

## ANNOUNCEMENT

The Board of Directors of Sun Hung Kai Properties Limited announces the following unaudited consolidated figures of the Group for the six months ended 31 December 2014 with comparative figures for 2013:-

### Consolidated Income Statement

**For the six months ended 31 December 2014**

*(Expressed in millions of Hong Kong dollars)*

	Notes	(Unaudited) Six months ended 31 December	
		2014	2013
<b>Revenue</b>	2	32,093	32,506
Cost of sales		<u>(19,007)</u>	<u>(17,755)</u>
Gross profit		13,086	14,751
Other net income		236	445
Selling and marketing expenses		<u>(1,736)</u>	<u>(1,615)</u>
Administrative expenses		<u>(1,140)</u>	<u>(1,079)</u>
<b>Operating profit before change in fair value of investment properties</b>	2	10,446	12,502
Increase in fair value of investment properties		<u>6,934</u>	<u>8,689</u>
<b>Operating profit after change in fair value of investment properties</b>		17,380	21,191
Finance costs		<u>(1,252)</u>	<u>(1,101)</u>
Finance income		130	141
Net finance costs	3	<u>(1,122)</u>	<u>(960)</u>
Share of results (including increase in fair value of investment properties net of deferred tax of HK\$1,243million (2013 : HK\$1,569 million)) of:			
Associates		<u>300</u>	<u>163</u>
Joint ventures		<u>2,229</u>	<u>2,908</u>
	2	<u>2,529</u>	<u>3,071</u>
<b>Profit before taxation</b>	4	18,787	23,302
Taxation	5	<u>(2,279)</u>	<u>(3,829)</u>
<b>Profit for the period</b>		<u>16,508</u>	<u>19,473</u>
<b>Attributable to :</b>			
Company's shareholders		15,696	19,027
Non-controlling interests		<u>812</u>	<u>446</u>
		<u>16,508</u>	<u>19,473</u>
<i>(Expressed in Hong Kong dollars)</i>			
<b>Interim dividend per share proposed</b>		<u>\$0.95</u>	<u>\$0.95</u>
<b>Earnings per share based on profit attributable to the Company's shareholders (reported earnings per share)</b>	6(a)		
Basic		\$5.71	\$7.12
Diluted		<u>\$5.65</u>	<u>N/A</u>
<b>Earnings per share excluding the effects of changes in fair value of investment properties net of deferred tax (underlying earnings per share)</b>	6(b)		
Basic		\$3.08	\$3.98
Diluted		<u>\$3.05</u>	<u>N/A</u>

**Consolidated Statement of Comprehensive Income  
For the six months ended 31 December 2014**

*(Expressed in millions of Hong Kong dollars)*

	<b>(Unaudited) Six months ended 31 December</b>	
	<b>2014</b>	2013
<b>Profit for the period</b>	<b>16,508</b>	19,473
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange difference on translating financial statements of foreign operations	(1)	735
Fair value gains on cash flow hedge	-	178
Available-for-sale investments		
- fair value gains/(losses)	25	(95)
- fair value gains transferred to consolidated income statement on disposal	-	(222)
	25	(317)
Share of other comprehensive (expense)/income of associates and joint ventures	(269)	152
<b>Other comprehensive (expense)/income for the period</b>	<b>(245)</b>	748
<b>Total comprehensive income for the period</b>	<b>16,263</b>	20,221
<b>Total comprehensive income for the period attributable to :</b>		
Company's shareholders	15,453	19,725
Non-controlling interests	810	496
	<b>16,263</b>	20,221

**Consolidated Statement of Financial Position**  
**As at 31 December 2014**

(Expressed in millions of Hong Kong dollars)

	Notes	(Unaudited) 31 December 2014	(Audited) 30 June 2014
<b>Non-current assets</b>			
Investment properties		295,265	277,640
Fixed assets		25,421	25,376
Associates		3,923	4,044
Joint ventures		50,880	49,545
Loan receivables		710	628
Other financial assets		2,912	2,899
Intangible assets		4,315	4,539
		<u>383,426</u>	<u>364,671</u>
<b>Current assets</b>			
Properties for sale		149,490	149,409
Inventories		485	299
Debtors, prepayments and others	7	19,478	23,394
Other financial assets		780	747
Bank deposits and cash		23,119	18,528
		<u>193,352</u>	<u>192,377</u>
<b>Current liabilities</b>			
Bank and other borrowings		(10,971)	(9,241)
Trade and other payables	8	(26,303)	(25,283)
Deposits received on sales of properties		(6,295)	(5,538)
Taxation		(5,851)	(6,493)
		<u>(49,420)</u>	<u>(46,555)</u>
<b>Net current assets</b>		<u>143,932</u>	<u>145,822</u>
<b>Total assets less current liabilities</b>		<u>527,358</u>	<u>510,493</u>
<b>Non-current liabilities</b>			
Bank and other borrowings		(71,806)	(74,490)
Deferred taxation		(16,469)	(15,753)
Other long-term liabilities		(426)	(561)
		<u>(88,701)</u>	<u>(90,804)</u>
<b>NET ASSETS</b>		<u>438,657</u>	<u>419,689</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		63,136	53,464
Reserves		370,005	361,319
<b>Shareholders' funds</b>		<u>433,141</u>	<u>414,783</u>
<b>Non-controlling interests</b>		<u>5,516</u>	<u>4,906</u>
<b>TOTAL EQUITY</b>		<u>438,657</u>	<u>419,689</u>

# Notes to Consolidated 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 “Listing Rules”). The accounting policies adopted in the condensed interim financial statements are consistent with those set out in the annual financial statements for the year ended 30 June 2014, except for the changes set out below.

### (b) Changes in accounting policies

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (collectively, “new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning 1 July 2014.

Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 Cycle
Amendments to HKAS 19	Defined benefit plans : employee contributions
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
HK(IFRIC)-Int 21	Levies

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

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

Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 Cycle <sup>1</sup>
Amendments to HKAS 1	Disclosure initiative <sup>1</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortization <sup>1</sup>
Amendments to HKAS 27	Equity method in separate financial statements <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture <sup>1</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: applying the consolidation exception <sup>1</sup>
Amendments to HKFRS 11	Accounting for acquisition of interests in joint operations <sup>1</sup>
HKFRS 9	Financial instruments <sup>3</sup>
HKFRS 15	Revenue from contracts with customers <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2018

The Group has already commenced an assessment of the impact of these new and revised standards and amendments to the Group and is not yet in a position to state whether these would have a significant impact on the Group’s results and financial position.

## 2. Segment Information

Segment revenue and results are measured without allocation of central administration costs, other net income, net finance costs and change in fair value of investment properties, which are reported to the Group's management for the purposes 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 revenue and results of associates and joint ventures by reportable and operating segments is as follows:

### For the six months ended 31 December 2014

	The Company and its subsidiaries		Associates and joint ventures		Combined revenue	Consolidated results
	Revenue	Results	Share of revenue	Share of results		
Property sales						
Hong Kong	5,292	1,673	67	21	5,359	1,694
Mainland China	3,028	615	1,199	(21)	4,227	594
Singapore	-	-	-	(3)	-	(3)
	8,320	2,288	1,266	(3)	9,586	2,285
Property rental						
Hong Kong	6,273	4,796	1,382	1,159	7,655	5,955
Mainland China	1,549	1,170	82	48	1,631	1,218
Singapore	-	-	349	265	349	265
	7,822	5,966	1,813	1,472	9,635	7,438
Hotel operation	2,186	601	361	119	2,547	720
Telecommunications	8,673	628	-	-	8,673	628
Transportation, infrastructure and logistics	1,775	568	1,429	133	3,204	701
Other businesses	3,317	767	248	41	3,565	808
	<u>32,093</u>	<u>10,818</u>	<u>5,117</u>	<u>1,762</u>	<u>37,210</u>	<u>12,580</u>
Other net income		236		-		236
Unallocated administrative expenses		(608)		-		(608)
Operating profit before change in fair value of investment properties		10,446		1,762		12,208
Increase in fair value of investment properties		6,934		1,422		8,356
Operating profit after change in fair value of investment properties		17,380		3,184		20,564
Net finance costs		(1,122)		(173)		(1,295)
Profit before taxation		16,258		3,011		19,269
Taxation						
- Group		(2,279)		-		(2,279)
- Associates		-		(18)		(18)
- Joint ventures		-		(464)		(464)
Profit for the period		<u>13,979</u>		<u>2,529</u>		<u>16,508</u>

For the six months ended 31 December 2013

	The Company and its subsidiaries		Associates and joint ventures		Combined revenue	Consolidated results
	Revenue	Results	Share of revenue	Share of results		
Property sales						
Hong Kong	6,474	3,059	17	12	6,491	3,071
Mainland China	5,463	1,934	1,726	625	7,189	2,559
Singapore	-	-	-	(4)	-	(4)
	11,937	4,993	1,743	633	13,680	5,626
Property rental						
Hong Kong	5,882	4,451	1,316	1,090	7,198	5,541
Mainland China	1,460	1,021	77	52	1,537	1,073
Singapore	-	-	343	265	343	265
	7,342	5,472	1,736	1,407	9,078	6,879
Hotel operation	1,998	538	341	104	2,339	642
Telecommunications	6,531	431	-	-	6,531	431
Transportation, infrastructure and logistics	1,796	557	1,409	98	3,205	655
Other businesses	2,902	674	183	46	3,085	720
	<u>32,506</u>	<u>12,665</u>	<u>5,412</u>	<u>2,288</u>	<u>37,918</u>	<u>14,953</u>
Other net income		445		-		445
Unallocated administrative expenses		<u>(608)</u>		-		<u>(608)</u>
Operating profit before change in fair value of investment properties		12,502		2,288		14,790
Increase in fair value of investment properties		<u>8,689</u>		<u>1,355</u>		<u>10,044</u>
Operating profit after change in fair value of investment properties		21,191		3,643		24,834
Net finance costs		<u>(960)</u>		<u>(142)</u>		<u>(1,102)</u>
Profit before taxation		20,231		3,501		23,732
Taxation						
- Group		(3,829)		-		(3,829)
- Associates		-		(10)		(10)
- Joint ventures		-		<u>(420)</u>		<u>(420)</u>
Profit for the period		<u>16,402</u>		<u>3,071</u>		<u>19,473</u>

Results from property sales include selling and marketing expenses of HK\$354 million (2013: HK\$149 million) and HK\$63 million (2013: HK\$86 million) that relate to pre-sale of property projects in Hong Kong and Mainland China, respectively. The corresponding property sales revenue is recognized in subsequent financial years upon completion.

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

Other net income includes mainly net gain on disposal of investment properties, net investment income from equity and bonds investments.

### 3. Net Finance Costs

	Six months ended 31 December	
	2014	2013
Interest expenses on		
Bank loans and overdrafts	713	622
Other loans wholly repayable within five years	206	178
Other loans not wholly repayable within five years	457	421
	<u>1,376</u>	<u>1,221</u>
Notional non-cash interest accretion	36	43
Less : Amount capitalized	<u>(160)</u>	<u>(163)</u>
	1,252	1,101
Interest income on bank deposits	<u>(130)</u>	<u>(141)</u>
	<u><u>1,122</u></u>	<u><u>960</u></u>

### 4. Profit before Taxation

	Six months ended 31 December	
	2014	2013
Profit before taxation is arrived at		
after charging:		
Cost of properties sold	5,099	6,153
Cost of inventories sold	6,178	3,701
Depreciation and amortization	765	730
Amortization of intangible assets (included in cost of sales)	224	201
Operating lease rentals for land and buildings, assets, transmission sites and leased lines	810	697
Staff costs (including directors' emoluments and retirement schemes contributions)	3,243	3,028
Share-based payments	7	16
and crediting:		
Profit on disposal of available-for-sale investments	7	198
Dividend income from listed and unlisted investments	72	60
Interest income from listed and unlisted debt securities	30	35
Fair value gains on financial assets at fair value through profit or loss	12	58

### 5. Taxation

	Six months ended 31 December	
	2014	2013
Current taxation		
Hong Kong profits tax	1,157	1,304
Over provision in prior years	(5)	-
	<u>1,152</u>	<u>1,304</u>
Tax outside Hong Kong	414	1,094
Over provision in prior years	(1)	-
	<u>413</u>	<u>1,094</u>
	<u>1,565</u>	<u>2,398</u>
Deferred taxation charge		
Change in fair value of investment properties	485	1,221
Other origination and reversal of temporary differences	229	210
	<u>714</u>	<u>1,431</u>
	<u><u>2,279</u></u>	<u><u>3,829</u></u>

Hong Kong profits tax is provided at the rate of 16.5 per cent (2013: 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.

## 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\$15,696 million (2013: HK\$19,027 million).

The basic earnings per share is based on the weighted average number of shares in issue during the period of 2,750,648,477 (2013: 2,673,330,639). For the period ended 31 December 2014, the diluted earnings per share is based on 2,777,532,892 shares which is the weighted average number of shares in issue during the period plus the weighted average number of 26,884,415 shares deemed to be issued at no consideration if all outstanding options and warrants had been exercised. For the period ended 31 December 2013, the computation of diluted earnings per share did not assume the exercise of the Company's outstanding share options as the adjusted exercise prices of these options calculated in accordance with HKAS 33 "Earnings per share" were higher than the average market price of the shares for the relevant period.

### (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\$8,463 million (2013: HK\$10,644 million), excluding the net effect of changes in the valuation of investment properties. A reconciliation of profit is as follows:

	<b>Six months ended 31 December</b>	
	<b>2014</b>	2013
Profit attributable to the Company's shareholders as shown in the consolidated income statement	<b>15,696</b>	19,027
Increase in fair value of investment properties	<b>(6,934)</b>	(8,689)
Effect of corresponding deferred tax charges	<b>485</b>	1,221
Realized fair value gains of investment properties disposed	<b>248</b>	535
Realized fair value gains of investment properties held by an associate disposed	<b>173</b>	-
Share of results of associates and joint ventures		
- fair value gains of investment properties	<b>(1,422)</b>	(1,355)
- effect of corresponding deferred tax charges/(credits)	<b>179</b>	(214)
	<b>(7,271)</b>	(8,502)
Non-controlling interests	<b>38</b>	119
Net effect of changes in the valuation of investment properties	<b>(7,233)</b>	(8,383)
Underlying profit attributable to the Company's shareholders	<b>8,463</b>	10,644



## 7. Debtors, Prepayments and Others

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

Included in debtors, prepayments and others of the Group are trade debtors of HK\$7,115 million (30 June 2014: HK\$10,879 million), of which 88% aged less than 60 days, 2% between 61 to 90 days and 10% more than 90 days (30 June 2014: 92%, 1% and 7% respectively).

## 8. Trade and Other Payables

Included in trade and other payables of the Group are trade creditors of HK\$2,272 million (30 June 2014: HK\$2,289 million), of which 80% are aged less than 60 days, 3% between 61 to 90 days and 17% more than 90 days (30 June 2014: 78%, 2% and 20% respectively).

## FINANCIAL REVIEW

### Review of Results

Profit attributable to the Company's shareholders for the six months ended 31 December 2014 was HK\$15,696 million, a decrease of HK\$3,331 million or 17.5% compared to HK\$19,027 million for the same period last year. The decrease in reported profit was mainly due to lower investment property valuation surplus and profit from property sales. The increase in fair value of investment properties net of related deferred taxation and non-controlling interests for the period amounted to HK\$7,654 million (2013: HK\$8,918 million).

Underlying profit attributable to the Company's shareholders for the six months ended 31 December 2014, excluding the net effect of fair value changes in investment properties, was HK\$8,463 million, a decrease of HK\$2,181 million or 20.5% compared to HK\$10,644 million for the same period last year. The decrease was attributable to lower profit contributions from property sales both in Hong Kong and the Mainland.

Property sales reported an operating profit of HK\$2,285 million in the first half of the financial year, decreased by HK\$3,341 million compared to HK\$5,626 million for the same period last year. Profit from property sales in Hong Kong for the period decreased by HK\$1,377 million, from HK\$3,071 million to HK\$1,694 million, reflecting decrease in profit contributions from sales of residential units. The profit contributions in Hong Kong projects mainly derived from One Harbour Square, Deauville, Mount One and Twelve Peaks. Profit from property sales in the Mainland decreased by HK\$1,965 million, from HK\$2,559 million to HK\$594 million, primarily due to fewer units handover during the period as most of the units sold have been scheduled for handover in the second half of the financial year. The profit contributions from the Mainland during the period came mainly from Shanghai Arch Phase 1, Park Royale Phase 1B, Forest Hills Phase 1A, Foothill Residence and Sirius Phase 1.

The Group's net rental income grew 8.1% or HK\$559 million to HK\$7,438 million over the same period last year, mainly driven by positive rental reversions and higher rents for new leases. Net rental income from the Group's Hong Kong and Mainland rental portfolio amounted to HK\$5,955 million and HK\$1,218 million, which increased year-on-year by 7.5% and 13.5%, respectively.

Operating profit from the telecommunication segment increased by HK\$197 million or 45.7% to HK\$628 million, mainly benefited from higher profit contribution from handset sales business. The Group's hotel segment performed well. Operating profit increased by HK\$78 million or 12.1% to HK\$720 million, as sustained by improved room rates and higher occupancies. The Group's infrastructure, logistics and other businesses continued to improve, contributing a total of HK\$1,509 million in operating profit, an increase of HK\$134 million or 9.7% over the same period last year.

## Financial Resources and Liquidity

### (a) Net debt and gearing

As at 31 December 2014, the Company's shareholders' funds increased by HK\$18,358 million to HK\$433,141 million or \$153.4 per share from HK\$414,783 million or \$152.2 per share at the previous year end. The increase was driven by underlying results for the period, revaluation gains from investment properties as well as an increase in the Company's share capital in the amount of HK\$9,672 million associated mostly with shares issued on exercise of warrants.

The Group's financial position remains strong with a low debt leverage and strong interest cover. Gearing ratio as at 31 December 2014, calculated on the basis of net debt to Company's shareholders' funds, was 13.8% compared to 15.7% at 30 June 2014. Interest cover, measured by the ratio of operating profit to total net interest expenses including those capitalized, was 8.4 times compared to 11.6 times for the previous period.

As at 31 December 2014, the Group's gross borrowings totalled HK\$82,777 million. Net debt, after deducting bank deposits and cash of HK\$23,119 million, amounted to HK\$59,658 million, decreased by HK\$5,545 million since 30 June 2014. The maturity profile of the Group's gross borrowings is set out as follows:

	<b>31 December 2014</b>	30 June 2014
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Repayable:		
Within one year	<b>10,971</b>	9,241
After one year but within two years	<b>14,037</b>	10,086
After two years but within five years	<b>32,198</b>	30,794
After five years	<b>25,571</b>	33,610
Total bank and other borrowings	<b>82,777</b>	83,731
Bank deposits and cash	<b>23,119</b>	18,528
Net debt	<b>59,658</b>	65,203

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 2014, about 81% of the Group's bank and other borrowings were raised through its wholly-owned finance subsidiaries and the remaining 19% through operating subsidiaries.

The Group's foreign exchange exposure was small given its large asset base and operational cash flow primarily denominated in Hong Kong dollars. As at 31 December 2014, about 62% of the Group's total borrowings were denominated in Hong Kong dollars and 24% in US dollars, all of which were raised for financing the Group's business operations in Hong Kong and the remaining 14% in Renminbi for financing the construction cost of property projects on the Mainland. All land acquisition costs for the Mainland projects are financed by equity capital injection funded by the Group's internally generated funds.

As at 31 December 2014, about 60% of the Group's total borrowings were on floating rate basis including those borrowings that were converted from fixed rate basis to floating rate basis through interest rate swaps and 40% 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 2014, the Group had outstanding fair value hedges in respect of fixed-to-floating interest rate swaps in the aggregate notional principal amount of HK\$4,023 million, cash flow hedge in respect of a floating-to-fixed interest rate swap in notional principal amount of HK\$30 million and currency swaps (to hedge principal repayment of foreign currency borrowings) in the aggregate notional principal amount of HK\$9,451 million.

As at 31 December 2014, about 74% of the Group's bank deposits and cash were denominated in Hong Kong dollars, 24% in Renminbi and 2% in other currencies.

## **Charges of Assets**

As at 31 December 2014, certain bank deposits of the Group's subsidiaries in the aggregate amount of HK\$10 million, were pledged for securing guarantees issued by the banks. Additionally, certain assets of the Group's subsidiaries with an aggregate carrying value of HK\$3,889 million have been charged as security for bank borrowings. Except for the above charges, all the Group's assets are free from any encumbrances.

## **Contingent Liabilities**

As at 31 December 2014, the Group had contingent liabilities in respect of guarantees for bank borrowings of joint ventures and other guarantees in the aggregate amount of HK\$837 million (30 June 2014: HK\$939 million).

## **EMOLUMENT POLICY AND LONG-TERM INCENTIVE SCHEMES OF THE GROUP**

As at 31 December 2014, the Group employed more than 37,000 employees. The related employees' costs before reimbursements for the six months ended 31 December 2014 amounted to approximately HK\$4,622 million. Compensation for the Group is made with reference to the market as well as 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 to the key staff of the Group.

## **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 and 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, same as those offered to other employees of the Group.

## **INTERIM DIVIDEND**

The Board of Directors of the Company (the "Board") has declared an interim dividend of HK\$0.95 per share (2013: HK\$0.95 per share) for the six months ended 31 December 2014 to the shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company (the "Register of Members") on Monday, 16 March 2015. The interim dividend will be payable in cash on Tuesday, 24 March 2015.

## **CLOSURE OF REGISTERS OF MEMBERS AND WARRANTHOLDERS**

For the purpose of ascertaining Shareholders' entitlement to the interim dividend, the Register of Members and the register of warrant holders of the Company will be closed on Monday, 16 March 2015, during which no transfer of shares or warrants (including the allotment of shares upon exercise of the subscription rights thereof) will be registered. In order to establish entitlements to the interim dividend,

- (i) in the case of Shareholders, all transfer documents accompanied by the relevant share certificates (together the "Share Transfer Documents") must be lodged for registration with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited ("Computershare"), not later than 4:30 p.m. on Friday, 13 March 2015; and
- (ii) in the case of warrant holders of the Company (the "Warrant holders"), all subscription forms accompanied by the relevant warrant certificates and exercise moneys (together the "Warrant Exercise Documents") must be lodged for registration with Computershare, which also acts as the registrar maintaining the register of warrant holders of the Company, not later than 4:30 p.m. on Monday, 9 March 2015.

The address of Computershare for lodging the Share Transfer Documents and the Warrant Exercise Documents is Shop Nos. 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2014.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

During the six months ended 31 December 2014, the Company complied with the code provisions (the "Code Provisions") of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, except that there is no separation of the roles of chairman and chief executive as required under Code Provision A.2.1. However, the powers and authorities had not been concentrated as, during the period from 1 July 2014 to 18 December 2014, responsibilities were shared by two individuals, namely the then 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 Non-Executive Directors and seven Independent Non-Executive Directors on the Board offering their experience, expertise, independent advice and views from different perspectives. The Board is therefore of the view that there are adequate balance of power and safeguards in place.

## **REVIEW OF INTERIM FINANCIAL STATEMENTS**

The interim results for the six months ended 31 December 2014 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 Messrs. Deloitte Touche Tohmatsu, whose report on review of condensed consolidated financial statements is set out in the interim report. The interim results have also been reviewed by the Audit Committee of the Company.

## **INTERIM REPORT**

The 2014/15 interim report containing all the financial and other related information of the Company required by the Listing Rules will be published on the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.shkp.com](http://www.shkp.com), and printed copies will be sent to the Shareholders and Warrantholders before the end of March 2015.

By order of the Board  
**YUNG Sheung-tat, Sandy**  
Company Secretary

Hong Kong, 27 February 2015

*As at the date hereof, the Board of the Company comprises eight Executive Directors, being KWOK Ping-luen, Raymond (Chairman & Managing Director) (KWOK Ho-lai, Edward being his Alternate Director), WONG Chik-wing, Mike (Deputy Managing Director), LUI Ting, Victor (Deputy Managing Director), KWOK Kai-fai, Adam, KWONG Chun, CHAN Kwok-wai, Patrick (Chief Financial Officer), TUNG Chi-ho, Eric and FUNG Yuk-lun, Allen; four Non-Executive Directors, being LEE Chau-kee (Vice Chairman), WOO Po-shing (WOO Ka-biu, Jackson being his Alternate Director), KWAN Cheuk-yin, William and WONG Yick-kam, Michael; and seven Independent Non-Executive Directors, being YIP Dicky Peter, WONG Yue-chim, Richard, LI Ka-cheung, Eric, FUNG Kwok-lun, William, LEUNG Nai-pang, Norman, LEUNG Kui-king, Donald and LEUNG KO May-yee, Margaret.*