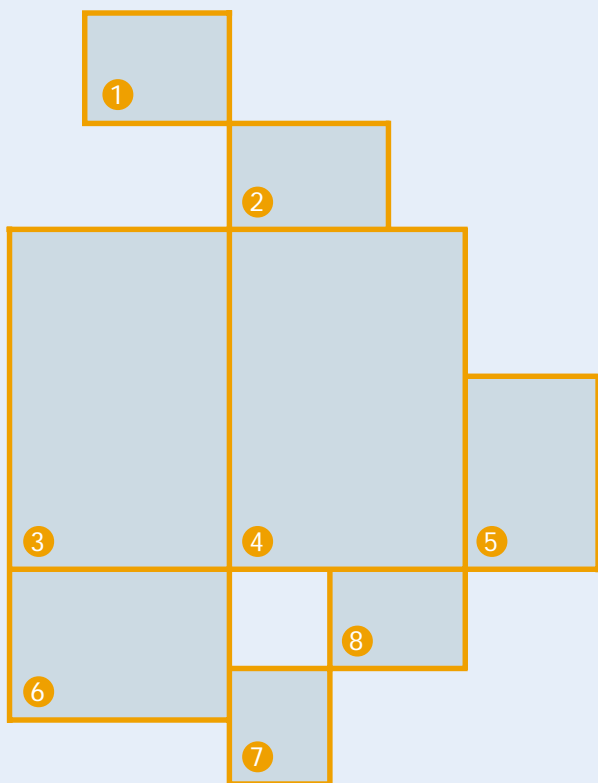


一九九九至二〇〇〇年中期報告
1999-2000 Interim Report



新鴻基地產發展有限公司
Sun Hung Kai Properties Limited





封面圖片
Cover Photos

1. 三號幹線(郊野公園段)
Route 3 (Country Park Section)
2. 北京新東安市場
Sun Dong An Plaza, Beijing
3. 觀塘創紀之城第三期
Millennium City Phase 3, Kwun Tong
4. 中環國際金融中心第二期
International Finance Centre Phase 2, Central
5. 將軍澳清水灣半島第一期
Oscar by the Sea Phase 1, Tseung Kwan O
6. 集團旗下新科技陣營新意網
SUNeVision, the Group's new technology arm
7. 數碼通電訊
SmarTone Telecommunications
8. 九龍巴士
Kowloon Motor Bus



新 鴻 基 地 產 發 展 有 限 公 司
SUN HUNG KAI PROPERTIES LIMITED

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1999-2000 INTERIM REPORT

Chairman's Statement

INTERIM RESULTS

The Group's unaudited profit after tax and minority interests for the six months ended 31st December 1999 was HK\$5,253 million, an increase of 11.2 per cent over the corresponding period in the previous year. Earnings per share was HK\$2.19, an increase of 11.2 per cent over the same period last year.

DIVIDEND

The Directors have declared an interim dividend of HK\$0.55 per share, an increase of 10 per cent compared with last year's interim dividend of HK\$0.50 per share. The dividend will be payable on 20th April 2000, to shareholders whose names appear on the Register of Members of the Company on 20th April 2000.

REVIEW OF OPERATIONS

Property Sales

During the six months ended 31st December 1999, total property sales generated by the Group, both as principal and agent, were HK\$3,903 million. The majority of this revenue was derived from sales of Grand Pacific Views and Grand Pacific Heights on Castle Peak Road and Villa Premiere in Yuen Long. Property sales since the beginning of 2000 have been satisfactory, exceeding HK\$3,000 million, mainly coming from the Group's share of sales of Ocean Shores in Kowloon East.

During the first half of 1999/2000, five projects were completed:

Project	Location	Usage	Group's Interest (per cent)	Attributable Gross Floor Area (square feet)
Castello	69 Siu Lek Yuen Road, Shatin	Residential/ Shopping Centre	100	1,458,000
Scenic View	63 Fung Shing Street, Kowloon	Residential	100	704,000
Mount Haven	3 Liu To Road, Tsing Yi	Residential	100	653,000
Tung Chung Crescent (Blocks 7 to 9)/Citygate	Tung Chung Town Lots 1 & 2	Residential Shopping Centre/Office	20	284,200
Millennium City Phase 2	378 Kwun Tong Road	Office	50	133,000
Total				3,232,200

Over 90 per cent of the residential properties completed in the first half of the year have been sold. Millennium City Phase 2 has been retained for investment purposes.

Land Bank

Since the last financial year, the Group added six sites, with an aggregate gross floor area of 3.48 million square feet, through land use conversion and other means:

Project	Usage	Group's Interest (per cent)	Attributable Site Area (square feet)	Attributable Gross Floor Area (square feet)
Airport Railway Kowloon Station Development Package 3	Residential	Joint Venture	145,000	1,076,000
Kwu Tung Extension, Sheung Shui	Residential	100	497,000	199,000
Ap Lei Chau Inland Lot 129	Residential *	35	63,000	316,000
RBL 1148, Severn Road, The Peak	Residential	100	146,000	59,000
418A Kwun Tong Road	Office	100	11,000	133,000
Airport Railway Hong Kong Station Phase 2	Office/Shopping Centre/ Hotel	47.5	235,000	1,692,000
Total			1,097,000	3,475,000

* In the process of lease modification to residential use

The Group currently owns a land bank in Hong Kong of 51 million square feet in terms of gross floor area, consisting of 18.9 million square feet of completed investment properties and 32.1 million square feet of properties under development. In addition, the Group owns 21 million square feet of agricultural land in the New Territories in terms of site area, the majority of which is located along existing or planned rail corridors, and is in the process of land use conversion.

Property Development

In the past year, the economy of Hong Kong has steadily recovered. Exports increased rapidly, tourist arrivals grew continually and consumer confidence continued to pick up, with a recovery in retail sales volume. Employment conditions are improving and the jobless rate is falling.

The residential property market is healthy, and prices have been relatively stable in recent months. The substantial majority of homebuyers are genuine end users, and very little speculation has been seen. New residential supply over the next two years is expected to remain at the annual average of the last decade and affordability for buyers is at its highest level since 1991. This, along with better economic prospects, improving employment, aggressive mortgage lending by banks and a positive Government attitude towards home ownership, contributes to increasing market activity.

The Group will stay focused on large-scale projects. To meet a variety of consumer needs, it will continue to offer a wide range of flat sizes, with an emphasis on small to medium sized units. The Group places great emphasis on the quality of its developments in terms of design, layout, efficiency and building materials, as well as applying the latest technology such as the provision of Internet infrastructure and content portals. Without compromising on the quality of construction and materials, the Group will keep stringent control over costs.

The Group will also maintain its diversified investment strategy, developing a variety of projects in different districts, with a range of building types and unit sizes in order to minimize risk. Taking advantage of current market conditions, the Group will keep adding to its land bank through various means, in line with its strategy of increasing residential property completions over time. The Group has expanded its land bank over the past few months, and it is now actively negotiating land use conversion premiums.

Property completions in the first half, and expected completions in the second half of the current financial year are analysed as follows:

	Residential	Shopping Centre <i>(million square feet)</i>	Office	Total
First half year				
For sale	3.0	0	0	3.0
For investment	0	*	0.2	0.2
	<u>3.0</u>	<u>*</u>	<u>0.2</u>	<u>3.2</u>
Sub-total	3.0	*	0.2	3.2
	<u>3.0</u>	<u>*</u>	<u>0.2</u>	<u>3.2</u>
Second half year				
For sale	0.7	0	0	0.7
For investment	0	*	0	*
	<u>0.7</u>	<u>*</u>	<u>0</u>	<u>*</u>
Sub-total	0.7	*	0	0.8
	<u>0.7</u>	<u>*</u>	<u>0</u>	<u>0.8</u>
Full year total	3.7	0.1	0.2	4.0
	<u>3.7</u>	<u>0.1</u>	<u>0.2</u>	<u>4.0</u>

* Less than 100,000 square feet

Note: Figures may not total due to rounding.

Property Investment

The Group's investment property portfolio is 95 per cent let. In the first half of the year, total rental income declined moderately. With the improving economy, the demand for various types of rental properties is expected to increase, and the Group is confident that occupancy in its properties will remain high.

Since consumer spending is rising, retail rents have stabilized in recent months, and the office rental market has gradually become more active. New office buildings with state-of-the-art specifications, IT facilities and broadband connectivity should outperform the market.

The 784,000 square-foot office tower and 131,000 square-foot shopping centre in One International Finance Centre in Central district are respectively 90 and 95 per cent let. The land premium for Phase 2, comprising an 88-storey office tower of 1.95 million square feet, a 500,000 square-foot shopping mall and 1.1 million square feet of hotels, has been agreed with the Government. Construction has begun, and will be completed in phases between 2002 and 2004. The entire International Finance Centre development is strategically located on the waterfront in the Central commercial core, and is fully integrated with Hong Kong Station on the Airport Express Line. When it is completed, the project will be a magnificent symbol of Hong Kong in the new millennium. The Group has a 47.5 per cent interest in the development.

The Group is committed to the redevelopment of Kwun Tong as a hub of modern business in Kowloon East. Millennium City Phase 1 is now fully let, and leasing of the 267,000 square-foot Phase 2 at 378 Kwun Tong Road has been encouraging, with over 90 per cent occupancy. Given the good response to Phases 1 and 2, leasing of Phase 3 at 370 Kwun Tong Road, with a gross floor area of 155,000 square feet, will begin in the second half of this year. Phase 4 of the commercial development at 418 Kwun Tong Road will have a gross floor area of 1.2 million square feet, including over 500,000 square feet of retail area. It will be connected to the MTR and completion is expected in 2003.

With market conditions gradually improving and fresh contributions from new investment properties, the Group's rental income is expected to be steady in the current financial year.

The Group is committed to providing comprehensive service to its tenants. Apart from enhancing communications with customers, the Group will continue to upgrade and renovate its existing office buildings and shopping centres on a regular basis to improve the rental value of its investment portfolio. Promotions are organized in the Group's shopping malls to boost consumer spending and pedestrian flows. The Group has also made its office buildings broadband and IT enabled, and provides such value-added services as knowledge management solutions to tenants.

The Group will maintain an optimal investment portfolio. It will increase recurrent income by adding new quality investment properties, reviewing the existing portfolio regularly and considering the disposal of non-core rental properties.

Information Technology

The Group has always been an early mover in the Internet revolution, capitalizing on its existing advantages, strengths and captive client base. SUNeVision, the new flagship of the Group's Internet business, embraces Internet infrastructure and e-commerce investments in Asia.

Because of the different business strategies in the property and technology fields, the Group believes that spinning off SUNeVision will further enhance shareholders' value. SUNeVision will be financially independent for business expansion and will be able to attract top professionals and technology experts.

SUNeVision's businesses cover the full spectrum of the Internet value chain. iAdvantage is an Internet service centre, providing full facility management, server co-location and a complete range of advanced backup, security and connectivity services. SuperStreets specializes in vertical portals offering one-stop services such as property, insurance and banking. SuperHome.net combines the real world with the virtual world via the Internet to form the foundation for e-communities in the 21st century. SuperOffice.net offers a series of hosted software applications, including Digital Dashboard, e-mail, office automation and other related services. Red-dots is one of Hong Kong's most popular on-line auction sites, facilitating Business to Consumer and Consumer to Consumer e-commerce transactions. SUNeVision's Sun Technology is highly experienced in providing cabling for fibre-optic and broadband connections. SUNeVision also participates selectively in venture capital investments with good potential.

SUNeVision received an overwhelming response to its international placing and public offer, being 55 and 217 times oversubscribed respectively. Over 420,000 applications were received in the public offer, a return ratio of approximately 35 per cent, and a total of HK\$70 billion was locked up in applications. The figures for return rate and capital locked up were the highest of any recent technology IPO. SUNeVision will be listed on the Growth Enterprise Market of the Hong Kong Stock Exchange on 17th March 2000. Shareholders of Sun Hung Kai Properties will be allotted one reserved share in SUNeVision for each 140 shares they hold in the Group.

If the over-allotment option is fully exercised, the company will issue a total of 345 million new shares at HK\$10.38 each, and the Group will hold an approximately 83 per cent interest in SUNeVision after listing. The net proceeds of the listing, amounting to HK\$3,382 million, will be used mainly for the expansion of existing technology, Internet and e-commerce businesses in Hong Kong and mainland China. SUNeVision will continue to explore strategic investment opportunities in Asia, including Business to Business e-commerce and vertical portals in China, to facilitate its long-term growth.

SUNeVision has a committed, innovative and experienced management team, a broad customer base, extensive business connections, the ability for rapid execution and total commitment. The Group is confident of SUNeVision's growth prospects in the knowledge-based economy.

Infrastructure and Transportation

SmarTone's 1999/2000 interim results mainly reflected the continuing keen competition in the mobile phone industry and the write-off of handset subsidies. In November last year, SmarTone became a constituent stock of the Hang Seng Index, reflecting SmarTone's leading position in the communications sector. SmarTone won three licenses in early 2000; a Local Wireless FTNS license, an External Satellite-based License and a license to install a satellite dish at Chung Hom Kok's teleport. These new licenses and services will offer SmarTone new business opportunities to serve residential and commercial customers. All this will help to transform the company into a full service broadband multimedia communications provider. SmarTone is also committed to expanding its presence in Greater China and other Asian markets. The Group is confident in SmarTone's long term prospects, and it will continue to hold its stake in the company as a long-term strategic investment.

The Kowloon Motor Bus Holdings Limited (KMB) recorded satisfactory results during the first half of 1999. The company was granted the right to operate six new routes in Tin Shui Wai. KMB will continue to provide efficient, reliable and high-quality service to its customers and make steady recurrent contributions to the Group.

There has been steady growth in traffic on the Route 3 (Country Park Section), and the entire River Trade Terminal in Tuen Mun was completed by the end of 1999 and is operating smoothly.

The Asia Container Terminals Limited consortium, in which the Group has a 28.5 per cent interest, successfully signed a HK\$3,400 million project financing agreement in January 2000, for the development of two berths in Container Terminal 9. Construction on the terminal is expected to begin in May this year.

All of the Group's infrastructure projects are in Hong Kong. These projects are low risk in nature and should provide steadily growing recurrent income to the Group over the long run. The Group will continue to explore new infrastructure investment opportunities.

Hotel Business

There was a clear increase in tourist arrivals in the past year, and overall occupancy improved in the hotel industry. As a result of the Government's efforts to develop Hong Kong as a tourist hub in the region and the development of a Disney theme park, the Group is optimistic about the long-term prospects for Hong Kong tourism.

Because of the improved tourist industry, occupancy rates in the Group's three hotels remained high, at about 85 per cent. However, profit margins were under pressure as a result of increased competition. In order to enhance its quality and earning potential, the Royal Garden Hotel is now being renovated.

Mainland China Business

The Group will maintain its policy of prudently pursuing investments in mainland China, concentrating on property, technology and related projects in Beijing, Shanghai, Guangzhou and Shenzhen.

Leasing of the Group's investment property in mainland China was satisfactory. The office space in Sun Dong An Plaza in Beijing is now 90 per cent let, and Central Plaza in Shanghai is now more than 90 per cent leased. The response to sales of Glorious City Garden Phase 2 in Guangzhou was encouraging, with over 80 per cent of the units being sold.

Corporate Finance

The Group will adhere to its conservative financial policy of maintaining low gearing and high liquidity, and it has substantial undrawn facilities on committed basis standing by for future business expansion. All its bank facilities are unsecured, and virtually all borrowings are denominated in Hong Kong dollars, so the Group's foreign exchange risk is negligible.

The Group will continue to diversify its sources of funding and lengthen its debt maturity profile. With the prevailing favourable credit conditions, the Group successfully arranged a five-year HK\$7,000 million syndicated loan facility. The response was overwhelming, with participation by more than 30 banks. The Group also issued a floating rate note worth US\$30 million and a fixed rate note worth HK\$100 million under its Euro Medium Term Note programme. These two issues have a tenor of ten years. The new facilities will serve as a standby fund to meet future financing requirements and to refinance short-term debt.

As a result of the various land acquisitions of the last few months to meet future development needs, capital expenditure on land and premium payments for the current financial year is expected to be higher than the previous year.

Customer Service

As a premium developer, the Group is committed to meeting customers' constantly-changing requirements, and it aims to provide high-quality service and total solutions in its residents' daily lives.

Hong Yip and Kai Shing, the Group's property management subsidiaries, continue to provide residents with premium management and customer service. The Group was the first developer in Hong Kong to adopt web-based property management with the intellineT System, enhancing the efficiency and quality of property and facility management.

The Group places high emphasis on environmental protection, and dedicates great effort to a broad range of measures from the planning and construction stages of its developments to ensure that its properties follow the latest 'green' practices. Hong Yip and Kai Shing also promote and practice conservation and environmental protection.

The SHKP Club now has over 100,000 members. In an effort to enhance two-way communication with customers and offer better service to its members, the Club has digitalized communications through its Internet web site and e-mail.

PROSPECTS

Economic growth in China will remain steady this year, and with its anticipated entry to the WTO, China is expected to open up its markets further and quicken economic reform. This should offer additional momentum to economic development. With the strong support of China and the successful implementation of the One Country-Two Systems policy, Hong Kong will be able to maintain its stability and prosperity, and being a gateway to mainland China, Hong Kong will continue to benefit from high sustainable growth on the mainland.

The Group supports the Chief Executive's long-term vision of positioning Hong Kong as a world-class city in Asia and a major city in China. Hong Kong is steadily becoming an information technology and knowledge based economy, bringing more new business opportunities to different segments of industry. Those who are able to maximize such opportunities will reach new horizons.

Entering the new information era, the Group will focus on Hong Kong property development and investment, and will expand its land bank to accomplish the aim of increasing the volume of residential completions in coming years. It will also make full use of the latest technology to add value to its products and increase internal productivity and operational efficiency. These factors will ensure that the Group retains its position as Hong Kong's premium-quality developer, while it also explores selective investments in property development, technology, telecommunications and infrastructure on the mainland.

To capitalize on new opportunities, the Group will leverage its comparative advantages, expertise, strategic alliances and more than ten years of China experience through SUNeVision to expand in the technology field. SUNeVision will grow rapidly, establishing a high-quality technology brand name for itself in Hong Kong, China and Asia. SUNeVision will maximize shareholders' value for the Group, and the invaluable knowledge and experience acquired through this technology arm will also be most beneficial to the Group's operations.

Despite modest anticipated interest rate rises in the short term, liquidity in Hong Kong remains high. China's entry to the WTO, rising exports, stronger consumer spending and a rapidly-expanding IT sector should offer more job opportunities and brighter economic prospects for Hong Kong. In the long term, given the favourable factors such as fast population growth, strong demand from up-graders and positive Government policies, the Group is confident that the residential property market will expand steadily.

Residential projects scheduled for pre-sale in the coming months include Villa Esplanada Phase 3 in Tsing Yi, Oscar by the Sea Phase 1 in Tseung Kwan O, The Leighton Hill in Happy Valley and Prima Villa in Shatin. The sale of these properties will bring significant cash flow and profitability to the Group. Over 90 per cent of the residential units to be completed in the current financial year have been sold, and barring unforeseen circumstances, the Group's results for this year should show satisfactory performance.

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

Kwok Ping-sheung, Walter
Chairman & Chief Executive

Hong Kong, 16th March 2000

1999-2000 Interim Report

The unaudited results of the Group for the half year ended 31st December, 1999 were as follows:

	Notes	Unaudited Six Months to	
		31.12.1999 HK\$ Million	31.12.1998 HK\$ Million
Turnover		<u>17,371</u>	<u>17,485</u>
Operating profit		5,628	4,967
Share of profits less losses of associated companies		24	295
Share of profits less losses of jointly controlled entities		<u>87</u>	<u>85</u>
Profit before taxation		5,739	5,347
Taxation – Group		(425)	(552)
– Associated companies		(22)	(32)
– Jointly controlled entities		(35)	(40)
	1	<u>(482)</u>	<u>(624)</u>
Profit after taxation		5,257	4,723
Minority interests		<u>(4)</u>	<u>–</u>
Profit attributable to shareholders		5,253	4,723
Interim dividend		<u>(1,321)</u>	<u>(1,200)</u>
Profit retained		<u>3,932</u>	<u>3,523</u>
		HK\$	HK\$
Earnings per share	2	<u>2.19</u>	<u>1.97</u>
Dividend per share		<u>0.55</u>	<u>0.50</u>

Notes:

1. Hong Kong profits tax is provided for at the rate of 16% (1998: 16%) based on the estimated assessable profits for the period.
2. The calculation of earnings per share is based on the Group's profit after taxation and minority interests for the six-month period ended 31st December, 1999 of HK\$5,253 million (1998: HK\$4,723 million) and 2,401 million shares (1998: weighted average of 2,392 million shares) in issue during the period.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its ordinary shares during the half year ended 31st December, 1999. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's ordinary shares during this period.

INTERIM DIVIDEND

The Directors of the Company announced an interim dividend of HK\$0.55 per HK\$0.50 ordinary share payable in cash on 20th April, 2000 to shareholders on the Register of Members as at 20th April, 2000.

The Register of Members will be closed from 13th April, 2000 to 20th April, 2000, both days inclusive. In order to qualify for the above dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Registrars, Central Registration Hong Kong Limited, Hopewell Centre, 17th Floor, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on 12th April, 2000.

YEAR 2000 COMPLIANCE

The Group's transition into 2000 was a smooth one. This was the result of the hard work and concerted effort put in by all departments over the past several years. No disruption of regular business operation has been reported. However we will continue to stay vigilant, alert and prepared for the other upcoming "high risk" days generally identified with the Y2K issue.

Our total cost incurred for the programme was within the budget of HK\$10 million.

EXTRAORDINARY GENERAL MEETING TO APPROVE THE SHARE OPTION SCHEMES FOR THE EMPLOYEES OF SUNEVISION HOLDINGS LIMITED AND ITS SUBSIDIARIES

To enable its employees to grow with the SUNeVision Group and participate in its success, SUNeVision Holdings Limited and its subsidiaries, iAdvantage Limited and Red-Dots Limited shall respectively adopt share option schemes. In accordance with the listing rules, the proposed schemes have to be approved by the shareholders of Sun Hung Kai Properties Limited at an Extraordinary General Meeting to be held on 4th May, 2000 at 53rd Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong at 12:30 p.m..

By order of the Board
Lai Ho-kai, Ernest
Secretary

Hong Kong, 16th March, 2000

Disclosure of Interests

1. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE COMPANY'S SHARES

As at 31st December, 1999, the interests of the Directors and the Chief Executive of the Company in the equity securities of the Company as recorded in the register required to be kept under Section 29 of the Securities (Disclosure of Interests) Ordinance (the "Ordinance") were as follows:

SUN HUNG KAI PROPERTIES LIMITED

No. of Shares of HK\$0.50 each of the Company in which the Directors were interested

Name of Director	Categories of Interest				Total
	Personal Interests	Family Interests	Corporate Interests	Other Interests	
Kwok Ping-sheung, Walter	–	3,000	–	1,070,749,522 <i>(Note 1)</i>	1,070,752,522
Lee Shau-kee	486,340	–	–	343,000	829,340
Kwok Ping-kwong, Thomas	2,066,281	304,065	–	1,068,799,214 <i>(Note 1)</i>	1,071,169,560
Kwok Ping-luen, Raymond	–	1,000	–	1,071,942,895 <i>(Note 1)</i>	1,071,943,895
Ho Tim	423,941	–	–	–	423,941
Woo Po-shing	–	–	–	–	–
Lo Chiu-chun, Clement	137,273	62,117	–	–	199,390
Fung Kwok-king, Victor	–	–	–	–	–
Kwan Cheuk-yin, William	123,780	–	–	–	123,780
Law King-wan	20,000	80,267	–	–	100,267
Chan Kai-ming	33,000	–	–	–	33,000
Chan Kui-yuen, Thomas	126,500	66,000	–	–	192,500
Kwong Chun	732,722	339,358	–	–	1,072,080
Wong Yick-kam, Michael	50,904	–	–	–	50,904
Wong Chik-wing, Mike	120,999	–	–	–	120,999

Note 1: Messrs. Walter Kwok Ping-sheung, Thomas Kwok Ping-kwong and Raymond Kwok Ping-luen were deemed (by virtue of the Ordinance) to be interested in the number of shares in the Company shown opposite their names respectively. Of those numbers of shares, 1,048,765,347 shares represented the same interests and were therefore duplicated amongst those three directors.

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES OF OTHER ASSOCIATED CORPORATIONS

As at 31st December, 1999, the interests of the Directors and the Chief Executive of the Company in the equity securities of any associated corporation (within the meaning of the Ordinance) as recorded in the register required to be kept under Section 29 of the Ordinance were as follows:

- (I) Each of Messrs. Walter Kwok Ping-sheung, Thomas Kwok Ping-kwong and Raymond Kwok Ping-luen had the following interests in the equity securities of the following associated corporations:

Associated Corporation	No. and Class of Securities	Categories of Interests
Superindo Company Limited	10 shares	Personal
Super Fly Company Limited	10 shares	Personal
Splendid Kai Limited	2,500 shares	Corporate
Hung Carom Company Limited	25 shares	Corporate
Tinyau Company Limited	1 share	Corporate
Open Step Limited	8 shares	Corporate

- (II) Messrs. Walter Kwok Ping-sheung and Raymond Kwok Ping-luen had personal interests of 61,522 shares and 393,350 shares respectively in the equity securities of The Kowloon Motor Bus Holdings Limited.

- (III) Mr. Raymond Kwok Ping-luen had personal interests of 690,000 shares in the equity securities of SmarTone Telecommunications Holdings Limited.

- (IV) Mr. Lee Shau-kee had other interests in the equity securities of the following associated corporations:

Associated Corporation	No. and Class of Securities
Mightypattern Limited (Note 2)	200 shares
Star Play Development Limited (Note 2)	1 share
Central Waterfront Property Holdings Limited (Note 2)	47.5% of issued share capital
Newfoundworld Holdings Limited (Note 2)	40,000 shares
Topcycle Development Limited (Note 2)	1 share
Anbok Limited (Note 2)	2 shares
Teamfield Property Limited (Note 2)	4,918 shares

Note 2: Those shares in Mightypattern Limited and Star Play Development Limited were beneficially owned by Henderson Investment Limited ("HI").

Disclosure of Interests (Cont'd)

The respective interests of Henderson Land Development Company Limited ("HL") and The Hong Kong and China Gas Company Limited (a company in which the subsidiaries of HL owned more than one-third of its issued shares) in Central Waterfront Property Holdings Limited were 32.5 per cent and 15 per cent respectively.

Those shares in Newfoundworld Holdings Limited and Topcycle Development Limited were beneficially owned by HL.

Those shares in Anbok Limited and Teamfield Property Limited were held by a company in which HL had a 50 per cent interest.

Mr. Lee Shau-kee beneficially owned all the issued capital of Hopkins (Cayman) Limited. Hopkins (Cayman) Limited as the trustee of a unit trust owned all the issued ordinary shares which carried voting rights in the capital of Henderson Development Limited ("HD"). HD was the holding company of HL, which was the holding company of HL.

By virtue of the provisions of the Ordinance and the matters aforesaid, Mr. Lee Shau-kee was taken to be interested in the shares and interests as mentioned hereinabove.

- (V) Mr. Victor Fung Kwok-king had corporate interests of 70 shares in the equity security of Fun Fun World Investment Limited.
- (VI) None of the Directors had any interests in any debt securities issued by the Company or any associated corporation.
- (VII) As at 31st December, 1999, no rights to subscribe for equity or debt securities of the Company had been granted to any Director of the Chief Executive of the Company or to the spouse or children under 18 years of age of any such Director or the Chief Executive.

3. SUBSTANTIAL SHAREHOLDERS

As at 31st December, 1999, the interests of every person, other than the Directors and the Chief Executive of the Company, in the equity securities of the Company as recorded in the register required to be kept under Section 16(1) of the Ordinance were as follows:

Name of Shareholder	No. of Shares of HK\$0.50 each of the Company in which the Shareholder was interested
HSBC Holdings plc	1,115,632,780
HSBC Finance (Netherlands)	1,114,414,980
HSBC Holdings B.V.	1,114,414,980
HSBC Investment Bank Holdings B.V.	1,091,642,257
HSBC International Trustee Limited (Note 3)	1,065,463,639

Disclosure of Interests (Cont'd)

Note 3: The shares in which HSBC International Trustee Limited was interested formed part of the shares in which HSBC Investment Bank Holdings B.V. was interested; the shares in which HSBC Investment Bank Holdings B.V. was interested formed part of the shares in which HSBC Holdings B.V. was interested; the shares in which HSBC Holdings B.V. was interested were the shares in which HSBC Finance (Netherlands) was interested and shares in which HSBC Finance (Netherlands) was interested formed part of the shares in which HSBC Holdings plc was interested.

Of the above shares in the Company in which HSBC International Trustee Limited was interested, 1,048,765,347 shares were part of the shares referred to in Note 1 above.

Audit Committee

The Audit Committee, which was established in pursuance of the requirements of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited, comprises Mr. William Kwan Cheuk-yin (Chairman), Mr. Ho Tim and Mr. Clement Lo Chiu-chun, met in September 1999 and March 2000.

During the meetings, the Committee reviewed and made recommendations to the improvement of the Company's financial reporting process, internal controls and the Y2K compliance program.

Code of Best Practice

No Director is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the accounting period covered by the interim report, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited.



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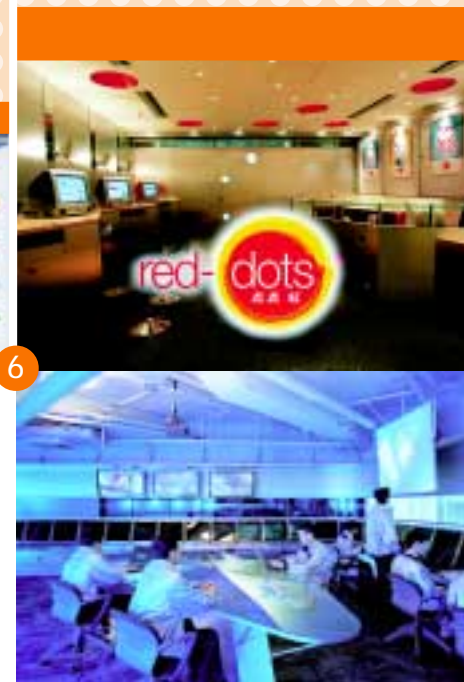
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1. 青衣灝景灣第三期將於短期內發售。
2. 將軍澳維景灣畔於本年三月發售時獲市場熱烈反應。
3. 沙田帝堡城於九九年十二月落成。
4. 新近落成位於觀塘的創紀之城第二期出租率超逾九成。
5. 北京新東安市場遊人如鯽。
6. 新意網的業務全面涵蓋互聯網業各項重要環節。

踏入新紀元，本集團將致力集中在本港發展地產業務，並引進最新科技以提高樓宇價值和加強公司內部生產力及營運效率，以保持優質發展商之地位。

本集團將在國內尋求參與投資地產、科技、電訊及基建的機會，並利用本身的競爭優勢、專才、策略性聯盟，以及逾十年開拓中國市場之經驗，透過新上市的科技陣營新意網集團全力拓展科技業務，迅速在香港、國內及亞洲建立一個高質的科技品牌。

Entering the new era, the Group will focus on Hong Kong property development and investment. The Group will also make full use of the latest technology to add value to its products and increase internal productivity and operational efficiency. These factors will ensure that the Group retains its position as Hong Kong's premium-quality developer.

The Group also explores selective investments in property development, technology, telecommunications and infrastructure on the mainland. The Group will leverage its comparative advantages, expertise, strategic alliances and more than ten years of China experience through its newly listed technology arm, SUNeVision Holdings Limited, to expand in the technology field. SUNeVision will grow rapidly, establishing a high-quality technology brand name for itself in Hong Kong, China and Asia.

1. Villa Esplanada Phase 3 in Tsing Yi will be launched for sale soon.
2. The sale of Ocean Shores in Tseung Kwan O in March this year received overwhelming response.
3. The Castello in Shatin was completed in December 1999.
4. Over 90 per cent of the newly completed Millennium City Phase 2 in Kwun Tong is leased.
5. Sun Dong An Plaza in Beijing attracts a large number of visitors.
6. SUNeVision's businesses cover the full spectrum of the Internet value chain.

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