

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 2013 with comparative figures for 2012:-

Consolidated Income Statement

For the six months ended 31 December 2013

(Expressed in millions of Hong Kong dollars)

		(Unaudited)	
		Six months ended	
		31 December	
	Notes	2013	2012
Revenue	2	32,506	31,777
Cost of sales		(17,755)	(17,289)
Gross profit		14,751	14,488
Other net income		445	507
Selling and marketing expenses		(1,615)	(2,236)
Administrative expenses		(1,079)	(973)
Operating profit before change in fair value of investment properties	2	12,502	11,786
Increase in fair value of investment properties		8,689	10,430
Operating profit after change in fair value of investment properties		21,191	22,216
Finance costs		(1,101)	(1,009)
Finance income		141	73
Net finance costs	3	(960)	(936)
Share of results (including increase in fair value of investment properties net of deferred tax of HK\$1,569 million (2012 : HK\$1,850 million)) of:			
Associates		163	361
Joint ventures		2,908	3,387
	2	3,071	3,748
Profit before taxation	4	23,302	25,028
Taxation	5	(3,829)	(2,175)
Profit for the period		19,473	22,853
Attributable to :			
Company's shareholders		19,027	22,515
Non-controlling interests		446	338
		19,473	22,853
Interim dividend at HK\$0.95 (2012 : HK\$0.95) per share		2,570	2,524
<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		\$7.12	\$8.60
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		\$3.98	\$4.41

Consolidated Statement of Comprehensive Income
For the six months ended 31 December 2013

(Expressed in millions of Hong Kong dollars)

	(Unaudited)	
	Six months ended	
	31 December	
	2013	2012
Profit for the period	19,473	22,853
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translating financial statements of foreign operations	735	297
Fair value gains on cash flow hedge	178	-
Available-for-sale investments		
- fair value (losses)/gains	(95)	398
- fair value (gains)/losses transferred to income statement on disposal	(222)	21
	(317)	419
Share of other comprehensive income of associates and joint ventures		
- exchange difference on translating financial statements of foreign operations	152	199
Other comprehensive income for the period	748	915
Total comprehensive income for the period	20,221	23,768
Total comprehensive income for the period attributable to :		
Company's shareholders	19,725	23,409
Non-controlling interests	496	359
	20,221	23,768

Consolidated Statement of Financial Position
As at 31 December 2013

(Expressed in millions of Hong Kong dollars)

	Notes	(Unaudited) 31 December 2013	(Audited) 30 June 2013
Non-current assets			
Investment properties		268,854	258,849
Fixed assets		23,978	22,788
Associates		3,914	3,891
Joint ventures		50,713	49,643
Loan receivables		736	801
Other financial assets		2,901	3,375
Intangible assets		4,740	4,937
		<u>355,836</u>	<u>344,284</u>
Current assets			
Properties for sale		136,744	132,938
Inventories		390	307
Debtors, prepayments and others	7	26,602	18,191
Other financial assets		907	705
Bank deposits and cash		18,121	16,471
		<u>182,764</u>	<u>168,612</u>
Current liabilities			
Bank and other borrowings		(8,985)	(8,060)
Trade and other payables	8	(27,284)	(22,753)
Deposits received on sales of properties		(12,500)	(15,031)
Taxation		(5,344)	(5,473)
		<u>(54,113)</u>	<u>(51,317)</u>
Net current assets		<u>128,651</u>	<u>117,295</u>
Total assets less current liabilities		<u>484,487</u>	<u>461,579</u>
Non-current liabilities			
Bank and other borrowings		(61,122)	(56,570)
Deferred taxation		(15,373)	(13,803)
Other long-term liabilities		(557)	(677)
		<u>(77,052)</u>	<u>(71,050)</u>
NET ASSETS		<u>407,435</u>	<u>390,529</u>
CAPITAL AND RESERVES			
Share capital		1,352	1,335
Share premium and reserves		401,237	384,577
Shareholders' funds		<u>402,589</u>	<u>385,912</u>
Non-controlling interests		<u>4,846</u>	<u>4,617</u>
TOTAL EQUITY		<u>407,435</u>	<u>390,529</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 2013, 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, and amendments to Hong Kong Financial Reporting Standards (collectively, "new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1 July 2013.

Amendments to HKFRSs	Annual improvements to HKFRSs 2009-2011 Cycle
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
Amendments to HKFRS 7	Disclosures - offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement

HKFRS 10 Consolidated financial statements

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements and HK(SIC)-Int 12 "Consolidation - special purpose entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. The adoption of HKFRS 10 has not had any financial impact on the Group.

HKFRS 11 Joint arrangements

HKFRS 11 replaces HKAS 31 "Interests in joint ventures", and the guidance contained in a related interpretation, HK(SIC)-Int 13 "Jointly controlled entities - non-monetary contributions by venturers", has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 provides guidance on what constitutes a joint arrangement by focusing on the rights and obligations of the arrangements, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and are required to be accounted for using the equity method in the Group's consolidated financial statements. Proportional consolidation of joint arrangements is no longer permitted. The Group has reclassified all jointly controlled entities to joint ventures and all jointly controlled assets to joint operations in the consolidated financial statements. It is not expected that this new standard will have a significant impact on the Group's results and financial position.

HKFRS 13 Fair value measurement

HKFRS 13 establishes a single source of guidance for all fair value measurements required or permitted by HKFRSs. It clarifies the definition of fair value as an exit price, which is defined as a price at which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under market conditions. HKFRS 13 contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of these disclosures are specifically required in the interim financial statements for financial instruments and accordingly, the Group provides these disclosures in note 18 to the interim financial statements.

Other than as further explained above regarding the impact of HKFRS 10, HKFRS 11 and HKFRS 13, the adoption of the other new HKFRSs 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 2010-2012 Cycle ⁴
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 Cycle ²
Amendments to HKAS 19	Defined benefit plans : employee contributions ²
Amendments to HKAS 32	Offsetting financial assets and financial liabilities ¹
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets ¹
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting ¹
Amendments to HKFRS 7 and HKFRS 9	Mandatory effective date of HKFRS 9 and transition disclosures ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities ¹
HKFRS 9	Financial instruments ³
HK(IFRIC)-Int 21	Levies ¹

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

² Effective for annual periods beginning on or after 1 July 2014

³ Available for application - the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised

⁴ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

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 joint ventures by reportable and operating segments is as follows:

For the six months ended 31 December 2013

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

For the six months ended 31 December 2012

	The Company and its subsidiaries		Associates and joint ventures		Combined revenue	Consolidated results
	Revenue	Results	Share of revenue	Share of results		
Property sales						
Hong Kong	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		<u>10,430</u>		<u>1,984</u>		<u>12,414</u>
Operating profit after change in fair value of investment properties		22,216		4,750		26,966
Net finance costs		<u>(936)</u>		<u>(148)</u>		<u>(1,084)</u>
Profit before taxation		21,280		4,602		25,882
Taxation						
- Group		(2,175)		-		(2,175)
- Associates		-		(31)		(31)
- Joint ventures		-		<u>(823)</u>		<u>(823)</u>
Profit for the period		<u>19,105</u>		<u>3,748</u>		<u>22,853</u>

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

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

3. Net Finance Costs

	Six months ended 31 December	
	2013	2012
Interest expenses on		
Bank loans and overdrafts	622	639
Other loans wholly repayable within five years	178	203
Other loans not wholly repayable within five years	421	315
	<u>1,221</u>	<u>1,157</u>
Notional non-cash interest accretion	43	48
Less : Amount capitalized	<u>(163)</u>	<u>(196)</u>
	<u>1,101</u>	<u>1,009</u>
Interest income on bank deposits	<u>(141)</u>	<u>(73)</u>
	<u><u>960</u></u>	<u><u>936</u></u>

4. Profit before Taxation

	Six months ended 31 December	
	2013	2012
Profit before taxation is arrived at		
after charging:		
Cost of properties sold	6,153	7,124
Cost of inventories sold	3,701	2,927
Depreciation and amortization	730	615
Amortization of intangible assets (included in cost of sales)	201	201
Operating lease rentals for land and buildings, assets, transmission sites and leased lines	697	606
Staff costs (including directors' emoluments and retirement schemes contributions)	3,028	2,726
Share-based payments	16	21
and crediting:		
Profit on disposal of available-for-sale investments	198	96
Dividend income from listed and unlisted investments	60	69
Interest income from listed and unlisted debt securities	35	36
Fair value gains on financial assets at fair value through profit or loss	58	88

5. Taxation

	Six months ended 31 December	
	2013	2012
Current taxation		
Hong Kong profits tax	1,304	1,741
Under provision in prior years	-	1
	<u>1,304</u>	<u>1,742</u>
Tax outside Hong Kong	1,094	117
	<u>2,398</u>	<u>1,859</u>
Deferred taxation charge		
Change in fair value of investment properties	1,221	281
Other origination and reversal of temporary differences	210	35
	<u>1,431</u>	<u>316</u>
	<u><u>3,829</u></u>	<u><u>2,175</u></u>

Hong Kong profits tax is provided at the rate of 16.5 per cent (2012: 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\$19,027 million (2012: HK\$22,515 million).

The basic earnings per share is based on the weighted average number of shares in issue during the period of 2,673,330,639 (2012: 2,618,412,123). For the periods ended 31 December 2013 and 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 periods.

(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\$10,644 million (2012: HK\$11,546 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	
	2013	2012
Profit attributable to the Company's shareholders as shown in the consolidated income statement	19,027	22,515
Increase in fair value of investment properties	(8,689)	(10,430)
Effect of corresponding deferred tax charges	1,221	281
Realized fair value gains of investment properties disposed net of deferred tax	535	1,000
Share of results of associates and joint ventures		
- fair value gains of investment properties	(1,355)	(1,984)
- effect of corresponding deferred tax (credits)/charges	(214)	134
	(8,502)	(10,999)
Non-controlling interests	119	30
Net effect of changes in the valuation of investment properties	(8,383)	(10,969)
Underlying profit attributable to the Company's shareholders	10,644	11,546

7. Debtors, Prepayments and Others

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

Included in debtors, prepayments and others of the Group are trade debtors of HK\$9,247 million (30 June 2013: HK\$6,534 million), of which 83% aged less than 60 days, 8% between 61 to 90 days and 9% more than 90 days (30 June 2013: 88%, 1% and 11% respectively).

8. Trade and Other Payables

Included in trade and other payables of the Group are trade creditors of HK\$2,333 million (30 June 2013: HK\$2,108 million), of which 77% are aged less than 60 days, 3% between 61 to 90 days and 20% more than 90 days (30 June 2013: 72%, 3% and 25% respectively).

FINANCIAL REVIEW

Review of Results

Profit attributable to the Company's shareholders for the six months ended 31 December 2013 was HK\$19,027 million, a decrease of HK\$3,488 million or 15.5% compared to HK\$22,515 million for the same period last year, resulting mainly from lower investment property valuation surplus, lower profit recognition of property sales in Hong Kong and higher effective tax charge due to increased profit contribution from the mainland. 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\$8,918 million (2012 : HK\$11,969 million).

Underlying profit attributable to the Company's shareholders for the six months ended 31 December 2013, excluding the net effect of fair value changes on investment properties, was HK\$10,644 million, a decrease of HK\$902 million or 7.8% compared to HK\$11,546 million for the corresponding period last year.

Property sales reported a total profit of HK\$5,626 million, which fell year-on-year by 12.2% or HK\$782 million, mainly due to fewer sales of Hong Kong residential projects but partly compensated by increased profit contributions from residential property sales in the mainland. Profit from property sales recognized during the period mainly derived from The Cullinan, Shouson Peak, I-UniQ Residence and I-UniQ Grand in Hong Kong totaling HK\$3,071 million (2012: HK\$5,614 million) and from Shanghai Arch Phase 1 and Lake Genève Phase 1 in the mainland totaling HK\$2,559 million (2012: HK\$738 million).

Net rental income grew 17.9% or HK\$1,044 million to HK\$6,879 million over the same period last year, driven by positive rental reversions and contributions from new investment properties both in Hong Kong and the mainland, including V City in MTR Tuen Mun Station, IAPM mall and IFC Residence in Shanghai.

Profit contribution from telecommunication segment decreased by HK\$184 million or 29.9% to HK\$431 million, largely due to drop in local mobile service revenue and roaming revenue reflecting fierce market competition. Profit contribution from hotel segment increased by HK\$136 million or 26.9% to HK\$642 million, as sustained by continued improvement in operating margin as well as positively benefited from the re-opening of hotel facilities at the Royal Plaza Hotel following the completion of the major renovation work.

Financial Resources and Liquidity

(a) Net debt and gearing

As at 31 December 2013, the Company's shareholders' funds increased by HK\$16,677 million to HK\$402,589 million or \$148.9 per share from HK\$385,912 million or \$144.5 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 31 December 2013, calculated on the basis of net debt to Company's shareholders' funds, was 12.9% compared to 12.5% at 30 June 2013. Interest cover, measured by the ratio of operating profit to total net interest expenses including those capitalized, was 11.6 times compared to 10.9 times for the previous period.

As at 31 December 2013, the Group's gross borrowings totalled HK\$70,107 million. Net debt, after deducting bank deposits and cash of HK\$18,121 million, amounted to HK\$51,986 million, an increase of HK\$3,827 million since 30 June 2013. The maturity profile of the Group's gross borrowings is set out as follows:

	31 December 2013	30 June 2013
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Repayable:		
Within one year	8,985	8,060
After one year but within two years	9,766	9,269
After two years but within five years	29,515	23,765
After five years	21,841	23,536
Total bank and other borrowings	70,107	64,630
Bank deposits and cash	18,121	16,471
Net debt	51,986	48,159

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 2013, about 79% of the Group's bank and other borrowings were raised through its wholly-owned finance subsidiaries and the remaining 21% 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 2013, about 61% of the Group's bank and other borrowings were denominated in Hong Kong dollars, 24% in US dollars and the remaining 15% in Renminbi for financing property projects on the mainland.

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 2013, about 58% 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 42% 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 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\$7,474 million.

As at 31 December 2013, about 66% of the Group's bank deposits and cash were denominated in Hong Kong dollars, 31% in Renminbi and 3% in United States dollars.

As at 31 December 2013, the Group has entered into forward foreign exchange contracts in the aggregate notional principal amount of HK\$21,470 million to hedge a foreign currency exposure on a firm commitment for acquisition of land.

Charges of Assets

As at 31 December 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\$7,739 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 2013, the Group had contingent liabilities in respect of guarantees for bank borrowings of joint ventures and other guarantees in the aggregate amount of HK\$1,058 million (30 June 2013: HK\$1,104 million).

EMOLUMENT POLICY AND LONG-TERM INCENTIVE SCHEMES OF THE GROUP

As at 31 December 2013, the Group employed more than 37,500 employees. The related employees' costs before reimbursements for the six months ended 31 December 2013 amounted to approximately HK\$4,275 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.

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 of the Company (the “Board”) has declared an interim dividend of HK\$0.95 per share (2012: HK\$0.95 per share) for the six months ended 31 December 2013. The interim dividend will be payable in cash, with an option for the shareholders of the Company (the “Shareholders”) to receive new fully paid shares of the Company (the “Shares”) 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 Tuesday, 25 March 2014.

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 to be issued under the Scrip Dividend Scheme will be sent on or about Wednesday, 16 April 2014 to the Shareholders whose names appear on the register of members of the Company (the “Register of Members”) on Wednesday, 19 March 2014.

BONUS ISSUE OF WARRANTS

The Board has proposed to make a bonus issue of warrants (the “Warrants”) to the Shareholders on the basis of one (1) Warrant for every twelve (12) existing Shares held on the record date for ascertaining the entitlements of Shareholders to the bonus issue of the Warrants (the “Record Date”), which is expected to be on Monday, 14 April 2014 (the “Bonus Warrants Issue”). The Warrants will be listed on the Stock Exchange and each Warrant will entitle the holder thereof to subscribe in cash for one (1) new Share at an initial subscription price of HK\$98.60, subject to adjustments. The Warrants will be exercisable at any time during the period of 24 months commencing on the date of the issue of the Warrants, which is expected to be on Wednesday, 23 April 2014. Details of the Bonus Warrants Issue will be announced separately. A circular containing further information on the Bonus Warrants Issue will also be despatched to Shareholders on or about Monday, 31 March 2014.

The Bonus Warrants Issue is conditional upon the granting of the listing of, and permission to deal in, the Warrants and any new Shares to be issued upon exercise of the subscription rights attaching to the Warrants by the Listing Committee of the Stock Exchange.

Subject to the satisfaction of the condition to the Bonus Warrants Issue, it is expected that certificates for the Warrants will be posted on or before Wednesday, 23 April 2014 to the Shareholders, other than non-qualifying Shareholders, whose names appear on the Register of Members on the Record Date.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed during the following periods:-

- (i) from Monday, 17 March 2014 to Wednesday, 19 March 2014, both days inclusive, for the purpose of ascertaining Shareholders' entitlement to the interim dividend. 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 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, 14 March 2014; and
- (ii) from Thursday, 10 April 2014 to Monday, 14 April 2014, both days inclusive, for the purpose of ascertaining Shareholders' entitlement to the Warrants. In order to establish entitlements to the Warrants, 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 Wednesday, 9 April 2014.

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

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares during the six months ended 31 December 2013.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

REVIEW OF INTERIM FINANCIAL STATEMENTS

The interim results for the six months ended 31 December 2013 are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants, by Messrs. Deloitte Touche Tohmatsu, whose report on review of condensed consolidated financial statements is set out in the interim report to be sent to the Shareholders. The interim results have also been reviewed by the Audit Committee of the Company.

INTERIM REPORT

The 2013/14 interim report containing all the financial and other related information of the Company required by the Listing Rules will be available on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.shkp.com, and dispatched to the Shareholders before the end of March 2014.

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

Hong Kong, 28 February 2014

As at the date hereof, the Board of the Company comprises nine 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, CHAN Kwok-wai, Patrick (Chief Financial Officer), TUNG Chi-ho, Eric and FUNG Yuk-lun, Allen; four Non-Executive Directors, being LEE Shau-kee (Vice Chairman), WOO Po-shing (WOO Ka-biu, Jackson being his Alternate Director), KWAN Cheuk-yin, William and WONG Yick-kam, Michael; and seven Independent Non-Executive Directors, being YIP Dicky Peter, WONG Yue-chim, Richard, LI Ka-cheung, Eric, FUNG Kwok-lun, William, LEUNG Nai-pang, Norman, LEUNG Kui-king, Donald and LEUNG KO May-yee, Margaret.