

## ANNOUNCEMENT

The Board of Directors of Sun Hung Kai Properties Limited announces the following unaudited consolidated figures of the Group for the six months ended 31 December 2012 with comparative figures for 2011:-

### Consolidated Income Statement

**For the six months ended 31 December 2012**

*(Expressed in millions of Hong Kong dollars)*

		<b>(Unaudited)</b>	
		<b>Six months ended</b>	
		<b>31 December</b>	
	Notes	2012	2011
<b>Revenue</b>	2	31,777	36,420
Cost of sales		(17,958)	(20,774)
Gross profit		13,819	15,646
Other net income		507	194
Selling and marketing expenses		(1,567)	(1,412)
Administrative expenses		(973)	(931)
<b>Operating profit before change in fair value of investment properties</b>	2	11,786	13,497
Increase in fair value of investment properties		10,430	8,643
<b>Operating profit after change in fair value of investment properties</b>		22,216	22,140
Finance costs		(1,009)	(756)
Finance income		73	59
Net finance costs	3	(936)	(697)
Share of results (including increase in fair value of investment properties net of deferred tax of HK\$1,850 million (2011 : HK\$1,837 million)) of:			
Associates		361	94
Jointly controlled entities		3,387	3,014
	2	3,748	3,108
<b>Profit before taxation</b>	4	25,028	24,551
Taxation	5	(2,175)	(2,959)
<b>Profit for the period</b>		22,853	21,592
<b>Attributable to :</b>			
Company's shareholders		22,515	21,131
Non-controlling interests		338	461
		22,853	21,592
<b>Interim dividend at HK\$0.95 (2011 : HK\$0.95) per share</b>		2,524	2,484
<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		\$8.60	\$8.22
<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		\$4.41	\$4.58

**Consolidated Statement of Comprehensive Income**  
**For the six months ended 31 December 2012**

*(Expressed in millions of Hong Kong dollars)*

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2012</b>	<b>2011</b>
<b>Profit for the period</b>	<b>22,853</b>	<b>21,592</b>
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange difference on translating financial statements of foreign operations	297	1,246
Fair value losses on cash flow hedge transferred to income statement	-	1
Available-for-sale investments:		
- fair value gains/(losses)	398	(381)
- fair value losses/(gains) transferred to income statement on disposal	21	(1)
	419	(382)
Share of other comprehensive income/(expenses) of associates and jointly controlled entities		
- exchange difference on translating financial statements of foreign operations	199	(59)
<b>Other comprehensive income for the period</b>	<b>915</b>	<b>806</b>
<b>Total comprehensive income for the period</b>	<b>23,768</b>	<b>22,398</b>
<b>Total comprehensive income for the period attributable to :</b>		
Company's shareholders	23,409	21,813
Non-controlling interests	359	585
	<b>23,768</b>	<b>22,398</b>

**Consolidated Statement of Financial Position**  
**As at 31 December 2012**

(Expressed in millions of Hong Kong dollars)

	Notes	(Unaudited) 31 December 2012	(Audited) 30 June 2012
<b>Non-current assets</b>			
Investment properties		247,855	233,867
Fixed assets		19,622	18,591
Associates		4,143	3,825
Jointly controlled entities		48,312	45,690
Loan receivables		637	587
Other financial assets		3,698	3,522
Intangible assets		4,498	4,699
		<u>328,765</u>	<u>310,781</u>
<b>Current assets</b>			
Properties for sale		124,746	117,144
Inventories		372	437
Debtors, prepayments and others	7	26,208	24,159
Other financial assets		715	711
Bank deposits and cash		11,551	14,338
		<u>163,592</u>	<u>156,789</u>
<b>Current liabilities</b>			
Bank and other borrowings		(5,931)	(9,801)
Trade and other payables	8	(23,796)	(22,256)
Deposits received on sales of properties		(4,706)	(3,120)
Taxation		(5,228)	(6,750)
		<u>(39,661)</u>	<u>(41,927)</u>
<b>Net current assets</b>		<u>123,931</u>	<u>114,862</u>
<b>Total assets less current liabilities</b>		<u>452,696</u>	<u>425,643</u>
<b>Non-current liabilities</b>			
Bank and other borrowings		(66,234)	(61,465)
Deferred taxation		(12,820)	(12,451)
Other long-term liabilities		(665)	(768)
		<u>(79,719)</u>	<u>(74,684)</u>
<b>NET ASSETS</b>		<u>372,977</u>	<u>350,959</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		1,328	1,308
Share premium and reserves		366,974	345,251
<b>Shareholders' funds</b>		<u>368,302</u>	<u>346,559</u>
<b>Non-controlling interests</b>		<u>4,675</u>	<u>4,400</u>
<b>TOTAL EQUITY</b>		<u>372,977</u>	<u>350,959</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 2012, except for the changes set out below.

### (b) Changes in accounting policies

In the current period, 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.

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

Amendments to HKFRSs	Annual improvements to HKFRSs 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 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>

<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

## 2. Segment Information

Segment profit represents the profit earned by each segment without allocation of central administration expenses, 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 purposes of resource allocation and assessment of segment performance.

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

### For the six months ended 31 December 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	13,327	5,395	668	219	13,995	5,614
Mainland China	444	(214)	2,560	952	3,004	738
Singapore	-	-	99	56	99	56
	13,771	5,181	3,327	1,227	17,098	6,408
Property rental						
Hong Kong	5,271	3,910	1,211	999	6,482	4,909
Mainland China	920	629	67	39	987	668
Singapore	-	-	332	258	332	258
	6,191	4,539	1,610	1,296	7,801	5,835
Hotel operation	1,722	400	307	106	2,029	506
Telecommunications	5,888	615	-	-	5,888	615
Transportation, infrastructure and logistics	1,713	501	1,351	94	3,064	595
Other businesses	2,492	565	151	43	2,643	608
	<u>31,777</u>	<u>11,801</u>	<u>6,746</u>	<u>2,766</u>	<u>38,523</u>	<u>14,567</u>
Other net income		507		-		507
Unallocated administrative expenses		(522)		-		(522)
Operating profit before change in fair value of investment properties		11,786		2,766		14,552
Increase in fair value of investment properties		10,430		1,984		12,414
Operating profit after change in fair value of investment properties		22,216		4,750		26,966
Net finance costs		(936)		(148)		(1,084)
Profit before taxation		21,280		4,602		25,882
Taxation						
- Group		(2,175)		-		(2,175)
- Associates		-		(31)		(31)
- Jointly controlled entities		-		(823)		(823)
Profit for the period		<u>19,105</u>		<u>3,748</u>		<u>22,853</u>

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		<u>8,643</u>		<u>1,863</u>		<u>10,506</u>
Operating profit after change in fair value of investment properties		22,140		3,497		25,637
Net finance costs		<u>(697)</u>		<u>(82)</u>		<u>(779)</u>
Profit before taxation		21,443		3,415		24,858
Taxation						
- Group		(2,959)		-		(2,959)
- Associates		-		(10)		(10)
- Jointly controlled entities		<u>-</u>		<u>(297)</u>		<u>(297)</u>
Profit for the period		<u>18,484</u>		<u>3,108</u>		<u>21,592</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	
	2012	2011
Interest expenses on		
Bank loans and overdrafts	639	565
Other loans wholly repayable within five years	203	81
Other loans not wholly repayable within five years	315	206
	<u>1,157</u>	<u>852</u>
Notional non-cash interest accretion	48	51
Less : Amount capitalized	(196)	(147)
	<u>1,009</u>	<u>756</u>
Interest income on bank deposits	(73)	(59)
	<u>936</u>	<u>697</u>

### 4. Profit before Taxation

	Six months ended 31 December	
	2012	2011
Profit before taxation is arrived at		
after charging:		
Cost of properties sold	7,759	11,996
Cost of other inventories sold	2,927	2,232
Depreciation and amortization	615	591
Amortization of intangible assets (included in cost of sales)	201	170
Operating lease rentals for land and buildings, transmission sites and leased lines	606	525
Staff costs (including directors' emoluments and retirement schemes contributions)	2,726	2,414
Share-based payments	21	61
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	96	21
Dividend income from listed and unlisted investments	69	78
Interest income from listed and unlisted debt securities	36	38
Fair value gains on financial assets at fair value through profit or loss	88	-

### 5. Taxation

	Six months ended 31 December	
	2012	2011
Current taxation		
Hong Kong profits tax	1,741	1,711
Under provision in prior years	1	11
	<u>1,742</u>	<u>1,722</u>
Tax outside Hong Kong	117	95
	<u>1,859</u>	<u>1,817</u>
Deferred taxation charge		
Change in fair value of investment properties	281	858
Other origination and reversal of temporary differences	35	284
	<u>316</u>	<u>1,142</u>
	<u>2,175</u>	<u>2,959</u>

Hong Kong profits tax is provided at the rate of 16.5 per cent (2011: 16.5 per cent) based on the estimated assessable profits for the period. Tax outside Hong Kong is calculated at the rates applicable in the relevant jurisdictions.

## 6. Earnings Per Share

### (a) Reported earnings per share

The calculations of basic and diluted earnings per share are based on the Group's profit attributable to the Company's shareholders of HK\$22,515 million (2011: HK\$21,131 million).

The basic earnings per share is based on the weighted average number of shares in issue during the period of 2,618,412,123 (2011: 2,570,039,181). For the period ended 31 December 2012, the computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the adjusted exercise prices of these options calculated in accordance with HKAS 33 "Earnings per share" are higher than the average market price of the shares for the relevant period. The diluted earnings per share for the period ended 31 December 2011 was based on 2,570,095,940 shares which was the weighted average number of shares in issue during the period plus the weighted average number of 56,759 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\$11,546 million (2011: HK\$11,773 million), excluding the net effect of changes in the valuation of investment properties. A reconciliation of profit is as follows:

	<b>Six months ended 31 December</b>	
	<b>2012</b>	2011
Profit attributable to the Company's shareholders as shown in the consolidated income statement	<b>22,515</b>	21,131
Increase in fair value of investment properties	<b>(10,430)</b>	(8,643)
Effect of corresponding deferred tax charges	<b>281</b>	858
Realized fair value gains of investment properties disposed net of deferred tax	<b>1,000</b>	105
Share of results of associates and jointly controlled entities		
- fair value gains of investment properties	<b>(1,984)</b>	(1,863)
- effect of corresponding deferred tax charges	<b>134</b>	26
	<b>(10,999)</b>	(9,517)
Non-controlling interests	<b>30</b>	159
Net effect of changes in the valuation of investment properties	<b>(10,969)</b>	(9,358)
Underlying profit attributable to the Company's shareholders	<b>11,546</b>	11,773



## **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\$15,444 million (30 June 2012: HK\$12,846 million), of which 93% aged less than 60 days, 1% between 61 to 90 days and 6% more than 90 days (30 June 2012: 94%, 1% and 5% respectively).

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

Included in trade and other payables are trade creditors of HK\$2,598 million (30 June 2012: HK\$2,283 million), of which 75% are aged less than 60 days, 2% between 61 to 90 days and 23% more than 90 days (30 June 2012: 72%, 2% and 26% respectively).

## **FINANCIAL REVIEW**

### **Review of Results**

Profit attributable to the Company's shareholders for the six months ended 31 December 2012 was HK\$22,515 million, an increase of HK\$1,384 million or 6.5% compared to HK\$21,131 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\$11,969 million (2011 : HK\$9,463 million).

Underlying profit attributable to the Company's shareholders for the six months ended 31 December 2012, excluding the net effect of fair value changes on investment properties, decreased by HK\$227 million or 1.9% to HK\$11,546 million compared to HK\$11,773 million for the corresponding period last year. The decrease was primarily due to reduced profit contribution from property sales. Property sales reported a profit of HK\$6,408 million, which fell by 18.7% or HK\$1,478 million, mainly due to fewer sales of Hong Kong residential projects than the comparable period last year. In addition, the Group has included in its underlying profit realized valuation gains of HK\$1,000 million from disposal of certain investment properties. Net rental grew 10.6% to HK\$5,835 million, driven by positive rental reversions and increased contributions on new investment properties from the mainland. Profit contribution from telecommunication segment decreased by HK\$46 million or 7% to HK\$615 million, largely due to drop in roaming revenue reflecting fierce market competition. The Group's hotel portfolio has performed well on the back of continued improvement in room rates. Profit contribution from hotel segment, however, recorded a decrease of HK\$59 million or 10.4% to HK\$506 million, which was due to the renovation of Royal Plaza Hotel as well as pre-operating expenses of the two newly completed hotels in Kowloon East, which had the effect of reducing the current period's hotel operating results by HK\$144 million. Excluding these exceptional items, hotel profit has shown a decent growth.

## Financial Resources and Liquidity

### (a) Net debt and gearing

As at 31 December 2012, the Company's shareholders' funds increased by HK\$21,743 million to HK\$368,302 million or \$138.6 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 high interest cover. Gearing ratio as at 31 December 2012, calculated on the basis of net debt to Company's shareholders' funds, stayed low at 16.5% 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 10.4 times compared to 16.0 times for the previous period. 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 debt financing during the period compared with the same period last year.

As at 31 December 2012, the Group's gross borrowings totalled HK\$72,165 million. Net debt, after deducting bank deposits and cash of HK\$11,551 million, amounted to HK\$60,614 million, an increase of HK\$3,686 million since 30 June 2012. The maturity profile of the Group's gross borrowings is set out as follows:

	<b>31 December 2012</b>	30 June 2012
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Repayable:		
Within one year	<b>5,930</b>	9,801
After one year but within two years	<b>11,028</b>	8,799
After two years but within five years	<b>37,230</b>	37,493
After five years	<b>17,977</b>	15,173
Total bank and other borrowings	<b>72,165</b>	71,266
Bank deposits and cash	<b>11,551</b>	14,338
Net debt	<b>60,614</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 31 December 2012, about 80% of the Group's bank and other borrowings were raised through its wholly-owned finance subsidiaries and the remaining 20% through operating subsidiaries.

The Group's foreign exchange exposure was small given its large asset base and operational cash flow primarily denominated in Hong Kong dollars. As at 31 December 2012, about 62% of the Group's bank and other borrowings were denominated in Hong Kong dollars, 20% 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 31 December 2012, about 65% 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 35% 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 2012, 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\$4,465 million.

As at 31 December 2012, about 41% of the Group's bank deposits and cash were denominated in Hong Kong dollars, 37% in Renminbi, 20% in United States dollars and 2% in other currencies.

### **Charges of assets**

As at 31 December 2012, certain bank deposits of the Group's subsidiary, Smartone, in the aggregate amount of HK\$6 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\$26,251 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 2012, 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\$1,291 million (30 June 2012: HK\$1,239 million).

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

As at 31 December 2012, the Group employed more than 36,000 employees. The related employees' costs before reimbursements for the six months ended 31 December 2012 amounted to approximately HK\$3,922 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.

## **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.

## **INTERIM DIVIDEND**

The Board of Directors has declared an interim dividend of HK\$0.95 per share (2011: HK\$0.95 per share) for the six months ended 31 December 2012. The interim dividend will be payable in cash, with an option for the shareholders of the Company (the “Shareholders”) to receive new and 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 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 Shareholders on or about Thursday, 28 March 2013.

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 Thursday, 25 April 2013 to the Shareholders whose names appear on the register of members of the Company on Tuesday, 19 March 2013.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Friday, 15 March 2013 to Tuesday, 19 March 2013 (both days inclusive). In order to establish entitlements to the interim 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 Shops Nos.1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 14 March 2013.

## **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 six months ended 31 December 2012.

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

During the six months ended 31 December 2012, 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, joint Chairmen of the Company, also serve as 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 six Independent Non-Executive Directors and five Non-Executive Directors on the Board offering their experience, expertise, independent advice and views from different perspectives. The Board is therefore of the view that there are adequate balance of power and safeguards in place.

## **REVIEW OF INTERIM FINANCIAL STATEMENTS**

The interim results for the six months ended 31 December 2012 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 condensed consolidated financial statements is included in the interim report to be sent to the Shareholders. The interim results have also been reviewed by the Audit Committee of the Company.

## **INTERIM REPORT**

The 2012/13 interim report containing all the financial and other related information of the Company required by the Listing Rules will be published on the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.shkp.com](http://www.shkp.com), and printed copies of the interim report will be sent to the Shareholders before the end of March 2013.

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

Hong Kong, 28 February 2013

*As at the date hereof, the Board 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 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 six Independent Non-Executive Directors, being YIP Dicky Peter, WONG Yue-chim, Richard, LI Ka-cheung, Eric, FUNG Kwok-lun, William, LEUNG Nai-pang, Norman and LEUNG Kui-king, Donald.*