



新鴻基地產發展有限公司
SUN HUNG KAI PROPERTIES LIMITED

中期報告
2008/09
Interim Report



九龍站環球貿易廣場為國際地標項目，連同毗鄰的豪宅天璽、服務式套房酒店港景匯、香港W酒店、Ritz-Carlton酒店及圓方商場，將發展成為香港新商業核心。

International Commerce Centre atop Kowloon Station is a world-class landmark with The Cullinan luxury residences, HarbourView Place serviced suites, W Hong Kong hotel, Ritz-Carlton and Elements shopping centre forming a new business core in Hong Kong.



新鴻基地產發展有限公司
SUN HUNG KAI PROPERTIES LIMITED

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Board of Directors and Committees

BOARD OF DIRECTORS

Chairman

Kwong Siu-hing (*Non-Executive Director*)

Executive Directors

Kwok Ping-kwong, Thomas (*Vice Chairman & Managing Director*)

Kwok Ping-luen, Raymond (*Vice Chairman & Managing Director*)

Chan Kai-ming

Chan Kui-yuen, Thomas

Kwong Chun

Wong Yick-kam, Michael

Wong Chik-wing, Mike

Non-Executive Directors

Lee Shau-kee (*Vice Chairman*)

Kwok Ping-sheung, Walter

Woo Po-shing

Kwan Cheuk-yin, William

Lo Chiu-chun, Clement

Woo Ka-biu, Jackson

(*Alternate Director to Woo Po-shing*)

Independent Non-Executive Directors

Yip Dicky Peter

Wong Yue-chim, Richard

Cheung Kin-tung, Marvin

Li Ka-cheung, Eric¹

COMMITTEES

Audit Committee

Cheung Kin-tung, Marvin *

Yip Dicky Peter

Li Ka-cheung, Eric

Remuneration Committee

Wong Yue-chim, Richard^{*2}

Lo Chiu-chun, Clement

Li Ka-cheung, Eric¹

Nomination Committee

Wong Yue-chim, Richard*

Kwan Cheuk-yin, William

Yip Dicky Peter

Executive Committee

Kwok Ping-kwong, Thomas

Kwok Ping-luen, Raymond

Chan Kai-ming

Chan Kui-yuen, Thomas

Kwong Chun

Wong Yick-kam, Michael

Wong Chik-wing, Mike

* *Committee Chairman*

Notes:

The following changes have been effective after the date of this interim report and prior to the printing of this interim report:

1. Dr. Li Ka-cheung, Eric has been re-designated as an Independent Non-Executive Director and has been appointed as a member of the Remuneration Committee, both with effect from 19 March 2009.
2. Professor Wong Yue-chim, Richard has been appointed as Chairman of the Remuneration Committee with effect from 19 March 2009.

Financial Highlights and Corporate Information

FINANCIAL HIGHLIGHTS

For the six months ended 31 December	2008	2007	Change (%)
Financial Highlights (HK\$million)			
Turnover	15,120	11,919	+27
Gross rental income ¹	4,800	3,874	+24
Net rental income ¹	3,522	2,839	+24
Profit attributable to the company's shareholders	692	13,626	-95
Underlying profit attributable to the company's shareholders ²	4,535	6,200	-27
Financial Information per share (HK\$)			
Earnings	0.27	5.42	-95
Underlying earnings ²	1.77	2.47	-28
Interim dividend	0.80	0.80	—

Notes: 1. Including contributions from jointly-controlled entities and associates.

2. Excluding revaluation deficit/surplus of investment properties net of deferred tax.

CORPORATE INFORMATION

Company Secretary

Yung Sheung-tat, Sandy

Auditors

Deloitte Touche Tohmatsu

Registered Office

45th Floor, Sun Hung Kai Centre

30 Harbour Road

Hong Kong

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Facsimile : (852) 2827 2862

Website : www.shkp.com

E-mail : shkp@shkp.com

Registrars

Computershare Hong Kong Investor Services Limited

Rooms 1712-1716

17th Floor, Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

Solicitors

Woo, Kwan, Lee & Lo

JSM

Winston Chu & Company

Principal Bankers

Bank of China (Hong Kong) Limited

The Hongkong & Shanghai Banking Corporation Limited

The Bank of Tokyo-Mitsubishi UFJ, Ltd

Sumitomo Mitsui Banking Corporation

Mizuho Corporate Bank, Ltd

Industrial and Commercial Bank of China

Hang Seng Bank Limited

BNP Paribas

Bank of Communications

The Bank of East Asia, Limited

CHOICE OF LANGUAGE OR MEANS OF RECEIPT OF CORPORATE COMMUNICATIONS

This interim report is now available in printed form and on the website of the Company.

If shareholders who have received or chosen to receive this interim report by electronic means and

(i) wish to receive a printed copy; or

(ii) for any reason have difficulty in receiving or gaining access to this report on the Company's website,

they may obtain a printed copy free of charge by sending a request to the Company's Registrars by email at shkp@computershare.com.hk or by post to Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

For shareholders who wish to change their choice of language or means of receipt of the Company's future corporate communications, free of charge, they could at any time notify the Company's Registrars by email or by post.

Chairman's Statement

I am pleased to present my report to the shareholders.

RESULTS

The Group's underlying profit attributable to the Company's shareholders for the six months ended 31 December 2008, excluding the effect of fair-value changes on investment properties, was HK\$4,535 million, a decrease of 27 per cent from the corresponding period last year. Underlying earnings per share were HK\$1.77 a decrease of 28 per cent from the same period last year.

Reported profit attributable to the Company's shareholders was HK\$692 million, compared to HK\$13,626 million for the corresponding period last year. Earnings per share were HK\$0.27, a decrease of 95 per cent from the same period last year. The reported profit for the period included a revaluation deficit (net of deferred taxation) on investment properties of HK\$3,813 million compared to a revaluation gain (net of deferred taxation) of HK\$7,459 million for the same period last year.

DIVIDEND

The directors have recommended the payment of an interim dividend of HK\$0.80 per share for the six months ended 31 December 2008, the same as for the corresponding period last year. It will be payable on 6 April 2009, to shareholders whose names appear on the Register of Members on 1 April 2009.

BUSINESS REVIEW

Property Sales

Revenue from property sales for the period as recorded in the accounts, including revenue from joint-venture projects was HK\$5,781 million, as compared to HK\$6,305 million for the corresponding period last year. Property sales and pre-sales amounted to an attributable HK\$7,513 million during the period, as compared to HK\$8,505 million for the previous year. Sales in Hong Kong contributed HK\$6,208 million, mainly from Peak One in Sha Tin and La Grove in Yuen Long, and sales on the mainland accounted for HK\$1,305 million, with the majority coming from the MIXC Residence in Hangzhou.

Property Business – Hong Kong

Land Bank

The Group did not make any major acquisitions during the period under review. Its Hong Kong land bank now stands at 42.6 million square feet, comprising 25.6 million square feet of completed investment properties and 17 million square feet of properties under development. The Group also holds more than 24 million square feet of agricultural land in terms of site area in the New Territories. Most of this is along existing railways or planned new rail links and is in the process of land use conversion. The Group will replenish its development land bank through various means when appropriate opportunities arise.

Chairman's Statement

Property Development

The Hong Kong residential market showed signs of stabilization in terms of volume and prices in recent months, although it is still under the shadow of the global financial turmoil. Strong affordability and low mortgage rates continued to underpin end-user demand, while investors largely remained on the sidelines.

Completion of private residential units was at a record low in 2008. Supply of new units was limited and new releases in the primary market were warmly received by buyers. Land supply for new development was very limited last year, which suggests continued low supply of new private housing over the medium-to-long term.

Good sales of recent launches reaffirm the Group's strong brand and the high confidence customers have in the quality of its products. Both Peak One and La Grove sold well in late 2008 despite the challenging economic environment. Within one month, the first phase of luxury Peak One was virtually sold out and La Grove was over 80 per cent sold. Recent pre-sales of the world-class luxury residence The Cullinan at Kowloon Station received an encouraging response. The development features the finest architecture, materials, finishes and property management.

The Group tailors new projects to meet evolving customer preferences in the constantly changing market, and it strives to enhance returns by adhering to the Group's principle "speed, quality, efficiency".

The first phase of Peak One with 592,000 square feet of gross floor area was completed during the period under review and the remaining 99,000 square feet will be finished by June. Another 535,000 square feet of residential properties are scheduled for completion in the second half of the financial year, as detailed below.

	Residential	Office	Total
	Attributable gross floor area (million square feet)		
First Half			
For Sale	0.6	—	0.6
For Investment	—	—	—
Subtotal	0.6	—	0.6
Second Half			
For Sale	0.6	—	0.6
For Investment	—	0.6	0.6
Subtotal	0.6	0.6	1.2
Total	1.2	0.6	1.8

Chairman's Statement

Property Investment

The Group's gross rental income, including its share from joint-venture investment properties, rose by 24 per cent over last year to HK\$4,800 million. Net rental income was HK\$3,522 million, an increase of 24 per cent over the previous year.

The increase in rental income was primarily a result of positive rental reversions generally and contributions from new projects including the first phase of International Commerce Centre (ICC), HarbourView Place and Millennium City 6. Occupancy of the Group's rental portfolio remains high at 94 per cent, although leasing in Hong Kong tapered off in the last few months.

One of the most significant projects under development is International Commerce Centre above Kowloon Station. The development has exceptionally convenient transport links to Central and the airport, and mainland China in the future. Morgan Stanley has already moved into the first phase of ICC and other major tenants will move in as originally planned. About 90 per cent of the building is leased or pre-leased. W Hong Kong hotel next to ICC has been open since the third quarter of 2008. These and other components of the project like the stylish Elements shopping mall, HarbourView Place and the coming Ritz-Carlton are gradually turning Kowloon Station into a new business core in Hong Kong.

Leasing of Kowloon Commerce Centre in Kowloon West is progressing well and a number of multinational companies have committed to taking up space. Tenants have started moving into the first phase of the development.

Occupancy of major malls such as New Town Plaza, APM and IFC mall remained high, despite slower retail sales growth in recent months. The Group enhances its malls' attractiveness with promotions, renovations and tenant mix refinements in the competitive environment. A substantial number of new tenants joined refurbished malls like Tsuen Wan Plaza and WTC More in Causeway Bay, providing a fresh new element for shoppers.

Leasing of the HarbourView Place luxury serviced suites at Kowloon Station is encouraging. Its convenient location and a wide range of unit sizes meet the demand for luxury suite accommodation from guests from all over the world.

Hotels

The hotel industry has faced a challenging environment since last summer; especially top-quality hotels in core districts. Travel from the US and European countries has been affected, mainly by the financial turmoil since the last quarter of 2008. Hotels in decentralized locations are relatively resilient as mainland tourist numbers continued to show modest growth. The Group's Four Seasons, Royal Garden, Royal Plaza, Royal Park and RoyalView hotels recorded high occupancies during the period under review.

The grand opening of W Hong Kong hotel at Kowloon Station was held in January this year. It offers a distinctive chic style of hospitality with unique design, features, premium facilities and a stunning Victoria Harbour view. Another luxury hotel at Kowloon Station – Ritz-Carlton – will be completed in 2010. All these hotels should position the Group well to take advantage of Hong Kong as an international business and tourist destination in the medium-to-long term.

Chairman's Statement

Property Business – The Mainland

Land Bank

The Group has not acquired any mainland sites since the previous results announcement last September. Its mainland land bank currently amounts to an attributable 55.3 million square feet. Over 70 per cent of the 52.3 million square feet of properties under development will be high-end residences and serviced apartments, with the rest top-grade offices, shopping malls and premium hotels. The remaining three million square feet of completed investment properties, mainly offices and shopping centres in prime locations in Shanghai and Beijing, are being held for rent.

Property Development

Sentiment in mainland residential markets has shown signs of improvement since late 2008 after the central and local governments introduced support measures. Prices generally declined with reduced volume during 2008, though the extent of the decline varied from city to city. With easier mortgage financing and positive government measures, more end-users have been encouraged back to the market and transaction volume has rebounded since late 2008.

During the period under review, the Group completed The Woodland Phase 3 in Zhongshan. It has 660,000 square feet of gross floor area and is over 70 per cent sold. Pre-sales of about 600 luxury units in Hangzhou's MIXC Residence in August last year were encouraging with over 90 per cent sold. Completion of these units is scheduled for the middle of 2010. The Group has a 40 per cent interest in the project.

The luxury residential project under development in Wei Fong will set new standards for deluxe residences in Shanghai. Other residential projects on the mainland are progressing well.

Property Investment

The Group's mainland rental business did well during the period under review. Occupancy of the Shanghai Central Plaza offices remained high at 97 per cent. The refurbished Beijing APM also recorded a significant increase in rental income during the period. The new layout, tenant mix and regular promotions helped boost visitor traffic. Construction of major mainland projects is progressing well.

Construction of the Shanghai IFC twin towers in the Lujiazui financial trade zone is on schedule. The HSBC Tower was topped out in late 2008 and will be completed in mid 2009. It will house the HSBC mainland headquarters of over 22 floors and a Ritz-Carlton on the upper floors. The full project will include top-grade office space, a trendy shopping mall and two deluxe hotels in a new Shanghai landmark when it is completed in 2010.

Construction of another major development on Shanghai's Huai Hai Zhong Road is under way. This is in the heart of downtown and will have 2.5 million square feet of top-quality retail space, offices and deluxe residences. The project will be completed in phases from mid-2010 to 2011.

Chairman's Statement

Other Businesses

Telecommunications and Information Technology

SmarTone

Under the challenging economic environment and continuing price competition, SmarTone's service revenue dropped marginally during the period, notwithstanding a 20 per cent growth in data revenue. In addition, higher operating expenses and handset subsidy amortization adversely affected profitability. SmarTone has built a strong foundation in Hong Kong delivering compelling products, services and superior network performance. With its strong financial position, SmarTone will be able to compete more effectively with propositions better meeting different customer needs. The Group is confident in SmarTone's prospects, given its sound management and business strategy, and will continue to hold the company as a long-term investment.

SUNeVision

SUNeVision recorded further growth in revenue and recurring profit for the period under review. The company's core iAdvantage data centre business continued to entice high-calibre local and multinational customers with its superior facilities. The Group remains confident in the company's financial strength and earning prospects.

Transportation and Infrastructure

Transport International Holdings

In the period under review, high fuel prices and wage increases affected the financial performance of Transport International Holdings' (TIH) bus operations, although earlier sales of Manhattan Hill residential units strengthened the company's financial position. The TIH group will continue to explore new business opportunities on the mainland. TIH also has a 73 per cent interest in RoadShow Holdings, which is mainly engaged in media sales in Hong Kong and on the mainland.

Other Infrastructure Businesses

The Wilson Group achieved satisfactory results during the period, while both the River Trade Terminal and Airport Freight Forwarding Centre operated smoothly. The Route 3 (Country Park Section) maintained steady traffic volume during the period under review. All the Group's infrastructure projects are in Hong Kong and will provide steady income streams over the long term.

Corporate Finance

The Group's financial position remains robust, evidenced by low gearing and high liquidity. Its net debt to shareholders' funds ratio stayed low at 18.7 per cent as at 31 December 2008, reflecting the Group's conservative financial policy and management.

There were enthusiastic responses to all the Group's RMB bank loans on the mainland. The facilities came at very attractive terms and were used to finance the Group's development projects in China. The Group also issued some HK\$3.3 billion in three-to-ten-year bonds under its Euro Medium Term Note Programme in order to diversify its funding base and lengthen its maturity profile.

Chairman's Statement

Exposure to foreign exchange risk is kept to a minimum as an overwhelming majority of its borrowings are in Hong Kong dollars. The Group has substantial undrawn committed facilities and various efficient and stable channels that enable it to meet all its current funding needs and future business requirements. The Group remains conservative in treasury management and does not execute any derivative or structured-product transactions for speculative purpose.

The Group has consistently scored the highest credit ratings among Hong Kong property companies: currently an A1 rating and stable outlook from Moody's and an A rating and stable outlook from Standard & Poor's.

Customer Service

Premium service is one of the Group's top priorities, and it pays meticulous attention to customers in its residential, shopping mall, office and serviced suite hotel developments with specially-trained concierges and attentive staff providing personalized care. The Group closely monitors changing market trends and collects opinions from customers through various channels so that it can offer the high-quality new products and service that people demand.

Its subsidiaries Hong Yip and Kai Shing follow eco-friendly policies in the estates they manage. They have expert teams planning and maintaining the landscaping in Group developments, and some estates have garden areas where residents can practice horticulture, all to provide soothing, green environments in the bustling city.

The SHKP Club is a conduit for two-way communication with the market. It has over 280,000 members. Member privileges include previews of the Group's show flats and buyer-incentive programmes on new flats, as well as shopping offers and leisure and recreational events. It also stages activities that promote family values and social harmony. The Club has a co-brand VISA card that provides members with a variety of discounts and shopping offers in the Group's malls.

Corporate Governance

High standards of corporate governance have always been an important, integral part of the Group's management philosophy. This is achieved through an effective Board of Directors, timely disclosure of information and a proactive investor relations programme.

The Group has made substantial efforts to strengthen corporate governance throughout the years. Audit, Remuneration and Nomination Committees are all in place. The Executive Committee consisting of all Executive Directors meets regularly to set business policies and monitor the day-to-day operations of the Group with the support of an experienced team of managers. The Board conducts regular reviews of internal control systems to ensure that the Group's assets and shareholders' interests are safeguarded.

The Group's dedication to management excellence and corporate governance is widely recognized by the investment community. Accolades during the year include winning awards for best company for corporate governance and best company for investor relations in Hong Kong and Asia by *Asiamoney* magazine. It also won awards for best managed company (property) in Asia by *Euromoney* magazine and best global developer for the second year running and best developer in Asia and Hong Kong for the fourth year running by *Liquid Real Estate* magazine. The Group was additionally named Asia's most shareholder-friendly property company by *Institutional Investor* magazine. The Group will continue its efforts to stay at the leading edge of best corporate governance practices.

Chairman's Statement

Corporate Social Responsibility

The Group is fully committed to corporate social responsibility; supporting numerous charities that promote education, help the needy and enhance community harmony and healthy living. Environmental protection is another of the Group's key priorities, and it incorporates eco-friendly concepts in project planning, design, construction and management to encourage greener buildings and lifestyles.

Recent community initiatives included sponsored visits for economically-disadvantaged children to the Hong Kong book fair, the Group's Ma Wan Park and the Sha Tin City Art Square to promote reading and personal growth in young people. The Group's SHKP Volunteer Team also facilitates the efforts of staff who want to serve the community. The Group's efforts to promote education include the SHKP Book Club and the ongoing Nobel laureates lecture series, now in its fifth year. The Group additionally funds a wide range of scholarships in Hong Kong and on the mainland.

Dedicated staff are the Group's greatest asset, and it encourages employees to reach their full potential. The Group recruits high-calibre graduates from local and mainland universities and it has comprehensive management trainee programmes in place. It also makes numerous improvement courses available to staff at all levels to help them grow personally and professionally and ensure a healthy work-life balance.

PROSPECTS

Global economic conditions will remain challenging in the year ahead as major developed economies are going into a synchronized recession. The money and credit markets worldwide remain tight, although short-term interest rates are expected to go lower or stay close to zero. Proactive policy responses including aggressive monetary and fiscal measures from various government authorities should help support the global economy.

The mainland economy is expected to grow steadily this year, mainly supported by the government's massive stimulus fiscal package and monetary easing. This is notwithstanding weakened external demand. With continued growth on the mainland, Hong Kong's economy should fare better relative to its peers, although it will have to face challenges in 2009 against an uncertain macro environment in developed countries. Solid financial positions of households and major companies including local banks should help Hong Kong easier to recover.

Fundamentals for the Hong Kong residential market remain intact despite short-term macroeconomic uncertainty. Affordability for homebuyers is strong, mortgage interest is at low levels by historical standard and ample mortgage lending is available. Rental yields are also attractive relative to interest rates. Supply of new residential units will be low in the next few years.

The Group will continue to strengthen its development business over time. It will take advantage of the current downturn to increase its residential land bank when opportunities arise, including through conversion of agricultural land to development sites. Without compromising on quality, the Group will make extra efforts to complete development projects in a more timely and cost-efficient manner. Capitalizing on its strong brand, the Group will continue to market new projects for pre-sale when they are ready.

Chairman's Statement

The leasing market for various types of properties is likely to be less active. Regional shopping malls, the core of the Group's retail rental portfolio, should remain relatively resilient as the nature of their trade mix is defensive. Overall rental income is expected to continue to grow moderately in the current financial year.

With the current competitive environment, the Group will continue to maintain optimal trade and tenant mixes in its malls to cater to changing consumer preferences and do regular refurbishments of rental properties to make them more competitive and attractive.

The Group maintains a consistent and selective approach to the property business on the mainland, mainly focusing on prime cities including Beijing, Shanghai, Guangzhou and Shenzhen. Despite the current downturn, the long-term prospects for the mainland's property sector remain promising. The Group will continue to monitor market conditions and look for attractive investment opportunities as appropriate in the long run.

The Group will adhere to its prudent financial policy and maintain high liquidity and low gearing. Major residential projects in Hong Kong to go on sale in the next nine months include The Latitude in Kowloon, a project at Tuen Mun Town Lot 465 and Yoho Town Phase 2 in Yuen Long. The Group has full confidence in its ability to deal with the current business environment.

APPRECIATION

Independent non-executive director Sir Sze-yuen Chung resigned in February 2009. I would like to express my sincere gratitude to Sir Sze-yuen for his valuable contributions to the Group during his tenure.

I would also like to take this opportunity to express my gratitude to my fellow directors for their guidance and support, and to thank all the staff for their dedication and hard work.

Kwong Siu-hing

Chairman

Hong Kong, 11 March 2009

Report on Review of Interim Financial Information



TO THE MEMBERS OF SUN HUNG KAI PROPERTIES LIMITED

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 57 to 69, which comprise the consolidated balance sheet of Sun Hung Kai Properties Limited and its subsidiaries as of 31 December 2008 and the related consolidated profit and loss account, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements ("HKSRE") 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Without modifying our review conclusion, we draw to your attention that the comparative consolidated profit and loss account for the six-month period ended 31 December 2007 and the comparative condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period ended 31 December 2007 disclosed in the interim financial information have not been reviewed in accordance with HKSRE 2410.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

11 March 2009

Consolidated Profit and Loss Account

For the six months ended 31 December 2008 (Expressed in millions of Hong Kong dollars)

	Notes	(Unaudited) Six months ended 31 December	
		2008	2007
Revenue	2	15,120	11,919
Cost of sales		(8,451)	(5,357)
Gross profit		6,669	6,562
Other (losses)/income		(23)	322
Selling and marketing expenses		(642)	(598)
Administrative expenses		(720)	(622)
Operating profit before change in fair value of investment properties	2	5,284	5,664
(Decrease)/increase in fair value of investment properties		(4,335)	5,842
Operating profit after change in fair value of investment properties		949	11,506
Finance costs		(333)	(516)
Finance income		77	158
Net finance costs	3	(256)	(358)
Profit on disposal and impairment loss of long-term investments, net	4	(78)	530
Share of results of associates		42	285
Share of results of jointly controlled entities		97	4,000
	2	139	4,285
Profit before taxation	5	754	15,963
Taxation	6	44	(2,117)
Profit for the period		798	13,846
Attributable to:			
Company's shareholders		692	13,626
Minority interests		106	220
		798	13,846
Interim dividend at HK\$0.80 (2007: HK\$0.80) per share		2,051	2,051
(Expressed in Hong Kong dollars)			
Earnings per share based on profit attributable to the Company's Shareholders (reported earnings per share)	7(a)		
Basic and diluted		\$0.27	\$5.42
Earnings per share excluding the effects of changes in fair value of investment properties net of deferred tax (underlying earnings per share)	7(b)		
Basic and diluted		\$1.77	\$2.47

Consolidated Balance Sheet

As at 31 December 2008 (Expressed in millions of Hong Kong dollars)

	Notes	(Unaudited) 31 December 2008	(Restated) 30 June 2008
Non-current assets			
Investment properties	8	155,144	159,293
Fixed assets	9	20,582	16,317
Associates		3,034	3,394
Jointly controlled entities		27,243	27,799
Long-term investments	10	2,969	4,566
Loan receivables	11	526	693
Intangible assets	12	4,808	4,971
		214,306	217,033
Current assets			
Properties for sale		67,877	65,417
Debtors, prepayment and others	13	11,859	11,552
Short-term investments	14	511	717
Bank balances and deposits		6,539	6,796
		86,786	84,482
Current liabilities			
Bank and other borrowings		(2,088)	(2,051)
Trade and other payables	15	(14,005)	(13,103)
Deposits received on sale of properties		(109)	(269)
Taxation		(2,772)	(4,171)
		(18,974)	(19,594)
Net current assets		67,812	64,888
Total assets less current liabilities		282,118	281,921
Non-current liabilities			
Bank and other borrowings		(44,463)	(38,252)
Deferred taxation		(18,221)	(18,903)
Other long-term liabilities		(671)	(709)
		(63,355)	(57,864)
Net assets		218,763	224,057
Capital and reserves			
Share capital	16	1,282	1,282
Share premium and reserves		212,796	217,968
Shareholders' funds		214,078	219,250
Minority interests		4,685	4,807
Total equity		218,763	224,057

Condensed Consolidated Cash Flow Statement

For the six months ended 31 December 2008 (Expressed in millions of Hong Kong dollars)

	(Unaudited) Six months ended 31 December	
	2008	2007
Net cash from/(used in) operating activities	1,310	(2,341)
Net cash used in investing activities	(2,346)	(6,709)
Net cash from financing activities		
– net drawdown of bank and other borrowings	5,825	3,437
– dividends paid to shareholders	(4,359)	(4,103)
– dividends paid to minority shareholders	(62)	(299)
– proceeds from issue of shares	—	10,891
– others	(735)	(866)
	669	9,060
(Decrease)/increase in cash and cash equivalents	(367)	10
Cash and cash equivalents at beginning of period	6,384	6,975
Effect of foreign exchange rates changes	(45)	10
Cash and cash equivalents at end of period	5,972	6,995
Analysis of the balances of cash and cash equivalents at end of period		
Bank deposits	5,613	6,503
Bank balances and cash	926	947
Bank overdrafts	(68)	(115)
	6,471	7,335
Less: Pledged bank deposits	(499)	(340)
	5,972	6,995

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2008 (Expressed in millions of Hong Kong dollars)

	Unaudited									
	Attributable to the Company's shareholders								Minority interests	Total
	Share Capital	Share Premium	Capital reserves	Investment revaluation reserve	Exchange reserve	Retained profits	Total			
At 1 July 2007	1,246	24,927	757	2,276	983	155,287	185,476	3,019	188,495	
Exchange difference arising on translation of financial statements of										
– subsidiaries	—	—	—	—	715	—	715	58	773	
Fair value gains on available-for-sale investments	—	—	—	110	—	—	110	—	110	
Net income recognized directly in equity	—	—	—	110	715	—	825	58	883	
Fair value gains released on sale of available-for-sale investments	—	—	—	(295)	—	—	(295)	—	(295)	
Profit for the period	—	—	—	—	—	13,626	13,626	220	13,846	
Total recognized income for the period	—	—	—	(185)	715	13,626	14,156	278	14,434	
Issue of shares, net of expenses	36	10,855	—	—	—	—	10,891	—	10,891	
Transfer to capital reserves arising from repurchase of its shares by a subsidiary	—	—	1	—	—	(1)	—	—	—	
Shares issued by a subsidiary on exercise of share options	—	—	(1)	—	—	—	(1)	1	—	
Final dividend paid	—	—	—	—	—	(4,103)	(4,103)	—	(4,103)	
Acquisition of subsidiaries	—	—	—	—	—	—	—	1,267	1,267	
Acquisition of additional interest in a subsidiary	—	—	—	—	—	—	—	(49)	(49)	
Deemed partial disposal of interest in a subsidiary	—	—	—	—	—	—	—	7	7	
Capital contribution from minority interests	—	—	—	—	—	—	—	71	71	
Repayment of capital contribution to minority interests	—	—	—	—	—	—	—	(3)	(3)	
Dividends paid to minority shareholders	—	—	—	—	—	—	—	(299)	(299)	
At 31 December 2007	1,282	35,782	757	2,091	1,698	164,809	206,419	4,292	210,711	
At 1 July 2008	1,282	35,782	757	1,360	3,335	176,734	219,250	4,807	224,057	
Exchange difference arising on translation of financial statements of										
– subsidiaries	—	—	—	—	(44)	—	(44)	(6)	(50)	
– Associates and jointly controlled entities	—	—	—	—	(45)	—	(45)	—	(45)	
Fair value losses on available-for-sale investments	—	—	—	(1,494)	—	—	(1,494)	(9)	(1,503)	
Net expenses recognized directly in equity	—	—	—	(1,494)	(89)	—	(1,583)	(15)	(1,598)	
Fair value gains released on sale of available-for-sale investments	—	—	—	(154)	—	—	(154)	—	(154)	
Impairment loss of available-for-sale investments transferred to profit and loss account	—	—	—	232	—	—	232	—	232	
Profit for the period	—	—	—	—	—	692	692	106	798	
Total recognized expenses for the period	—	—	—	(1,416)	(89)	692	(813)	91	(722)	
Transfer to capital reserves arising from repurchase of its shares by a subsidiary	—	—	3	—	—	(3)	—	—	—	
Final dividend paid	—	—	—	—	—	(4,359)	(4,359)	—	(4,359)	
Acquisition of additional interest in a subsidiary	—	—	—	—	—	—	—	(207)	(207)	
Release upon disposal of a subsidiary	—	—	—	—	—	—	—	2	2	
Capital contribution from minority interests	—	—	—	—	—	—	—	54	54	
Dividends paid to minority shareholders	—	—	—	—	—	—	—	(62)	(62)	
At 31 December 2008	1,282	35,782	760	(56)	3,246	173,064	214,078	4,685	218,763	

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

I. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The accounting policies adopted in the interim financial statements are consistent with those set out in the annual financial statements for the year ended 30 June 2008, except for those set out below.

In the current period, the Group has applied, for the first time, the following new amendments and interpretations of Hong Kong Financial Reporting Standards and Interpretations (collectively, “HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning 1 July 2008.

HKAS 39 and HKFRS 7 (Amendments)	Reclassification of financial assets
HK(IFRIC) – INT 12	Service concession arrangements
HK(IFRIC) – INT 13	Customer loyalty programmes
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

HK(IFRIC) – INT 12 gives guidance on the accounting for service concession arrangements and sets out the general principles on recognizing and measuring the obligations and related rights in service concession arrangements. The infrastructure assets of the Group are retrospectively recognized as concession assets under intangible assets instead of being recognized as toll road under fixed assets. The concession assets are amortized over the term of the concession on a straight line basis. The adoption of HK(IFRIC) – INT 12 has no material impact on the results for the current and prior accounting periods. Details of the intangible assets are set out in note 12.

The adoption of other new amendments and interpretations of HKFRSs has no significant impact on the Group’s results and financial position.

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKAS 1 (Revised)	Presentations of financial statements ²
HKAS 23 (Revised)	Borrowing costs ²
HKAS 27 (Revised)	Consolidated and separate financial statements ³
HKAS 32 and 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation ²
HKAS 39 (Amendments)	Eligible hedged items ³
HKFRS 1 and HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate ²
HKFRS 2 (Amendment)	Vesting conditions and cancellations ²
HKFRS 3 (Revised)	Business combinations ³
HKFRS 8	Operating segments ²
HK(IFRIC) – INT 15	Agreements for the construction of real estate ²
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation ⁴
HK(IFRIC) – INT 17	Distribution of non-cash assets to owners ³
HK(IFRIC) – INT 18	Transfers of assets from customers ⁵

¹ Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009

² Effective for annual periods beginning on or after 1 January 2009

³ Effective for annual periods beginning on or after 1 July 2009

⁴ Effective for annual periods beginning on or after 1 October 2008

⁵ Effective for transfers on or after 1 July 2009

It is not anticipated that these new and revised standards, amendments and interpretations will have significant impact on the results and the financial position of the Group.

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

2. SEGMENT INFORMATION

The following is an analysis of the revenue and results for the period of the Group and its share of associates and jointly controlled entities, analysed by business segments:

For the six months ended 31 December 2008

	The Company and its subsidiaries		Associates and jointly controlled entities		Combined Revenue	Consolidated Results
	Segment Revenue	Segment Results	Share of Revenue	Share of Results		
Property						
Property sales	5,638	1,862	143	(80)	5,781	1,782
Rental income	4,017	2,923	783	599	4,800	3,522
	9,655	4,785	926	519	10,581	5,304
Hotel operation	618	119	269	74	887	193
Telecommunications	1,955	93	—	—	1,955	93
Other businesses	2,892	730	1,373	104	4,265	834
	15,120	5,727	2,568	697	17,688	6,424
Other (losses)/income		(23)		—		(23)
Unallocated administrative expenses		(420)		—		(420)
Operating profit before change in fair value of investment properties		5,284		697		5,981
(Decrease)/increase in fair value of investment properties		(4,335)		(289)		(4,624)
Operating profit after change in fair value of investment properties		949		408		1,357
Net finance costs		(256)		(151)		(407)
Profit on disposal and impairment loss of long-term investments, net		(78)		—		(78)
Profit before taxation		615		257		872
Taxation						
– Group		44		—		44
– Associates		—		5		5
– Jointly controlled entities		—		(123)		(123)
Profit after taxation		659		139		798

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

2. SEGMENT INFORMATION (CONT'D)

For the six months ended 31 December 2007

	The Company and its subsidiaries		Associates and jointly controlled entities		Combined Revenue	Consolidated Results
	Segment Revenue	Segment Results	Share of Revenue	Share of Results		
Property						
Property sales	3,554	2,348	2,751	1,387	6,305	3,735
Rental income	3,232	2,355	642	484	3,874	2,839
	<u>6,786</u>	<u>4,703</u>	<u>3,393</u>	<u>1,871</u>	<u>10,179</u>	<u>6,574</u>
Hotel operation	509	165	265	79	774	244
Telecommunications	2,056	191	—	—	2,056	191
Other businesses	2,568	641	1,350	56	3,918	697
	<u>11,919</u>	<u>5,700</u>	<u>5,008</u>	<u>2,006</u>	<u>16,927</u>	<u>7,706</u>
Other (losses)/income		322		—		322
Unallocated administrative expenses		(358)		—		(358)
Operating profit before change in fair value of investment properties		5,664		2,006		7,670
(Decrease)/increase in fair value of investment properties		5,842		3,463		9,305
Operating profit after change in fair value of investment properties		11,506		5,469		16,975
Net finance costs		(358)		(257)		(615)
Profit on disposal and impairment loss of long-term investments, net		530		—		530
Profit before taxation		11,678		5,212		16,890
Taxation						
– Group		(2,117)		—		(2,117)
– Associates		—		(31)		(31)
– Jointly controlled entities		—		(896)		(896)
Profit after taxation		<u>9,561</u>		<u>4,285</u>		<u>13,846</u>

Other businesses comprise revenue and profit derived from other activities including property management, car parking and transport infrastructure management, toll road fees, logistics business, construction, mortgage and other loan financing, internet infrastructure, enabling services, department store and container and cargo handling services.

Other (losses)/income includes mainly investment losses or income from equity and bonds investments.

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

3. NET FINANCE COSTS

	Six months ended 31 December	
	2008	2007
Interest expenses on		
Bank loans and overdrafts	455	719
Other loans wholly repayable within five years	37	36
Other loans not wholly repayable within five years	124	150
	616	905
Notional non-cash interest accretion	41	42
Less: Portion capitalized	(324)	(431)
	333	516
Interest income on bank deposits	(77)	(158)
	256	358

4. PROFIT ON DISPOSAL AND IMPAIRMENT LOSS OF LONG-TERM INVESTMENTS, NET

	Six months ended 31 December	
	2008	2007
Profit on deemed partial disposal of interest in a subsidiary	—	2
Profit on disposal of interests in jointly controlled entities	—	20
Profit on disposal of available-for-sale investments	154	508
Impairment loss of available-for-sale investments	(232)	—
	(78)	530

5. PROFIT BEFORE TAXATION

	Six months ended 31 December	
	2008	2007 (Restated)
Profit before taxation is arrived at after charging:		
Cost of properties sold	3,661	1,016
Cost of other inventories sold	244	329
Depreciation and amortization	428	411
Amortization of intangible assets (included in cost of sales)	161	161
Staff costs (including directors' emoluments and retirement schemes contributions)	1,752	1,563
and crediting:		
Dividend income from listed and unlisted investments	177	101
Interest income from listed and unlisted debt securities	47	31
Net realized and unrealized holding (losses)/gains on marketable securities	(275)	175

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

6. TAXATION

	Six months ended 31 December	
	2008	2007
Current taxation		
Hong Kong profits tax	579	727
Tax outside Hong Kong	52	25
	631	752
Deferred taxation (credit)/charge		
Change in fair value of investment properties	(808)	1,183
Other origination and reversal of temporary differences	133	182
	(675)	1,365
	(44)	2,117

- (a) Hong Kong profits tax is provided at the rate of 16.5 per cent (2007: 17.5 per cent) based on the estimated assessable profits for the period. Tax outside Hong Kong is calculated at the rates applicable in the relevant jurisdictions.
- (b) The tax assessments for certain subsidiaries of the Group for certain prior years have not been agreed with the relevant tax authorities. Provision has been made by the Group for these liabilities based on the best professional advice available. The final liabilities in respect of these outstanding assessments may differ from provisions made, giving rise to further provisions or a write back for provisions already made.

7. EARNINGS PER SHARE

(a) Reported earnings per share

The calculations of basic and diluted earnings per share are based on the Group's profit attributable to the Company's shareholders of HK\$692 million (2007: HK\$13,626 million) and on the weighted average number of shares in issue during the period of 2,564,333,362 (2007: 2,513,110,536).

No diluted earnings per share for the period ended 31 December 2008 and 31 December 2007 is presented as there are no potential dilutive ordinary shares.

(b) Underlying earnings per share

For the purpose of assessing the underlying performance of the Group, basic and diluted earnings per share are additionally calculated based on the underlying profit attributable to the Company's shareholders of HK\$4,535 million (2007: HK\$6,200 million), excluding the effects of fair value changes on investment properties. A reconciliation of profit is as follows:

	Six months ended 31 December	
	2008	2007
Profit attributable to the Company's shareholders as shown in the consolidated profit and loss account	692	13,626
Decrease/(increase) in fair value of investment properties	4,335	(5,842)
Deferred tax (credits)/charges on change in fair value of investment properties	(808)	1,183
Fair value gains of disposed properties realized	38	33
(Decrease)/increase in fair value of investment properties net of deferred tax attributable to minority interests	(34)	56
Share of decrease/(increase) in fair value of investment properties net of deferred tax of associates and jointly controlled entities	320	(2,856)
Fair value losses of disposed properties held by jointly controlled entities realized	(8)	—
Underlying profit attributable to the Company's shareholders	4,535	6,200

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

8. INVESTMENT PROPERTIES

(a) Movement during the period

Valuation	
At 1 July 2008	159,293
Acquired on acquisition of a subsidiary	294
Additions	2,211
Transfer from	
– properties under development	234
– deposit for acquisition of properties	100
Disposals	(7)
Transfer to	
– properties pending development	(366)
– other properties	(2,237)
Exchange difference	(43)
Decrease in fair value	(4,335)
At 31 December 2008	155,144

(b) Valuation of properties shown above comprises:

Properties in Hong Kong held under	
Long lease (not less than 50 years)	22,677
Medium-term lease (less than 50 years but not less than ten years)	111,570
Properties outside Hong Kong held under	
Long lease (not less than 50 years)	963
Medium-term lease (less than 50 years but not less than ten years)	19,934
	155,144

- (c) The Group's investment properties have been revalued as at 31 December 2008 by Knight Frank Petty Limited, independent professional valuers, on a market value basis, which has taken into account comparable market transactions and the net income derived from existing tenancies with due allowance for reversionary income potential.

9. FIXED ASSETS

During the period, additions to fixed assets amounted to HK\$2,360 million and net book value of fixed assets disposed of amounted to HK\$5 million.

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

10. LONG-TERM INVESTMENTS

	31 December 2008	30 June 2008
Held-to-maturity debt securities		
Listed debt securities, overseas	356	41
Available-for-sale debt securities		
Listed debt securities, overseas	511	758
Available-for-sale equity securities		
Listed equity securities, overseas	508	860
Listed equity securities, Hong Kong	1,083	2,257
Unlisted equity securities	511	650
	2,102	3,767
	2,969	4,566
Market value		
Listed overseas	1,368	1,659
Listed in Hong Kong	1,083	2,257
	2,451	3,916

11. LOAN RECEIVABLES

	31 December 2008	30 June 2008
Mortgage loan receivables	568	791
Less: Amount due within one year included under current assets	(42)	(98)
	526	693

Mortgage loan receivables are secured on properties and repayable by monthly instalments with various tenors not more than 20 years at the balance sheet date and carry interest at rates with reference to banks' lending rates.

12. INTANGIBLE ASSETS

In accordance with HK(IFRIC) – INT 12 and explanation in note 1, toll road assets previously held under fixed assets with net book value of HK\$4,366 million as at 1 July 2007 have been retrospectively reclassified to concession assets under intangible assets at their net book value as at that date.

13. DEBTORS, PREPAYMENT AND OTHERS

Consideration in respect of sold properties are payable by the purchasers pursuant to the terms of the sale and purchase agreements. Monthly rent in respect of leased properties are payable in advance by the tenants. Other trade debtors settle their accounts according to the payment terms as stated in contracts.

Included in debtors, prepayment and others are trade debtors of HK\$8,096 million (30 June 2008: HK\$4,966 million), of which 93 per cent aged less than 60 days, one per cent between 61 to 90 days and six per cent more than 90 days (30 June 2008: 94 per cent, one per cent and five per cent, respectively).

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

14. SHORT-TERM INVESTMENTS

	31 December 2008	30 June 2008
Marketable securities, at market value		
Listed equity securities, Hong Kong	424	638
Listed equity securities, overseas	87	40
	511	678
Available-for-sale debt securities maturing within one year		
Listed debt securities, overseas	—	39
	511	717

15. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors of HK\$1,287 million (30 June 2008: HK\$1,183 million), of which 62 per cent aged less than 60 days, three per cent between 61 to 90 days and 35 per cent more than 90 days (30 June 2008: 60 per cent, three per cent and 37 per cent, respectively).

16. SHARE CAPITAL

	Number of Shares in Million	Amount
Authorized:		
Ordinary shares of \$0.50 each		
At beginning and end of period	2,900	1,450
Issued and fully paid:		
Ordinary shares of \$0.50 each		
At beginning and end of period	2,564	1,282

17. RELATED PARTY TRANSACTIONS

The following is a summary of significant transactions during the period between the Group and related parties, which were carried out at similar terms to other customers or suppliers and at market prices:

	Associates Six months ended 31 December		Jointly controlled entities Six months ended 31 December	
	2008	2007	2008	2007
Interest income	9	—	55	63
Rental income	3	3	—	—
Rental expense	—	—	15	12
Other revenue from services rendered	29	45	40	7
Purchase of goods and services	—	—	186	105

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

18. CONTINGENT LIABILITIES AND COMMITMENTS

The Group had contingent liabilities and commitments, so far as not provided for in the consolidated financial statements, as follows:

	31 December 2008	30 June 2008
(a) Capital commitments in respect of fixed assets		
Contracted but not provided for	11,264	12,919
Authorized but not contracted for	264	426
(b) Capital commitments in respect of investments		
Contracted but not provided for	2	45
(c) Group's share of capital commitments of joint ventures:		
Contracted but not provided for	1,323	2,015
Authorized but not contracted for	35	46
(d) Guarantees given to banks and financial institutions for the borrowings of an associate and jointly controlled entities of HK\$2,825 million (30 June 2008: jointly controlled entities of HK\$2,425 million) and other guarantees of HK\$2 million (30 June 2008: HK\$2 million).		

19. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the current period's presentation.

Financial Review

REVIEW OF RESULTS

Underlying profit attributable to the Company's shareholders for the period, excluding the effects of fair value changes on investment properties, amounted to HK\$4,535 million, a decrease of HK\$1,665 million or 26.9% compared to HK\$6,200 million in the same period last year. Net rental income for the period amounted to HK\$3,522 million, increased by HK\$683 million or 24.1% over the same period last year, benefited from continuing positive rental reversions and contribution from new properties. Profit from property sales reported a decrease to HK\$1,782 million, owing to drop in both sales revenue and margin of residential units.

Profit attributable to the Company's shareholders for the six months ended 31 December 2008 was HK\$692 million, a decrease of HK\$12,934 million or 94.9% compared to HK\$13,626 million for the corresponding period last year. The reported profit has included a decrease in fair value of investment properties net of related deferred taxation of HK\$3,813 million for the current period and an increase of HK\$7,459 million for the corresponding period last year.

FINANCIAL RESOURCES AND LIQUIDITY

(a) Net debt and gearing

The Company's shareholders' funds as at 31 December 2008 was HK\$214,078 million or HK\$83.5 per share compared to HK\$219,250 million or HK\$85.5 per share at the previous year. The decrease of HK\$5,172 million or 2.4% was mainly caused by the reduction of HK\$1,494 million in the fair value of long-term investments and the charge of HK\$4,359 million for dividend paid, more than offsetting the profit attributable to the Company's shareholders for the period.

The Group's financial position remains strong with a low debt leverage and strong interest cover. Gearing ratio as at 31 December 2008, calculated on the basis of net debt to Company's shareholders' funds, was 18.7% compared to 15.3% at 30 June 2008. Interest cover, measured by the ratio of operating profit to total net interest expenses including those capitalized, was 9.1 times compared to 7.2 times for the same period last year.

As at 31 December 2008, the Group's gross borrowings totalled HK\$46,551 million. Net debt, after deducting cash and bank deposits of HK\$6,539 million, amounted to HK\$40,012 million. The maturity profile of the Group's gross borrowings is set out as follows:

	31 December 2008	30 June 2008
	HK\$ Million	HK\$ Million
Repayable:		
Within one year	2,088	2,051
After one year but within two years	4,494	5,548
After two years but within five years	33,589	27,426
After five years	6,380	5,278
Total borrowings	46,551	40,303
Cash and bank deposits	6,539	6,796
Net debt	40,012	33,507

The Group has also procured substantial committed and undrawn banking facilities, most of which are arranged on a medium to long term basis, which helps minimize refinancing risk and provides the Group with strong financing flexibility.

With ample committed banking facilities in place, continuous cash inflow from property sales and a solid base of recurrent income, the Group has adequate financial resources for its funding requirements.

Financial Review

FINANCIAL RESOURCES AND LIQUIDITY (CONT'D)

(b) Treasury policies

The entire Group's financing and treasury activities are centrally managed and controlled at the corporate level. As at 31 December 2008, about 88% of the Group's borrowings were raised through its wholly-owned finance subsidiaries and the remaining 12% through operating subsidiaries.

The Group's foreign exchange exposure was minimal given its large asset base and operational cash flow primarily denominated in Hong Kong dollars. As at 31 December 2008, about 85% of the Group's borrowings were denominated in Hong Kong dollars, 3% in Singapore dollars, 7% in US dollars and 5% in Renminbi. The foreign currency borrowings were mainly for financing property projects outside Hong Kong.

The Group's borrowings are principally arranged on a floating rate basis. For some of the fixed rate notes issued by the Group, interest rate swaps have been used to convert the rates to floating rate basis. As at 31 December 2008, about 88% of the Group's borrowings were on floating rate basis including those borrowings that were converted from fixed rate basis to floating rate basis and 12% were on fixed rate basis. The use of financial derivative instruments is strictly controlled and solely for management of the Group's underlying exposures. It is the Group's policy not to enter into derivative transactions for speculative purposes.

As at 31 December 2008, the Group had outstanding fair value hedges in respect of fixed-to-floating interest rate swaps in the aggregate amount of HK\$4,189 million and currency swaps (to hedge principal repayment of USD borrowings) in the aggregate amount of HK\$381 million.

The Group's bank deposits are interest bearing at prevailing market rates. As at 31 December 2008, about 48% of the Group's cash and bank balances were denominated in Hong Kong dollars, 43% in United States dollars, 5% in Renminbi and 4% in other currencies.

CHARGES OF ASSETS

As at 31 December 2008, certain bank deposits of the Group's subsidiary, Smartone, in the aggregate amount of HK\$499 million, were pledged for securing performance bonds related to 3G licence and some other guarantees issued by the banks. Additionally, certain assets of the Group's subsidiaries with an aggregate net book value of HK\$6,971 million have been charged to secure their bank borrowings. Except for the above charges, all the Group's assets are free from any encumbrances.

CONTINGENT LIABILITIES

As at 31 December 2008, the Group had contingent liabilities in respect of guarantees for bank borrowings of joint venture companies and other guarantees in the aggregate amount of HK\$2,827 million (30 June 2008: HK\$2,427 million).

Other Information

DIRECTORS

The list of Directors is set out on page 46 of the report. The particulars of the Directors and their changes are set out as follows:

KWONG Siu-hing

Chairman & Non-Executive Director (Age: 80)

Madam Kwong has been the Chairman and a Non-Executive Director of the Company since May 2008. She is the wife of Mr. Kwok Tak-seng, the late Chairman of the Company. Madam Kwong has over 40 years of experience in real estate business. In addition, she has participated in various charity and community activities for Sun Hung Kai Properties-Kwoks' Foundation Limited and The T.S. Kwok Foundation Limited. Madam Kwong is well-respected by the Board and the senior management of the Company. She is the mother of Mr. Kwok Ping-sheung, Walter, Mr. Kwok Ping-kwong, Thomas and Mr. Kwok Ping-luen, Raymond and the sister of Mr. Kwong Chun.

Save as disclosed above, Madam Kwong does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company. She did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas.

For the financial year ended 30 June 2008, Madam Kwong received a fee of HK\$11,475 for being the Chairman of the Company.

Dr. the Hon LEE Shau-kee

GBM, DBA(Hon), DSSc(Hon), LLD(Hon)

Vice Chairman & Non-Executive Director (Age: 80)

Dr. Lee has been a Non-Executive Director of the Company for the last 36 years. He is the Founder and Chairman and Managing Director of Henderson Land Development Company Limited and Henderson Investment Limited. He has been engaged in property development in Hong Kong for more than 50 years. He is also Chairman of The Hong Kong and China Gas Company Limited and Miramar Hotel and Investment Company, Limited as well as a Director of Hong Kong Ferry (Holdings) Company Limited and The Bank of East Asia, Limited. In July 2007, the Government of the Hong Kong Special Administrative Region awarded Dr. Lee the Grand Bauhinia Medal for his distinguished community service.

Save as disclosed above, Dr. Lee did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas. He does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

For the financial year ended 30 June 2008, Dr. Lee received a fee of HK\$110,000 for being a Vice Chairman of the Company.

KWOK Ping-kwong, Thomas

MSc (Bus Adm), BSc (Eng), FCPA, SBS, JP

Vice Chairman & Managing Director (Age: 57)

Mr. Kwok Ping-kwong, Thomas is Vice Chairman and Managing Director of the Company and a member of the Executive Committee of the Company. He has been with the Group for 31 years. He is also Chairman of Route 3 (CPS) Company Limited, Joint Chairman of IFC Development Limited, an Executive Director of SUNeVision Holdings Ltd. and an Independent Non-Executive Director of The Bank of East Asia, Limited. Mr. Kwok holds a master's degree in Business Administration from The London Business School, University of London, and a bachelor's degree in Civil Engineering from Imperial College, University of London.

He is Chairman of the Board of Directors of the Faculty of Business and Economics, The University of Hong Kong, and Executive Vice President of The Real Estate Developers Association of Hong Kong. He also serves as a government appointed Member of the Exchange Fund Advisory Committee, Construction Industry Council and the Commission on Strategic Development. He has been appointed as a Non-official Member of the Provisional Minimum Wage Commission with effect from 27 February 2009. In July 2007, the Government of the Hong Kong Special Administrative Region awarded Mr. Kwok the Silver Bauhinia Star for his distinguished community service.

Other Information

In the past, Mr. Kwok served as a member of the Economic and Employment Council, the Business Advisory Group, the Land & Building Advisory Committee, the Registered Contractors' Disciplinary Board, the General Chamber of Commerce Industrial Affairs Committee and Business Facilitation Advisory Committee. He also served as a member of the Council for Sustainable Development until 28 February 2009. He was also Chairman of the Property Management Committee of the Building Contractors' Association and a Council Member of the Hong Kong Construction Association.

He previously served as a Board member of the Community Chest of Hong Kong and as a member of the Social Welfare Policies & Services Committee, and on the Council of The Open University of Hong Kong.

Mr. Kwok is an Honorary Citizen of Guangzhou and a Standing Committee Member of the Ninth Chinese People's Political Consultative Conference Shanghai Committee.

Mr. Kwok is the son of Madam Kwong Siu-hing, the younger brother of Mr. Kwok Ping-sheung, Walter and the elder brother of Mr. Kwok Ping-luen, Raymond.

Save as disclosed above, Mr. Kwok did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas and does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

For the financial year ended 30 June 2008, Mr. Kwok received fees of HK\$110,000 for being a Vice Chairman of the Company, HK\$30,000 for being a Director of SUNeVision Holdings Ltd. and other emoluments of approximately HK\$1.96 million.

KWOK Ping-luen, Raymond

MA (Cantab), MBA, Hon DBA, Hon LLD, JP
Vice Chairman & Managing Director (Age: 55)

Mr. Kwok is Vice Chairman and Managing Director of the Company and a member of the Executive Committee of the Company. He has been with the Group for 30 years. He holds a Master of Arts degree in Law from Cambridge University, a Master degree in Business Administration from Harvard University, an Honorary Doctorate degree in Business Administration from The Open University of Hong Kong and an Honorary Doctorate degree in Laws from The Chinese University of Hong Kong. He is Chairman of SUNeVision Holdings Ltd. and SmarTone Telecommunications Holdings Limited, a Non-Executive Director of Transport International Holdings Limited and USI Holdings Limited, and an Independent Non-Executive Director of Standard Chartered Bank (Hong Kong) Limited.

In civic activities, Mr. Kwok is a Director of The Real Estate Developers Association of Hong Kong, a Member of the General Committee of The Hong Kong General Chamber of Commerce and Vice Chairman of the Council of The Chinese University of Hong Kong. He was a Member of the Hong Kong Port Development Council until 31 December 2008. Mr. Kwok is the son of Madam Kwong Siu-hing, and the younger brother of Mr. Kwok Ping-sheung, Walter and Mr. Kwok Ping-kwong, Thomas.

Save as disclosed above, Mr. Kwok did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas and does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

For the financial year ended 30 June 2008, Mr. Kwok received fees of HK\$110,000 for being a Vice Chairman of the Company, HK\$40,000 for being Chairman of SUNeVision Holdings Ltd., HK\$100,000 for being Chairman of SmarTone Telecommunications Holdings Limited and other emoluments of approximately HK\$2.02 million.

Other Information

YIP Dicky Peter

BBS, MBA, MBE, JP

Independent Non-Executive Director (Age: 62)

Mr. Yip has been an Independent Non-Executive Director of the Company since September 2004. He is also a member of the Audit Committee and the Nomination Committee of the Company. He joined The Hongkong and Shanghai Banking Corporation Limited ("HSBC") in Hong Kong in 1965 with working experiences in London, China and San Francisco. Mr. Yip worked in a number of departments of HSBC, which include trade services, corporate banking, group consultancy service and regional training. His previous assignment prior to becoming CEO China had been in personal financial services, covering jobs in marketing, card products, customer service and sales, with responsibilities over consumer business in Hong Kong. From January 2003 to April 2005, Mr. Yip was appointed Chief Executive China Business, based in Shanghai; meanwhile, he was also a director of Bank of Shanghai, Ping An Insurance and Ping An Bank in China. Since April 2005, Mr. Yip has become a General Manager of HSBC. He has also been appointed Executive Vice President of Bank of Communications since 1 May 2005.

Mr. Yip is an elected associated member of the Chartered Institute of Bankers, London and was educated in Hong Kong with an MBA from The University of Hong Kong. He received the Ten Outstanding Young Persons Award in 1984 for his contribution to the banking industry and the community in Hong Kong. Mr. Yip was awarded the MBE by the British Government in 1984. In 1999, he was appointed Unofficial Justice of Peace in Hong Kong. In 2000, he was awarded the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region. In addition, he is now an examiner of China Banking Regulatory Commission's Recruitment Committee, an advisor for the Beijing Financial Development Advisory Group and the Honorary Chairman of Hong Kong Chamber of Commerce in China. He is also a Director of the European Union Chamber of Commerce in China.

Mr. Yip is active in community and youth activities in Hong Kong and is a member of a number of service organisations such as Hong Kong Committee for United Nations Children Fund and the 8th National Council of Red Cross Society of China.

Save as disclosed above, Mr. Yip did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas. He does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

For the financial year ended 30 June 2008, Mr. Yip received fees of HK\$100,000 for being a Director of the Company and HK\$220,000 and HK\$50,000 for being a member of the Audit Committee and the Nomination Committee of the Company respectively.

Professor WONG Yue-chim, Richard (Note 1)

SBS, JP

Independent Non-Executive Director (Age: 56)

Professor Richard Wong has been an Independent Non-Executive Director of the Company since May 2005. He is the Chairman of the Nomination Committee and a member of the Remuneration Committee of the Company. He currently serves as Deputy Vice-Chancellor and Provost of The University of Hong Kong. Professor Wong has been active in advancing economic research on policy issues in Hong Kong and Mainland China through his work as founding Director of both the Hong Kong Centre for Economic Research and Hong Kong Institute of Economics and Business Strategy. Professor Wong was awarded the Silver Bauhinia Star in 1999 by the Government of the Hong Kong Special Administrative Region for his contributions in education, housing, industry and technology development. In addition, he was appointed Justice of the Peace in July 2000. Professor Wong studied Economics at the University of Chicago and graduated with a Doctorate in Philosophy.

Professor Wong serves as an Independent Non-Executive Director of CK Life Sciences Int'l., (Holdings) Inc., Great Eagle Holdings Limited, Industrial and Commercial Bank of China (Asia) Limited, Orient Overseas (International) Limited, Pacific Century Premium Developments Limited and The Link Management Limited, as the manager of The Link Real Estate Investment Trust. In addition, he was also an Independent Non-Executive Director of Pacific Century Insurance Holdings Limited until his resignation in June 2007 and a member of the Managing Board of the Kowloon-Canton Railway Corporation up to December 2007.

Save as disclosed above, Professor Wong did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas. He does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

For the financial year ended 30 June 2008, Professor Wong received fees of HK\$100,000 for being a Director of the Company and HK\$50,000 for being a member of the Remuneration Committee and HK\$60,000 for being the Chairman of the Nomination Committee of the Company.

Other Information

Dr. CHEUNG Kin-tung, Marvin

DBA(Hon), GBS, OBE, JP

Independent Non-Executive Director (Age: 61)

Dr. Cheung has been an Independent Non-Executive Director of the Company since December 2007 and is the Chairman of the Audit Committee of the Company. He is a Non-Official Member of the Executive Council, Chairman of the Airport Authority Hong Kong and Aviation Security Company Limited, Chairman of the Board of Supervisory Committee of the Trustees of the Tracker Fund, Chairman of the Council of the Hong Kong University of Science and Technology and a Council Member of The Open University of Hong Kong. He is an Independent Non-Executive Director of Hang Seng Bank Limited, HKR International Limited, Hong Kong Exchanges and Clearing Limited and HSBC Holdings plc. (appointed on 1 February 2009). Dr. Cheung is also a Director of The Association of Former Council Members of The Stock Exchange of Hong Kong Limited and The Hong Kong International Film Festival Society Limited.

Save as disclosed above, Dr. Cheung did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas. He does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

For the financial year ended 30 June 2008, Dr. Cheung received fees of HK\$56,557 for being a Director of the Company and HK\$136,066 for being the Chairman of the Audit Committee of the Company.

KWOK Ping-sheung, Walter

D.Sc, Msc (Lond), DIC, MICE, JP

Non-Executive Director (Age: 58)

Mr. Kwok has been with the Group for 35 years. He holds an Honorary Doctor of Science degree and a Master of Science degree in Civil Engineering from the Imperial College of Science and Technology, University of London, and is a Member of the Institution of Civil Engineers, U.K. and a Member of the Hong Kong Institution of Engineers. He is an Executive Director of SUNeVision Holdings Ltd., a Non-Executive Director of Transport International Holdings Limited and Director of Wilson Parking (Holdings) Limited and Hung Cheong Import & Export Co., Ltd.

He is also a Director of The Real Estate Developers Association of Hong Kong and Tsimshatsui East Property Developers' Association Ltd. and Honorary Treasurer of the Federation of Hong Kong Hotel Owners. On the community front, he is the Past Chairman of the Former Directors Committee of the Hong Kong Community Chest. He is also a Member of MBA Programmes Committee of The Chinese University of Hong Kong and an Honorary Member of The Court of The Hong Kong University of Science & Technology.

Mr. Kwok is an Honorary Citizen of Beijing & Guangzhou and a Standing Committee Member of the National Committee of the Chinese People's Political Consultative Conference. Mr. Kwok is the son of Madam Kwong Siu-hing, and the elder brother of Mr. Kwok Ping-kwong, Thomas and Mr. Kwok Ping-luen, Raymond.

Save as disclosed above, Mr. Kwok did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas and does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

For the financial year ended 30 June 2008, Mr. Kwok received fees of a total of HK\$118,088 for being the Chairman and Chief Executive of the Company for the period from 1 July 2007 to 27 May 2008 and a Non-Executive Director of the Company for the period from 28 May 2008 to 30 June 2008, HK\$30,000 for being a Director of SUNeVision Holdings Ltd. and other emoluments of approximately HK\$2.69 million.

Other Information

Sir Po-shing WOO

Hon.LLD., FCI Arb, F.I.Mgt., FlntD, FHKMA
Non-Executive Director (Age: 79)

Sir Po-shing Woo has been a Non-Executive Director of the Company since August 1972. He is a Director of Henderson Development Limited, Non-Executive Director of Henderson Land Development Company Limited and Henderson Investment Limited and a Consultant of Jackson Woo & Associates in association with Ashurst Hong Kong. He was admitted to practise as solicitor in England and Hong Kong and is also a Fellow of The Hong Kong Management Association, The Chartered Institute of Arbitrators, The Institute of Management and The Institute of Directors of England. He was awarded an Hon.LLD. by The City University of Hong Kong and is a Fellow of King's College of London as well as Honorary Professor of Nankai University of Tianjin. He is also the Founder of the Woo Po Shing Medal in Law and the Woo Po Shing Overseas Summer School Travelling Scholarship, both at The University of Hong Kong, and the Woo Po Shing Professor (Chair) of Chinese and Comparative Law at The City University of Hong Kong.

Save as disclosed above, Sir Po-shing Woo did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas. He does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

For the financial year ended 30 June 2008, Sir Po-shing Woo received a fee of HK\$100,000 for being a Director of the Company.

Dr. LI Ka-cheung, Eric ^(Note 2)

GBS, OBE, JP, LLD, DSocSc., B.A.
Non-Executive Director (Age: 55)

Dr. Eric Li has been a Non-Executive Director of the Company since May 2005 and is a member of the Audit Committee of the Company. He is also an Independent Non-Executive Director and the Chairman of the Audit Committee and the Remuneration Committee of SmarTone Telecommunications Holdings Limited.

Dr. Li is the Senior Partner of Li, Tang, Chen & Co., Certified Public Accountants. He is also an Independent Non-Executive Director of Transport International Holdings Limited, Wong's International (Holdings) Limited, Hang Seng Bank Limited, China Resources Enterprise, Limited, RoadShow Holdings Limited, Bank of Communications Co., Ltd and Meadville Holdings Limited. He was an Independent Non-Executive Director of CATIC International Holdings Limited and Sinofert Holdings Limited, and a Non-Executive Director of Strategic Global Investment plc.

Dr. Li is a member of The 11th National Committee of Chinese People's Political Consultative Conference, an advisor to Ministry of Finance on international accounting standards, a convenor cum member of the Financial Reporting Review Panel and a member of the Commission on Strategic Development. He was a former member of the Legislative Council of Hong Kong and the Chairman of its Public Accounts Committee and was also a past President of the Hong Kong Institute of Certified Public Accountants (formerly Hong Kong Society of Accountants).

Save as disclosed above, Dr. Li did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas, and does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

For the financial year ended 30 June 2008, Dr. Li received fees of HK\$100,000 for being a Director of the Company and HK\$220,000 for being a member of the Audit Committee of the Company and a total fee of HK\$200,000 for being a Director and the Chairman of the Audit Committee and the Remuneration Committee of SmarTone Telecommunications Holdings Limited.

Other Information

KWAN Cheuk-yin, William

LLB

Non-Executive Director (Age: 74)

Mr. William Kwan has been a Non-Executive Director of the Company since July 1999 and is a member of the Nomination Committee of the Company. As a Managing Partner with the solicitors firm of Woo, Kwan, Lee & Lo, Mr. Kwan has 46 years of experience in legal practice. He is a former Director and Advisor and currently a voting member of the Tung Wah Group of Hospitals, a past member of the Stamp Advisory Committee, Vice Chairman of the Hong Kong Scout Foundation, President of the Hong Kong Branch of the King's College London Association, President of the Hong Kong Philatelic Society, Vice Chairman of the Federation of Inter-Asia Philately, a permanent advisor of Wah Yan (Hong Kong) Past Students Association, a Director of Wah Yan Dramatic Society, a Committee Member and Legal Advisor of South China Athletic Association and former Vice Manager of its Football Section as well as Manager of its Ten Pin Bowling Section and an Honorary Legal Advisor of the Hong Kong Society for Reproductive Society.

Mr. Kwan was Commissioner General and Vice Chairman of the Organizing Committees of the Hong Kong 1994, 1997, 2001 and 2004 International Stamp Exhibitions and has been re-appointed Commissioner General for 2009 International Stamp Exhibition. He served on the Hong Kong Golf Club General Committee on several occasions in various capacities. He graduated from King's College, London University and is a Fellow of King's College London, the Institute of Arbitrators and the Royal Philatelic Society, London.

Mr. Kwan did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas. He does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

For the financial year ended 30 June 2008, Mr. Kwan received fees of HK\$100,000 for being a Director of the Company and HK\$50,000 for being a member of the Nomination Committee of the Company.

LO Chiu-chun, Clement

Non-Executive Director (Age: 79)

Mr. Lo was an Executive Director and the Company Secretary of the Company for 28 years before he resigned from both positions in February 1998. He is currently a Non-Executive Director of the Company and a member of the Remuneration Committee of the Company. He has been in the property development industry since 1960s.

Mr. Lo did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas. He does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

For the financial year ended 30 June 2008, Mr. Lo received fees of HK\$100,000 for being a Director of the Company and HK\$50,000 for being a member of the Remuneration Committee of the Company.

CHAN Kai-ming

CEng, FIStructE, MICE

Executive Director (Age: 76)

Mr. Chan has been an Executive Director of the Company since January 1981. He is also a member of the Executive Committee of the Company. He also served as an appointed Member of the District Board of Shatin for three years from 1985.

Mr. Chan did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas. He does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

For the financial year ended 30 June 2008, Mr. Chan received a fee of HK\$100,000 for being a Director of the Company and other emoluments of approximately HK\$3.19 million.

Other Information

CHAN Kui-yuen, Thomas

B Comm

Executive Director (Age: 62)

Mr. Chan has been an Executive Director of the Company since September 1987. He is also a member of the Executive Committee of the Company. He graduated from the United College, The Chinese University of Hong Kong. He joined the Group in 1973 and is now responsible for land acquisitions and project planning matters. Mr. Chan is also an Executive Director of SUNeVision Holdings Ltd. He was awarded as Honorary University Fellowship of The Open University of Hong Kong in 2007.

Save as disclosed above, Mr. Chan did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas and does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

For the financial year ended 30 June 2008, Mr. Chan received fees of HK\$100,000 for being a Director of the Company and HK\$30,000 for being a Director of SUNeVision Holdings Ltd. and other emoluments of approximately HK\$9.2 million.

KWONG Chun

Executive Director (Age: 79)

Mr. Kwong has been an Executive Director of the Company since October 1992. He is also a member of the Executive Committee of the Company. He graduated from the Zhong Nan Finance & Economics College of Wuhan in China. He worked for the Guangzhou office of the People's Bank of China before coming to Hong Kong in 1962 to work for Eternal Enterprises Limited. He was transferred to Sun Hung Kai Enterprises Limited in 1963. In 1972, the Company became a listed company and he has worked for it ever since. Mr. Kwong is the younger brother of Madam Kwong Siu-hing.

Save as disclosed above, Mr. Kwong does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company. He did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas.

For the financial year ended 30 June 2008, Mr. Kwong received a fee of HK\$100,000 for being a Director of the Company and other emoluments of approximately HK\$3.82 million.

WONG Yick-kam, Michael

BBA, MBA

Executive Director (Age: 56)

Mr. Wong has been with the Group for 27 years. He is also a member of the Executive Committee of the Company. He obtained his Bachelor of Business Administration and Master of Business Administration degrees from The Chinese University of Hong Kong. He has been an Executive Director of the Company since 1996 and is currently responsible for the Group's strategic planning, corporate development, infrastructure projects, financial investments and investor relations.

Mr. Wong is an Executive Director of SUNeVision Holdings Ltd., a Non-Executive Director and a member of the Audit Committee of SmarTone Telecommunications Holdings Limited and a Non-Executive Director of USI Holdings Limited. He is also a Director of Vantage Captain Limited, a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"). He resigned as the Deputy Chairman and Non-Executive Director of RoadShow Holdings Limited on 20 November 2008.

In community service, Mr. Wong is Chairman of the Hong Kong Youth Hostels Association. He is a member of the Steering Committee on Promotion of Volunteer Service and a member of the Steering Committee on Child Development Fund of the Hong Kong Government. He is also a member of the Board of Trustees of New Asia College, The Chinese University of Hong Kong, and a member of the Council of The Open University of Hong Kong.

Save as disclosed above, Mr. Wong did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas and does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

For the financial year ended 30 June 2008, Mr. Wong received fees of HK\$100,000 for being a Director of the Company and HK\$30,000 for being a Director of SUNeVision Holdings Ltd., a total fee of HK\$200,000 for being a Director and a member of the Audit Committee of SmarTone Telecommunications Holdings Limited, and other emoluments of approximately HK\$13.08 million.

Other Information

WONG Chik-wing, Mike

MSc(IRE), FHKIS, Registered Professional Surveyor (BS)
Executive Director (Age: 53)

Mr. Wong graduated from The Hong Kong Polytechnic University with distinction and holds a Master degree in International Real Estate. He is a Fellow of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor. He joined the Group in 1981 and was appointed an Executive Director of the Company in January 1996. He is a member of the Executive Committee of the Company and is currently responsible for project management matters of the Group's development projects.

Mr. Wong did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas. He does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

For the financial year ended 30 June 2008, Mr. Wong received a fee of HK\$100,000 for being a Director of the Company and other emoluments of approximately HK\$13.88 million.

WOO Ka-biu, Jackson

MA (Oxon)
Alternate Director to Sir Po-shing Woo (Age: 46)

Mr. Woo was appointed as an Alternate Director to Sir Po-shing Woo in October 2002. Mr. Woo is a Director of Kailey Group of Companies. He holds a Master's degree in Jurisprudence from Oxford University and is qualified as a solicitor in Hong Kong, Australia, England and Wales. Mr. Woo is currently a partner of Jackson Woo & Associates in association with Ashurst Hong Kong and was a director of N. M. Rothschild & Sons (Hong Kong) Limited. Prior to that he was a partner in the corporate finance department of Woo, Kwan, Lee & Lo. Mr. Woo is also an Alternate Director to Sir Po-shing Woo, a Non-Executive Director of Henderson Land Development Company Limited and Henderson Investment Limited. In January 2008, Mr. Woo was awarded 2008 World Outstanding Chinese Award by the United World Chinese Association and Honorary Doctor Degrees from The University of West Alabama. He is the son of Sir Po-shing Woo.

Save as disclosed above, Mr. Woo did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas and does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Pursuant to the Articles of Association of the Company, Mr. Woo shall not be entitled to receive from the Company in respect of his appointment as Alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct.

All the Directors and Alternate Director of the Company have not entered into any service contract with the Company. But the Directors are subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. The Directors' fees are proposed by the Board and approved by the shareholders at the annual general meeting and their other emoluments are subject to review by the Board from time to time pursuant to the power given to it under the Articles of Association of the Company with reference to their contribution in terms of time, effort and accomplishments.

Notes:

The following changes have been effective after the date of this interim report and prior to the printing of this interim report:

1. Professor Wong Yue-chim, Richard has been appointed as Chairman of the Remuneration Committee of the Company with effect from 19 March 2009.
2. Dr. Li Ka-cheung, Eric has been re-designated as an Independent Non-Executive Director of the Company and has been appointed as a member of the Remuneration Committee of the Company, both with effect from 19 March 2009.

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 31 December 2008, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in then Appendix 10 of the Listing Rules as adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

I. Long positions in shares and underlying shares of the Company

Name of Director	Number of shares held				Total	Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 31. 12. 2008
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (interests of controlled corporation)	Other interests				
Kwong Siu-hing	21,000	—	—	1,077,394,347 ¹	1,077,415,347	—	1,077,415,347	42.02
Lee Shau-kee	486,340	—	343,000 ²	—	829,340	—	829,340	0.03
Kwok Ping-kwong, Thomas	1,976,281	304,065	—	1,097,428,214 ¹	1,099,708,560	—	1,099,708,560	42.88
Kwok Ping-luen, Raymond	75,000	—	—	1,100,571,895 ¹	1,100,646,895	—	1,100,646,895	42.92
Wong Yue-chim, Richard	—	1,000	—	—	1,000	—	1,000	0
Kwok Ping-sheung, Walter	75,000	—	—	1,099,378,522 ¹	1,099,453,522	—	1,099,453,522	42.87
Woo Po-shing	1,089,906	—	—	—	1,089,906	203,000 ³	1,292,906	0.05
Li Ka-cheung, Eric	—	—	18,000 ⁴	—	18,000	—	18,000	0
Lo Chiu-chun, Clement	90,000	—	—	—	90,000	—	90,000	0
Chan Kai-ming	41,186	—	—	—	41,186	—	41,186	0
Chan Kui-yuen, Thomas	—	66,000	126,500 ⁵	—	192,500	—	192,500	0
Kwong Chun	702,722	339,358	—	—	1,042,080	—	1,042,080	0.04
Wong Yick-kam, Michael	165,904	—	—	—	165,904	—	165,904	0.01
Wong Chik-wing, Mike	195,999	—	—	—	195,999	—	195,999	0.01
Woo Ka-biu, Jackson (Alternate Director to Woo Po-shing)	—	1,000	—	—	1,000	—	1,000	0

- Notes:
- Of these shares in the Company, Madam Kwong Siu-hing, Mr. Kwok Ping-sheung, Walter, Mr. Kwok Ping-kwong, Thomas and Mr. Kwok Ping-luen, Raymond were deemed to be interested in 1,077,394,347 shares by virtue of being beneficiaries of certain discretionary trusts, which represented the same interests and were therefore duplicated amongst these four Directors for the purpose of Part XV of the SFO.
 - Dr. Lee Shau-kee was deemed to be interested in the 343,000 shares in the Company held through Superfun Enterprises Limited ("Superfun"). This corporation was wholly-owned by The Hong Kong and China Gas Company Limited ("HK China Gas") which was 39.06% held by Henderson Land Development Company Limited ("Henderson Land Development"). Henderson Land Development was 53.01% held by Henderson Development Limited ("Henderson Development"). Hopkins (Cayman) Limited ("Hopkins") as trustee of a unit trust (the "Unit Trust") owned all the issued ordinary shares of Henderson Development. Rimmer (Cayman) Limited ("Rimmer") and Riddick (Cayman) Limited ("Riddick") as trustees of respective discretionary trusts, held units in the Unit Trust. The entire issued share capital of Hopkins, Rimmer and Riddick were owned by Dr. Lee Shau-kee. He was taken to be interested in the 343,000 shares in the Company held by Superfun by virtue of Part XV of the SFO.
 - These underlying shares were derived from unlisted and physically settled derivatives held by Sir Po-shing Woo as beneficial owner.
 - These shares were held by a company in which Dr. Li Ka-cheung, Eric is the managing director and owned 12.20% of its issued share capital.
 - These shares were held by a company which obliged to act in accordance with the instructions of Mr. Chan Kui-yuen, Thomas.

Other Information

2. Long positions in shares and underlying shares of associated corporations of the Company

(a) SUNeVision Holdings Ltd. (“SUNeVision”)

Name of Director	Number of shares held			Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 31.12.2008
	Personal interests (held as beneficial owner)	Other interests	Total			
Kwong Siu-hing	53,178	1,070,000 ¹	1,123,178	—	1,123,178	0.06
Kwok Ping-kwong, Thomas	—	1,070,000 ¹	1,070,000	—	1,070,000	0.05
Kwok Ping-luen, Raymond	—	1,742,500 ¹	1,742,500	—	1,742,500	0.08
Kwok Ping-sheung, Walter	—	1,070,000 ¹	1,070,000	—	1,070,000	0.05
Kwong Chun	300,000	—	300,000	—	300,000	0.01
Wong Yick-kam, Michael	100,000	—	100,000	—	100,000	0
Wong Chik-wing, Mike	109,000	—	109,000	—	109,000	0

Note: 1. Of these shares in SUNeVision, Madam Kwong Siu-hing, Mr. Kwok Ping-sheung, Walter, Mr. Kwok Ping-kwong, Thomas and Mr. Kwok Ping-luen, Raymond were deemed to be interested in 1,070,000 shares by virtue of being founder or beneficiaries of a certain discretionary trust, which represented the same interests and were therefore duplicated amongst these four Directors for the purpose of Part XV of the SFO.

(b) SmarTone Telecommunications Holdings Limited (“SmarTone”)

Name of Director	Number of shares held		Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 31.12.2008
	Other interests	Total			
Kwong Siu-hing	420,000 ¹	420,000	—	420,000	0.08
Kwok Ping-luen, Raymond	2,237,767 ²	2,237,767	—	2,237,767	0.41

Notes: 1. Madam Kwong Siu-hing was deemed to be interested in these shares in SmarTone by virtue of being a founder and a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO.

2. Mr. Kwok Ping-luen, Raymond was deemed to be interested in these shares in SmarTone by virtue of being a beneficiary of a certain discretionary trust for the purpose of Part XV of the SFO.

(c) Transport International Holdings Limited

Name of Director	Number of shares held		Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 31.12.2008
	Personal interests (held as beneficial owner)	Total			
Kwok Ping-luen, Raymond	393,350	393,350	—	393,350	0.10
Kwok Ping-sheung, Walter	61,522	61,522	—	61,522	0.02
Chung Sze-yuen (resigned with effect on 1 February 2009)	18,821	18,821	—	18,821	0

Other Information

- (d) Each of Madam Kwong Siu-hing, Mr. Kwok Ping-sheung, Walter, Mr. Kwok Ping-kwong, Thomas and Mr. Kwok Ping-luen, Raymond had the following interests in shares of the following associated corporations:

Name of associated corporation	Attributable holding through corporation	Attributable % of shares in issue through corporation as at 31.12.2008	Actual holding through corporation	Actual % interests in issued shares as at 31.12.2008
Splendid Kai Limited	2,500	25	1,500 ¹	15
Hung Carom Company Limited	25	25	15 ¹	15
Tinyau Company Limited	1	50	1 ¹	50
Open Step Limited	8	80	4 ¹	40

Note: 1. Madam Kwong Siu-hing, Mr. Kwok Ping-sheung, Walter, Mr. Kwok Ping-kwong, Thomas and Mr. Kwok Ping-luen, Raymond were deemed to be interested in these shares, which represented the same interests and were therefore duplicated amongst these four Directors for the purpose of Part XV of the SFO. These shares were held by corporations under a certain discretionary trust, in which Madam Kwong Siu-hing, Mr. Kwok Ping-sheung, Walter, Mr. Kwok Ping-kwong, Thomas and Mr. Kwok Ping-luen, Raymond were deemed to be interested by virtue of being founder or beneficiaries for the purpose of Part XV of the SFO.

- (e) Dr. Lee Shau-kee had corporate interests in shares of the following associated corporations:

Name of associated corporation	Total number of shares held	% of shares in issue as at 31.12.2008
Anbok Limited	2 ²	50
Billion Ventures Limited	1 ³	50
Central Waterfront Construction Company Limited	1 ⁴	50
Central Waterfront Property Holdings Limited	100 ⁵	100
Central Waterfront Property Investment Holdings Limited	50 ⁶	50
CWP Limited	1 ⁷	50
Daily Win Development Limited	100 ⁸	25
E Man – Sanfield JV Construction Company Limited	1 ⁴	50
Everise (H.K.) Limited	1 ⁹	50
Fullwise Finance Limited	2 ²	50
Gold Sky Limited	1 ¹⁰	50
Jade Land Resources Limited	1 ¹¹	25
Joy Wave Development Limited	1 ⁴	50
Karnold Way Limited	2,459 ¹²	24.59
Maxfine Development Limited	3,050 ¹³	33.33
New Treasure Development Limited	1 ¹¹	25
Royal Peninsula Management Service Company Limited	1 ¹⁴	50
Special Concept Development Limited	1 ¹¹	25
Star Play Development Limited	1 ¹⁵	33.33
Tartar Investments Limited	300 ¹⁶	30
Teamfield Property Limited	4,918 ¹⁷	49.18
Topcycle Construction Company Limited	1 ⁴	50
Topcycle Development Limited	1 ¹⁸	50
Topcycle Project Management Limited	1 ¹⁸	50
World Space Investment Limited	4,918 ¹⁷	49.18

Notes: 1. Dr. Lee Shau-kee was deemed to be interested in the 343,000 shares in the Company held through Superfun. This corporation was wholly-owned by HK China Gas which was 39.06% held by Henderson Land Development. Henderson Land Development was 53.01% held by Henderson Development. Hopkins as trustee of the Unit Trust owned all the issued ordinary shares of Henderson Development. Rimmer and Riddick as trustees of respective discretionary trusts, held units in the Unit Trust. The entire issued share capital of Hopkins, Rimmer and Riddick were owned by Dr. Lee Shau-kee. He was taken to be interested in the 343,000 shares in the Company held by Superfun by virtue of Part XV of the SFO.

Other Information

2. Dr. Lee Shau-kee was deemed to be interested in the two shares held through Everise (H.K.) Limited. This corporation was 50% held by Masterland Limited, a wholly-owned subsidiary of Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note I.
3. Dr. Lee Shau-kee was deemed to be interested in the one share held through Chico Investment Limited ("Chico"). This corporation was wholly-owned by Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note I.
4. Dr. Lee Shau-kee was deemed to be interested in the one share held through E Man Construction Company Limited. This corporation was wholly-owned by Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note I.
5. Dr. Lee Shau-kee was deemed to be interested in the 100 shares held through Central Waterfront Property Investment Holdings Limited. This corporation was 34.21% held by Starland International Limited ("Starland"), a wholly-owned subsidiary of Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note I.
6. Dr. Lee Shau-kee was deemed to be interested in a total of 50 shares of which 34.21 shares were held through Starland and 15.79 shares were held through Prominence Properties Limited ("Prominence"). Starland was wholly-owned by Henderson Land Development. Prominence was wholly-owned by HK China Gas which was 39.06% held by Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note I.
7. Dr. Lee Shau-kee was deemed to be interested in the one share held through Starland. This corporation was wholly-owned by Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note I.
8. Dr. Lee Shau-kee was deemed to be interested in the 100 shares held through Citiright Development Limited. This corporation was wholly-owned by Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note I.
9. Dr. Lee Shau-kee was deemed to be interested in the one share held through Masterland Limited. This corporation was wholly-owned by Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note I.
10. Dr. Lee Shau-kee was deemed to be interested in the one share held through Atex Resources Limited. This corporation was wholly-owned by Mightymark Investment Limited, a wholly-owned subsidiary of Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note I.
11. Dr. Lee Shau-kee was deemed to be interested in the one share held through Citiplus Limited. This corporation was wholly-owned by Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note I.
12. Dr. Lee Shau-kee was deemed to be interested in the 2,459 shares held through Chico. This corporation was wholly-owned by Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note I.
13. Dr. Lee Shau-kee was deemed to be interested in the 3,050 shares held through Quickcentre Properties Limited. This corporation was 50% held by Henderson (China) Investment Company Limited of which 100% was held by Andcoe Limited, a wholly-owned subsidiary of Henderson China Holdings Limited. This corporation was 100% held by Brightland Enterprises Limited, a wholly-owned subsidiary of Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note I.
14. Dr. Lee Shau-kee was deemed to be interested in the one share held through Well Born Real Estate Management Limited. This corporation was wholly-owned by Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note I.
15. Dr. Lee Shau-kee was deemed to be interested in the one share held through Henderson Investment Limited. This corporation was 67.94% held by Kingslee S.A., a wholly-owned subsidiary of Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note I.

Other Information

16. Dr. Lee Shau-kee was deemed to be interested in the 300 shares held through Kenforce Investment Limited. This corporation was wholly-owned by Henderson China Properties Limited, a wholly-owned subsidiary of Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.
17. Dr. Lee Shau-kee was deemed to be interested in the 4,918 shares held through Billion Ventures Limited. This corporation was 50% held by Chico, a wholly-owned subsidiary of Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.
18. Dr. Lee Shau-kee was deemed to be interested in the one share held through Dandy Investments Limited. This corporation was a wholly-owned subsidiary of Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.

Save as disclosed above, as at 31 December 2008, none of the Directors and chief executive of the Company were, under Divisions 7 and 8 of Part XV of the SFO, taken to be interested or deemed to have any other interests or short positions in shares, underlying shares or debentures of the Company and its associated corporations, that were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company follows the Model Code in Appendix 10 to the Listing Rules as the code of conduct for Directors in their dealings in the securities of the Company. Having made specific enquiry with Directors, all Directors confirmed that they have fully complied with the then Model Code during the period for the six months ended 31 December 2008.

SHARE OPTION SCHEMES

1. Share Option Schemes of the Company

The Company once adopted a share option scheme on 20 November 1997 (the "Old Scheme"). Since its adoption, the Company had granted two lots of share options on 15 February 2000 and 16 July 2001 respectively. The first lot and the second lot of share options all expired on 14 February 2005 and 15 July 2006 respectively.

The Company by ordinary resolutions passed at its extraordinary general meeting held on 5 December 2002 adopted a new share option scheme (the "New Scheme") and terminated the Old Scheme in order to comply with the new requirements under the then revised Chapter 17 of the Listing Rules. No option shares have been granted under the New Scheme to any person since its adoption.

2. Share Option Schemes of the Subsidiaries

a. SUNeVision

SUNeVision had adopted a share option scheme (the "SUNeVision Old Scheme"), the principal terms of which were summarized in the section headed "Statutory and General Information Share Option Schemes" in Appendix 5 to SUNeVision's prospectus dated 6 March 2000. By ordinary shareholders' resolutions of SUNeVision passed at its annual general meeting held on 3 December 2002, SUNeVision had adopted another share option scheme (the "SUNeVision New Scheme") and terminated the SUNeVision Old Scheme. These have become effective on 5 December 2002 as a result of the passing of ordinary resolutions approving the same by the shareholders of the Company at its extraordinary general meeting held on the same day.

(i) SUNeVision Old Scheme

Since the adoption of the SUNeVision Old Scheme, SUNeVision had granted four lots of share options, of which the options at the exercise prices of HK\$10.38 per share, HK\$3.885 per share, HK\$2.34 per share and HK\$1.43 per share expired at the close of business on 30 December 2005, 14 November 2006, 19 March 2007 and 7 July 2008 respectively. No further options may be offered under the SUNeVision Old Scheme.

Other Information

(ii) SUNeVision New Scheme

SUNeVision had granted two lots of share options under the SUNeVision New Scheme since its adoption.

The options at the exercise price of HK\$1.59 per share may be exercised in accordance with the terms of the relevant scheme as to:

- (a) an amount up to one-third of the grant within three years commencing on 29 November 2004;
- (b) the remaining amount but up to two-thirds of the grant within three years commencing on 29 November 2005; and
- (c) the remaining amount within three years commencing on 29 November 2006.

The options will expire at the close of business on 28 November 2009.

The options at the exercise price of HK\$1.41 per share expired at the close of business on 9 November 2008.

During the six months ended 31 December 2008, no share options were granted under the SUNeVision New Scheme.

Movement of the share options granted to the participants pursuant to the SUNeVision New Scheme during the six months period ended 31 December 2008 are as follows:

Grantee	Date of grant	Exercise price (HK\$)	Number of share options				Balance as at 31.12.2008
			Balance as at 01.07.2008	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	
Directors of SUNeVision	29.11.2003	1.59	320,333	—	—	133,333 ¹	187,000
Employees of SUNeVision	29.11.2003	1.59	216,667	—	—	—	216,667

Note: 1. These were the share options of a former Director of SUNeVision.

Other than the participants as stated above, SUNeVision had not granted since the adoption of the SUNeVision Old Scheme and the SUNeVision New Scheme any share options to any other persons as required to be disclosed under Listing Rule 17.07.

b. iAdvantage Limited (“iAdvantage”)

SUNeVision operates another share option scheme which was approved for iAdvantage, a wholly-owned subsidiary of SUNeVision, allowing the board of Directors of SUNeVision the right to grant to the full-time employees and executive directors of iAdvantage or any of its subsidiaries options to subscribe for share of iAdvantage in aggregate up to 10% of its issued capital from time to time (the “iAdvantage Scheme”). The exercise period of any options granted under the iAdvantage Scheme shall commence on the date of grant of the option and expire on such date as determined by the board of directors of iAdvantage or 28 February 2010, whichever is the earlier, and subject to the provisions for early termination contained therein. No share options have been granted to any person under the iAdvantage Scheme since its adoption.

Other Information

c. SmarTone

Pursuant to the terms of the share option scheme of SmarTone adopted on 15 November 2002 (the "SmarTone Scheme"), SmarTone may grant options to the participants, including directors and employees of SmarTone group, to subscribe for shares of SmarTone.

Movement of the share options granted to the participants pursuant to the SmarTone Scheme during the six months period ended 31 December 2008 are as follows:

Grantee	Date of grant	Exercise price (HK\$)	Exercise period	Number of share options				
				Balance as at 01.07.2008	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	Balance as at 31.12.2008
Directors of SmarTone	10.02.2003	9.29	10.02.2003 to 16.07.2011	3,000,000 ¹	—	—	—	3,000,000
	10.02.2003	9.20	02.05.2003 to 01.05.2012	133,500 ²	—	—	—	133,500
	05.02.2004	9.00	05.02.2005 to 04.02.2014	970,000 ³	—	—	—	970,000
Employees of SmarTone	05.02.2004	9.00	05.02.2005 to 04.02.2014	4,990,000	—	—	(440,000)	4,550,000
	01.03.2005	9.05	01.03.2006 to 28.02.2015	193,000	—	—	—	193,000

- Notes:
1. The options, in the original number of 5,000,000, can be exercised up to 20% from 10 February 2003, up to 40% from 17 July 2003, up to 60% from 17 July 2004, up to 80% from 17 July 2005 and in whole from 17 July 2006.
 2. The options, in the original number of 200,000, can be exercised up to one-third from 2 May 2003, up to two-thirds from 2 May 2004 and in whole from 2 May 2005.
 3. The options can be exercised up to one-third from 5 February 2005, up to two-thirds from 5 February 2006 and in whole from 5 February 2007.

Other than the participants as stated above, no share options had been granted by SmarTone to other participants pursuant to the SmarTone Scheme as required to be disclosed under Listing Rule 17.07.

Other Information

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2008, persons (other than Directors or chief executive of the Company) who had interest or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	As trustee	Corporate interests	Beneficial owner	Others	Total number of shares	% of shares in issue as at 31.12.2008
HSBC Trustee (C.I.) Limited ("HTCIL")	1,077,394,347	—	—	—	1,077,394,347 ¹	42.01
Cerberus Group Limited ("CGL")	—	1,065,679,347	—	—	1,065,679,347 ¹	41.56
Vantage Captain Limited ("VCL")	—	75,830,929	989,848,418	—	1,065,679,347 ¹	41.56

Note: 1. The shares in which VCL was interested were the same shares in which CGL was interested; the shares in which CGL was interested formed part of the shares in which HTCIL was interested.

Save as disclosed above, as at 31 December 2008, the Company has not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 & 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

INTERESTS OF OTHER PERSONS

During the six months ended 31 December 2008, other than the interests in shares and underlying shares of the Company and its associated corporations held by the Directors, the chief executive and substantial shareholders of the Company stated above, there were no other persons with interests recorded in the register required to be kept under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold nor redeemed any of the Company's ordinary shares during the period for the six months ended 31 December 2008.

INTERIM DIVIDEND

The Directors declared an interim dividend of HK\$0.80 per share (2007: HK\$0.80 per share) payable in cash on 6 April 2009 to shareholders on the Register of Members as at 1 April 2009.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Thursday, 26 March 2009 to Wednesday, 1 April 2009 (both days inclusive). In order to establish entitlements to the proposed interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 25 March 2009.

Other Information

FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES

The Group has provided financial assistance to and guarantees for facilities granted to certain associated companies and jointly controlled entities (collectively the "Affiliated Companies" within the definition under Chapter 13 of the Listing Rules) which together in aggregate exceeds the relevant percentage ratios of 8% under the Listing Rules. In accordance with the continuing disclosure requirements under Listing Rule 13.22, a proforma combined balance sheet of the Affiliated Companies and the Group's attributable interest in the Affiliated Companies as at 31 December 2008 are presented below:

	Proforma combined balance sheet (HK\$ million)	The Group's attributable interest (HK\$ million)
Non-current assets	47,143	20,346
Current assets	26,269	10,672
Current liabilities	(6,294)	(2,731)
Non-current liabilities	(59,494)	(25,401)
	<u>7,624</u>	<u>2,886</u>

REVIEW OF INTERIM FINANCIAL STATEMENTS

The interim results for the six months ended 31 December 2008 are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, by Deloitte Touche Tohmatsu, whose report on review of interim financial information is set out on page 56 on the report. The interim results have also been reviewed by the Audit Committee.

CORPORATE GOVERNANCE

During the six months ended 31 December 2008, the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in then Appendix 14 of the Listing Rules.

By Order of the Board
Yung Sheung-tat, Sandy
Company Secretary

Hong Kong, 11 March 2009



中環國際金融中心二期
Two IFC, Central

Recent good sales show customer confidence in the Group's brand and the quality of its products. The Group tailors new projects to meet changing preferences and it strives to enhance returns by following the 'speed, quality, efficiency' principle. Occupancy of the Group's rental portfolio remains high at 94 per cent. International Commerce Centre at Kowloon Station is 90 per cent leased or pre-lease and tenants have moved in to the first phase as planned.

The Group has a consistent and selective approach to the property business on the mainland. Shanghai IFC in the Lujiazui financial trade zone is on schedule for completion in 2010, and projects in Wei Fong and on Huai Hai Zhong Road in Shanghai are underway.

The Group will pre-sell new projects when they are ready. Major residential developments in Hong Kong to go on sale in the next nine months include The Latitude in Kowloon, Tuen Mun Town Lot 465 and YOHO Town phase 2 in Yuen Long.

九龍站環球貿易廣場
International Commerce Centre,
Kowloon Station

天璽 II
The Cullinan II

天璽 I
The Cullinan I



九龍「譽•港灣」
The Latitude, Kowloon



元朗YOHO Town第二期
YOHO Town Phase 2, Yuen Long



上海國金中心
Shanghai IFC, Shanghai

集團近期推出的樓盤銷售反應熱烈，展示集團強大品牌，以及顧客對集團產品質素的信心。集團將致力令旗下新發展項目切合顧客的需要及期望，並貫徹集團「快、好、省」精神，銳意加強項目的回報。在投資物業方面，集團旗下收租物業組合的出租率保持百分之九十四，九龍站環球貿易廣場約九成面積已獲承租或預租，租戶已按計劃陸續遷入第一期。

在內地業務方面，集團維持一貫策略，選擇性投資內地物業市場。位於陸家嘴金融貿易區的上海國金中心工程按計劃進行，將於二〇一〇年落成；淮海中路項目及濰坊豪華住宅項目進展良好。

集團將陸續推出可開售的新項目作預售，於未來九個月將在香港推出的主要住宅項目包括九龍「譽•港灣」、屯門市地段465號項目及元朗YOHO Town第二期。



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