(Incorporated in Hong Kong with limited liability)
(Stock code: 242)
website: http://www.shuntakgroup.com

For Immediate Release

Shun Tak Announces 2016 Interim Results

Financial Highlights (For the six-month period ended 30 June 2016)			
	1H2016 (HK$'000)	1H2015 (HK$'000)	Difference (%)
Revenue	1,867,797	2,127,789	↓12.2 %
(Loss)/Profit attributable to shareholders	(53,027)	387,190	↓113.7 %
Profit attributable to shareholders (excluding unrealized fair value changes on investment properties)	239,236	272,764	↓12.3 %
(Loss)/Earnings per share (HK cents):			
Basic	(1.7)	12.7	↓113.4%
Diluted	(1.7)	12.7	↓113.4 %

(August 30, 2016 - Hong Kong) Shun Tak Holdings Limited ("Shun Tak" or "the Group"; stock code: 242) posted a revenue of approximately HK$1,868 million over the first six months of 2016, representing a 12.2% year-on-year decline. Excluding the unrealized fair value changes on investment properties, profit attributable to shareholders registered 12.3% decline at HK$239 million for the first half of 2016. Basic loss per share is HK$1.7 cents. The Board has resolved not to declare an interim dividend (2015: nil).

"The first six months of 2016 has been a trying period. Undercurrents in the macro environment and volatility in the global market has significantly impeded a wide spectrum of our economy. For the Group, our transportation division has maintained resilient despite a downturn in visitor arrivals. However, as most property and hotel projects under our portfolio are still in different stages of construction, we could yet capitalize on their returns. Nonetheless, with outlook for the latter half of year improving, the Group shall respond with timely strategies to strengthen our core earnings, and prudently pursue long-term growth potentials," said Ms. Pansy Ho, Managing Director of Shun Tak Holdings Limited.

Property

Over the first half of 2016, the property division experienced a significant year-on-year decline in revenue. Despite rental income remained satisfactory, the combined impacts of a time lag in revenue recognition from property sales and a revaluation on investment properties contributed to a weakened profit at HK$55 million (1H 2015: HK$151 million).

In Hong Kong, five luxury residential houses each with standalone street number making up the Chung Hom Kok Collection in a premium and tranquil location were officially launched into market in February 2016.

In China, Beijing Tongzhou Integrated Development complex comprising retail, office and serviced apartments is expected to complete in 2018. Shun Tak Tower, another project in Beijing near East 2nd Ring Road rising 21 levels above ground and 4 levels below to offer approximately 38,900 square meters of office space and hotel, is also progressing well on track. Office leasing is underway with occupancy standing at 34% as of 30 June 2016, while the hospitality component is scheduled for completion in the first half of 2017. In Southern China, the Hengqin Integrated Development project will comprise office, retail, hotel and serviced apartments. Substructure works are in progress and the occupation permit is expected to be obtained in 2019. In Eastern China, the hotel property at Shanghai MixC is currently under construction and will be developed into an 8-storey hotel building spanning 29,200 square meters of gross floor area and 491 rooms, scheduled for completion by the third quarter of 2017. Operation is expected to commence in the first quarter of 2018.

In May 2016, the Group announced the acquisition of a prime freehold site located at No. 9 Cuscaden Road, which stands at the heart of downtown business district and tourism cluster in Singapore, at a consideration of SG$145 million or approximately HK$835.2 million. The Group will consider redeveloping the property for hotel purpose.

In June, the Group entered into a sale and purchase agreement with HIP Company Limited, a wholly-owned subsidiary of the Abu Dhabi Investment Authority, with the objective of establishing a 50:50 joint venture partnership in developing the shopping mall of Nova City at a consideration of approximately HK$3,150 million. Final completion of the transaction is estimated to be in late 2018.

Transportation

The transportation division operated against considerable headwinds in the first six months of 2016, underscored by a contraction in tourist arrivals to Hong Kong and Macau, as well as a setback in domestic spending clouded by economic uncertainties. Nonetheless, lower fuel cost, effective yield management and successful product differentiation strategies have allowed the division to weather the adverse impact and registered a profit of HK$213 million (1H 2015: HK$174 million).

TurboJET's Hong Kong-Macau flagship routes collectively serviced 6.4 million passengers during the first half of 2016, representing a moderate 8% year-on-year decline. During the period, SkyPier was affected by accommodative measures imposed by the Airport Authority of Hong Kong for the construction of the third runway at the Hong Kong International Airport, leading to a 6% year-on-year decline in passenger throughput. Meanwhile, TurboJET's popularly-received Premier Grand class managed to lock in a 2% year-on-year growth.

In January 2016, the company started managing and operating Tuen Mun Ferry Terminal as a strategic step towards reinforcing its cross-boundary maritime network. As of 30 June 2016, the terminal has sailings to three ports in the western Pearl River Delta, including Macau, Pac On in Taipa and Shenzhen.

On land, Shun Tak & CITS Coach (Macao) Limited continued to deliver strong returns. As of 30 June 2016, it operates a fleet of 139 vehicles and recorded HK$65 million in revenue over the first half of 2016.

Hospitality

The operating environments for tourism businesses across Hong Kong and Macau have remained challenging in the first half of 2016, as Mainland visitor arrivals continued to dwindle due to weakened Renminbi and intense competition from neighboring destinations. New hotel launches in Macau have further driven prices downwards as properties compete for customers. The hospitality division registered HK$44 million in profit (1H 2015: HK$49 million), representing a 11% year-on-year decline.

In terms of hotel performance, Hong Kong SkyCity Marriott Hotel maintained stable average occupancy rate at 84% during the first half of 2016. In Macau, Mandarin Oriental, Macau and Grand Coloane Resort recorded an average occupancy rate of 38% and 53% respectively.

Investments

The investment division recorded a profit of HK$167 million (1H 2015: HK$169 million) over the first half of 2016, on par with performance over the same period last year. After two years of consolidation, the gaming market in Macau is still facing considerable challenges. As government continues to tighten policies on operation, and competing resort and entertainment facilities launching in the forthcoming quarters, it is expected that dividend income will remain constricted in the short to medium terms.

Kai Tak Cruise Terminal's two largest commercial spaces have become operational by early 2015 to complement the development of cruise business. As of 30 June 2016, a total of 93 berth bookings have been received for the calendar year.

Throughout the years, the Group is committed to building a balanced portfolio with proven resistance to weather peaks and troughs in economic cycles. As the Group remains cautiously optimistic about its business performance, it will continue to focus on exploring opportunities with long term value potentials in generating optimal returns for its shareholders.

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