



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

INTERIM REPORT 2011/12 中期報告





- 1 Shanghai IFC, the mainland
內地上海國金中心
- 2 The Cullinan, Kowloon Station in Hong Kong
香港九龍站天璽
- 3 International Commerce Centre, Kowloon Station
in Hong Kong
香港九龍站環球貿易廣場
- 4 The Wings, Tseung Kwan O in Hong Kong
香港將軍澳天晉

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Board of Directors and Committees

BOARD OF DIRECTORS

Executive Directors

Kwok Ping-kwong, Thomas (*Chairman & Managing Director*)
Kwok Ping-luen, Raymond (*Chairman & Managing Director*)
Chan Kai-ming
Chan Kui-yuen, Thomas
Kwong Chun
Wong Chik-wing, Mike
Chan Kwok-wai, Patrick (*Chief Financial Officer*)

Non-Executive Directors

Lee Shau-kee (*Vice Chairman*)
Kwok Ping-sheung, Walter
Woo Po-shing
Kwan Cheuk-yin, William
Wong Yick-kam, Michael
Woo Ka-biu, Jackson (*Alternate Director to Woo Po-shing*)

Independent Non-Executive Directors

Yip Dicky Peter
Wong Yue-chim, Richard
Li Ka-cheung, Eric
Fung Kwok-lun, William

COMMITTEES

Executive Committee

Kwok Ping-kwong, Thomas
Kwok Ping-luen, Raymond
Chan Kai-ming
Chan Kui-yuen, Thomas
Kwong Chun
Wong Chik-wing, Mike
Chan Kwok-wai, Patrick

Audit Committee

Li Ka-cheung, Eric*
Yip Dicky Peter
Wong Yick-kam, Michael

Remuneration Committee

Wong Yue-chim, Richard*
Li Ka-cheung, Eric
Kwan Cheuk-yin, William

Nomination Committee

Wong Yue-chim, Richard*
Kwan Cheuk-yin, William
Yip Dicky Peter

* *Committee Chairman*

Financial Highlights and Corporate Information

FINANCIAL HIGHLIGHTS

For the six months ended 31 December	2011	2010	Increase
Financial Highlights (HK\$ million)			
Turnover	36,420	31,513	15.5%
Gross rental income ¹	6,946	6,081	14.2%
Net rental income ¹	5,275	4,612	14.4%
Profit attributable to the Company's shareholders	21,131	21,019	0.5%
Underlying profit attributable to the Company's shareholders ²	11,773	10,416	13.0%
Financial Information per share (HK\$)			
Earnings	8.22	8.18	0.5%
Underlying earnings ²	4.58	4.05	13.0%
Interim dividend	0.95	0.95	—

Notes:

- Including contributions from jointly-controlled entities and associates.*
- Excluding revaluation surplus of investment properties net of deferred tax.*

CORPORATE INFORMATION

Company Secretary

Yung Sheung-tat, Sandy

Auditor

Deloitte Touche Tohmatsu

Registered Office

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30 Harbour Road
Hong Kong
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Share Registrar

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

Solicitors

Woo, Kwan, Lee & Lo
Mayer Brown JSM
Winston Chu & Company
Clifford Chance

Principal Bankers

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking
Corporation Limited
The Bank of Tokyo-Mitsubishi UFJ, Ltd
Industrial and Commercial Bank of China
Sumitomo Mitsui Banking Corporation
Mizuho Corporate Bank, Ltd
Bank of Communications
United Overseas Bank Ltd.
Hang Seng Bank Limited
BNP Paribas

CHOICE OF LANGUAGE OR MEANS OF RECEIPT OF CORPORATE COMMUNICATIONS

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

If (i) shareholders, who have received or chosen to receive printed copies of this interim report, wish to receive the same in the other language; or (ii) shareholders, who have received or chosen to receive or are deemed to have consented to receive this interim report by electronic means, wish to receive printed copies; or (iii) shareholders for any reason have difficulty in receiving or gaining access to this interim report on the Company's website, they may obtain printed copies free of charge by sending a request to the Company c/o Share Registrar, Computershare Hong Kong Investor Services Limited, by post to 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or by email at shkp@computershare.com.hk.

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 may at any time notify the Company by giving reasonable notice (of not less than 7 days) to the Company c/o Share Registrar by post or by email or by completing and returning the accompanying Change Request Form.

Chairman's Statement

We are honoured to have been appointed joint Chairmen of the Company in December 2011 and are pleased to present our report to the shareholders.

RESULTS

The Group's underlying profit attributable to the Company's shareholders for the six months ended 31 December 2011, excluding the effect of fair value changes on investment properties, increased 13 per cent year-on-year to HK\$11,773 million. Underlying earnings per share also increased 13 per cent to HK\$4.58.

Reported profit and reported earnings per share attributable to the Company's shareholders was HK\$21,131 million and HK\$8.22 respectively, compared to HK\$21,019 million and HK\$8.18 for the corresponding period last year. The reported profit for the period included an increase in fair value of investment properties net of deferred taxation and non-controlling interests of HK\$9,463 million compared to HK\$ 10,617 million for the same period last year.

DIVIDEND

The directors have recommended the payment of an interim dividend of HK\$0.95 per share for the six months ended 31 December 2011, the same as for the corresponding period last year.

BUSINESS REVIEW

Property Sales and Rental Income

Property Sales

Revenue from property sales for the period under review as recorded in the accounts, including revenue from joint-venture projects, was HK\$21,430 million. Profit from property sales was HK\$7,886 million, as compared to HK\$8,911 million for the same period last year which included a one-off contribution from sales of a luxury residential development in Singapore. The Group's performance in the pre-sale market remained impressive during the period, with contracted sales of HK\$24,897 million in attributable terms, a 13 per cent increase from the same period last year.

Rental Income

Robust rental income growth for the period under review was derived from higher rents for new leases and renewals as compared to the previous leases, as well as increased contributions from new developments such as International Commerce Centre (ICC) in Hong Kong, Shanghai IFC and the first phase of Shanghai ICC on the mainland. Gross rental income, including contributions from joint-venture projects, rose 14 per cent to HK\$6,946 million and net rental income increased 14 per cent to HK\$5,275 million.

Chairman's Statement

Property Business — Hong Kong

Land Bank

Capitalizing on increased opportunities in the land market, the Group added 4.9 million square feet of developable floor area to its Hong Kong land bank during the period under review. Details are listed in the following table. The acquisitions included a project atop the MTR Nam Cheong Station, a key interchange for the Tung Chung and West Rail lines. Located just two to three rail stations away from the core business centres in Kowloon and Central, this large-scale project will include a major shopping mall and residential apartments with most units taking in panoramic sea views. Other major acquisitions included a waterfront residential site in Tung Chung and a prime site in Tseung Kwan O town centre to synergize with the Group's other projects in the area.

Location	Usage	Group's Interest (%)	Attributable Gross Floor Area (square feet)
MTR Nam Cheong Station Development	Residential/Shopping centre	Joint venture	2,609,000
Area 55A, Tung Chung	Residential/Shopping centre	100	1,394,000
Area 66A, Tseung Kwan O	Residential/Shopping centre	100	793,000
56–84 Belcher's Street, Island West	Residential/Shopping centre	92	144,000
Total			4,940,000

The Group's total land bank in Hong Kong increased to 46.7 million square feet in December 2011, comprising 27.9 million square feet of completed investment properties and 18.8 million square feet of properties under development. The Group also holds over 26 million square feet of agricultural land in terms of site area. Most of this is along existing or planned rail lines in the New Territories and is in the process of land use conversion. The Group will continue to acquire new development sites through various means when appropriate opportunities arise.

Property Development

The Hong Kong residential market was undergoing a consolidation amid financial market volatility and policy headwinds in the past six months or so. However, the market has shown signs of rebound with prices stabilizing in recent weeks. Activity in the primary market remained healthy, whereas transactions in the secondary market picked up to reasonable levels, though having been affected meaningfully during the consolidation period. While relatively low mortgage interest rate and sustained income growth continued to underpin demand from genuine end users, supply in the pre-sale market remained limited.

The Group recorded impressive contracted sales of over HK\$22,000 million in Hong Kong during the period under review despite a challenging environment. Major projects launched included the luxury Imperial Cullinan on the West Kowloon waterfront, i•UniQ Grand boutique apartments in Hong Kong East and premium units at The Wings in Tseung Kwan O. These developments will be ideal homes featuring prime materials, well-planned layouts, tailored clubhouse facilities and attentive service. These projects offer diverse flat mixes and differentiated styles and exhibit the Group's steadfast attitude towards quality.

Chairman's Statement

The Group strives to add value to its projects through various means. The Wings, being a major part of an outstanding integrated development at the centre of a new town supported by convenient rail access, sets new standards for luxury living in the district in terms of materials, finishes, specifications and clubhouse. Its remarkable sales results reflected the Group's superior brand reputation and strength.

Four projects were completed in Hong Kong during the period with 2.6 million square feet of attributable gross floor area, of which 2.4 million square feet was residential. These are listed in the following table. Another million square feet, including 400,000 square feet of residential premises, is scheduled for completion in the second half of the financial year.

Project	Location	Usage	Group's Interest (%)	Attributable Gross Floor Area (square feet)
The Wings	9 Tong Yin Street Tseung Kwan O	Residential/Offices	Joint venture	915,000
Imperial Cullinan	10 Hoi Fai Road West Kowloon	Residential/Shopping centre	100	889,000
Avignon	1 Kwun Chui Road So Kwun Wat Tuen Mun	Residential/Shops	100	621,000
Lime Stardom	1 Larch Street Tai Kok Tsui	Residential/Shopping centre	Joint venture	201,000
Total				2,626,000

Property Investment

The Group is one of the major landlords in Hong Kong with a large portfolio of quality premises that generates significant recurrent income. With Hong Kong being situated in a strategic location in the relatively fast growing emerging Asia region, the Group's rental property portfolio continued to benefit from this development. Overall demand for the Group's investment properties in Hong Kong remained healthy and occupancy stayed high at 95 per cent.

Office portfolio

The Group's office portfolio continued to perform well and vacancies were low despite the uncertainty arising from the European sovereign debt crisis. High quality, advanced specifications and outstanding management service make the Group's office buildings attractive to quality tenants. Rental income from the portfolio grew during the period under review.

The Group's International Finance Centre (IFC) and ICC projects are among the most prestigious commercial developments in Hong Kong. IFC office space in the Central core continued to lease well with nearly full occupancy and positive rental reversions. It is the preferred choice for international financial firms and has also attracted reputable mainland banking and financial companies. ICC on the opposite side of Victoria Harbour has achieved very high occupancy and tenants are impressed by its modern design, comprehensive facilities and service. The development has won several prestigious international awards and its Sky 100 is the highest indoor observation deck in Hong Kong and a new attraction in the city.

Chairman's Statement

Kowloon East is Hong Kong's new focal point for a second core business district as planned by the government. The Group developed the large-scale project Millennium City years ago with such a vision, which has facilitated the emergence of Kwun Tong as a new cluster of prestige projects in Kowloon East. Millennium City comprises a number of grade-A, intelligent office developments and is set to benefit from the increasing importance of the district as a new commercial core.

The Group continues to set the benchmark for premium offices in decentralized districts. The quality of the first office tower at Kowloon Commerce Centre has been praised highly by tenants and the building is almost fully let. A footbridge connecting the building to a nearby MTR station opened last year, further enhancing accessibility and spurring a rejuvenation of the area. A second tower with another 500,000 square feet of office space is now under construction and scheduled for completion in late 2012.

The Group maintains an optimal mix in its quality rental portfolio and regularly reviews its composition and disposes of some non-core investment properties at appropriate times to enhance returns and asset turnover. The Group disposed of certain decentralized office space during the period under review.

Retail portfolio

The Group's retail properties in Hong Kong continued to produce robust results amid ongoing growth in local consumption and higher mainland visitor spending. Occupancy at the Group's major shopping centres such as IFC Mall, New Town Plaza, APM and WTC More remained high, and their successes have further reinforced the Group's leading position in retail leasing.

Mikiki had a grand opening last October and is the first major new mall near the Kai Tak development zone and the upcoming cruise terminal in the evolving Kowloon East. The mall has nearly 210,000 square feet of total floor area and is fully leased. It offers a brand new shopping experience with close to 100 innovative shops catering to trendy, high-spending young shoppers.

V City mall is the Group's new shopping centre under development at the MTR Tuen Mun Station and is scheduled to open in 2013. It will have 270,000 square feet of gross floor area and a modern lifestyle concept that appeals to young executives and professionals. Response to preliminary marketing has been encouraging. Many of the enquiries have come from merchants that are new to Tuen Mun, so the mall will provide shoppers with a variety of new choices.

YOHO Mall, comprising a new shopping centre of over 470,000 square feet and two existing malls adjacent to the MTR Yuen Long Station, will be another mega project for the Group in the coming years. This million-square-foot shopping hub in the West New Territories will introduce innovative and overseas shopping concepts with an international flair, tapping the strong spending power of the younger generation and the growing pool of mainland shoppers. The mall will make a wide range of fashionable and international brands available along with the most diverse choice of dining in the district.

The Group has been upgrading retail malls to satisfy shoppers' ever changing habits and preferences. Tai Po Mega Mall was recently refurbished with a new retail concept and enhanced tenant mix. It has since become one of the most popular shopping spots in the northeast New Territories. APM at the core of Kowloon East is being renovated in phases to introduce new elements and a more spacious environment for shoppers. More focused promotional initiatives are being staged to enhance the malls' attractiveness among local consumers as well as mainland visitors.

Chairman's Statement

Property Business — Mainland

Land Bank

The Group's mainland land bank amounted to an attributable 85.3 million square feet in December 2011. Over 75 per cent of the 77.8 million square feet of properties under development will be high-end residences or serviced apartments, with the rest premium offices, shopping malls and hotels. The Group held another 7.5 million square feet of completed investment properties, mainly high-quality offices and shopping centres in prime locations of major cities.

Property Development

The mainland residential markets continued to see consolidation over the past few months with prices softening and transactions slowing as a result of tightening measures including home purchase restrictions. Nevertheless, the recent adjustment in the market should improve affordability and contribute to healthy development in the housing market over the longer term.

The Group achieved contracted sales of over HK\$2,000 million in attributable terms on the mainland during the period under review, derived mainly from joint-venture projects including The Riviera and Lake Dragon in Guangzhou, Taihu International Community in Wuxi and Jovo Town in Chengdu. The Lake Geneve lakefront townhouse project in Suzhou recently went on sale and has set a new standard for luxury townhouses in the city. Customers have been highly impressed with the spectacular views, sophisticated designs and premium materials.

The Group completed an attributable 770,000 square feet of residential properties at Taihu International Community in Wuxi during the period under review. Over 700,000 square feet of residential properties for sale are planned for completion in the second half of the financial year, which is the Group's attributable share in Jovo Town Phase 1B in Chengdu.

The Group's residential projects under development on the mainland are progressing as planned. The first phase of Shanghai Arch with total gross floor area of over 500,000 square feet in Lujiazui in Shanghai will go on the market soon. There are 200 world-class luxury residences with glamorous views over the Bund complemented with top design, materials and clubhouse facilities. Construction of Forest Hill in Guangzhou has commenced. This is a high-end residential joint-venture project at Linhe Cun in Tianhe District next to a metro interchange and the Hong Kong-Guangzhou through-train terminus. Other mainland joint-venture projects that are proceeding as scheduled include Sirius, a luxury residential project in Chengdu and The Riviera in Guangzhou.

Property Investment

With continuing economic growth on the mainland, demand for the Group's investment properties remained robust. Rental income from mainland investment properties showed strong growth during the period under review. The well-structured tenant mix has attracted many leading companies from various industries to the Group's world-class office buildings in major mainland cities. The Group's quality shopping malls will continue to benefit from the booming mainland retail market.

Shanghai IFC is one of the Group's iconic projects on the mainland at the center of the Pudong finance and trade zone. The first office tower is fully occupied with some international financial institutions gearing up for expansion into the new tower two which also has been well received by tenants.

Chairman's Statement

Shanghai IFC Mall has an upmarket positioning and is the latest showpiece development in the city. It offers a wide range of leading and luxury brands as well as the finest restaurants, some of which are new to the mainland. The first phase of the mall is fully occupied. Tenants have seen strong revenue growth since the opening in April 2010 and the mall has attracted premium, high-spending shoppers. It is widely praised by consumers and has won numerous awards since its opening. The deluxe IFC Residence serviced suite hotel is scheduled to open in the third quarter this year, representing the full completion of the entire Shanghai IFC integrated complex.

Another large integrated project in the Group's rental portfolio is Shanghai ICC at the heart of Puxi. The completed Tower One office, comprising over 660,000 square feet, is over 90 per cent leased. The building houses a variety of reputable international firms and multinational companies from various industries.

The 1.3 million-square-foot International APM shopping mall at Shanghai ICC will bring the concept of late-night shopping to Shanghai, creating a new lifestyle and one-stop shopping delight to consumers. The mall will feature top luxury street-level shops, renowned restaurants and fashionable products. International APM is easily accessible with connections to two existing and one planned metro stations and ample parking. Leasing progress is encouraging with 80 per cent having been pre-leased. The mall will be a new landmark in Puxi, the traditional shopping district in Shanghai, when it opens by the end of this year.

Beijing APM is a prime development at the heart of Wangfujing with a million-plus square feet of retail space. It is undergoing a major renovation for a reconfigured trade mix and layout, with the introduction of some new major international anchor tenants. It will offer consumers a new shopping experience and more visitor traffic is expected when the renovation is completed by the middle of 2012.

The Group continues developing premium investment properties in prime cities on the mainland. Construction of a nearly 900,000-square-foot shopping mall project near the Tianhe metro station in Guangzhou has commenced and is expected to be completed in 2014. The Group has 50 per cent interest in the project. Planning for another integrated project in Minhang, Shanghai is being finalized. The Group has 35 per cent interest in this project and it will include a 1.8-million-square-foot regional mall that is set to be a new focal point for shopping and entertainment in Shanghai. These projects together with the existing upmarket malls in the major cities will further strengthen the Group's retail network and market position on the mainland, taking advantage of the market's long-term growth in consumption.

Other Businesses

Hotel

Hong Kong's hotel sector performed well. Visitor arrivals from the mainland remained buoyant, contributing to higher occupancies and room rates.

The Group's hotel portfolio continued to do well and its hotels in Hong Kong recorded higher average occupancy at over 90 per cent with decent increases in average room rates. Four Seasons Hotel Hong Kong remained a leader in the top-end market and W Hong Kong's positioning as stylish accommodation was well received by customers. The four Royal brand hotels achieved higher average occupancy at over 95 per cent. Business at The Ritz-Carlton Hong Kong has also been picking up since opening in May last year.

The Ritz-Carlton Shanghai Pudong, enjoying a prime location overlooking the Bund, has lured increasing numbers of customers with its outstanding design and premium service. Revenue continued to grow over the past few months and occupancy increased markedly.

Chairman's Statement

The Group will continue expanding its hotel portfolio. The Crowne Plaza and Holiday Inn Express atop the MTR Tseung Kwan O Station in Hong Kong are scheduled to open by the end of this year. These two new hotels will fill the void of premium hotels that now exists in Kowloon East. The Group is also developing premium hotels in selected major mainland cities including Guangzhou, Hangzhou and Suzhou, as parts of integrated projects. All these new hotels will help the Group capture the opportunities from thriving tourism in the region.

Telecommunications and Information Technology

SmarTone

SmarTone registered continuing growth in both customer numbers and average revenue per user, capitalizing on the increasing adoption of smart devices by consumers. Both service revenue and profitability showed healthy growth. SmarTone will continue to focus on delivering more valuable experiences to customers and further extending its leadership in network performance, proprietary services and customer care. The Group remains confident in SmarTone's prospects and will continue to hold the company as a long-term investment.

SUNeVision

SUNeVision maintained stable growth in revenue and operating profit for the period under review. iAdvantage achieved good occupancy and strengthened its prominent position in the carrier-neutral data centre market in Hong Kong. SUNeVision will continue to build on its good track records and solid financial position to further grow its core businesses.

Infrastructure and other businesses

The Group's infrastructure and transport businesses in Hong Kong provide a steady stream of recurrent income through a number of subsidiaries and joint ventures. The Wilson Group performed well during the period. Traffic on the Route 3 (Country Park Section) continued to be healthy. Both the Airport Freight Forwarding Centre and the River Trade Terminal sustained steady business performance despite the uncertain macro-economic environment prevailing for global trade.

Corporate Finance

The Group's healthy financial position is reflected by its low gearing and high multiple of interest coverage. Its net debt to shareholders' funds stood at 16.5 per cent as of 31 December 2011.

Against the backdrop of changing liquidity conditions during the period under review, the Group has proactively managed funding arrangements, including RMB financing on the mainland. The Group was able to renew all its bilateral bank loans and maintain a sufficient pool of committed banking facilities on standby basis to meet its business needs.

The Group also demonstrated its strong capability of tapping funding in bond market, as evidenced by the new issuances of US\$500 million five-year US\$ bonds and HK\$1,114 million in five to fifteen-year bonds under the Euro Medium Term Note programme during the period under review. Earlier this year, there were a US\$275 million retap of the aforesaid US\$500 million five-year US\$ bond issuance and a new US\$900 million ten-year US\$ bond issuance. The Group has the highest credit ratings among Hong Kong developers — an A1 rating with a stable outlook from Moody's and an A+ with a stable outlook from Standard & Poor's — and where situation warrants, will continue acquiring funding in the debt capital market to lengthen its debt maturity profile and diversify its funding sources.

Chairman's Statement

The majority of the Group's borrowings are denominated in Hong Kong dollars, meaning that it has little foreign-exchange risk, and the Group has not executed any derivative or structured-product transactions for speculative purposes.

Customer Service

Customer satisfaction is the foundation of any successful business, and that is why the Group looks for new ways to add value to its products and service and constantly anticipates what customers want.

The Group's property-management subsidiaries Hong Yip and Kai Shing go the extra mile to offer the finest customer care, and their staff receives special training in service and hospitality. The companies constantly offer new service initiatives in residential and commercial developments to meet customer demand and stay ahead of market trends, as demonstrated by a system that allows patrons to check restaurant reservations at selected shopping malls online.

There are professional handover teams to assist new owners of the Group's residential developments when they take possession of their homes. The teams inspect new units before purchasers collect the keys and help with moving-in procedures. The latest innovation includes using mobile phone applications to enhance efficiency in new project handovers. Buyers of the Group's mainland residential projects also benefit from the same quality of service as purchasers of Hong Kong properties.

The Group's SHKP Club now has over 310,000 members. It is an effective channel for two-way communication and has established long-term relationships with members and potential customers with property-related benefits such as exclusive previews of the Group's new show flats and buyer-incentive programmes.

Corporate Governance

Maintaining high standards of corporate governance is always an integral part of the Group's business philosophy. This is achieved through an effective Board of Directors, timely disclosure of information and a proactive investor relations programme.

The Board directs and oversees the Group's strategies. There are Audit, Remuneration and Nomination Committees chaired by Independent Non-Executive Directors. The Executive Committee consisting of all Executive Directors meets regularly and is primarily responsible for formulating business policies and making decisions on key business issues.

The Group's commitment to good corporate governance and quality management earned it the title of Best Managed Company in the Property Sector in Asia by *Euromoney* magazine. *Asiamoney* magazine named the Group Best Overall for Corporate Governance, Best for Disclosure and Transparency and Best for Responsibilities of Management and the Board of Directors in Hong Kong. The Group also won a Platinum Excellence in Management Award from *The Asset* magazine. The Group will continue its efforts to stay at the forefront of general practices.

Corporate Social Responsibility

The Group has been part of the Hang Seng Hong Kong and mainland Corporate Sustainability indices since 2010 and published its first Sustainability Report in 2011. The Group respects the environment and has clear green policies. Group environmental initiatives are incorporated and expanded under its new G Power campaign that includes eco-friendly management, sponsorships and activities to encourage people to care about the world in which they live. Also, the Group conserves resources by incorporating green features and energy-saving designs and equipment into its buildings which simultaneously enhance the living and working environment of the residents and tenants.

Chairman's Statement

Learning projects sponsored by the Group include the SHKP Book Club's writing competitions, seminars, free literary magazine and trips to the Hong Kong Book Fair for less-fortunate children and the Sun Hung Kai Properties Nobel lecture series. The Group also has an array of scholarship programmes, including those to assist needy students at mainland universities through its SHKP-Kwoks' Foundation.

The Group's Building Homes with Heart Caring Initiative provides immediate financial and practical assistance to people who find themselves in sudden difficulty. The SHKP Volunteer Team continued helping diverse sectors within the community and has been highly appreciated for its efforts.

PROSPECTS

The global economy is expected to continue to grow mildly in the year ahead, despite the challenges including lingering sovereign debt crisis in Europe and the need for commercial banks to raise capital to meet regulatory requirements. The improving US economy and various government policy responses, particularly further monetary stimulus by central banks of the US and euro zone, are expected to support the world economy.

Emerging Asia will continue to expand at a relatively fast pace. Economic growth on the mainland, albeit moderating, is expected to stay higher than many other economies. While policies to support domestic demand are expected to sustain the growth of the economy, anticipated slowing inflation would leave room for additional monetary stimulus following moderate relaxation over the past few months. Although housing regulatory measures may by and large stay in place for a while, early signs of credit easing will help stimulate demand from first-time buyers. The Group remains confident in mainland's long-term prospects and will adhere to its selective strategy for mainland business, focusing on key cities including Beijing, Shanghai, Guangzhou and Shenzhen.

The Hong Kong economy is likely to show modest growth supported by robust visitor spending and healthy domestic consumption, despite a challenging external environment. The Group remains confident in the long-term prospects for Hong Kong's economy and the demand for various properties, given its roles as a prime offshore RMB centre and a premier international financial hub, as well as its advantageous position to capitalize on the potential growth of inter-regional economic activities in emerging Asia. Although the regulatory housing measures will continue to constrain purchase by home buyers in the short-term, continual income growth, a relatively low interest rate environment and rapidly rising affluence of mainland Chinese will keep supporting the residential market. On the supply side, the anticipated increase in the availability of land supply should provide more business opportunities for the sector.

The Group will continue to expand its property developments for sale, in line with the strategy of achieving a balance of earnings from development profits and rental income. The Group will not only continue acquiring land through various means, particularly in Hong Kong, when good opportunities arise, but will also aim to increase its residential completions for sale over the medium to long term. The Group will make further efforts to offer premium products and service that exceed customer expectations, enhancing its brand and reputation in Hong Kong and on the mainland.

The Group will continue offering new projects for sale both in Hong Kong and on the mainland. Major projects to go on market in Hong Kong include a high-end residence atop the MTR Tuen Mun Station, a low-density development in east Yuen Long, the low-rise AnaCapri apartments on Ma Wan and the premium residences at Area 66B in Tseung Kwan O. Major mainland projects that will go on sale include the luxury residences with glamorous views of the Bund in the first phase of Shanghai Arch at Lujiazui, and premium units from joint-venture projects, namely the first phase of Sirius in Chengdu, the first phase of Forest Hill and the second phase of Riviera both in Guangzhou.

Chairman's Statement

In rental properties, overall income is expected to increase steadily with rising contributions from new investment properties, positive rental reversions and sustained high occupancies in Hong Kong and on the mainland. Over the medium to long term, the rental property portfolio will be further strengthened upon completion of various integrated projects, comprising quality offices, shopping malls and hotels.

The existing premium hotels and new hotels being built in integrated developments will create synergies and strengthen their market positions in Hong Kong and on the mainland. The Group will benefit from booming tourism in the region and see revenue growth in the hotel business over time.

The Group has a widespread network of quality malls in Hong Kong. The future completion of V City mall atop the MTR Tuen Mun Station, YOHO Mall next to the MTR Yuen Long Station and the premium mall atop MTR Nam Cheong Station will raise the competitiveness and bolster the leading position of the Group's malls. On the mainland, Shanghai IFC mall and Beijing APM, coupled with gradual completions of large malls including International APM at Shanghai and a shopping mall development next to the Tianhe metro station in Guangzhou, will form a sizable network to take advantage of the fast growing consumer market there.

The Group is well-positioned to capitalize on property business opportunities in terms of high liquidity, strong cash flows and low level of gearing. Rental income from its quality investment property portfolio as well as proceeds from projects pre-sold and upcoming property sales will continue to generate positive cash flows. With its outstanding credit ratings, the Group has strong capability to tap the debt capital market and arrange credit facilities with various banks, enhancing its financial stability and flexibility.

Taking into consideration all these developments, the results for the current financial year are expected to be satisfactory, barring unforeseen circumstances.

APPRECIATION

We would like to express our special thanks on behalf of the Board to our ex-Chairman Madam Kwong Siu-hing who retired in December last year. Her leadership and the Board together led the Group to excel with a stronger market position over the past three years. In a collaborative effort, we will continue to work to high standards of excellence and corporate governance in the years ahead. This year the Company will mark its 40th anniversary. Building upon the solid foundation established over the past 40 years, we have a firm belief in the Group's promising prospects for sustainable business development and expansion.

We would also like to take this opportunity to express our gratitude to our fellow directors for their guidance and thank all the staff for their dedication and hard work.

Kwok Ping-kwong, Thomas
Chairman & Managing Director

Kwok Ping-luen, Raymond
Chairman & Managing Director

Hong Kong, 28 February 2012

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 15 to 31, which comprises the consolidated statement of financial position of Sun Hung Kai Properties Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 31 December 2011 and the related consolidated income statement, consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows 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 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company 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 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 inquiries, 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.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

28 February 2012

Consolidated Income Statement

For the six months ended 31 December 2011
(Expressed in millions of Hong Kong dollars)

		(Unaudited) Six months ended 31 December	
		2011	2010
	Notes		
Revenue	2	36,420	31,513
Cost of sales		(20,774)	(20,648)
Gross profit		15,646	10,865
Other net income		194	393
Selling and marketing expenses		(1,412)	(1,179)
Administrative expenses		(931)	(835)
Operating profit before change in fair value of investment properties	2	13,497	9,244
Increase in fair value of investment properties		8,643	9,315
Operating profit after change in fair value of investment properties		22,140	18,559
Finance costs		(756)	(515)
Finance income		59	34
Net finance costs	3	(697)	(481)
Share of results (including increase in fair value of investment properties net of deferred tax of HK\$1,837 million (2010: HK\$2,188 million)) of:			
Associates		94	101
Jointly controlled entities		3,014	6,890
	2	3,108	6,991
Profit before taxation	4	24,551	25,069
Taxation	5	(2,959)	(3,712)
Profit for the period		21,592	21,357
Attributable to:			
Company's shareholders		21,131	21,019
Non-controlling interests		461	338
		21,592	21,357
Interim dividend at HK\$0.95 (2010: HK\$0.95) per share		2,484	2,442
(Expressed in Hong Kong dollars)			
Earnings per share based on profit attributable to the Company's shareholders (reported earnings per share)	6(a)		
Basic and diluted		\$8.22	\$8.18
Earnings per share excluding the effects of changes in fair value of investment properties net of deferred tax (underlying earnings per share)	6(b)		
Basic and diluted		\$4.58	\$4.05

Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2011
(Expressed in millions of Hong Kong dollars)

	(Unaudited)	
	Six months ended 31 December	
	2011	2010
Profit for the period	21,592	21,357
Exchange difference on translating financial statements of foreign operations	1,246	1,125
Fair value losses on cash flow hedge transferred to income statement	1	—
Available-for-sale investments:		
— fair value (losses)/gains	(381)	374
— fair value gains transferred to income statement on disposal	(1)	(11)
	(382)	363
Share of other comprehensive (expenses)/income of associates and jointly controlled entities		
— exchange difference on translating financial statements of foreign operations	(59)	280
Other comprehensive income for the period	806	1,768
Total comprehensive income for the period	22,398	23,125
Total comprehensive income for the period attributable to:		
Company's shareholders	21,813	22,726
Non-controlling interests	585	399
	22,398	23,125

Consolidated Statement of Financial Position

As at 31 December 2011
(Expressed in millions of Hong Kong dollars)

	Notes	(Unaudited) 31 December 2011	(Audited) 30 June 2011
Non-current assets			
Investment properties	7	224,178	212,863
Fixed assets	8	17,993	17,896
Associates		3,715	3,249
Jointly controlled entities		40,513	38,686
Loan receivables	9	425	275
Other financial assets	10	3,010	3,362
Intangible assets		4,879	5,049
		294,713	281,380
Current assets			
Properties for sale		110,344	98,861
Debtors, prepayment and others	11	26,893	23,932
Other financial assets	12	1,063	1,126
Bank balances and deposits		9,220	7,898
		147,520	131,817
Current liabilities			
Bank and other borrowings		(18,709)	(9,682)
Dividend payable	13	(6,168)	—
Trade and other payables	14	(23,151)	(20,452)
Deposits received on sale of properties		(4,107)	(3,525)
Taxation		(5,222)	(5,141)
		(57,357)	(38,800)
Net current assets		90,163	93,017
Total assets less current liabilities		384,876	374,397
Non-current liabilities			
Bank and other borrowings		(43,867)	(50,753)
Deferred taxation		(11,972)	(10,610)
Other long-term liabilities		(749)	(839)
		(56,588)	(62,202)
Net assets		328,288	312,195
Capital and reserves			
Share capital	15	1,285	1,285
Share premium and reserves		321,358	305,680
Shareholders' funds		322,643	306,965
Non-controlling interests		5,645	5,230
Total equity		328,288	312,195

Directors:

Kwok Ping-kwong, Thomas

Kwok Ping-luen, Raymond

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2011
(Expressed in millions of Hong Kong dollars)

	(Unaudited) Six months ended 31 December	
	2011	2010
Net cash from/(used in) operating activities	2,228	(7,756)
Net cash used in investing activities	(1,765)	(5,458)
Net cash from/(used in) financing activities		
— net drawdown of bank and other borrowings	1,770	17,894
— dividends paid to shareholders	—	(4,755)
— dividends paid to non-controlling interests	(200)	(84)
— others	(484)	(288)
	1,086	12,767
Increase/(decrease) in cash and cash equivalents	1,549	(447)
Cash and cash equivalents at beginning of period	7,411	7,772
Effect of foreign exchange rates changes	21	40
Cash and cash equivalents at end of period	8,981	7,365
Analysis of the balances of cash and cash equivalents at end of period		
Bank deposits	5,452	5,132
Bank balances and cash	3,768	2,688
Bank overdrafts	(130)	(98)
	9,090	7,722
Less: Pledged bank deposits	(109)	(357)
	8,981	7,365

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2011
(Expressed in millions of Hong Kong dollars)

	Unaudited								
	Attributable to Company's shareholders								
	Share capital	Share premium	Capital reserves	Investment revaluation reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total
At 1 July 2010	1,285	36,451	739	765	3,672	220,309	263,221	4,804	268,025
Profit for the period	—	—	—	—	—	21,019	21,019	338	21,357
Other comprehensive income for the period	—	—	—	362	1,345	—	1,707	61	1,768
Total comprehensive income for the period	—	—	—	362	1,345	21,019	22,726	399	23,125
Recognition of equity-settled share-based payments	—	—	36	—	—	—	36	—	36
Transfer to capital reserves arising from repurchase of its shares by a subsidiary	—	—	2	—	—	(2)	—	—	—
Shares issued by a subsidiary on exercise of share options	—	—	(2)	—	—	—	(2)	2	—
Final dividend paid	—	—	—	—	—	(4,755)	(4,755)	—	(4,755)
Adjustments arising upon acquisition of additional interests in subsidiaries	—	—	(50)	—	—	—	(50)	(1,460)	(1,510)
Contribution from non-controlling interests	—	—	—	—	—	—	—	145	145
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(84)	(84)
At 31 December 2010	1,285	36,451	725	1,127	5,017	236,571	281,176	3,806	284,982
At 1 July 2011	1,285	36,451	766	1,217	6,038	261,208	306,965	5,230	312,195
Profit for the period	—	—	—	—	—	21,131	21,131	461	21,592
Other comprehensive income/(expenses) for the period	—	—	1	(381)	1,062	—	682	124	806
Total comprehensive income/(expenses) for the period	—	—	1	(381)	1,062	21,131	21,813	585	22,398
Recognition of equity-settled share-based payments	—	—	35	—	—	—	35	26	61
Final dividend payable	—	—	—	—	—	(6,168)	(6,168)	—	(6,168)
Adjustments arising upon acquisition of additional interests in a subsidiary	—	—	(3)	—	—	—	(3)	2	(1)
Adjustments arising upon disposal of interests in a subsidiary	—	—	1	—	—	—	1	—	1
Contribution from non-controlling interests	—	—	—	—	—	—	—	2	2
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(200)	(200)
At 31 December 2011	1,285	36,451	800	836	7,100	276,171	322,643	5,645	328,288

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

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 2011, except for the changes set out below.

(b) Changes in accounting policies

In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations of Hong Kong Financial Reporting Standards and Interpretations (collectively, “new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning 1 July 2011.

HKFRSs (Amendments)	Improvements to HKFRSs 2010 ¹
HKAS 24 (Revised)	Related party disclosures ²
HKFRS 7 (Amendment)	Disclosures — transfers of financial assets ³
HK (IFRIC) - INT 14 (Amendment)	Prepayments of a minimum funding requirement ²

¹ Amendments that are effective for annual periods beginning on or after 1 January 2011

² Effective for annual periods beginning on or after 1 January 2011

³ Effective for annual periods beginning on or after 1 July 2011

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

The Group has not applied the following new and revised standards, amendments and interpretations which have been issued but not yet effective for the current period and which may be relevant to the Group:

HKAS 1 (Amendments)	Presentation of items of other comprehensive income ⁴
HKAS 19 (as revised in 2011)	Employee benefits ⁵
HKAS 27 (as revised in 2011)	Separate financial statements ⁵
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures ⁵
Amendments to HKAS 32	Offsetting financial assets and financial liabilities ⁵
Amendments to HKFRS 7	Disclosures — offsetting financial assets and financial liabilities ⁵ Mandatory effective date of HKFRS 9 and transition disclosures ⁷
HKFRS 9	Financial instruments ⁷
HKFRS 10	Consolidated financial statements ⁵
HKFRS 11	Joint arrangements ⁵
HKFRS 12	Disclosure of interests in other entities ⁵
HKFRS 13	Fair value measurement ⁵

⁴ Effective for annual periods beginning on or after 1 July 2012

⁵ Effective for annual periods beginning on or after 1 January 2013

⁶ Effective for annual periods beginning on or after 1 January 2014

⁷ Effective for annual periods beginning on or after 1 January 2015

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

2. SEGMENT INFORMATION

Segment profit represents the profit earned by each segment without allocation of central administration costs, other net income, net finance costs and change in fair value of investment properties. This is the measure reported to the Group's management for the purpose of resource allocation and assessment of segment performance.

An analysis of the revenue and results for the period of the Group and its share of associates and jointly controlled entities by reportable and operating segments is as follows:

For the six months ended 31 December 2011

	The Company and its subsidiaries		Associates and jointly controlled entities		Combined revenue	Consolidated results
	Revenue	Results	Share of revenue	Share of results		
Property sales						
Hong Kong	20,212	7,606	117	75	20,329	7,681
Mainland China	227	31	818	140	1,045	171
Singapore	—	—	56	34	56	34
	20,439	7,637	991	249	21,430	7,886
Property rental						
Hong Kong	4,785	3,621	1,104	913	5,889	4,534
Mainland China	687	477	56	48	743	525
Singapore	—	—	314	216	314	216
	5,472	4,098	1,474	1,177	6,946	5,275
Hotel operation	1,607	463	292	102	1,899	565
Telecommunications	5,060	661	—	—	5,060	661
Transportation, infrastructure and logistics	1,625	478	1,327	89	2,952	567
Other businesses	2,217	482	101	17	2,318	499
	36,420	13,819	4,185	1,634	40,605	15,453
Other net income		194		—		194
Unallocated administrative expenses		(516)		—		(516)
Operating profit before change in fair value of investment properties		13,497		1,634		15,131
Increase in fair value of investment properties		8,643		1,863		10,506
Operating profit after change in fair value of investment properties		22,140		3,497		25,637
Net finance costs		(697)		(82)		(779)
Profit before taxation		21,443		3,415		24,858
Taxation						
— Group		(2,959)		—		(2,959)
— Associates		—		(10)		(10)
— Jointly controlled entities		—		(297)		(297)
Profit for the period		18,484		3,108		21,592

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 2010

	The Company and its subsidiaries		Associates and jointly controlled entities		Combined revenue	Consolidated results
	Revenue	Results	Share of revenue	Share of results		
Property sales						
Hong Kong	15,429	3,455	5,085	2,483	20,514	5,938
Mainland China	3,873	874	530	126	4,403	1,000
Singapore	—	—	3,920	1,973	3,920	1,973
	19,302	4,329	9,535	4,582	28,837	8,911
Property rental						
Hong Kong	4,264	3,219	976	796	5,240	4,015
Mainland China	502	369	34	19	536	388
Singapore	—	—	305	209	305	209
	4,766	3,588	1,315	1,024	6,081	4,612
Hotel operation	932	187	267	101	1,199	288
Telecommunications	2,759	409	—	—	2,759	409
Transportation, infrastructure and logistics	1,579	415	1,291	103	2,870	518
Other businesses	2,175	421	84	13	2,259	434
	31,513	9,349	12,492	5,823	44,005	15,172
Other net income		393		—		393
Unallocated administrative expenses		(498)		—		(498)
Operating profit before change in fair value of investment properties		9,244		5,823		15,067
Increase in fair value of investment properties		9,315		2,192		11,507
Operating profit after change in fair value of investment properties		18,559		8,015		26,574
Net finance costs		(481)		(83)		(564)
Profit before taxation		18,078		7,932		26,010
Taxation		(3,712)		—		(3,712)
— Group		(3,712)		—		(3,712)
— Associates		—		(18)		(18)
— Jointly controlled entities		—		(923)		(923)
Profit for the period		14,366		6,991		21,357

There is no material change in the Group's total assets since the last annual reporting date.

Other net income includes mainly investment 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	
	2011	2010
Interest expenses on		
Bank loans and overdrafts	565	371
Other loans wholly repayable within five years	81	39
Other loans not wholly repayable within five years	206	149
	852	559
Notional non-cash interest accretion	51	45
Less : Amount capitalized	(147)	(89)
	756	515
Interest income on bank deposits	(59)	(34)
	697	481

4. PROFIT BEFORE TAXATION

	Six months ended 31 December	
	2011	2010
Profit before taxation is arrived at after charging:		
Cost of properties sold	11,996	14,323
Cost of other inventories sold	2,232	570
Depreciation and amortization	591	494
Amortization of intangible assets (included in cost of sales)	170	165
Operating lease rentals for land and buildings, transmission sites and leased lines	525	464
Staff costs (including directors' emoluments and retirement schemes contributions)	2,414	2,095
Share-based payments	61	36
Impairment loss of available-for-sale investments	20	—
Fair value losses on financial assets at fair value through profit or loss	109	—
and crediting:		
Profit on disposal of available-for-sale investments	21	43
Dividend income from listed and unlisted investments	78	54
Interest income from listed and unlisted debt securities	38	51
Fair value gains on financial assets at fair value through profit or loss	—	90

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

5. TAXATION

	Six months ended 31 December	
	2011	2010
Current taxation		
Hong Kong profits tax	1,711	971
Under provision in prior years	11	1,100
	1,722	2,071
Tax outside Hong Kong	95	610
	1,817	2,681
Deferred taxation charge		
Change in fair value of investment properties	858	852
Other origination and reversal of temporary differences	284	179
	1,142	1,031
	2,959	3,712

- (a) Hong Kong profits tax is provided at the rate of 16.5 per cent (2010: 16.5 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) A provision of HK\$1,100 million was made by the Group in the period ended 31 December 2010 for profit tax liabilities in respect of tax assessments for certain subsidiaries for certain prior years which have not been agreed with the relevant tax authorities.

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

6. 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\$21,131 million (2010: HK\$21,019 million).

The basic earnings per share is based on the weighted average number of shares in issue during the period of 2,570,039,181 (2010: 2,570,039,181). The diluted earnings per share is based on 2,570,095,940 (2010: 2,570,582,620) shares which is the weighted average number of shares in issue during the period plus the weighted average number of 56,759 (2010: 543,439) shares deemed to be issued at no consideration if all outstanding options had been exercised.

(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\$11,773 million (2010: HK\$10,416 million), excluding the net effect of changes in the valuation of investment properties. A reconciliation of profit is as follows:

	Six months ended 31 December	
	2011	2010
Profit attributable to the Company's shareholders as shown in the consolidated income statement	21,131	21,019
Increase in fair value of investment properties	(8,643)	(9,315)
Effect of corresponding deferred tax charges	858	852
Realized fair value gains of investment properties disposed net of deferred tax	105	14
Share of results of associates and jointly controlled entities		
— fair value gains of investment properties	(1,863)	(2,192)
— effect of corresponding deferred tax charges	26	4
	(9,517)	(10,637)
Non-controlling interests	159	34
Net effect of changes in the valuation of investment properties	(9,358)	(10,603)
Underlying profit attributable to the Company's shareholders	11,773	10,416

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

7. INVESTMENT PROPERTIES

(a) Movement during the period

	Completed	Under development	Total
Valuation			
At 1 July 2011	188,703	24,160	212,863
Additions	373	1,283	1,656
Transfer upon completion	221	(221)	—
Transfer from			
— properties under development	—	264	264
— other properties	6	—	6
Disposals	(126)	—	(126)
Transfer to			
— properties for sale	—	(306)	(306)
— other properties	(12)	—	(12)
Exchange difference	791	399	1,190
Increase in fair value	6,866	1,777	8,643
At 31 December 2011	196,822	27,356	224,178

(b) Value of properties shown above comprises:

Properties in Hong Kong held under	
Long lease (not less than 50 years)	27,034
Medium-term lease (less than 50 years but not less than 10 years)	146,329
Properties outside Hong Kong held under	
Long lease (not less than 50 years)	1,394
Medium-term lease (less than 50 years but not less than 10 years)	49,421
	224,178

(c) The Group's investment properties were revalued at 31 December 2011 and 30 June 2011 by Knight Frank Petty Limited, independent professional valuers, on a market value basis, in accordance with Valuation Standards on Properties issued by Hong Kong Institute of Surveyors.

8. FIXED ASSETS

During the period, additions to fixed assets amounted to HK\$976 million and net book value of fixed assets disposed of amounted to HK\$38 million.

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

9. LOAN RECEIVABLES

	31 December 2011	30 June 2011
Loan receivables	526	290
Less: Amount due within one year included under current assets	(101)	(15)
	425	275

Loan receivables include mortgage loan receivables which are secured on properties and repayable by monthly instalments with various tenors not more than 20 years at the end of the reporting period and carry interest at rates with reference to banks' lending rates.

10. OTHER FINANCIAL ASSETS

	31 December 2011	30 June 2011
Held-to-maturity debt securities		
Listed debt securities, overseas	—	81
Available-for-sale debt securities		
Listed debt securities, overseas	740	640
Listed debt securities, Hong Kong	18	21
Unlisted debt securities	57	59
	815	720
Available-for-sale equity securities		
Listed equity securities, overseas	725	633
Listed equity securities, Hong Kong	1,076	1,447
Unlisted equity securities	394	481
	2,195	2,561
	3,010	3,362
Market value of listed securities		
Listed overseas	1,465	1,354
Listed in Hong Kong	1,094	1,468
	2,559	2,822

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

11. DEBTORS, PREPAYMENT AND OTHERS

	31 December	30 June
	2011	2011
Debtors, deposits and prepayments	20,926	18,238
Deposits for acquisition of properties	5,095	5,012
Amounts due from customers for contract works	122	67
Short-term loans	139	53
Derivative financial instruments	611	562
	26,893	23,932

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\$14,496 million (30 June 2011: HK\$13,713 million), of which 93% aged less than 60 days, 3% between 61 to 90 days and 4% more than 90 days (30 June 2011: 97%, 1% and 2% respectively).

12. OTHER FINANCIAL ASSETS

	31 December	30 June
	2011	2011
Financial assets at fair value through profit or loss		
Listed equity securities, Hong Kong	533	612
Listed equity securities, overseas	28	32
	561	644
Available-for-sale debt securities maturing within one year		
Listed debt securities, overseas	123	141
Held-to-maturity debt securities maturing within one year		
Listed debt securities, overseas (market value: HK\$299 million (30 June 2011: HK\$265 million))	301	262
Unlisted debt securities, overseas (market value: HK\$79 million (30 June 2011: HK\$81 million))	78	79
	379	341
	1,063	1,126

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

13. DIVIDEND PAYABLE

	31 December 2011	30 June 2011
2011 final dividend of HK\$2.40 per share on 2,570 million shares	6,168	—

The proposed final dividend, which was approved by the annual general meeting of the Company held on 8 December 2011, was payable on 19 January 2012 with a scrip dividend alternative.

14. TRADE AND OTHER PAYABLES

	31 December 2011	30 June 2011
Creditors and accrued expenses	20,345	17,686
Amounts due to customers for contract works	40	21
Amounts due to non-controlling interests	2,765	2,742
Derivative financial instruments	1	3
	23,151	20,452

Included in trade and other payables are trade creditors of HK\$2,460 million (30 June 2011: HK\$2,179 million), of which 71% are aged less than 60 days, 3% between 61 to 90 days and 26% more than 90 days (30 June 2011: 68%, 2% and 30% respectively).

15. 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	2,570	1,285

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

16. SHARE OPTION SCHEME

During the period, 2,982,000 share options were granted at HK\$1 per lot to a number of directors and employees of the Company and its subsidiaries to subscribe for 2,982,000 ordinary shares in the Company.

Movements in share options to subscribe for ordinary shares in the Company during the six months ended 31 December 2011 are as follows:

Date of grant	Exercise price	Exercisable period	Number of share options				
			At 1 July 2011	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period	At 31 December 2011
12 July 2010	HK\$111.40	12.7.2011 to 11.7.2015	4,704,000	—	—	(208,000)	4,496,000
11 July 2011	HK\$116.90	11.7.2012 to 10.7.2016	—	2,982,000	—	(58,000)	2,924,000
			4,704,000	2,982,000	—	(266,000)	7,420,000

Movements in share options to subscribe for ordinary shares in the Company during the six months ended 31 December 2010 are as follows:

Date of grant	Exercise price	Exercisable period	Number of share options				
			At 1 July 2010	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period	At 31 December 2010
12 July 2010	HK\$111.40	12.7.2011 to 11.7.2015	—	4,840,000	—	—	4,840,000
			—	4,840,000	—	—	4,840,000

Details of the share options granted by the Company and the assessment of fair value of the share options granted during the period was stated in the paragraphs under the heading "Share Option Schemes" in the other information section of this interim report.

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

17. RELATED PARTY TRANSACTIONS

During the period, the Group undertook various transactions with related parties. The following is a summary of significant transactions between the Group and related parties which were carried out in the normal course of the Group's business at similar terms to other customers or suppliers and at market prices:

	Associates		Jointly controlled entities	
	Six months ended 31 December		Six months ended 31 December	
	2011	2010	2011	2010
Interest income	1	—	18	57
Rental income (a)	—	—	1	1
Rental expenses (a)	—	—	17	14
Other revenue from services rendered (b)	20	15	79	624
Purchase of goods and services (b)	—	—	136	175

(a) The Group has, in the normal course of the business, entered into lease agreements to lease premises to and from related parties. The leases were entered into on normal commercial terms.

(b) Purchase of goods from and rendering of services to related parties were conducted in the normal course of business at prices and on terms comparable to those contracted with other suppliers/customers of the Group.

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 2011	30 June 2011
(a) Capital commitments in respect of investment properties and other fixed assets		
Contracted but not provided for	2,650	2,941
Authorized but not contracted for	2,050	2,272
(b) Group's share of capital commitments of jointly controlled entities		
Contracted but not provided for	144	246

(c) Guarantees given to banks and financial institutions for the borrowings of an associate and jointly controlled entities of HK\$1,252 million (30 June 2011: HK\$1,646 million) and other guarantees of HK\$4 million (30 June 2011: HK\$4 million).

19. COMPARATIVE FIGURES

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

Financial Review

REVIEW OF RESULTS

Profit attributable to the Company's shareholders for the six months ended 31 December 2011 was HK\$21,131 million, an increase of HK\$112 million compared to HK\$21,019 million for the same period last year. The reported profit for the current period has included an increase in fair value of investment properties net of related deferred taxation and non-controlling interests of HK\$9,463 million (2010: HK\$10,617 million).

Underlying profit attributable to the Company's shareholders for the six months ended 31 December 2011, excluding the net effect of fair value changes on investment properties, increased by HK\$1,357 million or 13% to HK\$11,773 million compared to HK\$10,416 million for the corresponding period last year. Net rental income grew 14.4% to HK\$5,275 million, boosted by continuous positive rental reversions as well as increased contribution from the newly completed investment properties including ICC office in Hong Kong, Shanghai IFC and first phase of Shanghai ICC on the mainland. Profit from property sales decreased by HK\$1,025 million to HK\$7,886 million, mostly owing to the absence of the one-off contribution from The Orchard Residences in Singapore in last year. Telecommunication segment contributed an operating profit of HK\$661 million, a significant increase of HK\$252 million or 61.6% over the corresponding period last year, on the back of continuous growth in number of customers and service revenue. Hotel profit increased by 96.2% to HK\$565 million reflecting impressive performance driven by strong inbound tourism as well as full period contribution from the two newly completed hotels, The Ritz Carlton, Hong Kong and The Ritz Carlton Shanghai, Pudong.

FINANCIAL RESOURCES AND LIQUIDITY

(a) Net debt and gearing

As at 31 December 2011, the Company's shareholders' funds increased by HK\$15,678 million to HK\$322,643 million, equivalent to an increase of 5.1% to HK\$125.5 per share (30 June 2011: HK\$119.4 per share).

The Group's financial position remains strong with a low debt leverage and strong interest cover. Gearing ratio as at 31 December 2011, calculated on the basis of net debt to Company's shareholders' funds, was 16.5% compared to 17.1% at 30 June 2011. Interest cover, measured by the ratio of operating profit to total net interest expenses including those capitalized, was 16.0 times compared to 16.2 times for the previous year.

As at 31 December 2011, the Group's gross borrowings totalled HK\$62,576 million. Net debt, after deducting cash and bank deposits of HK\$9,220 million, amounted to HK\$53,356 million, an increase of HK\$819 million since 30 June 2011. The maturity profile of the Group's gross borrowings is set out as follows:

	31 December 2011	30 June 2011
	HK\$ Million	HK\$ Million
Repayable:		
Within one year	18,709	9,682
After one year but within two years	7,271	23,334
After two years but within five years	26,378	17,916
After five years	10,218	9,503
Total borrowings	62,576	60,435
Cash and bank deposits	9,220	7,898
Net debt	53,356	52,537

Financial Review

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.

(b) Treasury policies

The entire Group's financing and treasury activities are centrally managed and controlled at the corporate level. As at 31 December 2011, about 77% of the Group's borrowings were raised through its wholly-owned finance subsidiaries and the remaining 23% 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 2011, about 66% of the Group's borrowings were denominated in Hong Kong dollars, 19% in Renminbi and 15% in US dollars. 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 2011, about 73% 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 27% were on fixed rate basis. The use of derivative instruments is strictly controlled and solely for management of the Group's underlying financial exposures for its core business operations. It is the Group's policy not to enter into derivative and structured product transactions for speculative purposes.

As at 31 December 2011, the Group had outstanding fair value hedges in respect of fixed-to-floating interest rate swaps in the aggregate principal amount of HK\$4,273 million, cash flow hedge in respect of a floating-to-fixed interest rate swap in the principal amount of HK\$100 million and currency swaps (to hedge principal repayment of USD borrowings) in the aggregate principal amount of HK\$452 million.

As at 31 December 2011, about 54% of the Group's cash and bank balances were denominated in Hong Kong dollars, 28% in United States dollars, 16% in Renminbi and 2% in other currencies.

CHARGES OF ASSETS

As at 31 December 2011, certain bank deposits of the Group's subsidiary, Smartone, in the aggregate amount of HK\$109 million, were pledged for securing performance bonds related to telecommunication licence and some other guarantees issued by the banks. Additionally, certain assets of the Group's subsidiaries with an aggregate carrying value of HK\$21,656 million have been charged, majority of which were for securing their bank borrowings on the mainland. Except for the above charges, all the Group's assets are free from any encumbrances.

CONTINGENT LIABILITIES

As at 31 December 2011, 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\$1,256 million (30 June 2011: HK\$1,650 million).

Other Information

DIRECTORS

The list of Directors is set out on page 2 of the report. The particulars of the Directors and their changes are set out as follows:

Kwok Ping-kwong, Thomas

Hon DBA, Hon DEng, MSc (Bus Adm), BSc (Eng), FCPA (Aust.), SBS, JP
Chairman & Managing Director (Age: 60)

Mr. Kwok has been appointed as Chairman of the Company with effect from the close of annual general meeting of the Company held on 8 December 2011. Prior to the appointment, Mr. Kwok had acted as Vice Chairman of the Company for 21 years. He is also a Managing Director and a member of the Executive Committee of the Company. He has been with the Group for 34 years. 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 also holds an Honorary Doctorate in Engineering from The Hong Kong Polytechnic University and an Honorary Doctorate in Business Administration from The Open University of Hong Kong. He is a fellow of The Hong Kong Management Association and also a fellow of The Australia Certified Public Accountants. Mr. Kwok is also chairman of Route 3 (CPS) Company Limited and joint chairman of IFC Development Limited. He is a non-executive director of SUNeVision Holdings Ltd. and an independent non-executive director of The Bank of East Asia, Limited.

He is chairman of the board of directors of the Faculty of Business and Economics, The University of Hong Kong. He is also an executive vice president and a member of the executive committee of The Real Estate Developers Association of Hong Kong. He also serves as a government appointed member of the Commission on Strategic Development. In July 2007, the Government of the Hong Kong Special Administrative Region awarded Mr. Kwok the Silver Bauhinia Star for his distinguished community service.

In the past, Mr. Kwok served as a member of the Exchange Fund Advisory Committee, the Construction Industry Council, the Council for Sustainable Development, Business Facilitation Advisory Committee and as a non-official member of the Provisional Minimum Wage Commission. He also previously served as a board member of the Community Chest of Hong Kong and as a council member of the Hong Kong Construction Association.

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 2011, Mr. Kwok received a fee of HK\$110,000 for being a Vice Chairman of the Company and other emoluments of approximately HK\$2.18 million.

Other Information

Kwok Ping-luen, Raymond

Hon LLD, Hon DBA, MBA, MA (Cantab), JP
Chairman & Managing Director (Age: 58)

Mr. Kwok has been appointed as Chairman of the Company with effect from the close of annual general meeting of the Company held on 8 December 2011. Prior to the appointment, Mr. Kwok had acted as Vice Chairman of the Company for 21 years. He is also a Managing Director and a member of the Executive Committee of the Company. He has been with the Group for 33 years. Mr. Kwok holds a Master of Arts degree in Law from Cambridge University, a Master's 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 Wing Tai Properties 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. Mr. Kwok is the son of Madam Kwong Siu-hing, and the younger brother of Messrs. Kwok Ping-sheung, Walter and 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 2011, Mr. Kwok received a fee of HK\$110,000 for being a Vice Chairman of the Company and other emoluments of approximately HK\$2.41 million.

Dr. the Hon Lee Shau-kee

DBA (Hon), DSSc (Hon), LLD (Hon), GBM
Vice Chairman & Non-Executive Director (Age: 83)

Dr. Lee has been a Non-Executive Director of the Company for the last 40 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 55 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 2011, Dr. Lee received a fee of HK\$110,000 for being a Vice Chairman of the Company.

Other Information

Yip Dicky Peter

MBA, BBS, MBE, JP

Independent Non-Executive Director (Age: 65)

Mr. Yip has been an Independent Non-Executive Director of the Company since September 2004. He is also a member of both 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 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 has a Certified Financial Planner certificate issued by the Institute of Financial Planners 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 June 2008, he was elected a member of Shanghai Committee of the Chinese People's Political Consultative Conference. In addition, he is the honorary chairman of Hong Kong Chamber of Commerce in China and a member of Financial Planning Standards Council of 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 2011, Mr. Yip received fees of HK\$100,000 for being a Director of the Company, HK\$200,000 for being a member of the Audit Committee of the Company and HK\$50,000 for being a member of the Nomination Committee of the Company.

Professor Wong Yue-chim, Richard

SBS, JP

Independent Non-Executive Director (Age: 59)

Professor Wong has been an Independent Non-Executive Director of the Company since May 2005. He is the Chairman of both the Nomination Committee and the Remuneration Committee of the Company. He is Professor of Economics at 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, Orient Overseas (International) Limited, Pacific Century Premium Developments Limited and The Link Management Limited as the manager of The Link Real Estate Investment Trust. He is also an independent non-executive director of Industrial and Commercial Bank of China (Asia) Limited (whose shares were withdrawn from listing on The Stock Exchange of Hong Kong Limited). In addition, Professor Wong was a member of the managing board of the Kowloon-Canton Railway Corporation.

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 2011, Professor Wong received fees of HK\$100,000 for being a Director of the Company, and HK\$60,000 for being the Chairman of each of the Nomination Committee and the Remuneration Committee of the Company.

Other Information

Dr. Li Ka-cheung, Eric

LLD, DSocSc., B.A., GBS, OBE, JP

Independent Non-Executive Director (Age: 58)

Dr. Li was appointed as a Non-Executive Director of the Company in May 2005. He is currently an Independent Non-Executive Director, the Chairman of the Audit Committee and a member of the Remuneration 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 and Bank of Communications Co., Ltd. He was an independent non-executive director of Meadville Holdings Limited which has voluntarily withdrawn listing on The Stock Exchange of Hong Kong Limited.

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.

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. 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 2011, Dr. Li received fees of HK\$100,000 for being a Director of the Company, HK\$240,000 for being the Chairman of the Audit Committee of the Company and HK\$50,000 for being a member of the Remuneration Committee of the Company. Also, he received other emoluments of a total of HK\$240,000 for being a director and the chairman of the audit committee and the remuneration committee of SmarTone Telecommunications Holdings Limited.

Dr. Fung Kwok-lun, William

SBS, OBE, JP

Independent Non-Executive Director (Age: 63)

Dr. Fung has been an Independent Non-Executive Director of the Company since February 2010. He graduated from Princeton University with a Bachelor of Science degree in Engineering and also holds an MBA degree from the Harvard Graduate School of Business. He was conferred the degrees of Doctor of Business Administration, *honoris causa*, by The Hong Kong University of Science and Technology and by The Hong Kong Polytechnic University.

Dr. Fung was the group managing director of Li & Fung Limited and is currently the executive deputy chairman of Li & Fung Limited. He also serves as a non-executive director of Convenience Retail Asia Limited and Trinity Limited. He is a director of the Fung Global Institute, an independent and non-profit think-tank that generates and disseminates innovative thinking and business-relevant research on global issues from Asian perspectives. Dr. Fung is also an independent non-executive director of VTech Holdings Limited, Shui On Land Limited and The Hongkong and Shanghai Hotels Limited; and an independent director of Singapore Airlines Limited.

Dr. Fung has held key positions in major trade associations. He is the past chairman of the Hong Kong General Chamber of Commerce, the Hong Kong Exporters' Association and the Pacific Economic Cooperation Committee. He has been awarded the Silver Bauhinia Star by the Government of the Hong Kong Special Administrative Region in 2008.

Dr. Fung 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 2011, Dr. Fung received a fee of HK\$100,000 for being a Director of the Company.

Other Information

Kwok Ping-sheung, Walter

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

Non-Executive Director (Age: 61)

Mr. Kwok has been with the Group for 38 years. Mr. Kwok was Chairman and Chief Executive of the Group from 1990 to 2008. 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 fellow of the Hong Kong Institution of Engineers. He is an honorary fellow of the School of Accountancy of The Central University of Finance and Economics in Beijing and honorary trustee of Tongji University in Shanghai and Nanjing University. Mr. Kwok is a non-executive director of SUNeVision Holdings Ltd. and Transport International Holdings Limited. He is also a director of Wilson Parking (Holdings) Limited and Hung Cheong Import & Export Company, Limited.

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 and Technology.

Mr. Kwok is an Honorary Citizen of Beijing and Guangzhou. Mr. Kwok is a Standing Committee member of the National Committee of the Chinese People's Political Consultative Conference and Honorary President and Vice Chairman of Friends of Hong Kong Association. Mr. Kwok is the committee member of the French Asian Art Society, the Chevalier of the Légion d'Honneur Club Hong Kong Chapter, Honorary President of The Association for the Promotion of Global Chinese Traders Fraternity Ltd. and Honorary Chairman of The Association of Global Chinese Art Collectors Fraternity. Mr. Kwok is the son of Madam Kwong Siu-hing, and the elder brother of Messrs. Kwok Ping-kwong, Thomas and 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 2011, Mr. Kwok received a fee of HK\$100,000 for being a Director of the Company and other emoluments of approximately HK\$30,000.

Sir Po-shing Woo

Hon LLD, FCI Arb, F.I.Mgt., FlnstD, FHKMA

Non-Executive Director (Age: 82)

Sir Po-shing Woo has been a Non-Executive Director of the Company since August 1972. He is a director of Henderson Development Limited, a non-executive director of Henderson Land Development Company Limited and a consultant of Jackson Woo & Associates in association with Ashurst Hong Kong. He was a non-executive director of Henderson Investment Limited. 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. He is the father of Mr. Woo Ka-biu, Jackson, an Alternate Director of the Company.

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, 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 2011, Sir Po-shing Woo received a fee of HK\$100,000 for being a Director of the Company.

Other Information

Kwan Cheuk-yin, William

LLB

Non-Executive Director (Age: 77)

Mr. Kwan has been a Non-Executive Director of the Company since July 1999 and is a member of the Nomination Committee of the Company. He has been appointed as a member of the Remuneration Committee of the Company with effect from 9 December 2011. As a managing partner with the solicitors firm of Woo, Kwan, Lee & Lo, Mr. Kwan has 49 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 Management Committee, vice chairman of the Scout Performing Arts Committee, chairman of Air Activities Committee, elected member of Scout Counsel of Hong Kong, president of the Hong Kong Branch of the King's College London Association, president of the Hong Kong Philatelic Society, life member of the Federation of Inter-Asia Philately, president of FIAP Grand Prix Club, a permanent advisor of Wah Yan (Hong Kong) Past Students Association, a director and honorary secretary 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, 2004 and 2009 International Stamp Exhibitions. 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 2011, Mr. Kwan received fees of HK\$100,000 and HK\$50,000 for being a Director and a member of the Nomination Committee of the Company respectively.

Wong Yick-kam, Michael

MBA, BBA

Non-Executive Director (Age: 59)

Mr. Wong has been a Non-Executive Director and the Group Principal Advisor of the Company since January 2010. He was an Executive Director of the Company from January 1996 to December 2009 and had been with the Group for 28 years before he retired from his executive director's roles. He is also a member of the Audit Committee of the Company. He obtained his Bachelor of Business Administration and Master of Business Administration degrees from The Chinese University of Hong Kong.

Mr. Wong was an executive director of SUNeVision Holdings Ltd., a non-executive director and a member of the audit committee of SmarTone Telecommunications Holdings Limited and the deputy chairman and a non-executive director of RoadShow Holdings Limited. He was also a non-executive director, an alternate director to Mr. Kwok Ping-luen, Raymond and a member of the audit committee of Wing Tai Properties Limited.

Mr. Wong is chairman of the Hong Kong Youth Hostels Association. He is a member of the Government of the Hong Kong Special Administrative Region's Steering Committee on Promotion of Volunteer Service, Steering Committee on Child Development Fund, Steering Committee on Promotion of Electric Vehicles, Social Welfare Advisory Committee and Steering Committee of the Pilot Green Transport Fund. He is also a member of the Board of Trustees of New Asia College, The Chinese University of Hong Kong, and a member and treasurer 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. 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 2011, Mr. Wong received fees of HK\$100,000 and HK\$200,000 for being a Director and a member of the Audit Committee of the Company respectively.

Other Information

Chan Kai-ming

CEng, FStructE, MICE

Executive Director (Age: 79)

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 2011, Mr. Chan received a fee of HK\$100,000 for being a Director of the Company and other emoluments of approximately HK\$3.51 million.

Chan Kui-yuen, Thomas

B Comm

Executive Director (Age: 65)

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 joined the Group in 1973 and is now responsible for land acquisitions and project planning matters. He graduated from the United College, The Chinese University of Hong Kong and was awarded as honorary university fellowship of The Open University of Hong Kong in 2007. Mr. Chan is a non-executive director of SUNeVision Holdings Ltd..

Mr. Chan is a committee member of Infrastructure Development Services Advisory Committee and China Trade Advisory Committee of Hong Kong Trade Development Council. He is also a committee member of China Sub-Committee of The Real Estate Developers Association of Hong Kong and Land Sub-Committee of Land and Development Advisory Committee. In addition, he is a director of The Hong Kong Vietnam Chamber of Commerce and a member of the MBA Advisory Board of The University of Hong Kong.

In the past, Mr. Chan was a council member of The Open University of Hong Kong and a member of the Health Care Study Group of The Bauhinia Foundation Research Centre. He was also an ordinary member of the Estate Agents Authority.

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. 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 2011, Mr. Chan received a fee of HK\$100,000 for being a Director of the Company and other emoluments of approximately HK\$11.11 million.

Kwong Chun

Executive Director (Age: 82)

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 2011, Mr. Kwong received a fee of HK\$100,000 for being a Director of the Company and other emoluments of approximately HK\$4.21 million.

Other Information

Wong Chik-wing, Mike

MSc(IRE), FHKIS, RPS (BS), JP
Executive Director (Age: 56)

Mr. Wong joined the Group in 1981 and has been appointed as an Executive Director of the Company since 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 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.

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 2011, Mr. Wong received a fee of HK\$100,000 for being a Director of the Company and other emoluments of approximately HK\$16.25 million.

Chan Kwok-wai, Patrick

MBA, FCPA, FCCA, FCPA (Aust.), ACIS, TEP
Executive Director & Chief Financial Officer (Age: 55)

Mr. Chan has been an Executive Director and the Chief Financial Officer of the Company since July 2009. He is also a member of the Executive Committee of the Company. He obtained a Master of Business Administration degree from the University of Warwick, England in 1993. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants ("ACCA") as well as the CPA Australia. He is also a member of The Institute of Chartered Secretaries and Administrators and Society of Trust and Estate Practitioners.

Mr. Chan started his career at Ernst & Young and worked for a number of banks and listed companies in Hong Kong. He joined Hang Seng Bank Limited ("Hang Seng") in 1995, of which he became chief financial officer in 1998. He also sat on the executive committee of Hang Seng, and was an executive director of Hang Seng from 2005 till 2009. Mr. Chan was previously a vice-chairman of Hang Seng Bank (China) Limited, and a director, an executive committee member and a remuneration committee member of Industrial Bank Co., Ltd.

Mr. Chan is a member of the Protection of Wages on Insolvency Fund Board, the Hong Kong Special Administrative Region ("HKSAR") Government Scholarship Fund Investment Committee, the Investment Sub-committee of the Beat Drugs Fund Association HKSAR and Self-financing Post-secondary Education Fund Investment Committee, a council member of the Hong Kong Examinations and Assessment Authority ("HKEAA"), chairman of the finance committee of the HKEAA and a member of the Standing Committee on Language Education and Research. He is also a member of the Admissions, Budgets and Allocations Committee of The Community Chest of Hong Kong and the General Committee of The Chamber of Hong Kong Listed Companies. He is convenor of the Working Group of Finance Directors/Financial Controllers of the Real Estate Developers Association of Hong Kong and a member of the Professional Development Sub-committee of the ACCA Hong Kong. He is a director of Hang Seng School of Commerce, a member of the Board of Governors of Hang Seng Management College Limited, and chairman of the finance committee of both institutions. Mr. Chan is an advisory board member of several universities in Hong Kong and a member of the Investment Committee of the Foundation of Tsinghua University Centre for Advanced Study Co. Ltd.

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. 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 2011, Mr. Chan received a fee of HK\$100,000 for being a Director of the Company and other emoluments of approximately HK\$14.70 million.

Other Information

Woo Ka-biu, Jackson

MA (Oxon)

Alternate Director to Sir Po-shing Woo (Age: 49)

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 an independent non-executive director of Ping An Insurance (Group) Company of China, Ltd. and an alternate director to Sir Po-shing Woo, a non-executive director of Henderson Land Development Company Limited. He was an alternate director to Sir Po-shing Woo who was a non-executive director of 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 any remuneration in respect of his appointment as Alternate Director 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. 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. For the Non-Executive Directors, they are also subject to a term of approximately two years commencing from the date of the annual general meeting at which they are re-elected and expiring at the annual general meeting to be held two years thereafter, and they shall be eligible for re-election at that annual general meeting upon the expiry of their term of office. 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.

SENIOR MANAGEMENT

The Executive Directors of the Company are also members of senior management of the Group.

Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 31 December 2011, 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 Securities and Futures Ordinance ("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 Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

1. 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 ¹	Total	% of shares in issue as at 31.12.2011
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (interests of controlled corporation)	Other interests				
Kwok Ping-kwong, Thomas	1,976,281	304,065	—	403,316,297 ^{2&3}	405,596,643	100,000		
						(personal interests)		
						48,000	405,744,643	15.79
						(family interests)		
Kwok Ping-luen, Raymond	75,000	—	—	406,459,978 ^{2&4}	406,534,978	100,000	406,634,978	15.82
Lee Chau-kee	486,340	—	343,000 ⁵	—	829,340	—	829,340	0.03
Wong Yue-chim, Richard	—	1,000	—	—	1,000	—	1,000	0.00
Li Ka-cheung, Eric	—	4,028	—	—	4,028	—	4,028	0.00
Fung Kwok-lun, William	120,000	9,500	—	—	129,500	—	129,500	0.01
Kwok Ping-sheung, Walter ⁶	75,000	—	—	1,087,663,522	1,087,738,522	—	1,087,738,522	42.32
Woo Po-shing	1,302,239	—	—	—	1,302,239	—	1,302,239	0.05
Wong Yick-kam, Michael	167,099	—	—	—	167,099	—	167,099	0.01
Chan Kai-ming	41,186	—	—	—	41,186	100,000	141,186	0.01
Chan Kui-yuen, Thomas	—	66,000	126,500 ⁷	—	192,500	100,000	292,500	0.01
Kwong Chun	702,722	339,358	—	—	1,042,080	100,000	1,142,080	0.04
Wong Chik-wing, Mike	200,950	—	—	—	200,950	100,000	300,950	0.01
Chan Kwok-wai, Patrick	—	—	—	—	—	100,000	100,000	0.00
Woo Ka-biu, Jackson (Alternate Director to Woo Po-shing)	—	1,000	—	—	1,000	—	1,000	0.00

Notes:

- These underlying shares held under equity derivatives represented the share options (being regarded for the time being as unlisted physically settled equity derivatives) granted by the Company, details of which are set out in the section headed "Share Option Schemes" below.
- Each of Messrs. Kwok Ping-kwong, Thomas and Kwok Ping-luen, Raymond was deemed to be interested in 383,282,430 shares in the Company respectively by virtue of each of them being a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO. Of the 383,282,430 shares in the Company in which each of Messrs. Kwok Ping-kwong, Thomas and Kwok Ping-luen, Raymond was deemed to be interested, 28,055,981 shares in the Company represented the same interests and were duplicated between these two Directors.

Other Information

In addition, on 30 September 2010, the trustee of certain discretionary trusts (the "Trustee"), which was then indirectly interested in a total of 1,081,739,328 shares in the Company, informed the Company that consequent upon a re-organization of such trusts, the "interests" as deemed under the provisions of the SFO of the various Kwok family members who are and one of them was Director(s) of the Company in the said 1,081,739,328 shares in the Company with effect from 29 September 2010 were as follows:

1. Madam Kwong Siu Hing continues to be interested in all the said 1,081,739,328 shares in SHKP.
2. Each of Mr Kwok Ping Kwong Thomas and Mr Kwok Ping Luen Raymond is interested in 371,286,430 shares out of the said 1,081,739,328 shares in SHKP.
3. Mr Kwok Ping Sheung Walter is not interested in any of the said 1,081,739,328 shares in SHKP."

Subsequent to the above notification from the Trustee on 30 September 2010 and up to 31 December 2011, a total of 11,996,000 shares in the Company was acquired and the Trustee's interests in the shares of the Company increased from 1,081,739,328 shares to 1,093,735,328 shares.

3. In addition to the deemed interests as stated in Note 2 above, Mr. Kwok Ping-kwong, Thomas was also deemed to be interested in another 20,033,867 shares in the Company by virtue of him being a beneficiary of a discretionary trust for the purpose of Part XV of the SFO.
4. In addition to the deemed interests as stated in Note 2 above, Mr. Kwok Ping-luen, Raymond was also deemed to be interested in another 23,177,548 shares in the Company by virtue of him being a beneficiary of a discretionary trust for the purpose of Part XV of the SFO.
5. 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 39.88% held by Henderson Land Development Company Limited ("Henderson Land Development"). Henderson Land Development was taken to be 61.18% 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.
6. Mr. Kwok Ping-sheung, Walter has informed the Company that "I had been given certain information about my share interest in the Company which I found to have serious discrepancy with what my understanding is. My share interest in the Company is under dispute". The interests of Mr. Kwok Ping-sheung, Walter in the Company as disclosed here is based on the latest form of disclosure notification dated 23 September 2009 given under Part XV of the SFO.
7. These shares were held by a company which was 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 31.12.2011
	Personal interests (held as beneficial owner)	Other interests	Total			
Kwok Ping-kwong, Thomas	—	2,140,000 ¹	2,140,000	—	2,140,000	0.09
Kwok Ping-luen, Raymond	—	3,485,000 ^{1&2}	3,485,000	—	3,485,000	0.15
Wong Yick-kam, Michael	200,000	—	200,000	—	200,000	0.01
Kwong Chun	600,000	—	600,000	—	600,000	0.03
Wong Chik-wing, Mike	218,000	—	218,000	—	218,000	0.01

Notes:

1. Of these shares in SUNeVision, Messrs. Kwok Ping-kwong, Thomas and Kwok Ping-luen, Raymond were deemed to be interested in 2,140,000 shares by virtue of them being beneficiaries of certain discretionary trusts, which represented the same interests and were therefore duplicated amongst these two Directors for the purpose of Part XV of the SFO.
2. In addition to the deemed interests as stated in Note 1 above, Mr. Kwok Ping-luen, Raymond was also deemed to be interested in another 1,345,000 shares in SUNeVision by virtue of him being a beneficiary of a discretionary trust for the purpose of Part XV of the SFO.
3. Mr. Kwok Ping-sheung, Walter has informed the Company that "My share interest in SUNeVision is under dispute". The "no interest" position of Mr. Kwok Ping-sheung, Walter in SUNeVision as disclosed here is based on the latest form of disclosure notification dated 23 September 2009 given under 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 31.12.2011
	Other interests	Total			
Kwok Ping-luen, Raymond	4,475,534 ¹	4,475,534	—	4,475,534	0.44

Note:

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

Other Information

(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 31.12.2011
	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

(d) Each of Messrs. Kwok Ping-kwong, Thomas and 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 31.12.2011	Actual holding through corporation	Actual % interests in issued shares as at 31.12.2011
Splendid Kai Limited	2,500	25	1,500 ¹	15.00
Hung Carom Company Limited	25	25	15 ¹	15.00
Tinyau Company Limited	1	50	1 ¹	50.00
Open Step Limited	8	80	4 ¹	40.00

Note:

- Messrs. Kwok Ping-kwong, Thomas and Kwok Ping-luen, Raymond were deemed to be interested in these shares, which represented the same interests and were therefore duplicated amongst these two Directors for the purpose of Part XV of the SFO. These shares were held by corporations under certain discretionary trusts, in which Messrs. Kwok Ping-kwong, Thomas and Kwok Ping-luen, Raymond were deemed to be interested by virtue of them being beneficiaries for the purpose of Part XV of the SFO.

Other Information

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

Name of associated corporation	Total number of shares held	% of shares in issue as at 31.12.2011
Anbok Limited	2 ²	50.00
Billion Ventures Limited	1 ³	50.00
Central Waterfront Construction Company Limited (in members' voluntary liquidation)	1 ⁴	50.00
Central Waterfront Property Holdings Limited	100 ⁵	100.00
Central Waterfront Property Investment Holdings Limited	50 ⁶	50.00
CWP Limited	1 ⁷	50.00
Daily Win Development Limited	100 ⁸	25.00
E Man-Sanfield JV Construction Company Limited	1 ⁴	50.00
Everise (H.K.) Limited	1 ⁹	50.00
Fullwise Finance Limited	2 ²	50.00
Gold Sky Limited	1 ¹⁰	50.00
Jade Land Resources Limited	1 ¹¹	25.00
Joy Wave Development Limited (in members' voluntary liquidation)	1 ⁴	50.00
Karnold Way Limited	2,459 ¹²	24.59
Maxfine Development Limited	3,050 ¹³	33.33
Royal Peninsula Management Service Company Limited	1 ¹⁴	50.00
Special Concept Development Limited	1 ¹¹	25.00
Star Play Development Limited	1 ¹⁵	33.33
Tartar Investments Limited	300 ¹⁶	30.00
Teamfield Property Limited	4,918 ¹⁷	49.18
Topcycle Construction Company Limited (in members' voluntary liquidation)	1 ⁴	50.00
Topcycle Development Limited	1 ¹⁸	50.00
Topcycle Project Management Limited	1 ¹⁸	50.00
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 39.88% held by Henderson Land Development. Henderson Land Development was taken to be 61.18% 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.
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 1.
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 1.
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 1.

Other Information

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 1.*
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 39.88% held by Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.*
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 1.*
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 1.*
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 1.*
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 1.*
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 1.*
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 1.*
13. *Dr. Lee Shau-kee was deemed to be interested in the 3,050 shares held through Quickcentre Properties Limited. This corporation was 100% 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 1.*
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 1.*
15. *Dr. Lee Shau-kee was deemed to be interested in the one share held through Benewick Limited. This corporation was 100% held by Dorway 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 1.*
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 2011, none of the Directors and chief executives 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.

Other Information

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 fully complied with the Model Code during the six months ended 31 December 2011.

SHARE OPTION SCHEMES

1. Share option scheme of the Company

The Company by an ordinary resolution passed at its extraordinary general meeting held on 5 December 2002 adopted a share option scheme (the "Scheme"). On 12 July 2010 and 11 July 2011, the Company granted 4,840,000 and 2,982,000 share options respectively. Each share option entitling the grantee to subscribe for one ordinary share of nominal value of HK\$0.50 each in the capital of the Company under the Scheme.

Particulars of the share options granted under the Scheme and their movements during the six months ended 31 December 2011 were as follows:

Grantee	Date of grant	Exercise price (HK\$)	Exercise period	Number of share options				
				Balance as at 01.07.2011	Granted during the period	Exercised during the period	Cancelled/Lapsed during the period	Balance as at 31.12.2011
(1) Directors								
Kwok Ping-kwong, Thomas	12.07.2010	111.40	12.07.2011 to 11.07.2015 ¹	100,000	—	—	—	100,000
Kwok Ping-luen, Raymond	12.07.2010	111.40	12.07.2011 to 11.07.2015 ¹	100,000	—	—	—	100,000
Chan Kai-ming	12.07.2010	111.40	12.07.2011 to 11.07.2015 ¹	100,000	—	—	—	100,000
Chan Kui-yuen, Thomas	12.07.2010	111.40	12.07.2011 to 11.07.2015 ¹	100,000	—	—	—	100,000
Kwong Chun	12.07.2010	111.40	12.07.2011 to 11.07.2015 ¹	100,000	—	—	—	100,000
Wong Chik-wing, Mike	12.07.2010	111.40	12.07.2011 to 11.07.2015 ¹	100,000	—	—	—	100,000
Chan Kwok-wai, Patrick	11.07.2011	116.90 ²	11.07.2012 to 10.07.2016 ³	N/A	100,000	—	—	100,000
(II) Associate of a Director								
	12.07.2010	111.40	12.07.2011 to 11.07.2015 ¹	48,000	—	—	—	48,000
(III) Other employees								
	12.07.2010	111.40	12.07.2011 to 11.07.2015 ¹	4,056,000	—	—	(208,000)	3,848,000
	11.07.2011	116.90 ²	11.07.2012 to 10.07.2016 ³	N/A	2,882,000	—	(58,000) ⁴	2,824,000
Total				4,704,000	2,982,000	—	(266,000)	7,420,000

Other Information

Notes:

1. The share options can be exercised up to 30% of the grant during the period from 12 July 2011 to 11 July 2012, up to 60% of the grant during the period from 12 July 2012 to 11 July 2013 and in whole or in part of the grant during the period from 12 July 2013 to 11 July 2015.
2. The closing price of the shares of the Company immediately before the date on which the share options were granted was HK\$118.30.
3. The share options can be exercised up to 30% of the grant during the period from 11 July 2012 to 10 July 2013, up to 60% of the grant during the period from 11 July 2013 to 10 July 2014 and in whole or in part of the grant during the period from 11 July 2014 to 10 July 2016.
4. This figure included 48,000 share options which were not accepted by an employee.
5. The accounting policy adopted for the share options is set out in note 1(v) to the financial statements for the year ended 30 June 2011 in the 2010/11 Annual Report.

Save as disclosed above, there were no outstanding share options under the Scheme during the six months ended 31 December 2011.

The fair values of the share options granted by the Company were determined by using the Black-Scholes model which is one of the models to estimate the fair value of a share option. The total value of the share options granted on 11 July 2011 under the Scheme amounting to approximately HK\$57,916,400 was estimated based on the following variables and assumptions:

Risk free interest rate	1.27% ¹
Expected volatility	22.60% ²
Expected dividend	2.40% ³
Expected life of the share options	5 years ⁴

Notes:

1. This represented the approximate yield of 5-year Exchange Fund Note traded on 11 July 2011.
2. This represented the annualized volatility of the closing price of the shares of the Company in the year preceding the date of grant.
3. This represented the yield of the expected dividend, being the historical dividend of the shares of the Company in the year preceding the date of grant.
4. This was based on the assumption that there was no material difference between the expected volatility over the whole life of the share options and the historical volatility of the shares of the Company in the year preceding the date of grant.

The value of a share option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of a share option.

2. Share option schemes of the subsidiaries

(a) SUNeVision

By an ordinary resolution of SUNeVision passed at its annual general meeting held on 3 December 2002, SUNeVision adopted a share option scheme (the "SUNeVision Old Scheme"). The SUNeVision Old Scheme became effective on 5 December 2002 following the passing of an ordinary resolution approving the same by the shareholders of the Company at its extraordinary general meeting held on the same day. During the six months ended 31 December 2011, there were no outstanding share options under the SUNeVision Old Scheme.

At the extraordinary general meeting of SUNeVision held on 1 November 2011, an ordinary resolution was passed for approving the termination of the SUNeVision Old Scheme and the adoption of a new share option scheme, both of which will take effect upon fulfillment of certain conditions, including the shares of SUNeVision being listed on the main board of the Stock Exchange (the "Main Board") and being de-listed from the growth enterprise market of the Stock Exchange and the commencement of dealings in the shares of SUNeVision on the Main Board.

Other Information

(b) SmarTone

SmarTone once adopted a share option scheme (the “SmarTone Old Scheme”) which became effective on 15 November 2002. In addition, by an ordinary resolution passed at the annual general meeting of SmarTone held on 2 November 2011, SmarTone adopted a new share option scheme (the “SmarTone New Scheme”) and terminated the SmarTone Old Scheme. The termination of the SmarTone Old Scheme and the adoption of the SmarTone New Scheme became effective on 8 December 2011 following the passing of an ordinary resolution approving the same by the shareholders of the Company at the annual general meeting held on the same day.

Pursuant to the terms of the SmarTone Old Scheme and the SmarTone New Scheme (collectively the “SmarTone Schemes”), SmarTone granted or may grant share options to the participants, including directors and employees of SmarTone group, to subscribe for shares of SmarTone. No further share options can be granted under the SmarTone Old Scheme upon its termination. However, for the outstanding share options granted and yet to be exercised under the SmarTone Old Scheme, the existing rights of the grantees are not affected.

During the six months ended 31 December 2011, SmarTone granted share options to various participants of SmarTone pursuant to the SmarTone Schemes to subscribe for a total of 1,642,500 shares in the capital of SmarTone. The movements of the share options during the six months ended 31 December 2011 were as follows:

Grantee	Date of grant	Exercise price (HK\$)	Exercise Period	Number of share options				
				Balance as at 01.07.2011	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	Balance as at 31.12.2011
Granted under the SmarTone Old Scheme								
(I) Directors of SmarTone	10.02.2003	4.60	02.05.2003 to 01.05.2012	167,000 ¹	—	—	—	167,000
	05.02.2004	4.50	05.02.2005 to 04.02.2014	1,940,000 ²	—	—	—	1,940,000
	13.06.2011	12.78	13.06.2012 to 12.06.2016	12,000,000 ³	—	—	—	12,000,000
(II) Other employees of SmarTone	05.02.2004	4.50	05.02.2005 to 04.02.2014	2,907,000 ²	—	(1,393,000) ⁸	—	1,514,000
	13.06.2011	12.78	13.06.2012 to 12.06.2016	22,177,500 ³	—	—	(675,000)	21,502,500
	30.09.2011	13.12	30.09.2012 to 29.09.2016	N/A	840,000 ⁴	—	—	840,000
	31.10.2011	14.96	31.10.2012 to 30.10.2016	N/A	150,000 ⁵	—	—	150,000
	30.11.2011	13.02	30.11.2012 to 29.11.2016	N/A	277,500 ⁶	—	—	277,500
Granted under the SmarTone New Scheme								
(III) Other employees of SmarTone	30.12.2011	13.52	30.12.2012 to 29.12.2016	N/A	375,000 ⁷	—	—	375,000
Total				39,191,500	1,642,500	(1,393,000)	(675,000)	38,766,000

Other Information

Notes:

1. *The share options can be exercised up to one-third of the grant from 2 May 2003, up to two-thirds of the grant from 2 May 2004 and in whole of the grant from 2 May 2005.*
2. *The share option can be exercised up to one-third of the grant from 5 February 2005, up to two-thirds of the grant from 5 February 2006 and in whole of the grant from 5 February 2007.*
3. *The share options can be exercised up to one-third of the grant from 13 June 2012, up to two-thirds of the grant from 13 June 2013 and in whole of the grant from 13 June 2014.*
4. *The share options can be exercised up to one-third of the grant from 30 September 2012, up to two-thirds of the grant from 30 September 2013 and in whole of the grant from 30 September 2014. The closing price of the shares of SmarTone immediately before the date on which the share options were granted was HK\$12.40.*
5. *The share options can be exercised up to one-third of the grant from 31 October 2012, up to two-thirds of the grant from 31 October 2013 and in whole of the grant from 31 October 2014. The closing price of the shares of SmarTone immediately before the date on which the share options were granted was HK\$14.76.*
6. *The share options can be exercised up to one-third of the grant from 30 November 2012, up to two-thirds of the grant from 30 November 2013 and in whole of the grant from 30 November 2014. The closing price of the shares of SmarTone immediately before the date on which the share options were granted was HK\$13.32.*
7. *The share options can be exercised up to one-third of the grant from 30 December 2012, up to two-thirds of the grant from 30 December 2013 and in whole of the grant from 30 December 2014. The closing price of the shares of SmarTone immediately before the date on which the share options were granted was HK\$13.46.*
8. *The weighted average closing price of the shares of SmarTone immediately before the date on which the share options were exercised was HK\$14.94.*

Save as disclosed above, there were no outstanding share options under the SmarTone Schemes during the six months ended 31 December 2011.

Other Information

The fair values of the share options granted by SmarTone during the six months ended 31 December 2011, as calculated by using the bi-nominal option pricing model (the "Bi-nominal Model"), was HK\$4,686,000.

The Bi-nominal Model is one of the generally accepted methodologies to calculate the value of an option. The significant inputs into the Bi-nominal Model in respect of the various grants of share options during the period were as follows:

	Date of grant			
	30.09.2011	31.10.2011	30.11.2011	30.12.2011
Risk free interest rate ¹	0.757%	0.887%	0.813%	0.957%
Expected volatility ²	38.21%	40.26%	40.74%	40.87%
Expected dividend ³	5.5%	5.5%	5.5%	5.5%
Expected life of the share options ⁴	5 Years	5 Years	5 Years	5 Years
Exercise price	HK\$13.12	HK\$14.96	HK\$13.02	HK\$13.52
Share price at date of grant	HK\$11.84	HK\$14.60	HK\$13.02	HK\$13.44

Notes:

1. *This represented the weighted average yield of the relevant Hong Kong Exchange Fund Notes corresponding to the expected life of the share options as at the date of grant.*
2. *This represented the standard deviation of continuously compounded share returns based on statistical analysis of daily share prices over the last 5 years from the date of grant.*
3. *This represented the yield of expected dividend which is determined by reference to the historical dividend yield of the shares of SmarTone.*
4. *This represented the life of the share options as measured from the date of grant.*

The value of the share options of SmarTone is subject to a number of assumptions and with regard to the limitation of the Bi-nominal Model. Therefore, the value may be subjective and would change should any of the assumptions change.

Other Information

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 31 December 2011, substantial shareholders of the Company and other 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 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:

	Number of shares held			Total	% of shares in issue as at 31.12.2011
	Personal interests (held as beneficial owner)	Corporate interests (interests of controlled corporation)	Other interests		
(I) Substantial shareholders					
Kwong Siu-hing	21,151	—	1,093,735,328 ¹	1,093,756,479	42.56
HSBC Trustee (C.I.) Limited (“HSBC Trustee”)	—	—	1,081,745,371	1,081,745,371 ²	42.09
(II) Other persons					
Adolfa Limited (“Adolfa”)	195,374,547	16,059,981	—	211,434,528 ³	8.23
Bertana Limited (“Bertana”)	195,374,547	16,059,981	—	211,434,528 ³	8.23
Cyric Limited (“Cyric”)	195,374,547	16,059,981	—	211,434,528 ³	8.23
Asporto Limited (“Asporto”)	159,851,902	—	—	159,851,902 ³	6.22
Rosy Result Limited (“Rosy Result”)	159,851,902	—	—	159,851,902 ³	6.22
Thriving Talent Limited (“Thriving Talent”)	159,851,902	—	—	159,851,902 ³	6.22

Notes:

1. Madam Kwong Siu-hing was deemed to be interested in 1,093,735,328 shares in the Company by virtue of her being a founder and/or a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO. These shares were the same shares in which HSBC Trustee was deemed to be interested and were therefore duplicated between these two substantial shareholders.
2. On 30 September 2010, HSBC Trustee, as trustee of certain discretionary trusts which was then indirectly interested in a total of 1,081,739,328 shares in the Company, informed the Company that consequent upon a re-organization of such trusts, the “interests” as deemed under the provisions of the SFO of the various Kwok family members who are and one of them was Director(s) of the Company in the said 1,081,739,328 shares in the Company with effect from 29 September 2010 were as follows:
 - “1. Madam Kwong Siu Hing continues to be interested in all the said 1,081,739,328 shares in SHKP.
 - Each of Mr Kwok Ping Kwong Thomas and Mr Kwok Ping Luen Raymond is interested in 371,286,430 shares out of the said 1,081,739,328 shares in SHKP.
 - Mr Kwok Ping Sheung Walter is not interested in any of the said 1,081,739,328 shares in SHKP.”
3. Of the shares held respectively by Adolfa, Bertana and Cyric, 16,059,981 shares were held through a corporation of which each of Adolfa, Bertana and Cyric was interested in one-third of its entire issued share capital. These 16,059,981 shares represented the same interests and were therefore duplicated amongst these companies. Further, the shares held respectively by Adolfa, Bertana, Cyric, Asporto, Rosy Result and Thriving Talent formed part of the shares in which HSBC Trustee was deemed to be interested.

Save as disclosed above, as at 31 December 2011, the Company was not 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 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.

Other Information

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold nor redeemed any of the Company's ordinary shares during the six months ended 31 December 2011.

INTERIM DIVIDEND

The Board of Directors has declared an interim dividend of HK\$0.95 per share (2010: HK\$0.95 per share) for the six months ended 31 December 2011. The interim dividend will be payable in cash, with an option for the shareholders to elect to receive new fully paid shares of nominal value of HK\$0.50 each in the share capital of the Company in lieu of cash, or partly in cash and partly in shares (the "Scrip Dividend Scheme"). A circular containing details of the Scrip Dividend Scheme and the relevant election form are expected to be sent to shareholders on or about Friday, 30 March 2012.

The Scrip Dividend Scheme is conditional upon the granting of the listing of and permission to deal in the new shares to be issued under the Scrip Dividend Scheme by the Listing Committee of the Stock Exchange.

Interim dividend will be distributed, and the share certificates issued under the Scrip Dividend Scheme will be sent on or about Friday, 27 April 2012 to the shareholders whose names appear on the register of members of the Company on Friday, 16 March 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 14 March 2012 to Friday, 16 March 2012 (both days inclusive). In order to establish entitlements to the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, Shops Nos. 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 13 March 2012.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The interim results for the six months ended 31 December 2011 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 14 of the report. The interim results have also been reviewed by the Audit Committee of the Company.

Other Information

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 31 December 2011, the Company complied with the code provisions (the "Code Provisions") in the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules, except for the following deviations:

- (1) Messrs. Kwok Ping-kwong, Thomas and Kwok Ping-luen, Raymond were appointed as the joint Chairmen of the Company with effect from the close of the annual general meeting of the Company held on 8 December 2011 (the "2011 AGM") and continue to serve as joint Managing Directors of the Company. This was at variance with Code Provision A.2.1, which provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Although the positions of chairman and managing director are not separate, the powers and authorities have not been concentrated as the responsibilities have been shared by two individuals, namely the two joint Chairmen and Managing Directors. Besides, all major decisions have been made in consultation with members of the Board and appropriate Board committees, as well as top management. In addition, there are four Independent Non-Executive Directors and five Non-Executive Directors on the Board offering independent advices and views from different perspectives. The Board is therefore of the view that there are adequate balance of power and safeguards in place; and
- (2) the former Chairman of the Company did not attend the 2011 AGM due to other commitment.

By Order of the Board

Yung Sheung-tat, Sandy

Company Secretary

Hong Kong, 28 February 2012

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