

ANNOUNCEMENT

The Board of Directors of Sun Hung Kai Properties Limited announces the following unaudited consolidated figures of the Group for the period ended 31 December 2011 with comparative figures for 2010:-

Consolidated Income Statement

For the six months ended 31 December 2011

(Expressed in millions of Hong Kong dollars)

	Notes	(Unaudited) Six months ended 31 December	
		2011	2010
Revenue	2	36,420	31,513
Cost of sales		<u>(20,774)</u>	<u>(20,648)</u>
Gross profit		15,646	10,865
Other net income		194	393
Selling and marketing expenses		(1,412)	(1,179)
Administrative expenses		<u>(931)</u>	<u>(835)</u>
Operating profit before change in fair value of investment properties	2	13,497	9,244
Increase in fair value of investment properties		<u>8,643</u>	<u>9,315</u>
Operating profit after change in fair value of investment properties		22,140	18,559
Finance costs		<u>(756)</u>	<u>(515)</u>
Finance income		59	34
Net finance costs	3	(697)	(481)
Share of results (including increase in fair value of investment properties net of deferred tax of HK\$1,837 million (2010 : HK\$2,188 million)) of:			
Associates		<u>94</u>	<u>101</u>
Jointly controlled entities		<u>3,014</u>	<u>6,890</u>
	2	<u>3,108</u>	<u>6,991</u>
Profit before taxation	4	24,551	25,069
Taxation	5	<u>(2,959)</u>	<u>(3,712)</u>
Profit for the period		<u>21,592</u>	<u>21,357</u>
Attributable to :			
Company's shareholders		21,131	21,019
Non-controlling interests		<u>461</u>	<u>338</u>
		<u>21,592</u>	<u>21,357</u>
Interim dividend at HK\$0.95 (2010 : HK\$0.95) per share		<u>2,484</u>	<u>2,442</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>\$8.22</u>	<u>\$8.18</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>\$4.58</u>	<u>\$4.05</u>

Consolidated Statement of Comprehensive Income
For the six months ended 31 December 2011

(Expressed in millions of Hong Kong dollars)

	(Unaudited)	
	Six months ended	
	31 December	
	2011	2010
Profit for the period	21,592	21,357
Exchange difference on translating financial statements of foreign operations	1,246	1,125
Fair value losses on cash flow hedge transferred to income statement	1	-
Available-for-sale investments:		
- fair value (losses)/gains	(381)	374
- fair value gains transferred to income statement on disposal	(1)	(11)
	(382)	363
Share of other comprehensive (expenses)/income of associates and jointly controlled entities		
- exchange difference on translating financial statements of foreign operations	(59)	280
Other comprehensive income for the period	806	1,768
Total comprehensive income for the period	22,398	23,125
Total comprehensive income for the period attributable to :		
Company's shareholders	21,813	22,726
Non-controlling interests	585	399
	22,398	23,125

Consolidated Statement of Financial Position
As at 31 December 2011

(Expressed in millions of Hong Kong dollars)

	Notes	(Unaudited) 31 December 2011	(Audited) 30 June 2011
Non-current assets			
Investment properties		224,178	212,863
Fixed assets		17,993	17,896
Associates		3,715	3,249
Jointly controlled entities		40,513	38,686
Loan receivables		425	275
Other financial assets		3,010	3,362
Intangible assets		4,879	5,049
		<u>294,713</u>	<u>281,380</u>
Current assets			
Properties for sale		110,344	98,861
Debtors, prepayments and others	7	26,893	23,932
Other financial assets		1,063	1,126
Bank balances and deposits		9,220	7,898
		<u>147,520</u>	<u>131,817</u>
Current liabilities			
Bank and other borrowings		(18,709)	(9,682)
Dividend payable	8	(6,168)	-
Trade and other payables	9	(23,151)	(20,452)
Deposits received on sales of properties		(4,107)	(3,525)
Taxation		(5,222)	(5,141)
		<u>(57,357)</u>	<u>(38,800)</u>
Net current assets		<u>90,163</u>	<u>93,017</u>
Total assets less current liabilities		<u>384,876</u>	<u>374,397</u>
Non-current liabilities			
Bank and other borrowings		(43,867)	(50,753)
Deferred taxation		(11,972)	(10,610)
Other long-term liabilities		(749)	(839)
		<u>(56,588)</u>	<u>(62,202)</u>
NET ASSETS		<u>328,288</u>	<u>312,195</u>
CAPITAL AND RESERVES			
Share capital		1,285	1,285
Share premium and reserves		321,358	305,680
Shareholders' funds		<u>322,643</u>	<u>306,965</u>
Non-controlling interests		<u>5,645</u>	<u>5,230</u>
TOTAL EQUITY		<u>328,288</u>	<u>312,195</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 interim financial statements are consistent with those set out in the annual financial statements for the year ended 30 June 2011, except for the changes set out below.

(b) Changes in accounting policies

In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations of Hong Kong Financial Reporting Standards and Interpretations (collectively, "new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1 July 2011.

HKFRSs (Amendments)	Improvements to HKFRSs 2010 ¹
HKAS 24 (Revised)	Related party disclosures ²
HKFRS 7 (Amendment)	Disclosures - transfers of financial assets ³
HK (IFRIC) - INT 14 (Amendment)	Prepayments of a minimum funding requirement ²

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

² Effective for annual periods beginning on or after 1 January 2011

³ Effective for annual periods beginning on or after 1 July 2011

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

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

HKAS 1 (Amendments)	Presentation of items of other comprehensive income ⁴
HKAS 19 (as revised in 2011)	Employee benefits ⁵
HKAS 27 (as revised in 2011)	Separate financial statements ⁵
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures ⁵
Amendments to HKAS 32	Offsetting financial assets and financial liabilities ⁶
Amendments to HKFRS 7	Disclosures - offsetting financial assets and financial liabilities ⁵
	Mandatory effective date of HKFRS 9 and transition disclosures ⁷
HKFRS 9	Financial instruments ⁷
HKFRS 10	Consolidated financial statements ⁵
HKFRS 11	Joint arrangements ⁵
HKFRS 12	Disclosure of interests in other entities ⁵
HKFRS 13	Fair value measurement ⁵

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

⁵ Effective for annual periods beginning on or after 1 January 2013

⁶ Effective for annual periods beginning on or after 1 January 2014

⁷ Effective for annual periods beginning on or after 1 January 2015

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.

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

For the six months ended 31 December 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	20,212	7,606	117	75	20,329	7,681
Mainland China	227	31	818	140	1,045	171
Singapore	-	-	56	34	56	34
	20,439	7,637	991	249	21,430	7,886
Property rental						
Hong Kong	4,785	3,621	1,104	913	5,889	4,534
Mainland China	687	477	56	48	743	525
Singapore	-	-	314	216	314	216
	5,472	4,098	1,474	1,177	6,946	5,275
Hotel operation	1,607	463	292	102	1,899	565
Telecommunications	5,060	661	-	-	5,060	661
Transportation, infrastructure and logistics	1,625	478	1,327	89	2,952	567
Other businesses	2,217	482	101	17	2,318	499
	<u>36,420</u>	<u>13,819</u>	<u>4,185</u>	<u>1,634</u>	<u>40,605</u>	<u>15,453</u>
Other net income		194		-		194
Unallocated administrative expenses		(516)		-		(516)
Operating profit before change in fair value of investment properties		13,497		1,634		15,131
Increase in fair value of investment properties		8,643		1,863		10,506
Operating profit after change in fair value of investment properties		22,140		3,497		25,637
Net finance costs		(697)		(82)		(779)
Profit before taxation		21,443		3,415		24,858
Taxation						
- Group		(2,959)		-		(2,959)
- Associates		-		(10)		(10)
- Jointly controlled entities		-		(297)		(297)
Profit for the period		<u>18,484</u>		<u>3,108</u>		<u>21,592</u>

For the six months ended 31 December 2010

	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	15,429	3,455	5,085	2,483	20,514	5,938
Mainland China	3,873	874	530	126	4,403	1,000
Singapore	-	-	3,920	1,973	3,920	1,973
	19,302	4,329	9,535	4,582	28,837	8,911
Property rental						
Hong Kong	4,264	3,219	976	796	5,240	4,015
Mainland China	502	369	34	19	536	388
Singapore	-	-	305	209	305	209
	4,766	3,588	1,315	1,024	6,081	4,612
Hotel operation	932	187	267	101	1,199	288
Telecommunications	2,759	409	-	-	2,759	409
Transportation, infrastructure and logistics	1,579	415	1,291	103	2,870	518
Other businesses	2,175	421	84	13	2,259	434
	<u>31,513</u>	<u>9,349</u>	<u>12,492</u>	<u>5,823</u>	<u>44,005</u>	<u>15,172</u>
Other net income		393		-		393
Unallocated administrative expenses		(498)		-		(498)
Operating profit before change in fair value of investment properties		9,244		5,823		15,067
Increase in fair value of investment properties		<u>9,315</u>		<u>2,192</u>		<u>11,507</u>
Operating profit after change in fair value of investment properties		18,559		8,015		26,574
Net finance costs		<u>(481)</u>		<u>(83)</u>		<u>(564)</u>
Profit before taxation		18,078		7,932		26,010
Taxation						
- Group		(3,712)		-		(3,712)
- Associates		-		(18)		(18)
- Jointly controlled entities		<u>-</u>		<u>(923)</u>		<u>(923)</u>
Profit for the period		<u>14,366</u>		<u>6,991</u>		<u>21,357</u>

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

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

3. Net Finance Costs

	Six months ended 31 December	
	2011	2010
Interest expenses on		
Bank loans and overdrafts	565	371
Other loans wholly repayable within five years	81	39
Other loans not wholly repayable within five years	206	149
	<u>852</u>	<u>559</u>
Notional non-cash interest accretion	51	45
Less : Amount capitalized	<u>(147)</u>	<u>(89)</u>
	756	515
Interest income on bank deposits	<u>(59)</u>	<u>(34)</u>
	<u><u>697</u></u>	<u><u>481</u></u>

4. Profit before Taxation

	Six months ended 31 December	
	2011	2010
Profit before taxation is arrived at		
after charging:		
Cost of properties sold	11,996	14,323
Cost of other inventories sold	2,232	570
Depreciation and amortization	591	494
Amortization of intangible assets (included in cost of sales)	170	165
Operating lease rentals for land and buildings, transmission sites and leased lines	525	464
Staff costs (including directors' emoluments and retirement schemes contributions)	2,414	2,095
Share-based payments	61	36
Impairment loss of available-for-sale investments	20	-
Fair value losses on financial assets at fair value through profit or loss	109	-
and crediting:		
Profit on disposal of available-for-sale investments	21	43
Dividend income from listed and unlisted investments	78	54
Interest income from listed and unlisted debt securities	38	51
Fair value gains on financial assets at fair value through profit or loss	-	90

5. Taxation

	Six months ended 31 December	
	2011	2010
Current taxation		
Hong Kong profits tax	1,711	971
Under provision in prior years	11	1,100
	<u>1,722</u>	<u>2,071</u>
Tax outside Hong Kong	95	610
	<u>1,817</u>	<u>2,681</u>
Deferred taxation charge		
Change in fair value of investment properties	858	852
Other origination and reversal of temporary differences	284	179
	<u>1,142</u>	<u>1,031</u>
	<u><u>2,959</u></u>	<u><u>3,712</u></u>

- (a) Hong Kong profits tax is provided at the rate of 16.5 per cent (2010: 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.
- (b) A provision of HK\$1,100 million was made by the Group in the period ended 31 December 2010 for profit tax liabilities in respect of tax assessments for certain subsidiaries for certain prior years which have not been agreed with the relevant tax authorities.

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\$21,131 million (2010: HK\$21,019 million).

The basic earnings per share is based on the weighted average number of shares in issue during the period of 2,570,039,181 (2010: 2,570,039,181). The diluted earnings per share is based on 2,570,095,940 (2010: 2,570,582,620) shares which is the weighted average number of shares in issue during the period plus the weighted average number of 56,759 (2010: 543,439) 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\$11,773 million (2010: HK\$10,416 million), excluding the net effect of changes in the valuation of investment properties. A reconciliation of profit is as follows:

	Six months ended 31 December	
	2011	2010
Profit attributable to the Company's shareholders as shown in the consolidated income statement	21,131	21,019
Increase in fair value of investment properties	(8,643)	(9,315)
Effect of corresponding deferred tax charges	858	852
Realized fair value gains of investment properties disposed net of deferred tax	105	14
Share of results of associates and jointly controlled entities		
- fair value gains of investment properties	(1,863)	(2,192)
- effect of corresponding deferred tax charges	26	4
	(9,517)	(10,637)
Non-controlling interests	159	34
Net effect of changes in the valuation of investment properties	(9,358)	(10,603)
Underlying profit attributable to the Company's shareholders	11,773	10,416

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 contracts.

Included in debtors, prepayment and others are trade debtors of HK\$14,496 million (30 June 2011: HK\$13,713 million), of which 93% aged less than 60 days, 3% between 61 to 90 days and 4% more than 90 days (30 June 2011: 97%, 1% and 2% respectively).

8. Dividend Payable

The proposed final dividend, which was approved by the annual general meeting of the Company held on 8 December 2011, was payable on 19 January 2012 with a scrip dividend alternative.

9. Trade and Other Payables

Included in trade and other payables are trade creditors of HK\$2,460 million (30 June 2011: HK\$2,179 million), of which 71% are aged less than 60 days, 3% between 61 to 90 days and 26% more than 90 days (30 June 2011: 68%, 2% and 30% respectively).

FINANCIAL REVIEW

Review of Results

Profit attributable to the Company's shareholders for the six months ended 31 December 2011 was HK\$21,131 million, an increase of HK\$112 million compared to HK\$21,019 million for the same period last year. The reported profit for the current period has included an increase in fair value of investment properties net of related deferred taxation and non-controlling interests of HK\$9,463 million (2010 : HK\$10,617 million).

Underlying profit attributable to the Company's shareholders for the six months ended 31 December 2011, excluding the net effect of fair value changes on investment properties, increased by HK\$1,357 million or 13% to HK\$11,773 million compared to HK\$10,416 million for the corresponding period last year. Net rental income grew 14.4% to HK\$5,275 million, boosted by continuous positive rental reversions as well as increased contribution from the newly completed investment properties including ICC office in Hong Kong, Shanghai IFC and first phase of Shanghai ICC on the mainland. Profit from property sales decreased by HK\$1,025 million to HK\$7,886 million, mostly owing to the absence of the one-off contribution from The Orchard Residences in Singapore in last year. Telecommunication segment contributed an operating profit of HK\$661 million, a significant increase of HK\$252 million or 61.6% over the corresponding period last year, on the back of continuous growth in number of customers and service revenue. Hotel profit increased by 96.2% to HK\$565 million reflecting impressive performance driven by strong inbound tourism as well as full period contribution from the two newly completed hotels, The Ritz Carlton, Hong Kong and The Ritz Carlton Shanghai, Pudong.

Financial Resources and Liquidity

(a) Net debt and gearing

As at 31 December 2011, the Company's shareholders' funds increased by HK\$15,678 million to HK\$322,643 million, equivalent to an increase of 5.1% to HK\$125.5 per share (30 June 2011: HK\$119.4 per share).

The Group's financial position remains strong with a low debt leverage and strong interest cover. Gearing ratio as at 31 December 2011, calculated on the basis of net debt to Company's shareholders' funds, was 16.5% compared to 17.1% at 30 June 2011. Interest cover, measured by the ratio of operating profit to total net interest expenses including those capitalized, was 16.0 times compared to 16.2 times for the previous year.

As at 31 December 2011, the Group's gross borrowings totalled HK\$62,576 million. Net debt, after deducting cash and bank deposits of HK\$9,220 million, amounted to HK\$53,356 million, an increase of HK\$819 million since 30 June 2011. The maturity profile of the Group's gross borrowings is set out as follows:

	31 December 2011	30 June 2011
	HK\$ Million	HK\$ Million
Repayable:		
Within one year	18,709	9,682
After one year but within two years	7,271	23,334
After two years but within five years	26,378	17,916
After five years	10,218	9,503
Total borrowings	62,576	60,435
Cash and bank deposits	9,220	7,898
Net debt	53,356	52,537

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 2011, about 77% of the Group's borrowings were raised through its wholly-owned finance subsidiaries and the remaining 23% 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 31 December 2011, about 66% of the Group's borrowings were denominated in Hong Kong dollars, 19% in Renminbi and 15% 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 31 December 2011, about 73% 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 27% 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 2011, the Group had outstanding fair value hedges in respect of fixed-to-floating interest rate swaps in the aggregate principal amount of HK\$4,273 million, cash flow hedge in respect of a floating-to-fixed interest rate swap in the principal amount of HK\$100 million and currency swaps (to hedge principal repayment of USD borrowings) in the aggregate principal amount of HK\$452 million.

As at 31 December 2011, about 54% of the Group's cash and bank balances were denominated in Hong Kong dollars, 28% in United States dollars, 16% in Renminbi and 2% in other currencies.

Charges of Assets

As at 31 December 2011, certain bank deposits of the Group's subsidiary, Smartone, in the aggregate amount of HK\$109 million, were pledged for securing performance bonds related to telecommunication licence and some other guarantees issued by the banks. Additionally, certain assets of the Group's subsidiaries with an aggregate carrying value of HK\$21,656 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 31 December 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\$1,256 million (30 June 2011: HK\$1,650 million).

EMOLUMENT POLICY AND LONG TERM INCENTIVE SCHEMES OF THE GROUP

As of end of 2011, the Group employed more than 35,000 employees. The related employees' costs before reimbursements for the period amounted to approximately HK\$3,521 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 interim report of the Company.

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.

INTERIM DIVIDEND

The Board of Directors has declared an interim dividend of HK\$0.95 per share (2010: HK\$0.95 per share) for the six months ended 31 December 2011. The interim dividend will be payable in cash, with an option for the shareholders to elect 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 shares (the "Scrip Dividend Scheme"). A circular containing details of the Scrip Dividend Scheme and the relevant election form are expected to be sent to shareholders on or about Friday, 30 March 2012.

The Scrip Dividend Scheme is conditional upon 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 (the "Stock Exchange").

Interim dividend will be distributed, and the share certificates issued under the Scrip Dividend Scheme will be sent on or about Friday, 27 April 2012 to the shareholders whose names appear on the register of members of the Company on Friday, 16 March 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 14 March 2012 to Friday, 16 March 2012 (both days inclusive). In order to establish entitlements to the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, Shops Nos.1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 13 March 2012.

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 period for the six months ended 31 December 2011.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 31 December 2011, the Company has complied with the code provisions (the "Code Provisions") in the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules, except for the following deviations:-

- (1) Messrs. KWOK Ping-kwong, Thomas and KWOK Ping-luen, Raymond were appointed as the joint Chairmen of the Company with effect from the close of the 2011 annual general meeting of the Company held on 8 December 2011 (the "2011 AGM") and continue to serve as joint 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 officer 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 four Independent Non-Executive Directors and five Non-Executive Directors on the Board offering independent advices and views from different perspectives. The Board is therefore of the view that there are adequate balance of power and safeguards in place; and
- (2) the former Chairman of the Company did not attend the 2011 AGM due to other commitment.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The interim results for the six months ended 31 December 2011 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 Deloitte Touche Tohmatsu, whose report on review of interim financial information is included in the interim report to be sent to shareholders. The interim results have also been reviewed by the Audit Committee of the Company.

INTERIM REPORT

The 2011/12 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 the Stock Exchange at www.hkexnews.hk and the Company's website at www.shkp.com and copies will be sent to shareholders before the end of March 2012.

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

Hong Kong, 28 February 2012

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 Ping-luen, Raymond (Chairman & Managing Director), CHAN Kai-ming, CHAN Kui-yuen, Thomas, KWONG Chun, WONG Chik-wing, Mike and CHAN Kwok-wai, Patrick (Chief Financial Officer); five Non-Executive Directors, being LEE Chau-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 four Independent Non-Executive Directors, being YIP Dicky Peter, WONG Yue-chim, Richard, LI Ka-cheung, Eric and FUNG Kwok-lun, William.