

## 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 2013 with comparative figures for 2012:-

### Consolidated Income Statement For the year ended 30 June 2013

(Expressed in millions of Hong Kong dollars)

	Notes	2013	2012
<b>Revenue</b>	2(a)	53,793	68,400
Cost of sales		<u>(29,907)</u>	<u>(38,220)</u>
Gross profit		23,886	30,180
Other net income		985	532
Selling and marketing expenses		(3,515)	(3,765)
Administrative expenses		<u>(2,056)</u>	<u>(1,959)</u>
<b>Operating profit before change in fair value of investment properties</b>	2(a)	19,300	24,988
Increase in fair value of investment properties		<u>19,187</u>	<u>19,482</u>
<b>Operating profit after change in fair value of investment properties</b>		38,487	44,470
Finance costs		<u>(2,021)</u>	<u>(1,654)</u>
Finance income		<u>134</u>	<u>122</u>
Net finance costs	3	(1,887)	(1,532)
Share of results (including increase in fair value of investment properties net of deferred tax of HK\$4,521 million (2012: HK\$3,816 million)) of:			
Associates		<u>460</u>	<u>256</u>
Jointly controlled entities		<u>7,229</u>	<u>5,899</u>
	2(a) & 6(b)	<u>7,689</u>	<u>6,155</u>
<b>Profit before taxation</b>	4	44,289	49,093
Taxation	5	<u>(3,342)</u>	<u>(5,284)</u>
<b>Profit for the year</b>	2(a)	<u>40,947</u>	<u>43,809</u>
<b>Attributable to :</b>			
Company's shareholders		40,329	43,080
Non-controlling interests		<u>618</u>	<u>729</u>
		<u>40,947</u>	<u>43,809</u>
<b>Dividends</b>			
Interim dividend paid at HK\$0.95 (2012: HK\$0.95) per share		2,524	2,484
Final dividend proposed at HK\$2.40 (2012: HK\$2.40) per share		<u>6,410</u>	<u>6,278</u>
		<u>8,934</u>	<u>8,762</u>
<i>(Expressed in Hong Kong dollars)</i>			
<b>Earnings per share based on profit attributable to the Company's shareholders (reported earnings per share)</b>	6(a)		
Basic and diluted		<u>\$15.28</u>	<u>\$16.63</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 and diluted		<u>\$7.05</u>	<u>\$8.37</u>

**Consolidated Statement of Comprehensive Income**  
**For the year ended 30 June 2013**

(Expressed in millions of Hong Kong dollars)

	2013	2012
<b>Profit for the year</b>	<b>40,947</b>	<b>43,809</b>
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange difference on translating financial statements of foreign operations	1,202	712
Fair value losses on cash flow hedge transferred to income statement	-	1
Available-for-sale investments		
- fair value gains/(losses)	266	(29)
- fair value losses/(gains) transferred to income statement on disposal	37	(29)
	<b>303</b>	<b>(58)</b>
Share of other comprehensive income of associates and jointly controlled entities		
- exchange difference on translating financial statements of foreign operations	292	119
- fair value gains/(losses) on available-for-sale investments	3	(1)
	<b>295</b>	<b>118</b>
<b>Other comprehensive income for the year</b>	<b>1,800</b>	<b>773</b>
<b>Total comprehensive income for the year</b>	<b>42,747</b>	<b>44,582</b>
<b>Total comprehensive income for the year attributable to:</b>		
Company's shareholders	41,995	43,792
Non-controlling interests	752	790
	<b>42,747</b>	<b>44,582</b>

**Consolidated Statement of Financial Position**  
**As at 30 June 2013**

(Expressed in millions of Hong Kong dollars)

	Notes	2013	2012
<b>Non-current assets</b>			
Investment properties		258,849	233,867
Fixed assets		22,788	18,591
Associates		3,891	3,825
Jointly controlled entities		49,643	45,690
Loan receivables		801	587
Other financial assets		3,375	3,522
Intangible assets		4,937	4,699
		<u>344,284</u>	<u>310,781</u>
<b>Current assets</b>			
Properties for sale		132,938	117,144
Inventories		307	437
Debtors, prepayments and others	7	18,191	24,159
Other financial assets		705	711
Bank deposits and cash		16,471	14,338
		<u>168,612</u>	<u>156,789</u>
<b>Current liabilities</b>			
Bank and other borrowings		(8,060)	(9,801)
Trade and other payables	8	(22,753)	(22,256)
Deposits received on sales of properties		(15,031)	(3,120)
Taxation		(5,473)	(6,750)
		<u>(51,317)</u>	<u>(41,927)</u>
<b>Net current assets</b>		<u>117,295</u>	<u>114,862</u>
<b>Total assets less current liabilities</b>		<u>461,579</u>	<u>425,643</u>
<b>Non-current liabilities</b>			
Bank and other borrowings		(56,570)	(61,465)
Deferred taxation		(13,803)	(12,451)
Other long-term liabilities		(677)	(768)
		<u>(71,050)</u>	<u>(74,684)</u>
<b>NET ASSETS</b>		<u>390,529</u>	<u>350,959</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		1,335	1,308
Share premium and reserves		384,577	345,251
<b>Shareholders' funds</b>		<u>385,912</u>	<u>346,559</u>
<b>Non-controlling interests</b>		<u>4,617</u>	<u>4,400</u>
<b>TOTAL EQUITY</b>		<u>390,529</u>	<u>350,959</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 2012, except for the changes set out below.

#### **(b) Changes in accounting policies**

In the current year, the Group has applied HKAS 1 (Amendments) "Presentation of items of other comprehensive income" issued by the HKICPA, which is effective for the Group's financial year beginning 1 July 2012. The HKAS 1 (Amendments) require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (i) items that will not be reclassified subsequently to profit or loss; and (ii) items that may be reclassified subsequently to profit or loss. The amendments have been applied retrospectively. The adoption of HKAS 1 (Amendments) 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.

Amendments to HKFRSs	Annual improvements to HKFRSs 2009-2011 Cycle <sup>1</sup>
HKAS 19 (as revised in 2011)	Employee benefits <sup>1</sup>
HKAS 27 (as revised in 2011)	Separate financial statements <sup>1</sup>
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures <sup>1</sup>
Amendments to HKAS 32	Offsetting financial assets and financial liabilities <sup>2</sup>
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets <sup>2</sup>
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting <sup>2</sup>
Amendments to HKFRS 7	Disclosures - offsetting financial assets and financial liabilities <sup>1</sup>
Amendments to HKFRS 7 and HKFRS 9	Mandatory effective date of HKFRS 9 and transition disclosures <sup>3</sup>
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: transition guidance <sup>1</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities <sup>2</sup>
HKFRS 9	Financial instruments <sup>3</sup>
HKFRS 10	Consolidated financial statements <sup>1</sup>
HKFRS 11	Joint arrangements <sup>1</sup>
HKFRS 12	Disclosure of interests in other entities <sup>1</sup>
HKFRS 13	Fair value measurement <sup>1</sup>
HK(IFRIC) – Int 21	Levies <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2013

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2014

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2015

It is not anticipated that these new and revised standards, amendments and interpretations will have a significant impact on the results and financial position of the Group.

## 2. Segment Information

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

### (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 2013

	The Company and its subsidiaries		Associates and jointly controlled entities		Combined revenue	Consolidated results
	Revenue	Results	Share of revenue	Share of results		
Property sales						
Hong Kong	15,561	6,124	761	320	16,322	6,444
Mainland China	866	(291)	2,744	964	3,610	673
Singapore	-	-	128	73	128	73
	16,427	5,833	3,633	1,357	20,060	7,190
Property rental						
Hong Kong	10,821	8,211	2,468	2,038	13,289	10,249
Mainland China	1,929	1,377	138	90	2,067	1,467
Singapore	-	-	663	520	663	520
	12,750	9,588	3,269	2,648	16,019	12,236
Hotel operation	3,383	727	654	210	4,037	937
Telecommunications	12,067	1,136	-	-	12,067	1,136
Transportation, infrastructure and logistics	3,475	988	2,678	162	6,153	1,150
Other businesses	5,691	1,175	289	78	5,980	1,253
	<u>53,793</u>	<u>19,447</u>	<u>10,523</u>	<u>4,455</u>	<u>64,316</u>	<u>23,902</u>
Other net income		985		-		985
Unallocated administrative expenses		(1,132)		-		(1,132)
Operating profit before change in fair value of investment properties		19,300		4,455		23,755
Increase in fair value of investment properties		19,187		4,837		24,024
Operating profit after change in fair value of investment properties		38,487		9,292		47,779
Net finance costs		(1,887)		(289)		(2,176)
Profit before taxation		36,600		9,003		45,603
Taxation						
- Group		(3,342)		-		(3,342)
- Associates		-		(45)		(45)
- Jointly controlled entities		-		(1,269)		(1,269)
Profit for the year		<u>33,258</u>		<u>7,689</u>		<u>40,947</u>

For the year ended 30 June 2012

	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	35,044	12,504	209	114	35,253	12,618
Mainland China	878	293	820	118	1,698	411
Singapore	-	-	81	45	81	45
	35,922	12,797	1,110	277	37,032	13,074
Property rental						
Hong Kong	9,925	7,625	2,260	1,881	12,185	9,506
Mainland China	1,496	1,007	118	96	1,614	1,103
Singapore	-	-	645	460	645	460
	11,421	8,632	3,023	2,437	14,444	11,069
Hotel operation	3,089	827	631	205	3,720	1,032
Telecommunications	9,952	1,385	-	-	9,952	1,385
Transportation, infrastructure and logistics	3,275	936	2,619	161	5,894	1,097
Other businesses	4,741	984	278	20	5,019	1,004
	<u>68,400</u>	<u>25,561</u>	<u>7,661</u>	<u>3,100</u>	<u>76,061</u>	<u>28,661</u>
Other net income		532		-		532
Unallocated administrative expenses		(1,105)		-		(1,105)
Operating profit before change in fair value of investment properties		24,988		3,100		28,088
Increase in fair value of investment properties		19,482		3,873		23,355
Operating profit after change in fair value of investment properties		44,470		6,973		51,443
Net finance costs		(1,532)		(206)		(1,738)
Profit before taxation		42,938		6,767		49,705
Taxation						
- Group		(5,284)		-		(5,284)
- Associates		-		(21)		(21)
- Jointly controlled entities		-		(591)		(591)
Profit for the year		<u>37,654</u>		<u>6,155</u>		<u>43,809</u>

Results from property sales include selling and marketing expenses of HK\$507 million (2012: HK\$168 million) and HK\$462 million (2012: HK\$43 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.

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 net income includes mainly from profit on disposal of investment properties, 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:

	2013	2012
Hong Kong	49,828	65,270
Mainland China	3,230	2,770
Others	735	360
	<u>53,793</u>	<u>68,400</u>

## 3. Net Finance Costs

	2013	2012
Interest expenses on		
Bank loans and overdrafts	1,236	1,175
Other loans wholly repayable within five years	386	357
Other loans not wholly repayable within five years	722	416
	<u>2,344</u>	<u>1,948</u>
Notional non-cash interest accretion	93	101
Less : Amount capitalized	(416)	(395)
	<u>2,021</u>	<u>1,654</u>
Interest income on bank deposits	(134)	(122)
	<u>1,887</u>	<u>1,532</u>

## 4. Profit before Taxation

	2013	2012
Profit before taxation is arrived at		
after charging:		
Cost of properties sold	8,516	20,665
Cost of inventories sold	6,777	4,676
Depreciation and amortization	1,322	1,188
Amortization of intangible assets (included in cost of sales)	402	350
Operating lease rentals for land and buildings, assets, transmission sites and leased lines	1,282	1,072
Staff costs (including directors' emoluments and retirement schemes contributions)	5,675	5,054
Share-based payments	52	114
Auditors' remuneration	19	18
Impairment loss of available-for-sale investments	4	23
Fair value losses on financial assets at fair value through profit or loss	20	83
and crediting:		
Dividend income from listed and unlisted investments	117	132
Interest income from listed and unlisted debt securities	70	79
Profit on disposal of available-for-sale investments	117	65
Profit on disposal of financial assets at fair value through profit or loss	4	-
Profit on disposal of fixed assets	7	17



## 5. Taxation

	2013	2012
Current taxation		
Hong Kong profits tax	2,097	3,313
(Over)/Under provision in prior years	(79)	17
	<u>2,018</u>	<u>3,330</u>
Tax outside Hong Kong	233	275
Over provision in prior years	(2)	-
	<u>231</u>	<u>275</u>
	<u>2,249</u>	<u>3,605</u>
Deferred taxation charge		
Change in fair value of investment properties	385	1,156
Other origination and reversal of temporary differences	708	523
	<u>1,093</u>	<u>1,679</u>
	<u>3,342</u>	<u>5,284</u>

Hong Kong profits tax is provided at the rate of 16.5% (2012: 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.

## 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\$40,329 million (2012: HK\$43,080 million).

The basic earnings per share is based on the weighted average number of shares in issue during the year of 2,640,075,929 (2012: 2,590,366,413). The diluted earnings per share is based on 2,640,137,063 (2012: 2,590,524,743) shares which is the weighted average number of shares in issue during the year plus the weighted average number of 61,134 (2012: 158,330) 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\$18,619 million (2012: HK\$21,678 million), excluding the net effect of changes in the valuation of investment properties.

A reconciliation of profit is as follows:

	<b>2013</b>	2012
Profit attributable to the Company's shareholders as shown in the consolidated income statement	<u><b>40,329</b></u>	<u>43,080</u>
Increase in fair value of investment properties	<b>(19,187)</b>	(19,482)
Effect of corresponding deferred tax charges	<b>385</b>	1,156
Realized fair value gains of investment properties disposed	<b>1,571</b>	674
Share of results of associates and jointly controlled entities		
- fair value gains of investment properties	<b>(4,837)</b>	(3,873)
- effect of corresponding deferred tax charges	<u><b>316</b></u>	<u>57</u>
	<b>(21,752)</b>	(21,468)
Non-controlling interests	<u><b>42</b></u>	<u>66</u>
Net effect of changes in the valuation of investment properties	<u><b>(21,710)</b></u>	<u>(21,402)</u>
Underlying profit attributable to the Company's shareholders	<u><u><b>18,619</b></u></u>	<u><u>21,678</u></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 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\$6,534 million (2012: HK\$12,846 million), of which 88% (2012: 94%) are aged less than 60 days, 1% (2012: 1%) between 61 to 90 days and 11% (2012: 5%) more than 90 days.

## **8. Trade and Other Payables**

Included in trade and other payables of the Group are trade creditors of HK\$2,108 million (2012: HK\$2,283 million), of which 72% (2012: 72%) are aged less than 60 days, 3% (2012: 2%) between 61 to 90 days and 25% (2012: 26%) more than 90 days.

## **FINANCIAL REVIEW**

### **Review of Results**

Profit attributable to the Company's shareholders for the year ended 30 June 2013 was HK\$40,329 million, a decrease of HK\$2,751 million or 6.4% compared to HK\$43,080 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\$23,281 million (2012: HK\$22,076 million).

Underlying profit attributable to the Company's shareholders for the year ended 30 June 2013, excluding the net effect of fair value changes in the valuation of investment properties, decreased by HK\$3,059 million or 14.1% to HK\$18,619 million compared to HK\$21,678 million for the last year. The decrease was primarily due to reduced profit contribution from property sales. Property sales reported a profit of HK\$7,190 million, which fell by 45% or HK\$5,884 million, mainly due to fewer sales of Hong Kong residential projects than last year. In addition, the Group has disposed certain non-core investment properties and realized valuation gains of HK\$1,571 million in its underlying profits. Net rental for the year grew 10.5% to HK\$12,236 million, driven by positive rental reversions as well as full year contributions from the new investment properties in Mainland China. Profit contribution from telecommunications segment decreased HK\$249 million or 18% to HK\$1,136 million over the last year, largely due to drop in roaming revenue reflecting fierce market competition. Performance of the Group's hotel portfolio remained satisfactory, showing continued growth in occupancy and room rates well supported by solid fundamentals of the hospitality industry. Profit contribution from hotel segment, however, recorded a decrease of HK\$95 million or 9.2% to HK\$937 million, owing to the renovation of Royal Plaza Hotel as well as pre-opening expenses of the two newly completed hotels in Kowloon East opened in late 2012.

### **Financial Resources and Liquidity**

#### **(a) Net debt and gearing**

As at 30 June 2013, the Company's shareholders' funds increased by HK\$39,353 million to HK\$385,912 million or \$144.5 per share from HK\$346,559 million or \$132.5 per share at the previous year end.

The Group's financial position remains strong with a low debt leverage and strong interest cover. Gearing ratio as at 30 June 2013, calculated on the basis of net debt to Company's shareholders' funds, was 12.5% compared to 16.4% at 30 June 2012. Interest cover, measured by the ratio of operating profit to total net interest expenses including those capitalized, was 8.7 times compared to 13.7 times for the previous year. This was due to higher interest expenses incurred reflecting higher average borrowing as well as higher average interest rate resulting from the use of more long-term fixed rate debt financing during the year.

As at 30 June 2013, the Group's gross borrowings totalled HK\$64,630 million. Net debt, after deducting bank deposits and cash of HK\$16,471 million, amounted to HK\$48,159 million, a decrease of HK\$8,769 million since 30 June 2012. The maturity profile of the Group's gross borrowings is set out as follows:

	<b>30 June 2013</b> <i>HK\$ Million</i>	30 June 2012 <i>HK\$ Million</i>
Repayable:		
Within one year	<b>8,060</b>	9,801
After one year but within two years	<b>9,269</b>	8,799
After two years but within five years	<b>23,765</b>	37,493
After five years	<b>23,536</b>	15,173
Total bank and other borrowings	<b>64,630</b>	71,266
Bank deposits and cash	<b>16,471</b>	14,338
Net debt	<b>48,159</b>	56,928

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 2013, about 76% of the Group's bank and other borrowings were raised through its wholly-owned finance subsidiaries and the remaining 24% 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 30 June 2013, about 55% of the Group's bank and other borrowings were denominated in Hong Kong dollars, 27% in US dollars and 18% in Renminbi. The foreign currency borrowings were mainly for financing property projects outside Hong Kong.

The Group's bank and other 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 2013, about 54% of the Group's bank and other borrowings were on floating rate basis including those borrowings that were converted from fixed rate basis to floating rate basis and 46% 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 2013, the Group had outstanding fair value hedges in respect of fixed-to-floating interest rate swaps in the aggregate notional principal amount of HK\$4,123 million and currency swaps (to hedge principal repayment of foreign currency borrowings) in the aggregate notional principal amount of HK\$6,698 million.

As at 30 June 2013, about 57% of the Group's bank deposits and cash were denominated in Hong Kong dollars, 32% in Renminbi, 10% in United States dollars and 1% in other currencies.

## **Charges of Assets**

As at 30 June 2013, certain bank deposits of the Group's subsidiaries in the aggregate amount of HK\$7 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\$8,845 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 2013, 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\$1,104 million (30 June 2012: HK\$1,239 million).

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

As at 30 June 2013, the Group employed more than 37,000 employees. The related employees' costs before reimbursements for the year amounted to approximately HK\$8,064 million. Compensation for the Group is made with 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 old and new share option schemes 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 Company. Apart from benchmarking against the market, the Company looks at individual competence, contributions and the affordability of the Company in determining the exact level of remuneration for each Director. Appropriate benefits schemes are in place for the Executive Directors, including the share option scheme, similar to those offered to other employees of the Group.

## **DIVIDEND**

The Board of Directors has decided to recommend the payment of a final dividend of HK\$2.40 per share (2012: HK\$2.40 per share) for the year ended 30 June 2013. Including the interim dividend of HK\$0.95 per share paid on 25 April 2013, the total dividend for the year ended 30 June 2013 amounts to HK\$3.35 per share (2012: HK\$3.35 per share).

The proposed final dividend, if approved at the forthcoming annual general meeting of the Company (the "2013 Annual General Meeting"), will be payable in cash, with an option for the shareholders of the Company (the "Shareholders") to receive new fully paid shares of nominal value of HK\$0.50 each in the share capital of the Company in lieu of cash, or partly in cash and partly in new shares under the scrip dividend scheme (the "Scrip Dividend Scheme"). A circular containing details of the Scrip Dividend Scheme and the relevant election form are expected to be sent to the Shareholders on or about Wednesday, 27 November 2013.

The Scrip Dividend Scheme is conditional upon the passing of the resolution relating to the payment of final dividend at the 2013 Annual General Meeting and the granting of the listing of and permission to deal in the new shares to be issued under the Scrip Dividend Scheme by the Listing Committee of The Stock Exchange of Hong Kong Limited.

Final dividend will be distributed, and the share certificates to be issued under the Scrip Dividend Scheme will be sent on or about Thursday, 19 December 2013 to the Shareholders whose names appear on the register of members of the Company on Friday, 22 November 2013.

### **CLOSURE OF REGISTER OF MEMBERS**

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

- (i) from Monday, 11 November 2013 to Thursday, 14 November 2013, both days inclusive, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the 2013 Annual General Meeting. In order to be eligible to attend and vote at the 2013 Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited at Shop Nos. 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 8 November 2013; and
- (ii) from Wednesday, 20 November 2013 to Friday, 22 November 2013, 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 Registrar, 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, 19 November 2013.

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

### **ANNUAL GENERAL MEETING**

The 2013 Annual General Meeting will be held on Thursday, 14 November 2013 and the Notice of 2013 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 purchased, sold or redeemed any of the Company's ordinary shares during the year ended 30 June 2013.

### **AUDIT COMMITTEE**

The annual results for the year ended 30 June 2013 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 unmodified opinion.

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

During the year ended 30 June 2013, 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 Messrs. Kwok Ping-kwong, Thomas and Kwok Ping-luen, Raymond are the joint Chairmen and Managing Directors of the Company. This was at variance with Code Provision A.2.1, which provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Although the positions of chairman and managing director are not separate, the powers and authorities have not been concentrated as the responsibilities have been shared by two individuals, namely the two joint Chairmen and Managing Directors. Besides, all major decisions have been made in consultation with members of the Board and appropriate Board committees, as well as top management. In addition, there are five 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.

## **ANNUAL REPORT**

The 2012/13 annual 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 of the annual report will be sent to the Shareholders before the end of October 2013.

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

Hong Kong, 12 September 2013

*As at the date hereof, the Board of Directors of the Company comprises seven Executive Directors, being KWOK Ping-kwong, Thomas (Chairman & Managing Director)(KWOK Kai-fai, Adam being his Alternate Director), 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), CHAN Kui-yuen, Thomas, KWONG Chun and CHAN Kwok-wai, Patrick (Chief Financial Officer); five Non-Executive Directors, being LEE Shau-kee (Vice Chairman), KWOK Ping-sheung, Walter, 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.*