

Directors' Report

The Directors present their report for the year ended 30 June 2011:

Principal Activities

The principal activity of the Company continues to be holding investments in various subsidiaries.

The principal activities of the Group continue to be the development of and investment in properties for sale and rent, hotel operation, telecommunications, transportation, infrastructure and logistics. Other ancillary and supporting businesses, which are described under principal subsidiaries, jointly controlled entities and associates on pages 190 to 198, are integrated with the main business of the Group. An analysis of the Group's performance for the year by reportable and operating segments in business operation and geographical area is set out in note 2 to the financial statements.

Group Profits

Profit after taxation, including shares of results from jointly controlled entities and associates, amounted to HK\$48,788 million (2010: HK\$30,641 million (restated)). After taking non-controlling interests into account, profit attributable to the Company's shareholders was HK\$48,097 million (2010: HK\$30,039 million (restated)).

Dividends

An interim dividend of HK\$0.95 per share (2010: HK\$0.85 per share) was paid on 23 March 2011. The Board of Directors of the Company (the "Board") recommend a final dividend of HK\$2.40 per share (2010: HK\$1.85 per share), making a total dividend of HK\$3.35 per share for the full year ended 30 June 2011 (2010: HK\$2.70 per share).

The proposed final dividend, if approved at the forthcoming annual general meeting of the Company (the "2011 Annual General Meeting"), will be payable in cash, with an option to receive new and fully paid shares in lieu of cash under the scrip dividend scheme (the "Scrip Dividend Scheme"). The new shares will, on issue, not be entitled to the proposed final dividend, but will rank *pari passu* in all other respects with the existing shares. A circular containing details of the Scrip Dividend Scheme and the relevant election form are expected to be sent to the shareholders of the Company (the "Shareholders") on or about Thursday, 22 December 2011.

The Scrip Dividend Scheme is conditional upon the passing of the resolution relating to the payment of final dividend at the 2011 Annual General Meeting and the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting the listing of and permission to deal in the new shares to be issued under the Scrip Dividend Scheme.

Final dividend will be distributed, and the share certificates issued under the Scrip Dividend Scheme will be sent on or about Thursday, 19 January 2012 to the Shareholders whose names appear on the register of members of the Company on Friday, 16 December 2011.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's ordinary shares during the year ended 30 June 2011.

Share Capital

Movements in the share capital of the Company during the year are shown in note 28 to the financial statements.

Share Premium and Reserves

Movements in the share premium and reserves of the Company and the Group during the year are shown in note 30 to the financial statements and on page 143 respectively.

Fixed Assets

Movements in fixed assets during the year are shown in notes 10 and 11 to the financial statements.

Group Financial Summary

The results, assets and liabilities of the Group for the last five years are summarized on page 6.

Properties

Particulars of major investment properties held by the Group are set out on pages 40 and 41.

Directors

The list of Directors is set out on page 2 of this report and their particulars are set out on pages 118 to 128. All Directors held office for the whole year.

In accordance with Article 104(A) of the Company's articles of association (the "Articles of Association"), Madam Kwong Siu-hing, Dr. Li Ka-cheung, Eric, Mr. Kwok Ping-sheung, Walter, Sir Po-shing Woo, Mr. Lo Chiu-chun, Clement and Mr. Wong Chik-wing, Mike will retire from office by rotation at the 2011 Annual General Meeting. Madam Kwong Siu-hing and Mr. Lo Chiu-chun, Clement have informed the Company that they will not seek re-election at the 2011 Annual General Meeting. The remaining retiring Directors, being eligible, will offer themselves for re-election at the 2011 Annual General Meeting. None of the Directors proposed for re-election has a service agreement with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

The Company has received from each Independent Non-Executive Director a confirmation of his independence pursuant to the independence guidelines under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and that the Company considered all the Independent Non-Executive Directors to be independent.

Directors' and Chief Executives' Interests

As at 30 June 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 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 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					Number of underlying shares held under equity derivatives ¹	% of shares in issue as at 30.06.2011	
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (interests of controlled corporation)	Other interests	Total			
Kwong Siu-hing	21,151	–	–	1,083,879,328	1,083,900,479 ²	–	1,083,900,479	42.17
Lee Shau-kee	486,340	–	343,000 ⁵	–	829,340	–	829,340	0.03
Kwok Ping-kwong, Thomas	1,976,281	304,065	–	393,460,297 ^{2 & 3}	395,740,643	100,000		
						(personal interests)		
						48,000	395,888,643	15.40
						(family interests)		
Kwok Ping-luen, Raymond	75,000	–	–	396,603,978 ^{2 & 4}	396,678,978	100,000	396,778,978	15.44
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
Lo Chiu-chun, Clement	90,000	–	–	–	90,000	–	90,000	0.00
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	195,999	–	–	–	195,999	100,000	295,999	0.01
Woo Ka-biu, Jackson	–	1,000	–	–	1,000	–	1,000	0.00
(Alternate Director to Woo Po-shing)								

Notes:

- The number of underlying shares held under equity derivatives included 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 paragraph headed "Share Option Schemes" below.
- Of the 1,083,900,479 shares in the Company, Madam Kwong Siu-hing was deemed to be interested in 1,083,879,328 shares in the Company by virtue of her being a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO.

Of the said 1,083,879,328 shares in the Company, each of Mr. Kwok Ping-kwong, Thomas and Mr. Kwok Ping-luen, Raymond was deemed to be interested in 373,426,430 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 373,426,430 shares in the Company in which each of Mr. Kwok Ping-kwong, Thomas and Mr. Kwok Ping-luen, Raymond was deemed to be interested, 18,199,981 shares in the Company represented the same interests and were duplicated between these two Directors.

In addition, on 30 September 2010, the trustee of certain 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 Directors 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 30 June 2011, a total of 2,140,000 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 1,083,879,328 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 certain discretionary trusts 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 60.33% 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. In response to a statement of disclosure of interests sent by the Company to Mr. Kwok Ping-sheung, Walter for reconfirming his interests and short positions in shares and, in respect of equity derivatives, underlying shares and debentures of the Company and its associated corporations as at 30 June 2011 (the "Statement of Interests"), Mr. Kwok Ping-sheung, Walter informed the Company on 3 October 2011 that he had recently been given certain information about his share interest in the Company which he found to have serious discrepancy with what his understanding is and that his share interest in the Company is under dispute.
7. These shares were held by a company which was obliged to act in accordance with the instructions of Mr. Chan Kui-yuen, Thomas.

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 30.06.2011
	Personal interests (held as beneficial owner)	Other interests	Total			
Kwong Siu-hing	106,356	2,140,000 ¹	2,246,356	–	2,246,356	0.10
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:

- Of these shares in SUNeVision, Madam Kwong Siu-hing, Mr. Kwok Ping-kwong, Thomas and Mr. Kwok Ping-luen, Raymond were deemed to be interested in 2,140,000 shares by virtue of being founder and/or beneficiaries of a certain discretionary trust, which represented the same interests and were therefore duplicated amongst these three Directors for the purpose of Part XV of the SFO.
- 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 certain discretionary trusts for the purpose of Part XV of the SFO.
- In response to the Statement of Interests, Mr. Kwok Ping-sheung, Walter informed the Company on 3 October 2011 that his share interest in SUNeVision is under dispute.

(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 30.06.2011
	Other interests	Total			
Kwong Siu-hing	840,000 ¹	840,000	–	840,000	0.08
Kwok Ping-luen, Raymond	4,475,534 ²	4,475,534	–	4,475,534	0.44

Notes:

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

(c) **Transport International Holdings Limited (“Transport International”)**

Name of Director	Number of shares held		Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 30.06.2011
	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 Madam Kwong Siu-hing, Mr. Kwok Ping-kwong, Thomas and Mr. Kwok Ping-luen, Raymond had the following interests in shares of the following associated corporations:

Name of associated corporation	Attributable holding through corporation	Attributable % of shares in issue through corporation as at 30.06.2011	Actual holding through corporation	Actual % interests in issued shares as at 30.06.2011
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:

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

- (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 30.06.2011
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 60.33% 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.*
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 30 June 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.

Share Option Schemes

1. Share option schemes of the Company

The Company once adopted a share option scheme on 20 November 1997 (the "Old Scheme"). In order to comply with the new requirements under the then revised Chapter 17 of the Listing Rules, the Company by ordinary resolutions passed at its extraordinary general meeting held on 5 December 2002 adopted a new share option scheme (the "New Scheme") and terminated the Old Scheme.

On 12 July 2010, the Company granted share options under the New Scheme to certain Directors and employees to subscribe for up to a total of 4,840,000 ordinary shares of nominal value of HK\$0.50 each in the capital of the Company. Particulars of such share options and their movements during the year ended 30 June 2011 were as follows:

Grantee	Date of grant	Exercise price (HK\$)	Exercise period	Number of share options				
				Balance as at 01.07.2010	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	Balance as at 30.06.2011
(I) Directors								
Kwok Ping-kwong, Thomas	12.07.2010	111.40	12.07.2011 to 11.07.2015	N/A	100,000	–	–	100,000
Kwok Ping-luen, Raymond	12.07.2010	111.40	12.07.2011 to 11.07.2015	N/A	100,000	–	–	100,000
Chan Kai-ming	12.07.2010	111.40	12.07.2011 to 11.07.2015	N/A	100,000	–	–	100,000
Chan Kui-yuen, Thomas	12.07.2010	111.40	12.07.2011 to 11.07.2015	N/A	100,000	–	–	100,000
Kwong Chun	12.07.2010	111.40	12.07.2011 to 11.07.2015	N/A	100,000	–	–	100,000
Wong Chik-wing, Mike	12.07.2010	111.40	12.07.2011 to 11.07.2015	N/A	100,000	–	–	100,000
(II) Associate of a Director	12.07.2010	111.40	12.07.2011 to 11.07.2015	N/A	48,000	–	–	48,000
(III) Other employees	12.07.2010	111.40	12.07.2011 to 11.07.2015	N/A	4,192,000	–	(136,000)	4,056,000

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\$109.70.
3. The accounting policy adopted for the share options is set out in note 1(v) to the financial statements.

Save as disclosed above, the Company had not granted during the year ended 30 June 2011 any share options to any other persons as required to be disclosed under Rule 17.07 of the Listing Rules.

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 12 July 2010 under the New Scheme amounting to approximately HK\$134,745,600 was estimated based on the following variables and assumptions:

Risk free interest rate	1.531% ¹
Expected volatility	32.077% ²
Expected dividend	2.289% 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 12 July 2010.
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.

Major terms of share option scheme of the Company

The major terms of the New Scheme, in conjunction with the requirements of Chapter 17 of the Listing Rules, are as follows:

1. The purpose of the New Scheme is to provide incentives to the participants.
2. The participants of the New Scheme are employees including the Executive Directors of the Company and its subsidiaries.
3. The total number of shares of the Company which may be issued upon exercise of all share options to be granted under the New Scheme must not in aggregate exceed 10% of the issued share capital of the Company at the date of approval of the New Scheme. The 10% limit may be refreshed with the approval by ordinary resolution of the Shareholders. The maximum number of shares of the Company which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the New Scheme must not exceed 30% of the issued share capital of the Company from time to time. As at 15 September 2011, the number of shares of the Company available for issue in respect thereof is 232,452,736 shares, representing approximately 9.04% of the issued shares of the Company.
4. The total number of shares of the Company issued and to be issued upon exercise of share options (whether exercised or outstanding) granted under the New Scheme in any 12-month period to each grantee must not exceed 1% of the shares of the Company in issue.
5. The exercise period of any share option granted under the New Scheme shall be determined by the Board but such period must not exceed 10 years from the date of grant of the relevant share option.
6. The Board has the authority to determine the minimum period for which a share option must be held before it can vest. The New Scheme itself does not specify any minimum holding period.
7. The acceptance of an offer of the grant of the respective share options must be made within 28 days from the date of offer with a non-refundable payment of HK\$1.00 from each grantee.

8. The exercise price of a share option to subscribe for shares granted shall not be less than the highest of:
- the closing price of the shares of the Company as stated in the daily quotations sheet of the Stock Exchange on the date on which an offer is made to a participant, which must be a business day;
 - the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date on which an offer is made; and
 - the nominal value of the shares of the Company.
9. The New Scheme shall be valid and effective till 4 December 2012.

2. Share option schemes of the subsidiaries

(a) SUNeVision

SUNeVision once adopted a share option scheme (the "SUNeVision Old Scheme"). By shareholders' ordinary resolutions of SUNeVision passed at its annual general meeting held on 3 December 2002, SUNeVision had adopted another share option scheme (the "SUNeVision New Scheme") and terminated the SUNeVision Old Scheme. These have become effective on 5 December 2002 as a result of the passing of ordinary resolutions approving the same by the then Shareholders at the extraordinary general meeting of the Company held on the same day.

During the year ended 30 June 2011, there were no outstanding share options under the SUNeVision New Scheme.

(b) SmarTone

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

The movements of the share options granted to the participants pursuant to the SmarTone Scheme during the year ended 30 June 2011 were as follows:

- (i) Before the SmarTone Bonus Issue (as defined in Note 1 below) on 6 April 2011

Grantee	Date of grant	Exercise price (HK\$)	Exercise period	Number of share options				
				Balance as at 01.07.2010	Granted during the period	Exercised during the period ⁸	Cancelled/ Lapsed during the period	Balance before SmarTone Bonus Issue
(I) Directors of SmarTone	10.02.2003	9.29	10.02.2003 to 16.07.2011	3,000,000 ³	–	(1,800,000)	–	1,200,000
	10.02.2003	9.20	02.05.2003 to 01.05.2012	133,500 ⁴	–	(50,000)	–	83,500
	05.02.2004	9.00	05.02.2005 to 04.02.2014	970,000 ⁵	–	–	–	970,000
(II) Other employees of SmarTone	05.02.2004	9.00	05.02.2005 to 04.02.2014	4,308,000 ⁵	–	(2,798,000)	–	1,510,000
	01.03.2005	9.05	01.03.2006 to 28.02.2015	193,000 ⁶	–	(193,000)	–	–

(ii) After the SmarTone Bonus Issue on 6 April 2011

Grantee	Date of grant	Adjusted exercise price/ Exercise price (HK\$)	Exercise period	Number of share options					
				Balance before SmarTone Bonus Issue	Adjusted upon SmarTone Bonus Issue ¹	Granted during the period ²	Exercised during the period ⁹	Cancelled/ Lapsed during the period	Balance as at 30.06.2011
(I) Directors of SmarTone	10.02.2003	4.645 ²	10.02.2003 to 16.07.2011	1,200,000 ³	1,200,000	–	(2,400,000)	–	–
	10.02.2003	4.60 ²	02.05.2003 to 01.05.2012	83,500 ⁴	83,500	–	–	–	167,000
	05.02.2004	4.50 ²	05.02.2005 to 04.02.2014	970,000 ⁵	970,000	–	–	–	1,940,000
	13.06.2011	12.78	14.06.2012 to 13.06.2016	N/A	N/A	12,000,000	–	–	12,000,000
(II) Other employees of SmarTone	05.02.2004	4.50 ²	05.02.2005 to 04.02.2014	1,510,000 ⁵	1,510,000	–	(113,000)	–	2,907,000
	13.06.2011	12.78	14.06.2012 to 13.06.2016	N/A	N/A	22,177,500	–	–	22,177,500

Notes:

1. SmarTone issued bonus shares on 6 April 2011 on the basis of one bonus share for every one existing share in SmarTone held (the "SmarTone Bonus Issue").
2. The SmarTone Bonus Issue gave rise to adjustments to the number of outstanding share options and the exercise prices. The exercise prices per share of two lots of share options granted on 10 February 2003 were adjusted from HK\$9.29 to HK\$4.645 and from HK\$9.20 to HK\$4.60 respectively. The exercise price per share of the share options granted on 5 February 2004 was adjusted from HK\$9.00 to HK\$4.50.
3. The share options, in the original number of 5,000,000, can be exercised up to 20% from 10 February 2003, up to 40% from 17 July 2003, up to 60% from 17 July 2004, up to 80% from 17 July 2005 and in whole from 17 July 2006.
4. The share options, in the original number of 200,000, can be exercised up to one-third from 2 May 2003, up to two-thirds from 2 May 2004 and in whole from 2 May 2005.
5. The share options, in the original number of 9,457,000, can be exercised up to one-third from 5 February 2005, up to two-thirds from 5 February 2006 and in whole from 5 February 2007.
6. The share options can be exercised up to one-third from 1 March 2006, up to two-third from 1 March 2007 and in whole from 1 March 2008.
7. The share options can be exercised up to one-third from 14 June 2012, up to two-third from 14 June 2013 and in whole from 14 June 2014. The closing price of the shares of SmarTone immediately before the date on which the share options were granted was HK\$12.78 per share.
8. The weighted average closing price of the shares of SmarTone immediately before the dates on which the share options were exercised was HK\$18.55 per share.
9. The weighted average closing price of the shares of SmarTone immediately before the dates on which the share options were exercised was HK\$12.52 per share.

Save as disclosed above, no share options had been granted under the SmarTone Scheme during the year ended 30 June 2011 as required to be disclosed under Rule 17.07 of the Listing Rules.

On 13 June 2011, SmarTone granted share options to various directors and employees of SmarTone under the SmarTone Scheme to subscribe for up to a total of 34,177,500 shares in the capital of SmarTone. The value of these share options, as calculated by using the bi-nominal option pricing model (the "Bi-nominal Model"), was HK\$83,735,000.

The Bi-nominal Model is one of the generally accepted methodologies to calculate the value of a share option. The significant inputs into the Bi-nominal Model were:

Risk free interest rate	1.39% ¹
Expected volatility	34.75% ²
Expected dividend	5.5% ³
Expected life of the share options	5 years ⁴

Notes:

1. *This represents 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 represents the standard deviation of continuously compounded share returns based on statistical analysis of daily share prices over the last five years from the date of grant.*
3. *This represents the yield of expected dividend which is determined by reference to the historical dividend yield of the shares of SmarTone.*
4. *This represents 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.

(c) Major terms of share option scheme of the subsidiaries

(i) *SUNeVision New Scheme*

The major terms of SUNeVision New Scheme are as follows:

1. The purpose of the SUNeVision New Scheme is to provide incentives to its participants.
2. The participants of the SUNeVision New Scheme include (i) executive or non-executive directors (or any persons proposed to be appointed as such) or any employees (whether full-time or part-time) of each member of the SUNeVision group; (ii) any consultants, professional and other advisers to each member of the SUNeVision group (or persons, firms or companies proposed to be appointed for providing such services); (iii) any chief executives or substantial shareholders of SUNeVision; (iv) any associates of a director, chief executive or substantial shareholder of SUNeVision; and (v) any employees of substantial shareholder of SUNeVision, as absolutely determined by the board of directors of SUNeVision.
3. The total number of shares of SUNeVision which may be issued upon exercise of all share options to be granted under the SUNeVision New Scheme and any other share option schemes of SUNeVision shall not in aggregate exceed 10% of the total number of shares of SUNeVision in issue as at the date of the approval of the SUNeVision New Scheme. The 10% limit may be refreshed with the approval of the shareholders of SUNeVision in general meeting. The maximum number of shares of SUNeVision which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the SUNeVision New Scheme and any other share option schemes of SUNeVision must not exceed 30% of the shares of SUNeVision in issue from time to time (or such higher percentage as may be allowed under the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange). As at 15 September 2011, the number of shares of SUNeVision available for issue in respect thereof was 197,333,417 shares of SUNeVision, representing approximately 8.47% of the issued shares of SUNeVision.
4. The total number of shares of SUNeVision issued and to be issued upon exercise of the share options granted under the SUNeVision New Scheme to each participant (including exercised, cancelled and outstanding share options) in any 12-month period shall not exceed 1% of the total number of shares of SUNeVision in issue. As at 15 September 2011, the total number of shares of SUNeVision in issue was 2,329,208,031.
5. A share option granted under the SUNeVision New Scheme may be exercised at any time during the option period after the share option has been granted by the board of SUNeVision. A share option period is a period to be determined by the board of SUNeVision at its absolute discretion and notified by the board of SUNeVision to each grantee as being the period during which a share option may be exercised, such period shall not be longer than 10 years from the date of grant of the share option.
6. Unless otherwise determined by the board of SUNeVision and specified in the offer letter at the time of the offer, there is neither any performance targets that need to be achieved by the grantee before a share option can be exercised nor any minimum period for which a share option must be held before the share option can be exercised.
7. The acceptance of an offer of the grant of the share options must be made within 28 days from the date of grant with a non-refundable payment of HK\$1.00 from the grantee.

8. The exercise price of a share option to subscribe for shares of SUNeVision shall be at least the highest of:
- the closing price of the shares of SUNeVision as stated in the Stock Exchange's daily quotations sheet on the date on which an offer is made to a participant, which must be a business day;
 - the average of the closing prices of the shares of SUNeVision as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date on which an offer is made; and
 - the nominal value of the shares of SUNeVision.
9. The SUNeVision New Scheme shall be valid and effective up to and inclusive of 3 December 2012 unless otherwise terminated under the terms of the SUNeVision New Scheme.

(ii) *SmarTone Scheme*

The major terms of the SmarTone Scheme, in conjunction with the requirements of Chapter 17 of the Listing Rules, are as follows:

1. The purpose of the SmarTone Scheme is to reward participants who have made a valuable contribution to the growth of the SmarTone group and to enable the SmarTone group to recruit and/or to retain employees who are regarded as valuable to the SmarTone group or are expected to be able to contribute to the business development of the SmarTone group.
2. Any employee, agent, consultant or representative of SmarTone or any of its subsidiaries, including any director of SmarTone or any of its subsidiaries who has made valuable contribution to the growth of the SmarTone group based on his work experience, industry knowledge, performance, business connections or other relevant factors, will be eligible to participate in the SmarTone Scheme at the invitation of the directors of SmarTone.
3. SmarTone can issue share options so that the total number of shares of SmarTone that may be issued upon exercise of all share options to be granted under all the share option schemes does not in aggregate exceed 10% of the shares in issue on the date of adoption of the SmarTone Scheme. SmarTone may renew this limit at any time, subject to its shareholders' approval and the issue of a circular and in accordance with the Listing Rules provided that the number of shares to be issued upon exercise of all outstanding share options granted and yet to be exercised under all the share option schemes does not exceed 30% of the shares in issue of SmarTone from time to time. At 15 September 2011, the number of shares available for issue in respect thereof is 47,785,134 shares which represents approximately 4.65% of the issued ordinary shares of SmarTone.
4. The maximum entitlement for any participant is that the total number of shares of SmarTone issued and to be issued upon exercise of share options granted and to be granted in any 12-month period up to the date of the latest grant does not exceed 1% of the relevant class of shares in issue of SmarTone.
5. No share option may be exercised later than 10 years after it has been granted and no share option may be granted more than 10 years after the date on which the SmarTone Scheme is adopted by SmarTone in general meeting.
6. The SmarTone Scheme does not specify any minimum holding period before the share option can be exercised but the board of SmarTone has the authority to determine the minimum holding period when the share options are granted.

7. Acceptance of offer to grant a share option shall be sent in writing together with a remittance in favour of SmarTone of HK\$1.00 by way of consideration for the grant must be received by the secretary of SmarTone within 28 days from the date of the making of such offer.
8. The option price per share payable upon the exercise of any share option will be determined by the directors of SmarTone upon the grant of such share option. It will be at least the higher of:–
 - the average closing prices of the shares of SmarTone as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the day of offer of such share option;
 - the closing price of the shares of SmarTone as stated in the Stock Exchange's daily quotations sheet on the day of offer of such share option, which must be a business day; and
 - the nominal value of a share of SmarTone.
9. The SmarTone Scheme shall be valid and effective for a period of 10 years commencing from the adoption of the SmarTone Scheme on 15 November 2002.

Arrangement to Purchase Shares or Debentures

Other than the share option schemes as mentioned above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debenture of the Company or of any other body corporate.

Interests of Substantial Shareholder and Other Persons

As at 30 June 2011, substantial shareholder 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 30.06.2011
	Personal interests (held as beneficial owner)	Corporate interests (interests of controlled corporation)	Other interests		
(I) Substantial shareholder					
HSBC Trustee (C.I.) Limited ("HSBC Trustee")	–	–	1,081,745,371	1,081,745,371 ¹	42.09
(II) Other persons					
Adolfa Limited ("Adolfa")	195,374,547	16,059,981	–	211,434,528 ²	8.23
Bertana Limited ("Bertana")	195,374,547	16,059,981	–	211,434,528 ²	8.23
Cyric Limited ("Cyric")	195,374,547	16,059,981	–	211,434,528 ²	8.23
Asporto Limited ("Asporto")	159,851,902	–	–	159,851,902 ²	6.22
Rosy Result Limited ("Rosy Result")	159,851,902	–	–	159,851,902 ²	6.22
Thriving Talent Limited ("Thriving Talent")	159,851,902	–	–	159,851,902 ²	6.22

Notes:

1. *On 30 September 2010, HSBC Trustee, as trustee of certain 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 Directors 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."*
2. *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 30 June 2011, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 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.

Emolument Policy and Long Term Incentive Schemes of the Group

As at 30 June 2011, the Group employed more than 35,000 employees. The related employees' costs for the year amounted to approximately HK\$6,420 million. Compensation for the Group is made reference to the market, individual performance and contributions. Extensive use of bonuses to link performance with reward is adopted. The Group also provides a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits, and both internal and external training appropriate to individual needs.

A share option scheme is in place to provide appropriate long-term incentive of key staff of the Group. Details of the share option scheme of the Company are set out in the section headed "Share Option Schemes".

Basis of Determining Emolument to Directors

The same remuneration philosophy is applicable to the Directors of the Company. Apart from benchmarking against the market, the Company looks at individual competence, contributions and the affordability of the Company in determining the exact level of remuneration for each Director. Appropriate benefits schemes are in place for the Executive Directors, including the share option scheme, similar to those offered to other employees of the Group.

Bank and Other Borrowings

Details of bank and other borrowings are set out in notes 23 and 25 to the financial statements.

Interest Capitalized

Interest capitalized during the year amounted to HK\$232 million (2010: HK\$233 million).

Charitable Donations

HK\$340 million (2010: HK\$115 million) was donated during the year.

Directors' Interests in Competing Businesses

The interests of Directors of the Company in competing businesses that were required to be disclosed pursuant to Rule 8.10 of the Listing Rules as informed by the relevant Directors were as follows:

Madam Kwong Siu-hing and Messrs. Kwok Ping-kwong, Thomas and Kwok Ping-luen, Raymond (collectively the "Kwok Family") maintain certain interests in businesses which consist of property developments and investments in Hong Kong and Singapore and hotel operation in Hong Kong. As such, they are regarded as being interested in such competing businesses with the Group (the "Excluded Businesses"). However, when compared with the dominance and size of operations of the Group, such Excluded Businesses are immaterial. The Kwok Family does not have property developments and investments business and hotel operation business in the Mainland China. Therefore they are not regarded as being interested in such Excluded Businesses in the Mainland China. The Group does not have (i) property developments and investments in locations other than in Hong Kong, Mainland China and Singapore and (ii) hotel operation in locations other than in Hong Kong and Mainland China.

Messrs. Kwok Ping-sheung, Walter and Kwok Ping-luen, Raymond are non-executive directors of Transport International, whose businesses consist of property holdings and development. In this regard, each of Messrs. Kwok Ping-sheung, Walter and Kwok Ping-luen, Raymond is regarded as being interested in such Excluded Businesses.

Mr. Kwok Ping-luen, Raymond is a non-executive director of Wing Tai Properties Limited ("Wing Tai"). The businesses of Wing Tai consist of property development, property investment and management, and hospitality investment and management. Therefore, Mr. Kwok Ping-luen, Raymond is regarded as being interested in such Excluded Businesses.

Mr. Kwok Ping-sheung, Walter has interests in companies which have property development, property investment and management in Hong Kong and Mainland China. Therefore, Mr. Kwok Ping-sheung, Walter is regarded as being interested in such Excluded Businesses during the year. However, when compared with the dominance and size of operations of the Group, such Excluded Businesses are immaterial.

Dr. Lee Shau-kee is the chairman and managing director of Henderson Land Development and Henderson Investment Limited. He is also the chairman of Miramar Hotel and Investment Company, Limited and a non-executive director of Hong Kong Ferry (Holdings) Company Limited. In addition to his directorships, Dr. Lee Shau-kee is also deemed as a substantial shareholder of such companies by virtue of his deemed interest therein under the Listing Rules and the SFO. The businesses of these companies principally consist of investment holding, property development and investment in Hong Kong and Mainland China, hotel operation, project and property management, construction, department store operation, provision of finance and infrastructure, which may be deemed to constitute the Excluded Businesses. As such, he is regarded as being interested in such Excluded Businesses. Dr. Lee Shau-kee is a Non-Executive Director of the Company, who is not involved in the daily management of the Group.

Sir Po-shing Woo is a director of Henderson Development. He is also a non-executive director of Henderson Land Development where Mr. Woo Ka-biu, Jackson acts as his alternate director. The businesses of Henderson Development and Henderson Land Development principally consist of investment holding, property development and investment in Hong Kong and Mainland China, hotel operation, project and property management, construction, provision of finance and infrastructure. In addition, both Sir Po-shing Woo and Mr. Woo Ka-biu, Jackson hold directorships in certain companies of Kailey Group and/or are entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of these companies. The businesses of these companies consist of property development and investment. Accordingly, Sir Po-shing Woo and Mr. Woo Ka-biu, Jackson are regarded as being interested in such Excluded Businesses. Sir Po-shing Woo, being a Non-Executive Director of the Company, and his alternate, Mr. Woo Ka-biu, Jackson, are not involved in the daily management of the Group.

Other than the family businesses of the Kwok Family, the above-mentioned Excluded Businesses are managed by separate companies or public listed companies with independent management and administration. In this respect, coupled with diligence of the Independent Non-Executive Directors and the Audit Committee of the Company, the Group is capable of carrying on its businesses independent of, and at arms length from, the Excluded Businesses mentioned above.

Connected Transaction

During the period from the date of the 2009/10 annual report of the Company to the date of this report, the Company did not have any connected transactions which were subject to the reporting requirements under Chapter 14A of the Listing Rules.

Interest in Contracts

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest subsisted at any time during the year.

Major Customers and Suppliers

During the year, less than 30% of the Group's sales and less than 30% of the Group's purchases were attributable to the Group's five largest customers combined and five largest suppliers combined respectively.

Auditor

The retiring auditor, Messrs. Deloitte Touche Tohmatsu, has signified their willingness to continue in office. A resolution will be proposed at the 2011 Annual General Meeting to re-appoint them and to authorize the Directors to fix their remuneration.

Audit Committee

The annual results for the year have been reviewed by the Audit Committee of the Company. The Group's consolidated financial statements have been audited by the Company's auditor, Messrs. Deloitte Touche Tohmatsu, and they have issued an unqualified opinion.

Corporate Governance

A report on the principal corporate governance practices adopted by the Company is set out on pages 82 to 87.

Sufficiency of Public Float

As at the date of this report, based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company maintained the amount of public float as required under the Listing Rules.

This report is signed for and on behalf of the Board.

Kwok Ping-kwong, Thomas

Vice Chairman & Managing Director

Hong Kong, 15 September 2011

Kwok Ping-luen, Raymond

Vice Chairman & Managing Director