

ANNOUNCEMENT

The Board of Directors of Sun Hung Kai Properties Limited announces the following audited consolidated figures for the Group for the year ended 30 June 2011 with comparative figures for 2010:-

Consolidated Income Statement For the year ended 30 June 2011

(Expressed in millions of Hong Kong dollars)

	Notes	2011	(Restated) 2010
Revenue	2(a)	62,553	33,211
Cost of sales		<u>(37,259)</u>	<u>(17,142)</u>
Gross profit		25,294	16,069
Other income		574	663
Selling and marketing expenses		(2,498)	(1,408)
Administrative expenses		<u>(2,004)</u>	<u>(1,482)</u>
Operating profit before change in fair value of investment properties	2(a)	21,366	13,842
Increase in fair value of investment properties		<u>25,070</u>	<u>16,469</u>
Operating profit after change in fair value of investment properties		46,436	30,311
Finance costs		<u>(1,095)</u>	<u>(670)</u>
Finance income		62	31
Net finance costs	3	(1,033)	(639)
Share of results (including increase in fair value of investment properties net of deferred tax of HK\$4,696 million (2010 (restated): HK\$2,885 million)) of:			
Associates		<u>171</u>	<u>232</u>
Jointly controlled entities		<u>10,573</u>	<u>5,029</u>
	2(a) & 6(b)	<u>10,744</u>	<u>5,261</u>
Profit before taxation	4	56,147	34,933
Taxation	5	<u>(7,359)</u>	<u>(4,292)</u>
Profit for the year	2(a)	<u>48,788</u>	<u>30,641</u>
Attributable to :			
Company's shareholders		48,097	30,039
Non-controlling interests		<u>691</u>	<u>602</u>
		<u>48,788</u>	<u>30,641</u>
Dividends			
Interim dividend paid at HK\$0.95 (2010 : HK\$0.85) per share		2,442	2,180
Final dividend proposed at HK\$2.40 (2010 : HK\$1.85) per share		<u>6,168</u>	<u>4,755</u>
		<u>8,610</u>	<u>6,935</u>
<i>(Expressed in Hong Kong dollars)</i>			
Earnings per share based on profit attributable to the Company's shareholders (reported earnings per share)	6(a)		
Basic and diluted		<u>\$18.71</u>	<u>\$11.71</u>
Earnings per share excluding the effects of changes in fair value of investment properties net of deferred tax (underlying earnings per share)	6(b)		
Basic and diluted		<u>\$8.36</u>	<u>\$5.41</u>

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2011
(Expressed in millions of Hong Kong dollars)

	2011	(Restated) 2010
Profit for the year	48,788	30,641
Exchange difference on translating financial statements of foreign operations		
- exchange difference arising during the year	1,917	337
- exchange difference released on disposal of foreign operations	(47)	-
	1,870	337
Cash flow hedge:		
- fair value losses on effective hedging instruments	(1)	(3)
- fair value losses transferred to income statement	2	1
	1	(2)
Available-for-sale investments:		
- fair value gains	475	250
- fair value gains transferred to income statement on disposal	(26)	(30)
	449	220
Share of other comprehensive income of associates and jointly controlled entities		
- exchange difference on translating financial statements of foreign operations	645	118
- fair value gains on available-for-sale investments	3	-
	648	118
Other comprehensive income for the year	2,968	673
Total comprehensive income for the year	51,756	31,314
Total comprehensive income attributable to :		
Company's shareholders	50,916	30,710
Non-controlling interests	840	604
	51,756	31,314

Consolidated Statement of Financial Position
As at 30 June 2011

(Expressed in millions of Hong Kong dollars)

	Notes	30 June 2011	(Restated) 30 June 2010	(Restated) 1 July 2009
Non-current assets				
Investment properties		212,863	184,001	158,593
Fixed assets		17,896	16,825	21,612
Associates		3,249	3,111	3,057
Jointly controlled entities		38,686	32,715	28,718
Loan receivables		275	346	465
Other financial assets		3,362	3,554	2,953
Intangible assets		5,049	4,357	4,647
		<u>281,380</u>	<u>244,909</u>	<u>220,045</u>
Current assets				
Properties for sale		98,861	84,923	68,347
Debtors, prepayments and others	7	23,932	16,060	15,611
Other financial assets		1,126	850	602
Bank balances and deposits		7,898	8,204	8,143
		<u>131,817</u>	<u>110,037</u>	<u>92,703</u>
Current liabilities				
Bank and other borrowings		(9,682)	(11,262)	(2,644)
Trade and other payables	8	(20,452)	(17,667)	(14,600)
Deposits received on sales of properties		(3,525)	(10,672)	(2,854)
Taxation		(5,141)	(5,266)	(3,990)
		<u>(38,800)</u>	<u>(44,867)</u>	<u>(24,088)</u>
Net current assets		<u>93,017</u>	<u>65,170</u>	<u>68,615</u>
Total assets less current liabilities		<u>374,397</u>	<u>310,079</u>	<u>288,660</u>
Non-current liabilities				
Bank and other borrowings		(50,753)	(34,126)	(39,381)
Deferred taxation		(10,610)	(7,189)	(5,507)
Other long-term liabilities		(839)	(739)	(707)
		<u>(62,202)</u>	<u>(42,054)</u>	<u>(45,595)</u>
NET ASSETS		<u>312,195</u>	<u>268,025</u>	<u>243,065</u>
CAPITAL AND RESERVES				
Share capital		1,285	1,285	1,282
Share premium and reserves		305,680	261,936	237,117
Shareholders' funds		<u>306,965</u>	<u>263,221</u>	<u>238,399</u>
Non-controlling interests		<u>5,230</u>	<u>4,804</u>	<u>4,666</u>
TOTAL EQUITY		<u>312,195</u>	<u>268,025</u>	<u>243,065</u>

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

1. Basis of Preparation and Principal Accounting Policies

(a) Basis of preparation

The financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards and Interpretations (collectively, “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance and Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The financial statements are prepared under the historical cost convention except for investment properties and certain financial instruments, which are measured at fair value.

The accounting policies adopted are consistent with those set out in the annual financial statements for the year ended 30 June 2010, except for the changes set out below.

(b) Changes in accounting policies

In the current year, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations of Hong Kong Financial Reporting Standards (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1 July 2010.

HKFRSs (Amendments)	Improvements to HKFRSs 2009 ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2010 ²
HKAS 32 (Amendment)	Classification of right issues
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters
HKFRS 1 (Amendment)	Limited exemptions from comparative HKFRS 7 disclosures for first-time adopters
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions
HK (IFRIC) - INT 19	Extinguishing financial liabilities with equity instruments
HK INT 5	Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause

¹ Amendments that are effective for annual periods beginning on or after 1 January 2010

² Amendments that are effective for annual periods beginning on or after 1 July 2010

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

Up to the date of approval for the issuance of the consolidated financial statements, the HKICPA has issued a number of new and revised standards, amendments and interpretations which are not yet effective for the year. These include the following which may be relevant to the Group.

HKFRSs (Amendments)	Improvements to HKFRSs 2010 ³
HKAS 1 (Amendments)	Presentation of items of other comprehensive income ⁴
HKAS 12 (Amendments)	Deferred tax: recovery of underlying assets ⁵
HKAS 19 (as revised in 2011)	Employee benefits ⁶
HKAS 24 (Revised)	Related party disclosures ⁷
HKAS 27 (as revised in 2011)	Separate financial statements ⁶
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures ⁶
HKFRS 7 (Amendment)	Disclosures – transfers of financial assets ⁸
HKFRS 9	Financial instruments ⁶
HKFRS 10	Consolidated financial statements ⁶
HKFRS 11	Joint arrangements ⁶
HKFRS 12	Disclosure of interests in other entities ⁶
HKFRS 13	Fair value measurement ⁶
HK (IFRIC) - INT 14 (Amendment)	Prepayments of a minimum funding requirement ⁷

³Amendments that are effective for annual periods beginning on or after 1 January 2011

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

⁵Effective for annual periods beginning on or after 1 January 2012

⁶Effective for annual periods beginning on or after 1 January 2013

⁷Effective for annual periods beginning on or after 1 January 2011

⁸Effective for annual periods beginning on or after 1 July 2011

The Group decided to early adopt the amendments to HKAS 12, Deferred tax: recovery of underlying assets ("HKAS 12 (amendments)"), in respect of the recognition of deferred tax on investment properties carried at fair value under HKAS 40, Investment property. The Group is currently reviewing the other new and revised standards, amendments and interpretations and does not anticipate the adoption will have any significant impact on the Group's results and financial position.

(c) Early adoption of HKAS 12 (amendments)

The change in policy arising from HKAS 12 (amendments) is the only change which has had a material impact on the current or comparative periods. As a result of this change in policy, the Group now measures any deferred tax liability in respect of the Group's investment properties with reference to the tax liability that would arise if the carrying amount of the investment properties at the reporting date were recovered through sale, unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. Previously, where these properties were held under leasehold interests, deferred tax was generally measured using the tax rate that would apply as a result of recovery of the assets value through use.

As a result of the early adoption of amendments to HKAS 12, the comparative figures for 2010 and 2009 have been restated to reflect the change in accounting policy, as summarized below.

Effect on Consolidated Statement of Financial Position

	30 June 2011	30 June 2010	1 July 2009
Increase in associates	17	11	7
Increase in jointly controlled entities	4,107	3,334	2,926
Decrease in deferred taxation	18,018	14,816	13,212
Increase in retained profits	22,048	18,130	16,134
Increase/(decrease) in exchange reserves	69	13	(3)
Increase in non-controlling interests	25	18	14

Effect on Consolidated Income Statement

	Year ended 30 June	
	2011	2010
Increase in share of results of associates	6	4
Increase in share of results of jointly controlled entities	717	392
Decrease in taxation	3,202	1,604
Increase in profit attributable to the Company's shareholders	3,918	1,996
Increase in profit attributable to the non-controlling interests	7	4
Increase in total comprehensive income attributable to the Company's shareholders	3,974	2,012
Increase in basic and diluted earnings per share	HK\$1.52	HK\$0.78

2. Segment Information

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

(a) Segment revenue and results

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

For the year ended 30 June 2011

	The Company and its subsidiaries		Associates and jointly controlled entities		Combined revenue	Consolidated results
	Revenue	Results	Share of revenue	Share of results		
Property sales						
Hong Kong	32,245	10,756	5,752	2,882	37,997	13,638
Mainland China	3,985	888	524	100	4,509	988
Singapore	-	-	3,972	2,021	3,972	2,021
	36,230	11,644	10,248	5,003	46,478	16,647
Property rental						
Hong Kong	8,824	6,680	1,988	1,599	10,812	8,279
Mainland China	1,054	725	104	72	1,158	797
Singapore	-	-	639	435	639	435
	9,878	7,405	2,731	2,106	12,609	9,511
Hotel operation	2,055	362	539	191	2,594	553
Telecommunications	6,631	967	-	-	6,631	967
Transportation, infrastructure and logistics	3,194	830	2,532	115	5,726	945
Other businesses	4,565	868	214	38	4,779	906
	62,553	22,076	16,264	7,453	78,817	29,529
Other income		574		-		574
Unallocated administrative expenses		(1,284)		-		(1,284)
Operating profit before change in fair value of investment properties		21,366		7,453		28,819
Increase in fair value of investment properties		25,070		4,795		29,865
Operating profit after change in fair value of investment properties		46,436		12,248		58,684
Net finance costs		(1,033)		(166)		(1,199)
Profit before taxation		45,403		12,082		57,485
Taxation						
- Group		(7,359)		-		(7,359)
- Associates		-		(28)		(28)
- Jointly controlled entities		-		(1,310)		(1,310)
Profit for the year		38,044		10,744		48,788

For the year ended 30 June 2010 (Restated)

	The Company and its subsidiaries		Associates and jointly controlled entities		Combined revenue	Consolidated results
	Revenue	Results	Share of revenue	Share of results		
Property sales						
Hong Kong	12,481	5,447	911	491	13,392	5,938
Mainland China	110	38	1,525	640	1,635	678
	12,591	5,485	2,436	1,131	15,027	6,616
Property rental						
Hong Kong	8,057	6,061	1,809	1,471	9,866	7,532
Mainland China	726	498	-	-	726	498
Singapore	-	-	490	284	490	284
	8,783	6,559	2,299	1,755	11,082	8,314
Hotel operation	1,409	238	496	135	1,905	373
Telecommunications	3,957	327	-	-	3,957	327
Transportation, infrastructure and logistics	2,862	693	2,598	132	5,460	825
Other businesses	3,609	782	245	51	3,854	833
	<u>33,211</u>	<u>14,084</u>	<u>8,074</u>	<u>3,204</u>	<u>41,285</u>	<u>17,288</u>
Other income		663		-		663
Unallocated administrative expenses		(905)		-		(905)
Operating profit before change in fair value of investment properties		13,842		3,204		17,046
Increase in fair value of investment properties		16,469		3,360		19,829
Operating profit after change in fair value of investment properties		30,311		6,564		36,875
Net finance costs		(639)		(221)		(860)
Profit before taxation		29,672		6,343		36,015
Taxation						
- Group		(4,292)		-		(4,292)
- Associates		-		(29)		(29)
- Jointly controlled entities		-		(1,053)		(1,053)
Profit for the year		<u>25,380</u>		<u>5,261</u>		<u>30,641</u>

Other businesses comprise revenue and profit derived from other activities including property management, construction, mortgage and other loan financing, internet infrastructure, enabling services and department store.

Other income includes mainly investment income from equity and bonds investments.

(b) Geographical information

An analysis of the Group's revenue by geographical area of principal markets is as follows:

	2011	2010
Hong Kong	56,959	32,064
Mainland China	5,312	926
Others	282	221
	<u>62,553</u>	<u>33,211</u>

3. Net Finance Costs

	2011	2010
Interest expenses on		
Bank loans and overdrafts	811	489
Other loans wholly repayable within five years	117	53
Other loans not wholly repayable within five years	302	275
	<u>1,230</u>	<u>817</u>
Notional non-cash interest accretion	97	86
Less : Amount capitalized	<u>(232)</u>	<u>(233)</u>
	1,095	670
Interest income on bank deposits	<u>(62)</u>	<u>(31)</u>
	<u><u>1,033</u></u>	<u><u>639</u></u>

4. Profit before Taxation

	2011	2010
Profit before taxation is arrived at		
after charging:		
Cost of properties sold	23,147	6,616
Cost of other inventories sold	1,905	495
Depreciation and amortization	1,048	952
Amortization of intangible assets (included in cost of sales)	335	326
Operating lease rentals for land and buildings, transmission sites and leased lines	969	934
Staff costs (including directors' emoluments and retirement schemes contributions)	4,471	3,774
Share-based payments	77	-
and crediting:		
Dividend income from listed and unlisted investments	99	98
Interest income from listed and unlisted debt securities	93	108
Profit on disposal of available-for-sale investments	88	88
Profit on disposal of financial assets at fair value through profit or loss	13	59
Fair value gains on financial assets at fair value through profit or loss	98	25

5. Taxation

	2011	(Restated) 2010
Current taxation		
Hong Kong profits tax	2,608	1,986
Under provision in prior years	1,115	6
	<u>3,723</u>	<u>1,992</u>
Tax outside Hong Kong	503	668
	<u>4,226</u>	<u>2,660</u>
Deferred taxation charge/(credit)		
Change in fair value of investment properties	2,682	2,082
Tax released on disposal of investment properties	-	(674)
Other origination and reversal of temporary differences	451	224
	<u>3,133</u>	<u>1,632</u>
	<u><u>7,359</u></u>	<u><u>4,292</u></u>

Hong Kong profits tax is provided at the rate of 16.5% (2010 : 16.5%) based on the estimated assessable profits for the year. Tax outside Hong Kong is calculated at the rates applicable in the relevant jurisdictions.

During the year, a settlement agreement was reached with Inland Revenue Department in respect of the tax assessments for certain subsidiaries of the Group for certain prior years and a total sum HK\$1,115 million was recognized in the current tax charge by the Group for this settlement.

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\$48,097 million (2010 (restated) : HK\$30,039 million).

The basic earnings per share is based on the weighted average number of shares in issue during the year of 2,570,039,181 (2010: 2,565,240,040). The diluted earnings per share is based on 2,570,556,026 (2010: 2,565,240,040) shares which is the weighted average number of shares in issue during the year plus the weighted average number of 516,845 (2010: Nil) shares deemed to be issued at no consideration if all outstanding options had been exercised.

(b) Underlying earnings per share

For the purpose of assessing the underlying performance of the Group, basic and diluted earnings per share are additionally calculated based on the underlying profit attributable to the Company's shareholders of HK\$21,479 million (2010: HK\$13,883 million), excluding the net effect of changes in the valuation of investment properties. A reconciliation of profit is as follows:

	2011	(Restated) 2010
Profit attributable to the Company's shareholders as shown in the consolidated income statement	<u>48,097</u>	<u>30,039</u>
Increase in fair value of investment properties	(25,070)	(16,469)
Effect of corresponding deferred tax charges	2,682	2,082
Realized fair value gains of investment properties disposed net of deferred tax	378	849
Share of results of associates and jointly controlled entities		
- fair value gains of investment properties	(4,795)	(3,360)
- effect of corresponding deferred tax charges	99	475
	<u>(26,706)</u>	<u>(16,423)</u>
Non-controlling interests	88	267
Net effect of changes in the valuation of investment properties	<u>(26,618)</u>	<u>(16,156)</u>
Underlying profit attributable to the Company's shareholders	<u>21,479</u>	<u>13,883</u>

7. Debtors, Prepayments and Others

Considerations in respect of sold properties are payable by the purchasers pursuant to the terms of the sale and purchase agreements. Monthly rents 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\$13,713 million (2010: HK\$5,228 million), of which 97% (2010: 92%) are aged less than 60 days, 1% (2010: 2%) between 61 to 90 days and 2% (2010: 6%) more than 90 days.

8. Trade and Other Payables

Included in trade and other payables of the Group are trade creditors of HK\$2,179 million (2010: HK\$1,489 million), of which 68% (2010: 59%) are aged less than 60 days, 2% (2010: 2%) between 61 to 90 days and 30% (2010: 39%) more than 90 days.

FINANCIAL REVIEW

Review of Results

Profit attributable to the Company's shareholders for the year ended 30 June 2011 was HK\$48,097 million, an increase of HK\$18,058 million or 60.1% compared to HK\$30,039 million for the last year. The reported profit has included an increase in fair value of investment properties net of related deferred taxation and non-controlling interests of HK\$26,996 million (2010: HK\$17,005 million).

Underlying profit attributable to the Company's shareholders for the year ended 30 June 2011, excluding the net effect of changes in the valuation of investment properties, increased by HK\$7,596 million or 54.7% to HK\$21,479 million compared to HK\$13,883 million for the last year. Profit from property sales increased by HK\$10,031 million to HK\$16,647 million, owing to substantial increase in sales recognized for residential projects including Aria, The Latitude, Larvotto, Valais and The Orchard Residences in Singapore. Net rental income grew 14.4% to HK\$9,511 million, driven by continuous positive rental reversions as well as contribution from new investment properties including ICC Office in Hong Kong and Shanghai IFC Mall in Mainland China. Telecommunication segment contributed an operating profit of HK\$967 million, a robust increase of HK\$640 million or 2 times over the last year, on the back of strong growth in number of customers. Hotel profit increased by 48.3% to HK\$553 million, boosted by growth in both occupancy and room rates amid improvement in economic conditions.

Financial Resources and Liquidity

(a) Net debt and gearing

As at 30 June 2011, the Company's shareholders' funds increased by HK\$43,744 million to HK\$306,965 million, equivalent to an increase of 16.6% to HK\$119.4 per share (30 June 2010: HK\$102.4 per share).

The Group's financial position remains strong with a low debt leverage and strong interest cover. Gearing ratio as at 30 June 2011, calculated on the basis of net debt to Company's shareholders' funds, was 17.1% compared to 14.1% at 30 June 2010. Interest cover, measured by the ratio of operating profit to total net interest expenses including those capitalized, was 16.9 times compared to 15.9 times for the previous year.

As at 30 June 2011, the Group's gross borrowings totalled HK\$60,435 million. Net debt, after deducting cash and bank deposits of HK\$7,898 million, amounted to HK\$52,537 million, an increase of HK\$15,353 million since 30 June 2010. The increase principally reflects the Group's continued acquisitions and investment in property projects in Hong Kong and Mainland China. The maturity profile of the Group's gross borrowings is set out as follows:

	30 June 2011 <i>HK\$ Million</i>	30 June 2010 <i>HK\$ Million</i>
Repayable:		
Within one year	9,682	11,262
After one year but within two years	23,334	8,022
After two years but within five years	17,916	19,402
After five years	9,503	6,702
Total borrowings	60,435	45,388
Cash and bank deposits	7,898	8,204
Net debt	52,537	37,184

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 30 June 2011, about 78% of the Group's borrowings were raised through its wholly-owned finance subsidiaries and the remaining 22% through operating subsidiaries.

The Group's foreign exchange exposure was minimal given its large asset base and operational cash flow primarily denominated in Hong Kong dollars. As at 30 June 2011, about 74% of the Group's borrowings were denominated in Hong Kong dollars, 17% in Renminbi and 9% in US dollars. The foreign currency borrowings were mainly for financing property projects outside Hong Kong.

The Group's borrowings are principally arranged on a floating rate basis. For some of the fixed rate notes issued by the Group, interest rate swaps have been used to convert the rates to floating rate basis. As at 30 June 2011, about 81% of the Group's borrowings were on floating rate basis including those borrowings that were converted from fixed rate basis to floating rate basis and 19% 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 30 June 2011, the Group had outstanding fair value hedges in respect of fixed-to-floating interest rate swaps in the aggregate carrying amount of HK\$4,644 million, cash flow hedge in respect of a floating-to-fixed interest rate swap in the carrying amount of HK\$100 million and currency swaps (to hedge principal repayment of USD borrowings) in the aggregate carrying amount of HK\$452 million.

As at 30 June 2011, about 59% of the Group's cash and bank balances were denominated in Hong Kong dollars, 23% in United States dollars, 16% in Renminbi and 2% in other currencies.

Charges of Assets

As at 30 June 2011, certain bank deposits of the Group's subsidiary, Smartone, in the aggregate amount of HK\$411 million, were pledged for securing performance bonds related to telecommunications licences and some other guarantees issued by the banks. Additionally, certain assets of the Group's subsidiaries with an aggregate carrying value of HK\$20,274 million have been charged, majority of which were for securing their bank borrowings on the mainland. Except for the above charges, all the Group's assets are free from any encumbrances.

Contingent Liabilities

As at 30 June 2011, the Group had contingent liabilities in respect of guarantees for bank borrowings of joint venture companies and other guarantees in the aggregate amount of HK\$1,650 million (30 June 2010: HK\$3,041 million).

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 before reimbursements 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" of the Annual Report.

BASIS OF DETERMINING EMOLUMENT TO DIRECTORS

The same remuneration philosophy is applicable to the Directors of the Group. 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.

DIVIDEND

The Board of Directors has decided to recommend the payment of a final dividend of HK\$2.40 per share (2010: HK\$1.85 per share) for the year ended 30 June 2011. Including the interim dividend of HK\$0.95 per share paid on 23 March 2011, the total dividend for the year ended 30 June 2011 will amount to HK\$3.35 per share (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.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

- (i) from Monday, 5 December 2011 to Thursday, 8 December 2011, both days inclusive, for the purpose of ascertaining shareholders’ entitlement to attend and vote at the 2011 Annual General Meeting. In order to be eligible to attend and vote at the 2011 Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company’s Share Registrars, Computershare Hong Kong Investor Services Limited at Shops Nos. 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 2 December 2011; and

- (ii) from Wednesday, 14 December 2011 to Friday, 16 December 2011, both days inclusive, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to establish entitlements to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited at the address as set out in sub-paragraph (i) above not later than 4:30 p.m. on Tuesday, 13 December 2011.

During the periods mentioned in sub-paragraphs (i) and (ii) above, no transfers of shares will be registered.

ANNUAL GENERAL MEETING

The 2011 Annual General Meeting will be held on Thursday, 8 December 2011 and the Notice of 2011 Annual General Meeting will be published and despatched in the manner as required by the Listing Rules in due course.

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.

AUDIT COMMITTEE

The annual results for the year ended 30 June 2011 have been reviewed by the Audit Committee of the Company. The Group's consolidated financial statements have been audited by the Company's auditor, Deloitte Touche Tohmatsu, and they have issued an unqualified opinion.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

For the year ended 30 June 2011, the Company has complied with the code provisions in the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules, except that the Chairman of the Company did not attend the 2010 annual general meeting of the Company due to other commitment.

ANNUAL REPORT

The 2010/11 annual report containing all the financial and other related information of the Company required by the Listing Rules will be published on the Stock Exchange's website www.hkexnews.hk and the Company's website www.shkp.com and copies will be sent to the Shareholders before the end of October 2011.

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

Hong Kong, 15 September 2011

As at the date hereof, the Board of Directors of the Company comprises seven Executive Directors, being KWOK Ping-kwong, Thomas, KWOK Ping-luen, Raymond, CHAN Kai-ming, CHAN Kui-yuen, Thomas, KWONG Chun, WONG Chik-wing, Mike and CHAN Kwok-wai, Patrick; seven Non-Executive Directors, being KWONG Siu-hing, LEE Shau-kee, KWOK Ping-sheung, Walter, WOO Po-shing (WOO Ka-biu, Jackson being his Alternate Director), KWAN Cheuk-yin, William, LO Chiu-chun, Clement and WONG Yick-kam, Michael; and four Independent Non-Executive Directors, being YIP Dicky Peter, WONG Yue-chim, Richard, LI Ka-cheung, Eric and FUNG Kwok-lun, William.