–	–	51,258	–	–	–	–	–	(51,258)	–	–	–	–
	–	(3,596)	51,258	–	–	–	–	–	(50,311)	–	(2,649)	(203,000)	(205,649)
As at 31 December 2021	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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	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 2020	9,858,250	14,465	12,201	(151,413)	2,257,130	2,486	299,148	(516,948)	23,441,050	543,866	35,760,235	4,700,357	40,460,592
Profit for the year	–	–	–	–	–	–	–	–	262,440	–	262,440	370,594	633,034
Items that may be reclassified to profit or loss:													
Debt instruments at fair value through other comprehensive income:													
Changes in fair value	–	–	–	–	119	–	–	–	–	–	119	–	119
Cash flow hedges:													
Changes in fair value, net of tax	–	–	–	–	–	(9,320)	–	–	–	–	(9,320)	(9,920)	(19,240)
Transfer to profit or loss	–	–	–	–	–	3,202	–	–	–	–	3,202	4,316	7,518
Reversal of asset revaluation reserve upon sales of properties, net of tax	–	–	–	–	–	–	(61,404)	–	–	–	(61,404)	–	(61,404)
Release of reserves upon disposal of interests in subsidiaries	–	–	(2,902)	–	–	3,632	–	–	–	–	730	–	730
Release of exchange reserve upon disposal of an associate	–	–	–	–	–	–	–	70,034	–	–	70,034	–	70,034
Currency translation differences	–	–	–	–	–	–	–	274,231	–	–	274,231	22,105	296,336
Share of currency translation difference of joint ventures	–	–	–	–	–	–	–	402,985	–	–	402,985	–	402,985
Share of currency translation difference of associates	–	–	–	–	–	–	–	135,798	–	–	135,798	–	135,798
Share of other comprehensive (loss)/income of an associate	–	–	–	–	(317)	4,265	–	–	–	–	3,948	–	3,948
Items that will not be reclassified to profit or loss:													
Revaluation of property, plant and equipment and right-of-use assets upon transfer to investment properties, net of tax	–	–	–	–	–	–	70,928	–	–	–	70,928	–	70,928
Equity instruments at fair value through other comprehensive income:													
Changes in fair value	–	–	–	–	(103,789)	–	–	–	–	–	(103,789)	3,056	(100,733)
Disposal	–	–	–	–	(4,539)	–	–	–	4,539	–	–	–	–
Other comprehensive (loss)/income for the year, net of tax	–	–	(2,902)	–	(108,526)	1,779	9,524	883,048	4,539	–	787,462	19,557	807,019
Total comprehensive (loss)/income for the year	–	–	(2,902)	–	(108,526)	1,779	9,524	883,048	266,979	–	1,049,902	390,151	1,440,053
2019 final dividend	–	–	–	–	–	–	–	–	–	(543,866)	(543,866)	–	(543,866)
Dividend to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(1,932,980)	(1,932,980)
Transfers	–	–	2,735	–	–	–	–	–	(2,735)	–	–	–	–
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(416,036)	(416,036)
Acquisition of interests in subsidiaries without change of control	–	–	–	–	16,390	–	–	–	(1,197,767)	–	(1,181,377)	89,163	(1,092,214)
	–	–	2,735	–	16,390	–	–	–	(1,200,502)	(543,866)	(1,725,243)	(2,259,853)	(3,985,096)
As at 31 December 2020	9,858,250	14,465	12,034	(151,413)	2,164,994	4,265	308,672	366,100	22,507,527	–	35,084,894	2,830,655	37,915,549

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2021

	2021	2020
	HK$'000	HK$'000
Operating activities		
Profit before taxation	1,636,746	943,310
Adjustments for:		
Depreciation and amortisation	168,652	188,022
Fair value changes on investment properties	(177,833)	449,248
Finance costs	328,237	382,391
Interest income	(91,071)	(142,343)
Dividend income from financial assets at fair value through other comprehensive income	(62,049)	(181,269)
Share of results of joint ventures	(108,915)	429,734
Share of results of associates	61,451	(8,796)
Realisation of asset revaluation reserve upon sale of properties	(66,565)	(69,777)
Net (gain)/loss on disposal of property, plant and equipment	(96)	708
Gain on transfer of inventories to investment properties	(210,829)	—
Net gain on disposal of subsidiaries	—	(382,088)
Gain on disposal of an associate	(20,135)	(562,694)
Gain on share exchange contract	(23,351)	—
Impairment loss on property, plant and equipment	—	318,794
Impairment losses recognised on trade and other receivables, deposits paid and prepayments	1,055	4,855
Operating profit before working capital changes	1,435,297	1,370,095
Decrease in properties for or under development and inventories of properties, excluding net finance costs capitalised	1,676,091	653,258
(Increase)/decrease in other inventories	(3,125)	12,956
Decrease/(increase) in trade and other receivables, deposits paid and prepayments	57,673	(72,377)
Decrease in trade and other payables, and deposits received	(102,823)	(43,897)
(Decrease)/increase in contract liabilities	(636,341)	272,740
Increase/(decrease) in provision for employee benefits	1,866	(2,957)
Cash generated from operations	2,428,638	2,189,818
Income tax paid	(351,544)	(1,163,034)
Net cash generated from operating activities	2,077,094	1,026,784

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2021

	Note	2021	2020
		HK$'000	HK$'000
Investing activities			
Addition to property, plant and equipment		**(128,284)**	(100,645)
Addition to investment properties		**(20,020)**	(70,035)
Addition to intangible assets		**—**	(937)
Capital contribution to associates		**(807,149)**	(794,549)
Advances to joint ventures		**—**	(14,191)
Repayments from joint ventures		**1,301,728**	—
Advances to associates		**(31,582)**	(133,882)
Prepayment for acquisition of interests in joint ventures		**—**	(1,073,547)
Acquisition of subsidiaries, net		**32,523**	—
Acquisition of associates		**(526,104)**	—
Acquisition of financial assets at fair value through profit or loss		**(544,985)**	—
Repayments of mortgage loans		**350**	329
Capital refund from an investment fund		**1,540**	763
Prepayment for purchasing of property, plant and equipment		**(5,397)**	—
Proceeds from disposal of property, plant and equipment		**285**	1,062
Proceeds from disposal of financial assets at fair value through other comprehensive income		**36,547**	1,954
Proceeds from disposal of financial assets at fair value through profit or loss		**1,244,284**	—
Net proceeds from disposal of equity interest in subsidiaries (net of cash disposed)		**—**	(214,454)
Proceeds from disposal of interest in an associate		**23,920**	—
(Increase)/decrease in bank deposits with maturities over three months		**(791,386)**	1,352,169
Interest received		**88,089**	171,505
Dividends received from financial assets at fair value through other comprehensive income		**62,049**	181,269
Dividends received from joint ventures		**305,699**	9,000
Dividends received from associates		**5,619**	17,037
Net cash from/(used in) investing activities		**247,726**	(667,152)
Financing activities			
Drawdown of new bank loans	40	**4,630,341**	10,944,826
Repayments of bank loans	40	**(4,789,798)**	(8,451,446)
Loans from non-controlling interests	40	**—**	35,987
Repayments of loans from non-controlling interests	40	**—**	(425,576)
Acquisition of interest in subsidiaries		**—**	(427,724)
Redemption of medium term notes	40	**—**	(3,078,455)
Payment for lease liabilities (including interest)	40	**(55,094)**	(58,412)
Buy-back of shares		**(2,649)**	—
Finance costs (including interests and bank charges) paid	40	**(359,247)**	(556,682)
Dividends paid to shareholders	40	**(7)**	(543,627)
Dividends paid to non-controlling interests	40	**(203,000)**	(3,301,483)
Net cash used in financing activities		**(779,454)**	(5,862,592)
Net increase/(decrease) in cash and cash equivalents		**1,545,366**	(5,502,960)
Effect of foreign exchange rates changes		**35,747**	20,356
Cash and cash equivalents as at 1 January		**4,700,244**	10,182,848
Cash and cash equivalents as at 31 December		**6,281,357**	4,700,244
Analysis of cash and cash equivalents			
Cash and bank balances	24	**7,818,628**	5,446,129
Bank deposits with maturities over three months		**(1,537,271)**	(745,885)
Cash and cash equivalents as at 31 December		**6,281,357**	4,700,244

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 45.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting policies

A summary of the significant 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 and financial liabilities 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 45.

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.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation (Continued)

(i) Impact of new or revised HKFRS

Amendments to standard adopted by the Group

The following amendments to standards are relevant to the Group's operations and first effective for the Group's financial year beginning on 1 January 2021:

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9, and HKFRS 16	Interest Rate Benchmark Reform — Phase 2 (amendments)

The adoption of the above amendments to standards does not have any significant impact to the Group's results for the year ended 31 December 2021 and the Group's financial position as at 31 December 2021.

The Group has early adopted Amendments to HKFRS 16 "COVID-19-Related Rent Concessions beyond 30 June 2021", which does not have significant impact on the Group.

(ii) Amendments to standards not yet adopted

The HKICPA has issued amendments to standards which are relevant to the Group's operations but are not yet effective for the Group's financial year beginning on 1 January 2021 and have not been early adopted:

Amendments to HKFRS 3[1]	Business Combinations
Amendments to HKAS 16[1]	Property, Plant and Equipment
Amendments to HKAS 37[1]	Provisions, Contingent Liabilities and Contingent Assets
Annual Improvements to HKFRS 2018-2020 Cycle[1]	
Amendments to HKAS 1[2]	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1 and HKFRS Practice Statement 2[2]	Disclosure of Accounting Policies
Amendments to HKAS 8[2]	Disclosure of Accounting Estimates
Amendments to HKAS 12[2]	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
HK Interpretation 5 (2020)[2]	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKFRS 10 and HKAS 28[3]	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

(1) Effective for annual periods beginning 1 January 2022
(2) Effective for annual periods beginning 1 January 2023
(3) Effective date to be determined

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation (Continued)

(ii) Amendments to standards not yet adopted (Continued)

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

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(i) Subsidiaries (Continued)

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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Foreign currency translation (Continued)

(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.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT 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 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
Vessels and pontoons	5% — 10%
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.

2 SUMMARY OF SIGNIFICANT 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 3 to 16.3 years. For franchises, trademarks and royalties, amortisation is provided over the estimated finite useful lives of 8 to 20 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.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT 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.

2 SUMMARY OF SIGNIFICANT 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.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Borrowings (Continued)

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.

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. 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Taxation (Continued)

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.

(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).

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Share-based payments (Continued)

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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Revenue and other income recognition (Continued)

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 passenger transportation services is recognised over time upon the transportation services are rendered. Revenue from sale of fuel is recognised at a point in time upon delivery to customers.

Revenues from travel agency services, repairing services and management services are 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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(aa) Leases (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 and in particular has assumed that the current market conditions as a result of the COVID-19 pandemic is not a long-term norm. 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 the COVID-19 pandemic and different monetary, fiscal and government policy responses aimed at reviving the economies, it is reasonably possible that actual conditions could differ from our expectations. In particular, a number of estimates have been and will continue to be affected by the ongoing COVID-19 outbreak. The severity, magnitude and duration, as well as the economic consequences of the COVID-19 pandemic, are uncertain, rapidly changing and it is currently impossible to predict. 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:

(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.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(a) Valuation of investment properties (Continued)

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 42(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(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.

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.

	2021	2020
	HK$'000	HK$'000
Revenue		
Revenue from sales of properties	3,757,711	3,018,519
Revenue from passenger transportation services	—	83,583
Revenue from hotel operation	272,408	185,301
Rental income	424,501	429,967
Management fees and others	313,055	287,808
Revenue from sale of fuel	—	1,723
Revenue from travel agency services	—	2,048
Interest income from mortgage loans receivable	70	91
Dividend income from financial assets at FVOCI	62,049	181,269
	4,829,794	4,190,309
Other income		
Interest income from:		
— Bank deposits	85,560	138,840
— Others	5,441	3,412
Wage, salary and other subsidies from government under COVID-19	3,708	93,743
Others	52,752	45,814
	147,461	281,809
Revenue and other income	4,977,255	4,472,118

NOTES TO THE FINANCIAL STATEMENTS

5 OTHER GAINS, NET

	2021	2020
	HK$'000	HK$'000
Net gain on disposal of subsidiaries (note (a))	—	382,088
Gain on disposal of an associate (note (b))	20,135	562,694
Gain on share exchange contract (note 19(a))	23,351	—
Net gain/(loss) on disposal of property, plant and equipment	96	(708)
Gain on transfer of inventories to investment properties (note (c))	210,829	—
	254,411	944,074

Notes:

(a) In 2020, net gain on disposal of subsidiaries included a gain of HK$395,542,000 for disposal of Shun Tak-China Travel Shipping Investments Limited ("STCT") (Note 38).

(b) Gain on disposal of an associate for 2021 represented the gain resulting from the disposal of interests in FDH (Thailand) Limited. In 2020, gain on disposal of an associate represented the gain resulting from the disposal of interests in Perennial Tongzhou Holdings Pte. Limited.

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

6 OPERATING PROFIT

	2021	2020
	HK$'000	HK$'000
After crediting:		
Rental income from investment properties	**249,842**	286,418
Less: Direct operating expenses arising from investment properties	**(38,276)**	(37,507)
	211,566	248,911
Dividend income from listed investments	**8,847**	8,531
Dividend income from unlisted investments		
— STDM	**52,340**	172,433
— others	**862**	305
Wage, salary and other subsidies from government under COVID-19	**3,708**	99,347
After charging:		
Cost of inventories sold		
— properties	**1,987,659**	1,204,592
— fuel	**—**	46,278
— others	**40,617**	38,809
	2,028,276	1,289,679
Exchange loss/(gain), net	**37,099**	(50,766)
Depreciation		
— property, plant and equipment (note 12)	**100,817**	115,004
— right-of-use assets: leasehold land	**27**	1,647
— right-of-use assets: buildings	**45,389**	49,043
— right-of-use assets: prepaid premium for land lease and land use rights	**22,196**	22,126
Amortisation		
— intangible assets (note 18)	**223**	202
Auditors' remuneration		
— audit services	**12,182**	11,677
— non-audit services (note (a))	**4,705**	4,723
Expenses under short-term lease and low-value assets lease	**1,229**	11,608
Variable lease payment expense (note 13(c))	**12,113**	9,751
Impairment losses recognised		
— property, plant and equipment (note 12)	**—**	318,794
— trade receivables, net (note 23(a))	**1,055**	4,855
Staff costs		
— salaries and wages	**505,752**	751,418
— provident fund contributions	**17,601**	31,706
— directors' emoluments (note 7(a))	**30,995**	33,258

Note:

(a) In 2020, total non-audit fee is HK$5,703,000, of which HK$980,000 has been capitalised in the investment in an associate.

NOTES TO THE FINANCIAL STATEMENTS

7 BENEFITS AND INTERESTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUAL

(a) Directors' emoluments

For the year ended 31 December 2021

Name	As Director (note i) 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	7,066	—	353	—	7,469
Ms. Daisy Ho	50	6,051	—	303	—	6,404
Ms. Maisy Ho	50	4,608	—	230	—	4,888
Mr. David Shum	50	3,497	—	—	—	3,547
Mr. Rogier Verhoeven	50	2,492	—	124	3,521	6,187
Independent Non-Executive Directors						
Mr. Norman Ho	500	180	—	—	—	680
Mr. Charles Ho	500	60	—	—	—	560
Mr. Michael Wu	500	160	—	—	—	660
Mr. Kevin Yip	500	100	—	—	—	600
	2,250	24,214	—	1,010	3,521	30,995

For the year ended 31 December 2020

Name	As Director (note i) 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	82	8,710	—	512	—	9,304
Ms. Daisy Ho	82	6,153	—	308	—	6,543
Ms. Maisy Ho	82	4,682	—	234	—	4,998
Mr. David Shum	82	3,558	—	—	—	3,640
Mr. Rogier Verhoeven	50	2,534	—	127	3,562	6,273
Independent Non-Executive Directors						
Mr. Norman Ho	500	180	—	—	—	680
Mr. Charles Ho	500	60	—	—	—	560
Mr. Michael Wu	500	160	—	—	—	660
Mr. Kevin Yip	500	100	—	—	—	600
	2,378	26,137	—	1,181	3,562	33,258

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.

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

(a) Directors' emoluments (Continued)

Notes: (Continued)

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

(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 nonexclusive 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.

(ii) On 12 December 2016, 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 sets out a framework for products and/or services which may be provided/demanded by the Group to/from MGM and/or its subsidiaries from time to time on a non-exclusive basis.

The Renewed MGM Agreement was for a term of 3 years from 1 January 2017 to 31 December 2019 and was renewable for successive terms of 3 years by mutual agreement in writing. Renewed MGM Agreement expired on 31 December 2019.

On 27 December 2019, the agreement was renewed for a term of three years from 1 January 2020 to 31 December 2022 and is thereafter renewable for successive term of 3 years by mutual agreement in writing.

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

(c) Five highest paid individual

Among the five highest paid individuals in the Group, four are directors (2020: four are directors) of the Company and the details of their emoluments have been disclosed above. During the year ended 31 December 2021, the emoluments of the individual not included above consisted of salaries, allowances and benefits of HK$4,971,000.

NOTES TO THE FINANCIAL STATEMENTS

8 FINANCE COSTS

	2021	2020
	HK$'000	HK$'000
Interest on bank borrowings and overdrafts	**298,527**	382,442
Interest on medium term notes	**—**	32,979
Interest on lease liabilities	**4,092**	3,903
Other finance costs	**47,031**	51,344
Total finance costs	**349,650**	470,668
Less: Amount capitalised in properties for or under development and hotel building under construction	**(21,413)**	(88,277)
	328,237	382,391

During the year, finance costs have been capitalised at weighted average rate of its general borrowings of 1.32% (2020: 2.00%) per annum for hotel building under construction.

9 TAXATION

(a) Taxation in the consolidated income statement represents:

	2021	2020
	HK$'000	HK$'000
Current taxation		
Hong Kong profits tax		
— tax for the year	**5,313**	35,463
— (over)/under-provision in respect of prior years	**(1,239)**	4,834
Non-Hong Kong taxation		
— tax for the year	**305,352**	197,201
— over-provision in respect of prior years	**(5,600)**	(1,529)
— LAT	**216,439**	—
— withholding income tax	**27,227**	65,551
	547,492	301,520
Deferred taxation		
Origination and reversal of temporary differences	**(91,573)**	8,756
Total tax expenses	**455,919**	310,276

Hong Kong profits tax is calculated at 16.5% (2020: 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% (2020: 12%, 25% and 17%) respectively.

9 TAXATION (Continued)

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

	2021	2020
	HK$'000	HK$'000
Profit before taxation	**1,636,746**	943,310
Less: share of results of joint ventures and associates	**(47,464)**	420,938
	1,589,282	1,364,248
Tax at the applicable tax rate of 16.5% (2020: 16.5%)	**262,232**	225,101
Income not subject to tax	**(54,872)**	(208,995)
Expenses not deductible for tax purposes	**81,501**	185,389
Utilisation of tax losses and deductible temporary differences not previously recognised	**(19,737)**	(1,128)
Tax losses and deductible temporary differences not recognised	**45,719**	38,603
Effect of different tax rates of subsidiaries operating in other jurisdictions	**33,129**	(59,863)
LAT (note i)	**134,306**	77,053
LAT deductible for calculation of income tax purpose (note i)	**(25,453)**	(19,263)
Withholding income tax on disposal of an associate	**—**	65,551
(Over)/under-provision in respect of prior years	**(6,839)**	3,305
Others	**5,933**	4,523
Total tax expenses	**455,919**	310,276

Note:

(i) 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.

NOTES TO THE FINANCIAL STATEMENTS

(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	Others	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2020	767	74,454	—	—	14,441	89,662
Exchange adjustment	—	—	2,165	—	470	2,635
(Charge)/Credit to income statement	(99)	18,676	37,173	—	7,854	63,604
Disposal of subsidiaries	(655)	(39,289)	—	—	(904)	(40,848)
As at 31 December 2020	**13**	**53,841**	**39,338**	**—**	**21,861**	**115,053**
Exchange adjustment	**—**	**(37)**	**1,017**	**487**	**(321)**	**1,146**
Credit/(charge) to income statement	**142**	**32,351**	**(1,382)**	**25,453**	**(13,009)**	**43,555**
As at 31 December 2021	**155**	**86,155**	**38,973**	**25,940**	**8,531**	**159,754**

Deferred tax liabilities

	Accelerated tax depreciation	Revaluation of investment properties	Cash flow hedges	Fair value adjustments on business combination	Recognition of revenue overtime	Provisions for LAT	Others	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2020	332,988	249,675	244	356,768	—	—	16,435	956,110
Exchange adjustment	6,793	7,038	—	2,584	1,995	4,486	(8)	22,888
Charge/(credit) to income statement	16,849	(36,598)	317	(28,598)	34,242	77,053	9,095	72,360
Charge/(credit) to other comprehensive income	—	7,023	(2,246)	(8,373)	—	—	—	(3,596)
Disposal of subsidiaries	(28,254)	—	1,685	—	—	—	—	(26,569)
As at 31 December 2020	**328,376**	**227,138**	**—**	**322,381**	**36,237**	**81,539**	**25,522**	**1,021,193**
Exchange adjustment	**2,930**	**4,971**	**—**	**(2,854)**	**262**	**594**	**(7)**	**5,896**
Charge/(credit) to income statement	**19,450**	**98,574**	**—**	**(28,105)**	**(36,499)**	**(82,133)**	**(19,305)**	**(48,018)**
Credit to other comprehensive income	**—**	**—**	**—**	**(7,988)**	**—**	**—**	**—**	**(7,988)**
As at 31 December 2021	**350,756**	**330,683**	**—**	**283,434**	**—**	**—**	**6,210**	**971,083**

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.

	2021	2020
	HK$'000	HK$'000
Deferred tax assets	100,504	66,982
Deferred tax liabilities	(911,833)	(973,122)
	(811,329)	(906,140)

(d) Deferred tax assets unrecognised

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

	2021	2020
	HK$'000	HK$'000
Tax losses	1,598,575	1,908,561
Deductible temporary differences	12,946	253
	1,611,521	1,908,814

Included in the unrecognised tax losses of the Group are losses of HK$339,323,000 (2020: HK$166,545,000) that will expire on various dates through to 2026 (2020: 2025) from 31 December 2021. 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 (2020: nil) in respect of the year ended 31 December 2021. No interim dividend was declared by the Board during the year ended 31 December 2021 (2020: nil).

11 EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to owners of the Company of HK$962,431,000 (2020: HK$262,440,000) and the weighted average number of 3,020,898,141 shares (2020: 3,021,479,785 shares) in issue during the year.

Basic and fully diluted earnings per share are the same as the share options of the Company has an anti-dilutive effect on the basic earnings per share for the year ended 31 December 2021 (2020: same).

NOTES TO THE FINANCIAL STATEMENTS

12 PROPERTY, PLANT AND EQUIPMENT

	Hotel land and buildings	Hotel buildings under construction	Leasehold land and buildings	Vessels and pontoons	Other assets	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost						
As at 1 January 2020	3,178,855	119,023	743,951	2,437,073	1,388,632	7,867,534
Exchange adjustment	80,272	1,669	198	—	3,322	85,461
Additions	21,169	71,215	—	—	33,290	125,674
Transfer from properties for or under development	—	291,023	—	—	—	291,023
Disposals	—	—	—	—	(13,208)	(13,208)
Disposal of subsidiaries	—	—	(198,301)	(2,437,073)	(798,065)	(3,433,439)
Transfer to investment properties	—	—	(23,505)	—	—	(23,505)
As at 31 December 2020	**3,280,296**	**482,930**	**522,343**	**—**	**613,971**	**4,899,540**
Exchange adjustment	**(2,763)**	**5,610**	**560**	**—**	**1,525**	**4,932**
Additions	**13,279**	**127,968**	**651**	**—**	**14,428**	**156,326**
Disposals	**—**	**—**	**—**	**—**	**(6,552)**	**(6,552)**
Transfer from investment properties	**—**	**—**	**50,876**	**—**	**—**	**50,876**
Transfer from inventories	**—**	**—**	**55,530**	**—**	**—**	**55,530**
As at 31 December 2021	**3,290,812**	**616,508**	**629,960**	**—**	**623,372**	**5,160,652**
Accumulated depreciation and impairment						
As at 1 January 2020	437,957	—	659,680	2,124,523	992,717	4,214,877
Exchange adjustment	25,523	1,734	55	—	1,751	29,063
Charge for the year (note 6)	43,309	—	1,617	7,813	62,265	115,004
Impairment (note 6)	263,129	55,665	—	—	—	318,794
Disposals	—	—	—	—	(11,438)	(11,438)
Disposal of subsidiaries	—	—	(142,486)	(2,132,336)	(632,696)	(2,907,518)
Transfer to investment properties	—	—	(6,513)	—	—	(6,513)
As at 31 December 2020	**769,918**	**57,399**	**512,353**	**—**	**412,599**	**1,752,269**
Exchange adjustment	**6,265**	**12**	**144**	**—**	**835**	**7,256**
Charge for the year (note 6)	**40,639**	**—**	**1,274**	**—**	**58,904**	**100,817**
Disposals	**—**	**—**	**—**	**—**	**(6,364)**	**(6,364)**
As at 31 December 2021	**816,822**	**57,411**	**513,771**	**—**	**465,974**	**1,853,978**
Net book value						
As at 31 December 2021	**2,473,990**	**559,097**	**116,189**	**—**	**157,398**	**3,306,674**
As at 31 December 2020	2,510,378	425,531	9,990	—	201,372	3,147,271

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 and repairable spare parts of vessels.

(b) Hotel land and buildings included freehold land in Singapore of net book value of HK$1,426,752,000 (2020: HK$1,436,021,000) and hotel buildings in Hong Kong and the PRC of net book value of HK$529,501,000 (2020: HK$550,266,000) and HK$516,749,000 (2020: HK$524,091,000) respectively.

(c) The financial performance of the Group's hotel business has been significantly impacted by the COVID-19 pandemic. In addition, the uncertainties brought about by the pro-long impact of COVID-19 pandemic to the global travel and hospitality industries gave rise to impairment indicators for the hotels in operation and under construction. Consequently, management has carried out impairment assessments on hotel and land and buildings, hotel buildings under construction and other hotel-related assets in Hong Kong, 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, Savills Valuation and Professional Services Limited ("Savills") and Knight Frank Petty Limited ("Knight Frank").

For hotel properties in Hong Kong and PRC, valuer has adopted income approach. For hotel land and hotel buildings under construction in Singapore, valuer has adopted weighted average of direct comparison method and residual method to determine the fair value less cost of disposal.

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.

Direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted.

Residual method is essentially a means of valuing the property by reference to its development potential by deducting items such as development costs and developer's profit from the estimated fair value of the proposed development assuming completed as at the date of valuation. 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.

NOTES TO THE FINANCIAL STATEMENTS

12 PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes: (Continued)

(c) In 2020, for the hotel land and hotel building under construction in Singapore, the carrying amount of the property (before impairment loss) amounted to HK$1,744 million while the recoverable amount determined using fair value less cost of disposal amounted to HK$1,571 million. Based on the review, an impairment loss of HK$170 million is required for a freehold hotel land and buildings under construction in Singapore for the year ended 31 December 2020. The fair value measurement of these hotel land and hotel buildings have used significant unobservable inputs. The discount rate adopted for discounted cash flow method was 3.75%. There is no impairment required for the hotel land and building in Singapore for the year ended 31 December 2021.

In 2020, for the hotel land and building in Shanghai, the carrying amount of the property (before impairment loss) amounted to HK$844.8 million while the recoverable amount determined using fair value less cost of disposal amounted to HK$687.5 million. Based on the review, an impairment loss of HK$149 million is required for a leasehold hotel land and building in Shanghai for the year ended 31 December 2020. The fair value measurement of these hotel land and hotel buildings have used significant unobservable inputs. The discount rate adopted for discounted cash flow method was 7.0%. There is no impairment required for the hotel land and building in Shanghai for the year ended 31 December 2021.

Capitalisation rates and discount rates are estimated by independent valuers 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$2,537,568,000 (2020: HK$2,759,949,000) were pledged to banks as securities for bank borrowings granted to certain subsidiaries of the Group (note 27).

13 RIGHT-OF-USE ASSETS

	2021	2020
	HK$'000	HK$'000
Leasehold land	**2,826**	2,853
Buildings	**60,447**	91,428
Prepaid premium for land leases and land use right (note c)	**772,938**	770,004
	836,211	864,285

(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 21 to 60 months.

(b) Additions to the right-of-use assets and lease liabilities during the year ended 31 December 2021 were HK$14,263,000 (2020: HK$67,571,000). In 2020, there was a transfer from property for or under development to land use right amounted to HK$106,200,000.

13 RIGHT-OF-USE ASSETS (Continued)

(c) Pursuant to an Agreement for Sub-lease (the "Sub-lease Agreement") dated 26 June 2006, 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$11,195,000 (2020: HK$7,392,000) 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 2021, right-of-use assets with net book value of HK$268,279,000 (2020: HK$376,605,000) 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 2021, total cash outflow for leases amounted to HK$62,230,000 (2020: HK$72,572,000).

(f) Right-of-use assets related to hotel properties were tested for impairment as described in note 12(c).

14 INVESTMENT PROPERTIES

	2021			
Completed investment properties	**Hong Kong**	**PRC**	**Others**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
At valuation				
As at 1 January	**4,932,511**	**1,985,039**	**1,062,230**	**7,979,780**
Exchange adjustment	**—**	**107,288**	**—**	**107,288**
Addition	**20,020**	**8,447**	**—**	**28,467**
Transfer from inventories	**—**	**2,676,357**	**—**	**2,676,357**
Transfer to property, plant and equipment	**—**	**(50,876)**	**—**	**(50,876)**
Fair value changes	**38,979**	**224,854**	**(86,000)**	**177,833**
As at 31 December	**4,991,510**	**4,951,109**	**976,230**	**10,918,849**
Freehold properties				**877,000**
Leasehold properties				**10,041,849**

NOTES TO THE FINANCIAL STATEMENTS

14 INVESTMENT PROPERTIES (Continued)

	2020			
Completed investment properties	Hong Kong	PRC	Others	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At valuation				
As at 1 January	5,115,642	1,956,412	1,060,000	8,132,054
Exchange adjustment	—	127,709	—	127,709
Addition	68,470	—	1,565	70,035
Transfer from property, plant and equipment and right-of-use assets	—	—	99,230	99,230
Fair value changes	(251,601)	(99,082)	(98,565)	(449,248)
As at 31 December	4,932,511	1,985,039	1,062,230	7,979,780
Freehold properties				963,000
Leasehold properties				7,016,780

Investment properties of fair value of HK$1,967,238,000 (2020: HK$1,961,608,000) 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. An independent valuation of the Group's investment properties was performed by the valuers, 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 value of the investment properties as at 31 December 2021 (2020: Savills). The Group employed Savills and Knight Frank to value its commercial 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$10,918,849,000 (2020: HK$7,979,708,000) 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.

Fair value measurements using significant unobservable inputs

Fair values of completed commercial properties, residential properties and carparks in Hong Kong, PRC and others are derived using direct comparison method or income approach, which includes income capitalisation method and discounted cash flow 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.

14 INVESTMENT PROPERTIES (Continued)

Fair value measurements using significant unobservable inputs (Continued)

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 2021	**Valuation method**	**Prevailing market rents per month**	**Unit price**	**Capitalisation/ discount rates**
	HK$'000				
Completed investment properties located in Hong Kong					
— commercial	**3,551,575**	**Income Approach**	**HK$26 — HK$84 psf**	**N/A**	**3.0% — 4.0%**
— carpark	**645,735**	**Income Approach**	**HK$270 — HK$3,400**	**N/A**	**2.9% — 4.0%**
— carpark	**794,200**	**Direct Comparison**	**N/A**	**HK$142,000 — HK$3,170,000**	**N/A**
PRC					
— commercial	**3,296,744**	**Income Approach**	**HK$11 — HK$28 psf**	**N/A**	**4.5% — 7.0%**
— commercial	**1,432,862**	**Direct Comparison**	**N/A**	**HK$2,610 — HK$4,157 psf**	**N/A**
— carpark	**20,059**	**Income Approach**	**HK$1,835**	**N/A**	**4.5% — 4.75%**
— carpark	**201,444**	**Direct Comparison**	**N/A**	**HK$159,003 — HK$538,164**	**N/A**
Others					
— residential	**99,230**	**Direct Comparison**	**N/A**	**HK$5,786 — HK$6,647 psf**	**N/A**
— commercial	**877,000**	**Income Approach**	**HK$93 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 2020	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	3,593,542	Income Approach	HK$27 — HK$109 psf	N/A	3.0% — 4.0%
— carpark	466,769	Income Approach	HK$220 — HK$3,490	N/A	3.5% — 4.0%
— carpark	872,200	Direct Comparison	N/A	HK$142,000 — HK$3,170,000	N/A
PRC					
— commercial	1,937,379	Income Approach	HK$11 — HK$25 psf	N/A	4.5% — 6.0%
— carpark	47,660	Direct Comparison	N/A	HK$381,280 — HK$524,260	N/A
Others					
— residential	99,230	Direct Comparison	N/A	HK$6,013 — HK$6,065 psf	N/A
— commercial	963,000	Income Approach	HK$103 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 45.

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	
	2021	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current				
Assets	**3,976,662**	4,232,660	**649,338**	653,890
Liabilities	**(365,678)**	(561,347)	**(206,833)**	(241,364)
Total net current assets	**3,610,984**	3,671,313	**442,505**	412,526
Non-current				
Assets	**342**	3,480	**3,100,000**	3,126,000
Liabilities	**(95,992)**	(126,812)	**(108,485)**	(101,859)
Total net non-current (liabilities)/assets	**(95,650)**	(123,332)	**2,991,515**	3,024,141
Net assets	**3,515,334**	3,547,981	**3,434,020**	3,436,667

Summarised statement of comprehensive income

	For the year ended 31 December			
	NC5 Residential		Ranex	
	2021	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000
Revenue	**1,743,845**	2,152,005	**64,553**	344,332
Profit before taxation	**824,657**	1,282,121	**3,771**	46,673
Taxation	**(104,792)**	(157,422)	**(6,418)**	(33,688)
Profit/(loss) after taxation	**719,865**	1,124,699	**(2,647)**	12,985
Other comprehensive loss	**(52,512)**	(61,406)	**—**	—
Total comprehensive income/(loss)	**667,353**	1,063,293	**(2,647)**	12,985
Profit/(loss) after taxation allocated to non-controlling interests	**220,254**	339,586	**(1,218)**	5,973
Dividends to non-controlling interests	**203,000**	550,994	**—**	—

NOTES TO THE FINANCIAL STATEMENTS

15 SUBSIDIARIES (Continued)

Summarised cash flows

	For the year ended 31 December			
	NC5 Residential		Ranex	
	2021	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash flows from/(used in) operating activities				
Cash generated from operations	**1,393,601**	1,657,340	**27,884**	244,428
Income tax paid	**(185,164)**	(927,065)	**(21,394)**	(28,376)
Net cash generated from operating activities	**1,208,437**	730,275	**6,490**	216,052
Net cash generated from/(used in) investing activities	**7,053**	26,882	**(7,764)**	(39,904)
Net cash used in financing activities	**(700,000)**	(1,899,980)	**—**	(300,000)
Net increase/(decrease) in cash and cash equivalents	**515,490**	(1,142,823)	**(1,274)**	(123,852)
Cash and cash equivalents as at 1 January	**714,248**	1,857,071	**606,868**	730,720
Cash and cash equivalents as at 31 December	**1,229,738**	714,248	**605,594**	606,868

16 JOINT VENTURES

	2021	2020
	HK$'000	HK$'000
Share of net assets	**12,480,418**	12,644,111

Particulars regarding the principal joint ventures are set out in note 45.

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)

	2021	2020
	HK$'000	HK$'000
Current		
Cash and cash equivalents	**280,867**	628,810
Other current assets (excluding cash)	**311,889**	319,074
Total current assets	**592,756**	947,884
Financial liabilities (excluding trade payables)	**(170,266)**	(292,710)
Other current liabilities (including trade payables)	**(186,417)**	(69,494)
Total current liabilities	**(356,683)**	(362,204)
Non-current		
Investment properties	**8,800,000**	9,170,000
Other assets	**910,587**	952,831
Total non-current assets	**9,710,587**	10,122,831
Other liabilities	**(1,019,506)**	(1,050,861)
Total non-current liabilities	**(1,019,506)**	(1,050,861)
Net assets	**8,927,154**	9,657,650

Summarised statement of comprehensive income

	For the year ended 31 December	
	2021	2020
	HK$'000	HK$'000
Revenue	**530,715**	453,166
Depreciation and amortisation	**(44,837)**	(57,674)
Interest income	**670**	2,126
Fair value changes on investment properties	**(370,000)**	(750,000)
Others	**(254,402)**	(216,547)
Loss before taxation	**(137,854)**	(568,929)
Taxation	**6,767**	77,497
Loss for the year	**(131,087)**	(491,432)
Other comprehensive income	**—**	—
Total comprehensive loss	**(131,087)**	(491,432)
Dividend income from joint venture	**305,699**	—

NOTES TO THE FINANCIAL STATEMENTS

16 JOINT VENTURES (Continued)

Reconciliation of summarised financial information

	2021	2020
	HK$'000	HK$'000
Opening net assets as at 1 January	**9,657,650**	10,149,082
Loss for the year	**(131,087)**	(491,432)
Dividend	**(599,409)**	—
Closing net assets as at 31 December	**8,927,154**	9,657,650
Interests in joint venture at 51%	**4,552,849**	4,925,402

Aggregate information of joint ventures that are not individually material:

	2021	2020
	HK$'000	HK$'000
Aggregate carrying amounts of individually immaterial joint ventures in the consolidated financial statements	**7,927,569**	7,718,709
Aggregate amounts of the Group's share of those joint ventures'		
Profit/(loss) for the year	**175,768**	(179,104)
Other comprehensive income	**250,415**	402,985
Total comprehensive income	**426,183**	223,881

There are no material contingent liabilities relating to the Group's interests in the joint ventures.

Note:

Shanghai Suzuan Investment Company Limited ("Suzuan") and Shanghai Tongxin Investment Company Limited ("Tongxin") were 80% owned joint ventures of the Group, which owns 50% interest in two property projects in Shanghai Suhe bay. On 13 November 2020, the Group successfully bid the public tender to acquire the remaining 20% interest in Suzuan and Tongxin at a total consideration of RMB944,400,000. Upon the completion of acquisition in January 2021, Suzuan and Tongxin become 100% wholly-owned subsidiaries of the Group.

During the year, the Group's share of individually immaterial joint ventures' profits include share of net fair value loss of investment properties, netted of deferred tax, amounting to HK$5,849,000 (2020: HK$205,485,000).

The fair values of investment properties under construction held by Shanghai Huayan Real Estate Development Company Limited were determined by CBRE Limited under residual method.

The fair values of completed investment properties held by Basecity and Nextor Holdings Limited were determined by Savills and Knight Frank under income approach or direct comparison method.

17 ASSOCIATES

	2021	2020
	HK$'000	HK$'000
Share of net assets	**6,627,519**	6,075,468

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:

	2021	2020
	HK$'000	HK$'000
Aggregate carrying amounts of individually immaterial associates in the consolidated financial statements	**6,627,519**	6,075,468
Aggregate amounts of the Group's share of those associates'		
(Loss)/profit for the year (notes)	**(61,451)**	8,796
Other comprehensive income	**66,367**	139,746
Total comprehensive income	**4,916**	148,542

Notes:

(a) In June 2021, the Group has completed the acquisition of approximately 16.93% equity interest of Phoenix Media Investment (Holdings) Limited ("Phoenix Media"), a leading Chinese satellite television broadcasting television operator broadcasting in the PRC as well as worldwide, from an independent third party at a cash consideration of approximately HK$516 million. Upon completion of the acquisition, Phoenix Media became an associate of the Group. A gain on bargain purchase of approximately HK$321 million was recognised within the share of results of associates during the year, representing the Group's share of the provisional fair values of the identifiable net assets acquired over the cost of investment.

(b) In November 2021, the Group completed the disposal of the 50% equity interest in FDH (Thailand) Limited at a total consideration of HK$23,920,000. During year ended 31 December 2021, a gain on disposal of HK$20,135,000 was recorded in "Other gains, net" in the consolidated income statement (note 5).

(c) On 29 June 2020, the Group entered into a sale and purchase agreement to acquire 450 Class A Shares and 450 Class B Shares of Shun Tak Centre Limited ("STCL") and its shareholder's loan at a total consideration of HK$2,387,200,000. The consideration is payable by instalments and will be fully paid in the year of 2022 (note 30). The transaction was completed on 30 June 2020. In 2020, a bargain purchase on acquisition of HK$29,550,000 was included in the share of results in associates.

(d) On 22 December 2020, the Group entered into a sale and purchase agreement to dispose the entire 38.7% equity interest in Perennial Tongzhou Holdings Pte. Limited which holds 50% equity interest in a mixed-use development in Tongzhou, Beijing, at the total consideration of RMB978,197,000. The transaction was completed on 28 December 2020. In 2020, a gain on disposal of HK$562,694,000 was recorded in "Other gains, net" in the consolidated income statement (note 5).

(e) On 16 July 2020, the Group has completed the restructuring of STCT and its subsidiaries ("STCT group"). Subsequent to the completion of the transaction, STCT group become an associate of the Group. In 2020, a bargain purchase on acquisition of HK$59,080,000 was included in the share of results in associates. Details of the transaction can be referred to note 38.

NOTES TO THE FINANCIAL STATEMENTS

17 ASSOCIATES (Continued)

Notes: (Continued)

(f) During the year, the Group's share of associates' loss included share of net fair value loss of investment properties, netted of deferred tax, amounting to HK$66,817,000 (2020: net fair value gain amounting to HK$42,120,000). 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.

There are no material contingent liabilities relating to the Group's interests in the associates.

18 INTANGIBLE ASSETS

	Licences and other operating rights	Franchises and royalties	Total
	HK$'000	HK$'000	HK$'000
Cost			
As at 1 January 2020, 31 December 2020 and 31 December 2021	**4,510**	**2,101**	**6,611**
Accumulated amortisation and impairment			
As at 1 January 2020	6,122	1,164	7,286
Amortisation for the year (note 6)	160	42	202
Disposal	(3,932)	—	(3,932)
As at 31 December 2020	**2,350**	**1,206**	**3,556**
Amortisation for the year (note 6)	**160**	**63**	**223**
As at 31 December 2021	**2,510**	**1,269**	**3,779**
Net book value			
As at 31 December 2021	**2,000**	**832**	**2,832**
As at 31 December 2020	2,160	895	3,055

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

	2021	2020
	HK$'000	HK$'000
Equity securities		
Unlisted	**2,105,930**	3,035,529
Listed		
— In Hong Kong	**309,659**	386,098
— Outside Hong Kong	**9,861**	9,382
	319,520	395,480
Debt securities		
Listed in Hong Kong	**15,454**	52,152
	2,440,904	3,483,161
Less: current portion	**—**	(36,433)
Non-current portion	**2,440,904**	3,446,728

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:

	2021	2020
	HK$'000	HK$'000
Hong Kong dollar	**2,317,137**	3,415,163
United States dollar	**123,767**	67,998
	2,440,904	3,483,161

In December 2021, the Group completed the exchange of 137,360,000 shares in Apollo Future Mobility Group Limited ("Apollo Shares"), a company listed on the Main Board of the Stock Exchange of Hong Kong Limited, with 15,042,925 Class A ordinary shares of WM Motor Holdings Limited ("WMMH") in accordance with the terms and conditions of a share exchange agreement. Upon completion of the share exchange, the Group has ceased to hold any Apollo Shares and recognised a gain of HK$23,351,000 arising from its disposal (note 5). The fair value of the ordinary shares of WMMH acquired amounted to HK$93,405,000 upon completion of the share exchange.

(b) Financial assets at fair value through profit or loss

	2021	2020
	HK$'000	HK$'000
Debt securities		
Unlisted	**544,985**	—

Financial assets at fair value through profit or loss represented 89,334,235 WM 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 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 42(e) of the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

20 OTHER NON-CURRENT ASSETS

	2021	2020
	HK$'000	HK$'000
Amounts due by joint ventures (note a)	**94,300**	1,395,727
Amounts due by associates (note b)	**175,464**	143,882
Consideration receivable (note c)	**77,088**	73,877
Deposits and prepayments	**88,034**	1,158,380
	434,886	2,771,866

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. HK$133,882,000 (2020: HK$133,882,000) is interest bearing at HIBOR plus 2% per annum on loan principal and repayable on demand. The remaining balance is non-interest bearing and with no fixed term of repayment. The balances are denominated in Hong Kong dollar.

(c) It represents the consideration receivables of RMB65,124,000 to be received in the year 2023 from the disposal of an associate (note 17(d)).

(d) The maximum exposure to credit risk as at 31 December 2021 is the carrying amounts, which approximate their fair values (2020: same).

21 PROPERTIES FOR OR UNDER DEVELOPMENT

	2021	2020
	HK$'000	HK$'000
Properties for or under development, at cost	**3,697,292**	4,025,958

The amount of properties for or under development expected to be recovered within one year is HK$1,722,648,000 (2020: nil).

The amount of properties for or under development expected to be recovered after more than one year is HK$1,974,644,000 (2020: HK$4,025,958,000).

Properties for or under development of HK$3,697,292,000 (2020: HK$4,025,958,000) were pledged to banks as securities for bank borrowings granted to subsidiaries of the Group (note 27).

22 INVENTORIES

	2021	2020
	HK$'000	HK$'000
Properties held for sale	**9,497,029**	13,443,732
Others	**14,238**	11,113
	9,511,267	13,454,845

Properties held for sale of HK$6,523,525,000 (2020: HK$9,142,302,000) and other inventories of HK$428,000 (2020: HK$635,000) 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

	2021	2020
	HK$'000	HK$'000
Trade receivables (note a)	**104,945**	120,386
Less: Provision for impairment of trade receivables	**(6,365)**	(8,573)
	98,580	111,813
Mortgage loans receivable	**124**	355
Deposits for acquisitions of interests in land development rights (note b)	**500,000**	500,000
Other debtors, deposits and prepayments (note c)	**234,638**	291,282
	833,342	903,450

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:

	2021	2020
	HK$'000	HK$'000
Hong Kong dollar	**589,964**	609,439
Macau pataca	**52,133**	58,705
Renminbi	**58,363**	78,540
Singapore Dollar	**131,191**	153,705
United States dollar	**1,282**	2,731
Others	**409**	330
	833,342	903,450

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:

	2021	2020
	HK$'000	HK$'000
0 — 30 days	**64,201**	73,612
31 — 60 days	**14,974**	18,920
61 — 90 days	**6,822**	13,365
Over 90 days	**18,948**	14,489
	104,945	120,386

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:

	2021	2020
	HK$'000	HK$'000
As at 1 January	**8,573**	3,718
Exchange adjustment	**(54)**	—
Impairment loss recognised during the year	**1,376**	4,993
Impairment loss reversed during the year	**(321)**	(138)
Uncollectible amount written off	**(3,209)**	—
As at 31 December	**6,365**	8,573

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 (2020: HK$500,000,000) in Macau. The transaction is further disclosed in note 35(b)(ix).

(c) Included within the balance of "other debtors, deposits and prepayments" as at 31 December 2021, the Group recognised an asset of HK$81,587,000 (2020: HK$7,703,000) 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$24,226,000 (2020: HK$36,799,000) are charged to the consolidated income statement.

24 CASH AND BANK BALANCES

	2021	2020
	HK$'000	HK$'000
Bank deposits	**4,658,367**	3,236,799
Cash and bank balances	**3,160,261**	2,209,330
	7,818,628	5,446,129

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:

	2021	2020
	HK$'000	HK$'000
Hong Kong dollar	**4,673,350**	2,591,617
Macau pataca	**116,898**	93,703
Renminbi	**979,014**	1,664,112
Singapore dollar	**1,530,554**	211,152
United States dollar	**518,783**	885,545
Others	**29**	—
	7,818,628	5,446,129

As at 31 December 2021, bank balances and bank deposits include amount of HK$132,209,000 (2020: HK$1,053,412,000) held under charge in favour of banks in respect of bank loan facilities (note 27). As at 31 December 2021, the balances can be utilised under specified conditions by the Group. (2020: same).

25 TRADE AND OTHER PAYABLES, AND DEPOSITS RECEIVED

	2021	2020
	HK$'000	HK$'000
Amount due to a joint venture (note a)	**1,958**	1,657
Trade and other creditors, deposits and accrued charges (note b)	**1,052,819**	1,121,971
Consideration payable (note c)	**805,211**	779,203
Shareholder's loan (note d)	**23,587**	—
	1,883,575	1,902,831

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:

	2021	2020
	HK$'000	HK$'000
Hong Kong dollar	**1,086,347**	1,056,607
Macau pataca	**172,422**	196,186
Renminbi	**291,691**	540,138
Singapore dollar	**331,671**	106,987
United States dollar	**1,444**	1,834
Others	**—**	1,079
	1,883,575	1,902,831

Notes:

(a) Amount due to a joint venture is unsecured, non-interest bearing and with no fixed term of repayment. The carrying amounts approximate its fair values.

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

	2021	2020
	HK$'000	HK$'000
0 — 30 days	**290,099**	477,744
31 — 60 days	**2,214**	1,637
61 — 90 days	**166**	217
Over 90 days	**631**	446
	293,110	480,044

(c) It represents the consideration payable for the acquisition of additional 45% equity interest in STCL (note 30).

(d) It represents the secured, non-interest bearing shareholder's loan for the acquisition of additional 45% equity interest in STCL, which will be payable by 30 June 2022 (note 30).

26 CONTRACT LIABILITIES

The Group has recognised the following revenue-related contract liabilities:

	2021	2020
	HK$'000	HK$'000
Property sales (note a)	**278,561**	923,319
Hotel and club operations	**44,339**	35,922
	322,900	959,241
Less: non-current portion	**(39,219)**	(32,028)
Current portion	**283,681**	927,213

26 CONTRACT LIABILITIES (Continued)

Notes:

(a) 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.

(b) 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:

	2021	2020
	HK$'000	HK$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year		
— Property sales	872,466	561,099
— Passenger transportation	—	8,373
— Hotel and club operations	3,261	4,808
	875,727	574,280

(c) 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:

	2021	2020
	HK$'000	HK$'000
Expected to be recognised within one year	396,281	1,828,508
Expected to be recognised after one year	615,173	187,610
	1,011,454	2,016,118

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.

27 BANK BORROWINGS

	2021	2020
	HK$'000	HK$'000
Bank borrowings repayable as follows:		
Not exceeding 1 year	1,544,374	2,928,476
More than 1 year but not exceeding 2 years	4,829,342	742,084
More than 2 years but not exceeding 5 years	9,126,313	12,024,920
More than 5 years	2,228,427	2,244,066
	17,728,456	17,939,546
Less: Current portion	(1,544,374)	(2,928,476)
Non-current portion	16,184,082	15,011,070

As at 31 December 2021, the balance comprises total principal amounts of bank borrowings of HK$17,812,855,000 net of unamortised bank borrowing facilities fees of HK$84,399,000.

NOTES TO THE FINANCIAL STATEMENTS

27 BANK BORROWINGS (Continued)

Bank borrowings include secured bank borrowings of HK$7,739,112,000 (2020: HK$9,692,043,000) and are secured by the following pledged assets:

	2021	2020
	HK$'000	HK$'000
Property, plant and equipment (note 12)	**2,537,568**	2,759,949
Properties for or under development (note 21)	**3,697,292**	4,025,958
Inventories (note 22)	**6,523,953**	9,142,937
Right-of-use assets (note 13)	**268,279**	376,605
Investment properties (note 14)	**1,967,238**	1,961,608
Cash and bank balances (note 24)	**132,209**	1,053,412
Other assets	**31,961**	28,855
	15,158,500	19,349,324

Out of the above secured bank borrowings, an aggregate amount of HK$691,120,000 (2020: HK$2,507,214,000) are also secured by pledges of shares of certain subsidiaries (note 45).

Bank borrowings amounting to HK$651,775,000 (2020: HK$2,477,000,000) 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 2021, the weighted average effective interest rate of the Group's bank borrowings is 1.5% (2020: 1.7%) per annum.

The carrying amounts of bank borrowings approximate their fair values and are denominated in the following currencies:

	2021	2020
	HK$'000	HK$'000
Hong Kong dollar	**10,680,464**	8,967,471
Renminbi	**345,655**	2,142,033
Singapore dollar	**6,702,337**	6,830,042
	17,728,456	17,939,546

28 PROVISION FOR EMPLOYEE BENEFITS

Provision for employee benefits represents cost of cumulative paid leaves that the Group expects to pay.

	2021	2020
	HK$'000	HK$'000
As at 1 January	**5,886**	11,231
Net amount provided during the year	**2,372**	352
Amount utilised and paid during the year	**(506)**	(3,309)
Disposal of subsidiaries	**—**	(2,388)
As at 31 December	**7,752**	5,886

29 LOANS FROM NON-CONTROLLING INTERESTS

Loans from non-controlling interests are expected to be repayable on demand or repayable within one year. As at 31 December 2021, the loans amounting to HK$60,361,000 (2020: 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 the following currencies:

	2021	2020
	HK$'000	HK$'000
Hong Kong dollar	**60,361**	60,361

30 OTHER NON-CURRENT LIABILITIES

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

As at 31 December 2020, the second instalment of the shares consideration payable of HK$779,203,000 was paid by 30 June 2021 and included within trade and other payables under current liabilities. The balance was settled during the year ended 31 December 2021.

The final instalment of shares consideration payable of HK$805,211,000 and shareholder's loan of HK$23,587,000 will be payable by 30 June 2022. As at 31 December 2020, the balance was included within the other non-current liabilities and was transferred to trade and other payables under current liabilities as at 31 December 2021. These share consideration payables are secured and bear interest at 2% per annum.

31 SHARE CAPITAL

	2021		2020	
	Number of shares	**HK$'000**	Number of shares	HK$'000
Issued and fully paid ordinary shares				
At beginning of the year	**3,021,479,785**	**9,858,250**	3,021,479,785	9,858,250
Buy-back of shares	**(1,100,000)**	**—**	—	—
At end of the year	**3,020,379,785**	**9,858,250**	3,021,479,785	9,858,250

NOTES TO THE FINANCIAL STATEMENTS

31 SHARE CAPITAL (Continued)

During the year ended 31 December 2021, the Company bought back its own shares through The Stock Exchange of Hong Kong Limited as follows:

Month of buy-back	Number of shares bought back	Price per share Highest	Price per share Lowest	Aggregate consideration
		HK$	HK$	HK$'000
June 2021	1,100,000	2.42	2.39	2,642
	Total expenses on shares bought back			7
				2,649

The shares buy-back was governed by section 257 of the Hong Kong Companies Ordinance. The total amount incurred for the shares bought back of HK$2,649,000 (2020: nil) was paid wholly out of the Company's retained profits. All the shares bought back were cancelled subsequently.

32 SHARE OPTION SCHEME

The share option scheme adopted by the Company on 31 May 2002 (the "2002 Share Option Scheme") and expired on 30 May 2012 and the share options granted prior to its expiration will continue to be valid and exercisable in accordance with the terms therein. The Company currently has a share option scheme (the "2012 Share Option Scheme"), approved by the shareholders of the Company at the annual general meeting of the Company held on 6 June 2012. Pursuant to the 2012 Share Option Scheme, the board of directors of the Company may grant share options to eligible persons, including, among Directors and employees of the Company, to subscribe for ordinary shares in the Company.

Details of the share options are as follows:

2021

Date of grant	Exercise price	Number of share options As at 1 January	Number of share options Lapsed during the year	Number of share options As at 31 December	Note
The 2002 Share Option Scheme					
29 March 2011	HK$3.86	2,264,248	2,264,248	—	(a)
Weighted average exercise price		HK$3.86	—	—	

2020

Date of grant	Exercise price	Number of share options As at 1 January	Number of share options Lapsed during the year	Number of share options As at 31 December	Note
The 2002 Share Option Scheme					
29 March 2011	HK$3.86	2,264,248	—	2,264,248	(a), (b)
Weighted average exercise price		HK$3.86	—	HK$3.86	

32 SHARE OPTION SCHEME (Continued)

Notes:

(a) The 2,264,248 share options were granted to Directors of the Company and exercisable commencing on 29 March 2011 (i.e. date of grant) and expiring on 28 March 2021. These share options were vested on the date of grant and lapsed during the year.

(b) The weighted average remaining contractual life for the share options outstanding as at 31 December 2020 is 0.24 years.

(c) No share options were granted under the 2012 Share Option Scheme; and no share options were cancelled under the 2002 Share Option Scheme during the year ended 31 December 2021 (2020: same).

33 OTHER RESERVES

	2021	2020
	HK$'000	HK$'000
Capital reserve (note a)	**10,869**	14,465
Asset revaluation reserve (note b)	**250,095**	308,672
Legal reserve (note c)	**63,292**	12,034
Special reserve (note d)	**(151,413)**	(151,413)
Investment revaluation reserve (note e)	**1,137,954**	2,164,994
Hedging reserve	**4,265**	4,265
Exchange reserve	**772,335**	366,100
Retained profits	**23,419,141**	22,507,527
	25,506,538	25,226,644

Notes:

(a) As at year ended 31 December 2020, capital reserve comprised the portion of fair value on grant date of unexercised share option granted to Directors of the Company, and is accounted for in accordance with the accounting policy adopted for share-based payments in note 2(w). The share options were lapsed during the year (note 32).

(b) 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".

(c) 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.

(d) 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.

(e) 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).

NOTES TO THE FINANCIAL STATEMENTS

34 SEGMENT INFORMATION

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

The Group currently has four reportable segments namely property, transportation, hospitality and investment. The segmentations are based on the internal reporting information 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, hotel management and travel agency services
Investment	—	investment holding and others

(b) Segment results, assets and liabilities

Management evaluates performance of the reportable segments on the basis of operating profit or loss before fair value changes on investment properties, non-recurring gains and losses, interest income and unallocated 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 2020.

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).

As detailed in note 38, the Group completed its restructuring in its transportation businesses on 16 July 2020. Subsequent to the completion of the transaction, the results and assets and liabilities of STCT would continue to be presented under the transportation segment but under the lines "Share of results of associates" and "Associates" respectively for the purpose of segment reporting.

34 SEGMENT INFORMATION (Continued)

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

2021

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

Notes:

(i) Amount includes gain on transfer of inventories to investment properties of HK$210,829,000 as detailed in note 5(c).

(ii) Amount includes gain on disposal of an associate of HK$20,135,000 as detailed in note 17(b).

(iii) Amount includes gain on share exchange contract of HK$23,351,000 as detailed in note 19(a).

NOTES TO THE FINANCIAL STATEMENTS

34 SEGMENT INFORMATION (Continued)

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

2021

	Property	Transportation	Hospitality	Investment	Eliminations	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets						
Segment assets	29,104,116	175,218	4,488,508	3,038,792	—	36,806,634
Joint ventures	12,870,123	—	(389,705)	—	—	12,480,418
Associates	5,047,604	626,976	136,690	816,249	—	6,627,519
Unallocated assets						3,640,743
Total assets						59,555,314
Liabilities						
Segment liabilities	1,987,804	5	191,878	18,681	—	2,198,368
Unallocated liabilities						19,139,132
Total liabilities						21,337,500
Other information						
Additions to non-current assets (other than financial instruments and deferred tax assets)	58,478	31,582	176,767	520,061	—	786,888
Depreciation						
— property, plant and equipment	7,275	—	83,686	5,373	—	96,334
— right-of-use assets	9,780	—	29,164	9,177	—	48,121
Amortisation						
— intangible assets	—	—	160	63	—	223
Impairment losses provided						
— trade receivables, net	1,055	—	—	—	—	1,055

34 SEGMENT INFORMATION (Continued)

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

2020

	Property	Transportation	Hospitality	Investment	Eliminations	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue and other income						
External revenue (note e)						
Revenues from contracts with customers						
— Recognised at a point in time	2,454,340	2,040	62,148	32,790	—	2,551,318
— Recognised over time	750,506	85,006	192,243	—	—	1,027,755
	3,204,846	87,046	254,391	32,790	—	3,579,073
Revenues from other sources						
— Rental income	429,302	227	—	438	—	429,967
— Dividend income	—	—	—	181,269	—	181,269
	429,302	227	—	181,707	—	611,236
	3,634,148	87,273	254,391	214,497	—	4,190,309
Inter-segment revenue	1,295	215	1,943	—	(3,453)	—
Other income (external income and excluding interest income)	30,686	55,101	33,756	7,760	—	127,303
	3,666,129	142,589	290,090	222,257	(3,453)	4,317,612
Segment results	2,467,580[iv]	95,315[v]	(547,901)	166,414	—	2,181,408
Fair value changes on investment properties	(449,248)	—	—	—	—	(449,248)
Interest income						142,252
Unallocated income						12,254
Unallocated expense						(140,027)
Operating profit						1,746,639
Finance costs						(382,391)
Share of results of joint ventures	(375,489)	(1,026)	(53,219)	—	—	(429,734)
Share of results of associates	96,576	(76,362)	(15,997)	4,579	—	8,796
Profit before taxation						943,310
Taxation						(310,276)
Profit for the year						633,034

Notes:

(iv) Amount includes gain on disposal of an associate of HK$562,694,000 as detailed in note 17(d).

(v) Amount includes gain on disposal of a subsidiary of HK$395,542,000 as detailed in note 38.

NOTES TO THE FINANCIAL STATEMENTS

34 SEGMENT INFORMATION (Continued)

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

2020

	Property	Transportation	Hospitality	Investment	Eliminations	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets						
Segment assets	32,009,029	178,936	4,194,735	3,566,125	—	39,948,825
Joint ventures	13,002,624	—	(358,513)	—	—	12,644,111
Associates	4,998,395	932,175	140,378	4,520	—	6,075,468
Unallocated assets						2,268,641
Total assets						60,937,045
Liabilities						
Segment liabilities	3,550,449	5,522	139,955	25,256	—	3,721,182
Unallocated liabilities						19,300,314
Total liabilities						23,021,496
Other information						
Additions to non-current assets (other than financial instruments and deferred tax assets)	3,647,729	1,142,759	110,271	19,029	—	4,919,788
Depreciation						
— property, plant and equipment	5,002	13,278	88,443	3,758	—	110,481
— right-of-use assets	9,914	4,003	30,751	8,253	—	52,921
Amortisation						
— intangible assets	—	—	160	42	—	202
Impairment losses provided/(reversed)						
— property, plant and equipment	—	—	318,794	—	—	318,794
— trade receivables, net	4,993	—	(138)	—	—	4,855

34 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	Others	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2021					
Revenue and other income from external customers	**411,542**	**2,272,659**	**1,350,785**	**851,268**	**4,886,254**
Non-current assets	**5,706,186**	**998,507**	**6,649,634**	**1,710,239**	**15,064,566**
2020					
Revenue and other income from external customers	733,405	2,674,218	747,449	162,540	4,317,612
Non-current assets	5,710,739	1,107,628	3,604,010	1,572,014	11,994,391

(d) Information about major customers

For the year ended 31 December 2021 and 2020, 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).

NOTES TO THE FINANCIAL STATEMENTS

35 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Note	**2021**	2020
		HK$'000	HK$'000
STDM Group	(i)		
Dividend income from STDM		**52,340**	172,433
Ferry tickets sold (after discount) to STDM Group		**—**	6,894
Fees received from STDM Group for provision of hospitality management and related services		**12,823**	17,868
Fees received from STDM Group for provision of property related services		**16,828**	16,602
Fees received from STDM Group for provision of business support services		**1,465**	3,805
Rental and related expenses paid to STDM Group		**14,797**	15,658
Fee paid to STDM Group for purchase of travel products		**—**	1,004
Fuel arrangement fee paid to STDM Group for Macau shipping operations		**—**	964
Amount reimbursed by STDM Group for staff expenses and administrative resources shared		**36,232**	42,586
Revenue of duty free goods sold on board collected for STDM		**—**	973
Shun Tak Centre Limited	(ii)		
Rental and related expenses paid to STCL		**10,028**	13,238
Joint ventures			
Ferry passengers handling fees received on behalf of a joint venture		**—**	673
Sanitation/cleaning service income received from a joint venture		**12,866**	10,018
Associates			
Insurance premium paid to an associate		**6,632**	24,472
Fuel costs paid to an associate		**—**	1,849
Key management personnel			
Directors' emoluments	(iii)		
— Salaries and other short-term employee benefits		**29,865**	31,957
— Provident fund contributions		**1,130**	1,301
Consideration for sale of properties	(iv)	**—**	37,490
Marketing expenses paid	(v)	**7,614**	7,170

35 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

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

	Note	2021	2020
		HK$'000	HK$'000
STDM Group	(i)		
Net receivable from STDM Group	(vi)	**6,569**	19,176
Joint ventures			
Amounts due by joint ventures	(vii)	**98,640**	1,395,727
Amounts due to joint ventures	(vii)	**2,329**	1,657
Associates			
Amounts due by associates	(viii)	**176,197**	143,882
Key management personnel			
Deposit paid by a subsidiary to Sai Wu Investment Limited ("Sai Wu")	(ix)	**500,000**	500,000
Deposits received for sale of properties	(iv)	**—**	1,500

Notes:

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

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

(iii) Further details of Directors' emoluments are disclosed in note 7 to the consolidated financial statements.

(iv) During the year ended 31 December 2020, Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho and Mr. David Shum, Directors of the Company entered into sale and purchase contracts with the Group to purchase certain residential units of Hengqin Integrated Development in Hengqin, Zuhai and carparks of Nova Grand in Taipa, Macau developed by the Group at a total consideration of HK$37,490,000. As at 31 December 2020, the total consideration of HK$37,490,000 had been fully settled and sale deposits of HK$1,500,000 was recognised as contract liabilities.

Revenue amounting to HK$10,385,000 (2020: HK$26,815,000) was recognised in the consolidated income statement in relation to these sale and purchase contracts for the year ended 31 December 2021.

(v) 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.

NOTES TO THE FINANCIAL STATEMENTS

35 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

Notes: (Continued)

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

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

Amounts due by joint ventures are unsecured, non-interest bearing and repayable on demand.

(viii) Amounts due by associates are unsecured and with no fixed terms of repayment. An amount of HK$133,882,000 (2020: HK$133,882,000) is repayable on demand, carries interest at HIBOR plus 2% per annum on loan principal. The related interest income for the year amounted to HK$3,213,000 (2020: HK$1,337,000). The remaining balances are non-interest bearing.

(ix) On 11 November 2004, Shun Tak Nam Van Investment Limited ("Shun Tak Nam Van"), a wholly-owned subsidiary of the Group, entered into a conditional sale and purchase agreement ("SPA") with Sai Wu, a company beneficially owned as to 60% by the late Dr. Stanley Ho and 40% by other independent third parties, to acquire the interest in the land development right in respect of the property sites adjoining the Macau Tower in Nam Van, Macau ("Nam Van Sites") (note 23(b)). The refundable deposit of HK$500,000,000 was paid by Shun Tak Nam Van to Sai Wu in order to further extend the completion date of the acquisition without changing the consideration or other terms of the acquisition.

On 1 November 2016, Shun Tak Nam Van, the Company and Sai Wu entered into a supplemental agreement in respect of (i) the extension of the long stop date of the SPA and (ii) the proposed transfer of entire share capital of companies holding the respective leasehold grant or promissory land rights (the "Target Companies") and the assignment of relevant promissory land 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.

36 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 (2020: 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 2021 were HK$18,731,000 (2020: HK$33,007,000). 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$12,735,000 (2020: HK$12,616,000).

37 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	2021	2020
		HK$'000	HK$'000
Contracted but not provided for			
Property, plant and equipment	(i)	**489,560**	588,770
Investment properties		**36,909**	—
		526,469	588,770
Capital contribution to			
Joint ventures		**—**	74,350
Associates	(iii)	**731,156**	754,777
		731,156	829,127

Notes:

(i) As at 31 December 2021, the outstanding commitments mainly include approximately HK$372 million and HK$114 million (2020: HK$459 million and HK$123 million) for development of a hotel property in Singapore and Hengqin respectively.

NOTES TO THE FINANCIAL STATEMENTS

37 COMMITMENTS (Continued)

(a) Capital commitments (Continued)

Notes: (Continued)

(ii) The Group's share of capital commitment of joint ventures is HK$690 million as at 31 December 2021 (2020: HK$713 million).

(iii) As at 31 December 2021, the outstanding commitment mainly includes capital contribution of USD94 million (2020: USD97 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.

(b) Committed leases not yet commenced

As at 31 December 2021 and 2020, the total future lease payments for leases committed but not yet commenced are payable as follows:

Land and building

	2021	2020
	HK$'000	HK$'000
Within one year	**1,738**	—
In the second to fifth year inclusive	**3,825**	—
	5,563	—

(c) 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:

	2021	2020
	HK$'000	HK$'000
Within one year	**306,980**	352,726
After 1 year but within 2 years	**198,049**	181,742
After 2 years but within 3 years	**88,127**	106,931
After 3 years but within 4 years	**24,332**	46,304
After 4 years but within 5 years	**15,472**	12,087
After 5 years	**13,743**	18,827
	646,703	718,617

37 COMMITMENTS (Continued)

(d) Property development commitments

The Group had outstanding commitments of HK$840 million (2020: HK$121 million) under various contracts for property development projects.

In addition to the above, the Group had commitments of payment up to HK$250 million (2020: HK$250 million) in cash and of issue of up to 148,883,374 (2020: 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 35(b)(ix)).

38 DISPOSAL OF SUBSIDIARIES

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

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

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

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

Following the completion on 16 July 2020, the Group ceased to have control on STCT and the remaining interest is accounted for as investment in an associate. In 2020, a gain on disposal of HK$395,542,000 was recognised in "Other gain, net" and a bargain purchase on acquisition of HK$59,080,000 was recognised in the share of results of associates in the consolidated income statement.

NOTES TO THE FINANCIAL STATEMENTS

38 DISPOSAL OF SUBSIDIARIES (Continued)

The net assets of STCT group and Jointmight at the disposal date were as follows:

	STCT group	Jointmight	Total
	HK$'000	HK$'000	HK$'000
Property, plant and equipment	525,921	—	525,921
Right-of-use assets	107,226	—	107,226
Joint ventures	26,198	28,297	54,495
Associates	28,570	28,768	57,338
Deferred tax assets	29,084	—	29,084
Other non-current assets	4,063	—	4,063
Inventories	169,852	—	169,852
Trade and other receivables, deposits paid and prepayments	59,554	11,178	70,732
Taxation recoverable	3,306	—	3,306
Cash and bank balances	691,014	—	691,014
Trade and other payables, and deposits received	(155,887)	(4)	(155,891)
Provision for employee benefits	(2,388)	—	(2,388)
Derivative financial instruments	(10,215)	—	(10,215)
Contract liabilities	(3,747)	—	(3,747)
Lease liabilities	(13,656)	—	(13,656)
Taxation payable	(1,125)	—	(1,125)
Deferred tax liabilities	(14,805)	—	(14,805)
Net assets	1,442,965	68,239	1,511,204
Less: Equity attributable to non-controlling interest	(418,460)	—	(418,460)
Fair value of the retained interests in subsidiaries disposed of	(1,063,378)	—	(1,063,378)
Hedging reserve released upon disposal	6,056	—	6,056
Gain/(loss) on disposal of subsidiaries	395,542	(12,877)	382,665
Remeasurement gain of retained interest at fair value upon reclassification to an associate	59,080	—	59,080
	421,805	55,362	477,167
Satisfied by:			
Cash consideration received	421,805	55,362	477,167

38 DISPOSAL OF SUBSIDIARIES (Continued)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of STCT group and Jointmight is as follows:

	STCT group	Jointmight	Total
	HK$'000	HK$'000	HK$'000
Cash consideration	421,805	55,362	477,167
Cash and bank balances disposed of	(691,014)	—	(691,014)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	(269,209)	55,362	(213,847)

39 ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES

On 13 November 2020, the Group successfully tendered to further acquire 20% equity interest in Shanghai Tongxin Investment Company Limited ("Shanghai Tongxin") and Shanghai Suzuan Investment Company Limited ("Shanghai Suzuan") through public tender at a total consideration of RMB944,400,000, which has been prepaid in November 2020. Shanghai Suzuan and Shanghai Tongxin were 80% owned joint ventures of the Group, which hold 50% owned joint ventures with interest in a mixed-use development located in Suhe Bay Area in Jingan District of Shanghai ("Suhe Bay Project").

Upon the completion on 14 January 2021, Shanghai Suzuan and Shanghai Tongxin became 100% wholly-owned subsidiaries of the Group. The acquisition has been accounted for as purchase of assets and liabilities. Through the acquisition, the Group has increased its effective interest in the joint ventures developing the Suhe Bay Project from 40% to 50%. A gain on bargain purchase of HK$17,548,000 was recognised within the share of results of joint ventures during the year. Net cash inflow of HK$32,523,000 was resulted from the acquisition of Shanghai Suzuan and Shanghai Tongxin during the year since the cash consideration was paid in previous year.

The assets acquired and liabilities recognised of Shanghai Suzuan and Shanghai Tongxin at the acquisition date were as follows:

	Shanghai Suzuan	Shanghai Tongxin	Total
	HK$'000	**HK$'000**	**HK$'000**
Investment in a joint venture	**2,853,974**	**1,399,026**	**4,253,000**
Financial assets at fair value through profit or loss	**—**	**1,171,816**	**1,171,816**
Cash and bank balances	**5,236**	**27,287**	**32,523**
Trade and other payables, and deposits received	**(821)**	**(1,043)**	**(1,864)**
Net assets	**2,858,389**	**2,597,086**	**5,455,475**
Net asset of additional 20% interest acquired	**571,678**	**519,417**	**1,091,095**
Cash consideration paid in previous year	**(565,874)**	**(507,673)**	**(1,073,547)**
Gain on bargain purchase	**5,804**	**11,744**	**17,548**

NOTES TO THE FINANCIAL STATEMENTS

40 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 2021	17,939,546	9,687	96,402	60,361	4,580	—	18,110,576
Cash flows	(197,582)	(321,122)	(55,094)	—	(7)	(203,000)	(776,805)
Exchange adjustments	(50,556)	—	—	—	—	—	(50,556)
Finance costs	—	321,662	4,092	—	—	—	325,754
Dividends declared	—	—	—	—	—	203,000	203,000
Loan facilities fee	37,048	—	—	—	—	—	37,048
Addition to lease liabilities (note 13 (b))	—	—	14,263	—	—	—	14,263
Remeasurement of lease liabilities	—	—	5,344	—	—	—	5,344
As at 31 December 2021	17,728,456	10,227	65,007	60,361	4,573	—	17,868,624

	Bank borrowings	Finance costs payable	Medium term notes	Cross-currency swaps held to hedge against currency risk of medium term notes	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$'000	HK$'000	HK$'000
As at 1 January 2020	15,314,686	21,802	3,170,586	(15,027)	117,108	896,536	4,341	1,368,503	20,878,535
Cash flows	2,475,230	(426,339)	(3,190,648)	—	(58,412)	(389,589)	(543,627)	(3,301,483)	(5,434,868)
Fair value change	—	—	—	15,027	—	—	—	—	15,027
Exchange adjustments	214,802	—	(12,917)	—	—	3,045	—	—	204,930
Finance costs	—	414,224	32,979	—	3,903	—	—	—	451,106
Dividends declared	—	—	—	—	—	—	543,866	1,932,980	2,476,846
Loan facilities fee	(65,172)	—	—	—	—	—	—	—	(65,172)
Addition to lease liabilities (note 13 (b))	—	—	—	—	67,571	—	—	—	67,571
Remeasurement of lease liabilities	—	—	—	—	(20,112)	—	—	—	(20,112)
Further acquisition of a subsidiary	—	—	—	—	—	(449,631)	—	—	(449,631)
Lease liabilities relating to disposal of a subsidiary	—	—	—	—	(13,656)	—	—	—	(13,656)
As at 31 December 2020	17,939,546	9,687	—	—	96,402	60,361	4,580	—	18,110,576

41 CONTINGENCY AND FINANCIAL GUARANTEES

The Company has provided a corporate guarantee for securing a banking facility granted to an associate. As at 31 December 2021, the bank loan balance proportionate to the Company's shareholding amounted to HK$110 million (2020: nil).

42 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, debt securities classified as financial assets at FVOCI, bank deposits and cash at banks.

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

	2021	2020
	HK$'000	HK$'000
Other non-current assets (excluding prepayments)	**373,102**	1,643,139
Trade receivables, other receivables and deposits paid (excluding prepayments)	**207,292**	339,995
Debt securities classified as financial assets at FVOCI	**15,454**	52,152
Cash and bank balances	**7,818,628**	5,446,129
	8,414,476	7,481,415

NOTES TO THE FINANCIAL STATEMENTS

42 FINANCIAL INSTRUMENTS (Continued)

Financial risk management (Continued)

(a) Credit risk (Continued)

As at 31 December 2021 and 2020, 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 41, 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 amount due by joint ventures amounting to HK$94 million (2020: HK$1,396 million), which is contributed by one (2020: three) joint ventures, and amounts due by associates amounting to HK$175 million (2020: HK$144 million), which are contributed by two (2020: two) 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 2021 and 2020, 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.

42 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.

2021

	Less than 1 year	**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	**36,701**	**29,527**	**1,377**	**67,605**	**65,007**
Bank borrowings	**1,805,820**	**14,587,155**	**2,378,679**	**18,771,654**	**17,728,456**
Trade and other payables	**1,883,575**	**—**	**—**	**1,883,575**	**1,883,575**
Loans from non-controlling interests	**60,361**	**—**	**—**	**60,361**	**60,361**
	3,786,457	**14,616,682**	**2,380,056**	**20,783,195**	**19,737,399**

2020

	Less than 1 year	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	50,125	50,964	—	101,089	96,402
Bank borrowings	3,223,100	13,400,075	2,460,037	19,083,212	17,939,546
Trade and other payables	1,902,831	—	—	1,902,831	1,902,831
Loans from non-controlling interests	60,361	—	—	60,361	60,361
Other non-current liabilities	—	905,174	—	905,174	857,642
	5,236,417	14,356,213	2,460,037	22,052,667	20,856,782

NOTES TO THE FINANCIAL STATEMENTS

42 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

	2021	2020
	HK$'000	HK$'000
Variable-rate financial assets/(liabilities)		
Trade and other receivables, deposits paid and prepayments	**124**	355
Other non-current asset	**134,600**	134,719
Bank balances and deposits	**6,659,344**	5,043,959
Bank borrowings	**(13,912,855)**	(18,022,868)
	(7,118,787)	(12,843,835)
Fixed-rate financial assets/(liabilities)		
Financial assets at FVOCI	**15,454**	52,152
Bank borrowings	**(3,900,000)**	—
	(3,884,546)	52,152
Net interest-bearing liabilities	**(11,003,333)**	(12,791,683)

Sensitivity analysis

As at 31 December 2021, if interest rates had been 50 basis points (2020: 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 properties for or under development, inventories and hotel buildings under construction would decrease by HK$25.4 million (2020: HK$44.4 million)/increase by HK$32.9 million (2020: HK$49.2 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.

42 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 2021, if HKD weakened 10% (2020: 10%) against RMB and SGD with all other variable held constant, the Group's profit after taxation would increase by HK$2.8 million (2020: HK$24.6 million) and increase by HK$49.3 million (2020: decrease by HK$1.5 million) respectively. Conversely, if HKD had strengthened 10% (2020: 10%) against RMB and SGD with all other variables held constant, the Group's profit after taxation would decrease by HK$2.8 million (2020: HK$24.6 million) and decrease by HK$49.3 million (2020: increase by HK$1.5 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

42 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

	2021	2020
	HK$'000	HK$'000
Financial assets, at fair value		
Financial assets at FVOCI	**2,440,904**	3,483,161
Financial assets at FVPL	**544,985**	—

Sensitivity analysis

As at 31 December 2021, if prices of the listed and unlisted securities, classified as financial assets at FVOCI and financial assets at FVPL, had been 10% (2020: 10%) higher/lower with all other variables held constant, the Group's investment revaluation reserve would have been HK$244.1 million (2020: HK$348.3 million) higher/lower and profit for the year would have been HK$54.5 million (2020: nil) 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.

42 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:

	2021	2020
	HK$'000	HK$'000
Financial assets		
Financial assets measured at amortised cost (including cash and bank balances)	8,399,022	7,429,263
Financial assets at FVOCI	2,440,904	3,483,161
Financial assets at FVPL	544,985	—
Financial liabilities		
Financial liabilities measured at amortised cost	19,737,399	20,856,782

(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 2021

	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Assets				
Financial assets at FVOCI				
— equity securities	319,520	4,825	2,101,105	2,425,450
— debt securities	15,454	—	—	15,454
Financial assets at FVPL				
— debt securities	—	—	544,985	544,985
Total assets	334,974	4,825	2,646,090	2,985,889

NOTES TO THE FINANCIAL STATEMENTS

42 FINANCIAL INSTRUMENTS (Continued)

Financial risk management (Continued)

(e) Fair value estimation (Continued)

31 December 2020

	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Assets				
Financial assets at FVOCI				
— equity securities	395,480	6,464	3,029,065	3,431,009
— debt securities	52,152	—	—	52,152
Total assets	447,632	6,464	3,029,065	3,483,161

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.

42 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 2021 HK$'000	**Valuation method**	**Expected dividend stream per year**	**Dividend yield**
2,007,478	**Market approach**	**HK$84.5 million**	**4.21%**

		Range of significant unobservable inputs	
Fair value as at 31 December 2020 HK$'000	Valuation method	Expected dividend stream per year	Dividend yield
3,029,065	Market approach	HK$96 million	3.17%

NOTES TO THE FINANCIAL STATEMENTS

42 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 2021 and 2020 to hypothetical changes in the significant principal assumptions (while holding all other assumptions constant) is as follows:

31 December 2021

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

31 December 2020

		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$303 million	Decrease by HK$303 million
Dividend yield	Decrease/increase by 0.5%	Increase by HK$568 million	Decrease by HK$413 million

Investment in WMMH classified as level 3 equity securities and debt securities are fair valued with reference to recent transaction prices.

42 FINANCIAL INSTRUMENTS (Continued)

Financial risk management (Continued)

(e) Fair value estimation (Continued)

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

The movement of the carrying value of the unlisted investment 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 2020	3,089,453	—	3,089,453
Change in fair value recognised in other comprehensive income	(60,388)	—	(60,388)
As at 31 December 2020	**3,029,065**	**—**	**3,029,065**
Additions	**93,627**	**544,985**	**638,612**
Change in fair value recognised in other comprehensive income	**(1,021,587)**	**—**	**(1,021,587)**
As at 31 December 2021	**2,101,105**	**544,985**	**2,646,090**

NOTES TO THE FINANCIAL STATEMENTS

43 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 2021, 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 2021 and 2020 was as follows:

	2021	2020
	HK$'000	HK$'000
Bank borrowings (note 27)	**17,728,456**	17,939,546
Less: Cash and bank balances (note 24)	**(7,818,628)**	(5,446,129)
Net borrowing	**9,909,828**	12,493,417
Equity attributable to owners of the Company	**35,364,788**	35,084,894
Less: Hedging reserve (note 33)	**(4,265)**	(4,265)
Adjusted capital	**35,360,523**	35,080,629
Net debt-to-adjusted capital ratio	**28.0%**	35.6%

44 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	2021	2020
	HK$'000	HK$'000
Non-current assets		
Property, plant and equipment	**469**	611
Subsidiaries	**649,207**	711,362
Associates	**1,067,250**	1,067,250
Financial assets at fair value through other comprehensive income	**1,977,636**	2,984,036
Other non-current assets	**17,760,756**	17,138,649
	21,455,318	21,901,908
Current assets		
Trade and other receivables, and deposits paid	**15,747**	19,192
Cash and bank balances	**3,372,206**	1,948,792
	3,387,953	1,967,984
Current liabilities		
Trade and other payables, and receipts in advance	**8,870,159**	7,247,554
Provision for employee benefits	**3,797**	3,186
	8,873,956	7,250,740
Net current liabilities	**(5,486,003)**	(5,282,756)
Net assets	**15,969,315**	16,619,152
Equity		
Share capital	**9,858,250**	9,858,250
Other reserves (note (a))	**6,111,065**	6,760,902
Total equity	**15,969,315**	16,619,152

The balance sheet of the Company was approved by the Board of Directors on 25 March 2022 and was signed on its behalf

Pansy Ho
Director

Daisy Ho
Director

NOTES TO THE FINANCIAL STATEMENTS

44 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 2020	14,451	742,252	6,985,674	7,742,377
Loss for the year	—	—	(378,118)	(378,118)
Fair value changes of equity investments as financial assets at FVOCI	—	(59,491)	—	(59,491)
2019 final dividend	—	—	(543,866)	(543,866)
As at 31 December 2020	**14,451**	**682,761**	**6,063,690**	**6,760,902**
Profit for the year	**—**	**—**	**359,212**	**359,212**
Lapse of share options	**(3,596)**	**—**	**3,596**	**—**
Fair value changes of equity investments as financial assets at FVOCI	**—**	**(1,006,400)**	**—**	**(1,006,400)**
Buy-back of shares	**—**	**—**	**(2,649)**	**(2,649)**
As at 31 December 2021	**10,855**	**(323,639)**	**6,423,849**	**6,111,065**

45 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 2021	2020	Principal activities
Property — Hong Kong					
Goform Limited	Hong Kong	Ordinary shares: HK$2	**100**	100	Property investment
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 development, investment and trading and hotel management
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

45 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 2021	2020	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 (formerly "Beijing Mega Hall Hotel Operating Management Co. Ltd. * 北京萬國城酒店運營管理有限公司")	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$187,480,000	**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 珠海橫琴信德房地產開發有限公司	PRC	RMB1,410,000,000@	**100**	100	Property 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 development
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**	80 (Note 2)	Investment holding
Shanghai Tongxin Investment Company Limited* 上海潼信投資有限公司	PRC	RMB2,270,120,000@	**100**	80 (Note 2)	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**	40	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**	40	Property development

45 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 2021	Percentage held by the Group 2020	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 development
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					
Phoenix Media Investment (Holdings) Limited#	Cayman Islands	Ordinary shares: HK$499,365,950	**16.9**	—	Investment holding
Finance					
Joyous Glory Group Limited	British Virgin Islands	Ordinary share: US$1	**100**	100	Financing
Shun Tak Finance Limited	Hong Kong	Ordinary shares: HK$2	**100**	100	Financing
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

NOTES TO THE FINANCIAL STATEMENTS

45 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

46 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 25 March 2022.

FIVE-YEAR FINANCIAL SUMMARY

	Note	2021 (HK$ million)	2020 (HK$ million)	2019 (HK$ million)	(Restated) 2018 (HK$ million)	(Restated) 2017 (HK$ million)
Consolidated Income Statement						
Revenue		**4,830**	4,190	14,649	6,592	6,389
Profit attributable to owners of the Company		**962**	262	3,456	4,647	1,450
Consolidated Balance Sheet						
Non-current assets		**37,694**	37,000	33,611	29,064	23,772
Current assets		**21,861**	23,937	31,718	38,211	35,334
Current liabilities		**(4,172)**	(6,098)	(15,842)	(12,781)	(12,509)
Non-current liabilities		**(17,165)**	(16,923)	(9,026)	(14,845)	(11,311)
Net assets		**38,218**	37,916	40,461	39,649	35,286
Share capital and other statutory capital reserve		**9,858**	9,858	9,858	9,858	9,858
Other reserves		**25,507**	25,227	25,358	22,554	19,029
Proposed dividends		**—**	—	544	484	182
Equity attributable to owners of the Company		**35,365**	35,085	35,760	32,896	29,069
Non-controlling interests		**2,853**	2,831	4,701	6,753	6,217
Total equity		**38,218**	37,916	40,461	39,649	35,286
Number of issued and fully paid shares (million)	1	**3,020**	3,021	3,021	3,025	3,042
Performance Data						
Earnings per share (HK cents)						
— basic		**31.9**	8.7	114.3	153.4	47.7
— diluted		**31.9**	8.7	114.3	153.4	47.7
Dividends per share (HK cents)						
— interim		**—**	—	—	—	6.0
— final		**—**	—	18.0	10.0	6.0
— special		**—**	—	—	6.0	—
Dividend cover		**N/A**	N/A	6.4	9.6	4.0
Current ratio		**5.2**	3.9	2.0	3.0	2.8
Gearing (%)	2	**28.0**	35.6	17.3	12.7	8.8
Return on equity attributable to owners of the Company (%)		**2.7**	0.7	9.7	14.1	5.0
Net asset value per share (HK$)		**12.7**	12.5	13.4	13.1	11.6

	2021	2020	2019	2018	2017
Headcount by Division					
Head Office	**239**	250	250	255	250
Property	**640**	640	593	532	503
Transportation	**—**	—	1,587	1,948	2,016
Hospitality	**594**	626	755	766	594
Investment	**41**	43	38	25	24

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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