

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 2015 with comparative figures for 2014:-

Consolidated Income Statement

For the six months ended 31 December 2015

(Expressed in millions of Hong Kong dollars)

	Notes	(Unaudited) Six months ended 31 December	
		2015	2014
Revenue	2	34,902	32,093
Cost of sales		<u>(21,333)</u>	<u>(19,007)</u>
Gross profit		13,569	13,086
Other net income		351	236
Selling and marketing expenses		<u>(1,599)</u>	<u>(1,736)</u>
Administrative expenses		<u>(1,129)</u>	<u>(1,140)</u>
Operating profit before changes in fair value of investment properties	2	11,192	10,446
Increase in fair value of investment properties		<u>5,388</u>	<u>6,934</u>
Operating profit after changes in fair value of investment properties		16,580	17,380
Finance costs		<u>(1,181)</u>	<u>(1,252)</u>
Finance income		<u>147</u>	<u>130</u>
Net finance costs	3	(1,034)	(1,122)
Share of results (including increase in fair value of investment properties net of deferred tax of HK\$593 million (2014: HK\$1,243 million)) of:			
Associates		<u>174</u>	<u>300</u>
Joint ventures		<u>1,849</u>	<u>2,229</u>
	2	2,023	2,529
Profit before taxation	4	17,569	18,787
Taxation	5	<u>(2,478)</u>	<u>(2,279)</u>
Profit for the period		<u>15,091</u>	<u>16,508</u>
Attributable to:			
Company's shareholders		14,724	15,696
Non-controlling interests		<u>367</u>	<u>812</u>
		<u>15,091</u>	<u>16,508</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		\$5.11	\$5.71
Diluted		<u>\$5.10</u>	<u>\$5.65</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		\$3.23	\$3.08
Diluted		<u>\$3.22</u>	<u>\$3.05</u>

Consolidated Statement of Comprehensive Income
For the six months ended 31 December 2015

(Expressed in millions of Hong Kong dollars)

	(Unaudited)	
	Six months ended	
	31 December	
	2015	2014
Profit for the period	15,091	16,508
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translating financial statements of foreign operations		
- exchange difference arising during the period	(3,866)	(1)
- exchange difference released on disposal of foreign operations	(112)	-
	(3,978)	(1)
Cash flow hedge		
- fair value losses	(1)	-
- fair value losses transferred to consolidated income statement	1	-
	-	-
Available-for-sale investments		
- fair value (losses)/gains	(213)	25
- fair value gains transferred to consolidated income statement on disposal	(84)	-
	(297)	25
Share of other comprehensive loss of associates and joint ventures	(668)	(269)
Other comprehensive loss for the period	(4,943)	(245)
Total comprehensive income for the period	10,148	16,263
Total comprehensive income for the period attributable to:		
Company's shareholders	9,908	15,453
Non-controlling interests	240	810
	10,148	16,263

Consolidated Statement of Financial Position
As at 31 December 2015

(Expressed in millions of Hong Kong dollars)

	Notes	(Unaudited) 31 December 2015	(Audited) 30 June 2015
Non-current assets			
Investment properties		312,225	309,205
Fixed assets		25,569	25,621
Associates		4,208	4,018
Joint ventures		55,820	52,957
Loan receivables		883	820
Other financial assets		3,956	3,210
Intangible assets		3,982	4,090
		<u>406,643</u>	<u>399,921</u>
Current assets			
Properties for sale		161,026	149,750
Inventories		929	294
Debtors, prepayments and others	7	16,959	20,690
Other financial assets		752	894
Bank deposits and cash		24,131	32,561
		<u>203,797</u>	<u>204,189</u>
Current liabilities			
Bank and other borrowings		(14,545)	(10,816)
Trade and other payables	8	(26,058)	(25,690)
Deposits received on sales of properties		(20,239)	(13,904)
Taxation		(4,825)	(7,323)
		<u>(65,667)</u>	<u>(57,733)</u>
Net current assets		<u>138,130</u>	<u>146,456</u>
Total assets less current liabilities		<u>544,773</u>	<u>546,377</u>
Non-current liabilities			
Bank and other borrowings		(66,137)	(72,316)
Deferred taxation		(16,932)	(16,824)
Other long-term liabilities		(264)	(419)
		<u>(83,333)</u>	<u>(89,559)</u>
NET ASSETS		<u>461,440</u>	<u>456,818</u>
CAPITAL AND RESERVES			
Share capital		70,220	68,451
Reserves		385,546	382,575
Shareholders' funds		<u>455,766</u>	<u>451,026</u>
Non-controlling interests		5,674	5,792
TOTAL EQUITY		<u>461,440</u>	<u>456,818</u>

Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

1. Basis of Preparation and Principal Accounting Policies

(a) Basis of preparation

The condensed consolidated 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 financial information relating to the year ended 30 June 2015 included in this interim results announcement as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. The Company has delivered the consolidated financial statements for the year ended 30 June 2015 to the Registrar of Companies and the Company’s auditor has reported on the consolidated financial statements. The auditor’s report was unqualified.

(b) Accounting policies

The accounting policies adopted in the condensed consolidated financial statements are consistent with those set out in the annual consolidated financial statements for the year ended 30 June 2015.

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

Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 Cycle ¹
Amendments to HKAS 1	Disclosure initiative ¹
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortization ¹
Amendments to HKAS 27	Equity method in separate financial statements ¹
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture ²
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: applying the consolidation exception ¹
Amendments to HKFRS 11	Accounting for acquisition of interests in joint operations ¹
HKFRS 9	Financial instruments ³
HKFRS 15	Revenue from contracts with customers ³

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after a date to be determined

³ Effective for annual periods beginning on or after 1 January 2018

The Group has already commenced an assessment of the impact of these new and revised standards and amendments to the Group and is not yet in a position to state whether these would have a significant impact on the Group's results and financial position.

2. Segment Information

Segment revenue and results are measured without allocation of central administration costs, other net income, net finance costs and changes in fair value of investment properties, which are 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 2015

	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	6,229	1,687	15	13	6,244	1,700
Mainland China	2,390	724	836	38	3,226	762
Singapore	-	-	24	12	24	12
	8,619	2,411	875	63	9,494	2,474
Property rental						
Hong Kong	6,853	5,209	1,423	1,190	8,276	6,399
Mainland China	1,642	1,255	116	58	1,758	1,313
Singapore	-	-	317	231	317	231
	8,495	6,464	1,856	1,479	10,351	7,943
Hotel operation	2,086	566	359	131	2,445	697
Telecommunications	10,228	587	-	-	10,228	587
Transport infrastructure and logistics	1,861	615	1,573	165	3,434	780
Other businesses	3,613	808	211	30	3,824	838
	<u>34,902</u>	<u>11,451</u>	<u>4,874</u>	<u>1,868</u>	<u>39,776</u>	<u>13,319</u>
Other net income		351		-		351
Unallocated administrative expenses		(610)		-		(610)
Operating profit before changes in fair value of investment properties		11,192		1,868		13,060
Increase in fair value of investment properties		5,388		609		5,997
Operating profit after changes in fair value of investment properties		16,580		2,477		19,057
Net finance costs		(1,034)		(168)		(1,202)
Profit before taxation		15,546		2,309		17,855
Taxation						
- Group		(2,478)		-		(2,478)
- Associates		-		(25)		(25)
- Joint ventures		-		(261)		(261)
Profit for the period		<u>13,068</u>		<u>2,023</u>		<u>15,091</u>

For the six months ended 31 December 2014

	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	5,292	1,673	67	21	5,359	1,694
Mainland China	3,028	615	1,199	(21)	4,227	594
Singapore	-	-	-	(3)	-	(3)
	8,320	2,288	1,266	(3)	9,586	2,285
Property rental						
Hong Kong	6,273	4,796	1,382	1,159	7,655	5,955
Mainland China	1,549	1,170	82	48	1,631	1,218
Singapore	-	-	349	265	349	265
	7,822	5,966	1,813	1,472	9,635	7,438
Hotel operation	2,186	601	361	119	2,547	720
Telecommunications	8,673	628	-	-	8,673	628
Transport infrastructure and logistics	1,775	568	1,429	133	3,204	701
Other businesses	3,317	767	248	41	3,565	808
	<u>32,093</u>	<u>10,818</u>	<u>5,117</u>	<u>1,762</u>	<u>37,210</u>	<u>12,580</u>
Other net income		236		-		236
Unallocated administrative expenses		<u>(608)</u>		-		<u>(608)</u>
Operating profit before changes in fair value of investment properties		10,446		1,762		12,208
Increase in fair value of investment properties		<u>6,934</u>		<u>1,422</u>		<u>8,356</u>
Operating profit after changes in fair value of investment properties		17,380		3,184		20,564
Net finance costs		<u>(1,122)</u>		<u>(173)</u>		<u>(1,295)</u>
Profit before taxation		16,258		3,011		19,269
Taxation						
- Group		(2,279)		-		(2,279)
- Associates		-		(18)		(18)
- Joint ventures		-		<u>(464)</u>		<u>(464)</u>
Profit for the period		<u>13,979</u>		<u>2,529</u>		<u>16,508</u>

Results from property sales include selling and marketing expenses of HK\$220 million (2014: HK\$354 million) and HK\$42 million (2014: HK\$63 million) that relate to pre-sale of property projects in Hong Kong and Mainland China, respectively. The corresponding property sales revenue will be recognized upon completion of the projects in subsequent financial years.

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

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

3. Net Finance Costs

	Six months ended 31 December	
	2015	2014
Interest expenses	1,294	1,376
Notional non-cash interest accretion	29	36
Less: Amount capitalized	(142)	(160)
	1,181	1,252
Interest income on bank deposits	(147)	(130)
	1,034	1,122

4. Profit before Taxation

	Six months ended 31 December	
	2015	2014
Profit before taxation is arrived at		
after charging:		
Cost of properties sold	5,411	5,099
Cost of inventories sold	7,926	6,178
Depreciation and amortization	779	765
Amortization of intangible assets (included in cost of sales)	224	224
Operating lease rentals for land and buildings, assets, transmission sites and leased lines	820	810
Staff costs (including directors' emoluments and retirement schemes contributions)	3,410	3,243
Share-based payments	2	7
Fair value losses on financial assets at fair value through profit or loss	156	-
and crediting:		
Profit on disposal of available-for-sale investments	41	7
Dividend income from listed and unlisted investments	80	72
Interest income from listed and unlisted debt securities	39	30
Fair value gains on financial assets at fair value through profit or loss	-	12

5. Taxation

	Six months ended 31 December	
	2015	2014
Current taxation		
Hong Kong profits tax	1,175	1,157
Under/(over) provision in prior years	13	(5)
	1,188	1,152
Tax outside Hong Kong	592	414
Over provision in prior years	(2)	(1)
	590	413
	1,778	1,565
Deferred taxation charge		
Change in fair value of investment properties	433	485
Other origination and reversal of temporary differences	267	229
	700	714
	2,478	2,279

Hong Kong profits tax is provided at the rate of 16.5 per cent (2014: 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\$14,724 million (2014: HK\$15,696 million).

The basic earnings per share is based on the weighted average number of shares in issue during the period of 2,880,746,555 (2014: 2,750,648,477) shares. The diluted earnings per share is based on 2,885,717,075 (2014: 2,777,532,892) shares which is the weighted average number of shares in issue during the period plus the weighted average number of 4,970,520 (2014: 26,884,415) shares deemed to be issued at no consideration if all outstanding options and warrants 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\$9,298 million (2014: HK\$8,463 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	
	2015	2014
Profit attributable to the Company's shareholders as shown in the consolidated income statement	14,724	15,696
Increase in fair value of investment properties	(5,388)	(6,934)
Effect of corresponding deferred tax charges	433	485
Fair value gains realized on disposal of investment properties net of deferred tax		
- Subsidiaries	105	248
- Associates and joint ventures	-	173
Share of results of associates and joint ventures		
- fair value gains of investment properties	(609)	(1,422)
- effect of corresponding deferred tax charges	16	179
	(5,443)	(7,271)
Non-controlling interests	17	38
Net effect of changes in the valuation of investment properties	(5,426)	(7,233)
Underlying profit attributable to the Company's shareholders	9,298	8,463

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 respective contracts.

Included in debtors, prepayments and others of the Group are trade debtors of HK\$6,810 million (30 June 2015: HK\$8,748 million), of which 90% aged less than 60 days, 2% between 61 to 90 days and 8% more than 90 days (30 June 2015: 87%, 1% and 12% respectively).

8. Trade and Other Payables

Included in trade and other payables of the Group are trade creditors of HK\$2,985 million (30 June 2015: HK\$2,385 million), of which 83% are aged less than 60 days, 2% between 61 to 90 days and 15% more than 90 days (30 June 2015: 79%, 2% and 19% respectively).

FINANCIAL REVIEW

Review of Results

Underlying profit attributable to the Company's shareholders for the six months ended 31 December 2015, which excluded the net effect of fair value changes in investment properties, was HK\$9,298 million, an increase of HK\$835 million or 9.9% compared to HK\$8,463 million for the same period last year. The increase was mainly due to higher profit from development profit and rental income.

When including the revaluation gains on investment properties, profit attributable to the Company's shareholders for the six months ended 31 December 2015 decreased by HK\$972 million or 6.2% year-on-year to HK\$14,724 million, mainly due to lower investment property valuation surplus. The Group has recognized in the consolidated profit and loss account an increase of HK\$5,388 million (2014: HK\$6,934 million) in fair value of investment properties (before related deferred taxation and non-controlling interests) and a share of an increase of HK\$609 million (2014: HK\$1,422 million) in fair value of investment properties held by its joint ventures and associates.

Profit from property sales for the first half of the financial year, including share of profit from joint ventures, increased by HK\$189 million or 8.3% to HK\$2,474 million compared to HK\$2,285 million for the same period last year. Profit from property sales in Hong Kong was HK\$1,700 million, contributed mostly by residential units sold in Ultima Phase 1, Park Vista Phase 1, Deauville and Riva. Property sales in the Mainland contributed a profit of HK\$762 million, which comprised mainly residential units sold in Shanghai Arch Phase 1, Shanghai Cullinan and Forest Hills Phase 1A & 1B. At the reporting date, the Group had contracted property sales of HK\$30 billion not yet recognized as revenue, of which HK\$26 billion was related to presale of residential units for Hong Kong development projects including Century Link Phase 1 and 2, The Wings IIIA and IIIB, Imperial Kennedy and King's Hill.

The Group's diverse rental portfolio continued to perform well and record steady growth. Net rental income for the period, including contributions from joint ventures and associates, increased 6.8% or HK\$505 million to HK\$7,943 million, primarily driven by positive rental reversions. Net rental income from the Group's Hong Kong and Mainland rental portfolio amounted to HK\$6,399 million and HK\$1,313 million, which increased year-on-year by 7.5% and 7.8%, respectively.

Smartone reported an operating profit of HK\$587 million for the period, decreased by HK\$41 million or 6.5% over the same period last year. The decrease was mainly due to lower profit from handset business while profit from service business continued to grow, reflecting solid improvement in the profitability of its core service business.

The Group's hotel operations (including share of joint ventures) contributed an operating profit of HK\$697 million, decreased slightly by HK\$23 million or 3.2% over the same period last year. The profit decline reflects the impact of declining tourist arrivals in Hong Kong and keen competition in room rates in the local hotel industry. The Group has put in additional resources to attract new customers and taken proactive measures to improve efficiency to optimize earnings amid the difficult business environment.

The Group's transport infrastructure and logistics businesses (including share of joint ventures and associates) continued to improve, contributing HK\$780 million in operating profit, an increase of HK\$79 million or 11.3% over the same period last year. The Group's other businesses (including share of joint ventures), comprising mainly property management, data centre business operated by SUNeVision and department store operation, have been growing steadily with operating profit increased by 3.7% to HK\$838 million.

Financial Resources and Liquidity

(a) Capital management, net debt and gearing

The Group aims to maintain a strong capital base with adequate financial resources to support business development and growth. The Group regularly reviews and monitors its capital structure to ensure that its financial position remains sound, so that the Group can continue to provide returns to shareholders while maintaining a prudent level of financial leverage.

The Group's balance sheet remained strong, with total shareholders' equity increased by HK\$4.7 billion to HK\$455.8 billion or HK\$157.5 per share since 30 June 2015. The increase was mainly attributable to the increase in the Group's underlying retained earnings, revaluation gains from investment properties as well as a HK\$1.7 billion increase in the Company's share capital in connection with exercise of warrants. These increases were partially offset by a HK\$4.5 billion decrease in exchange reserve mostly arising from translation of the financial statements of the Mainland China subsidiaries and joint ventures with functional currency of Renminbi into the Group's presentation currency at the period-end exchange rate, due to the strengthening of Hong Kong dollar. As at 31 December 2015, about 20% of the Group's net assets were denominated in Renminbi. All exchange differences resulting from the translation of foreign operations were recorded in the exchange reserve under shareholders' equity, and there was no impact on the Group's earnings.

The Group's strong balance sheet allows it to continue to raise long-term financing at competitive rates, helping to reduce the overall cost of capital. The Group's financial position remains sound with a low debt leverage and high interest cover. Gearing ratio as at 31 December 2015, calculated on the basis of net debt to Company's shareholders' funds, was 12.4% compared to 11.2% at 30 June 2015. Interest cover, measured by the ratio of operating profit to total net interest expenses including those capitalized, was 9.7 times compared to 8.4 times for the previous period.

As at 31 December 2015, the Group's gross borrowings totalled HK\$80,682 million. Net debt, after deducting bank deposits and cash of HK\$24,131 million, amounted to HK\$56,551 million, an increase of HK\$5,980 million since 30 June 2015. The maturity profile of the Group's gross borrowings is set out as follows:

	31 December 2015 <i>HK\$ Million</i>	30 June 2015 <i>HK\$ Million</i>
Repayable:		
Within one year	14,545	10,816
After one year but within two years	10,216	17,415
After two years but within five years	33,902	29,563
After five years	22,019	25,338
Total bank and other borrowings	80,682	83,132
Bank deposits and cash	24,131	32,561
Net debt	56,551	50,571

The Group has also procured substantial undrawn committed 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. The Group regularly reviews its liquidity and financing requirements to ensure that sufficient financial resources are maintained to cover the funding needs.

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 and is well positioned to take advantage of investment opportunities when they arise.

(b) Treasury policies

The Group adopts a prudent policy in cash and debt management. The entire Group's financing and treasury activities are centrally managed and controlled at the corporate level. As at 31 December 2015, 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 2015, about 62% of the Group's total borrowings were denominated in Hong Kong dollars and 24% in US dollars, all of which were raised for financing the Group's business operations in Hong Kong and the remaining 14% in Renminbi for financing the construction cost of property projects on the Mainland. All land acquisition costs for the Mainland projects are financed by capital injection funded by the Group's equity and internally generated funds. The Group is financing the Mainland China's business operations through borrowings denominated in Renminbi to minimize currency risk exposure.

The Group maintained an appropriate mix of fixed and floating rate borrowings to mitigate interest rate risk. As at 31 December 2015, about 60% of the Group's total borrowings were on floating rate basis including those borrowings that were converted from fixed rate basis to floating rate basis through interest rate swaps and 40% 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 2015, the Group had outstanding fair value hedges in respect of fixed-to-floating interest rate swaps in the aggregate notional principal amount of HK\$3,223 million, cash flow hedge in respect of a floating-to-fixed interest rate swap in notional principal amount of HK\$168 million and currency swaps (to hedge principal repayment of foreign currency borrowings) in the aggregate notional principal amount of HK\$9,451 million.

As at 31 December 2015, about 76% of the Group's bank deposits and cash were denominated in Hong Kong dollars, 23% in Renminbi and 1% in US dollars. The Renminbi deposits were held in the Mainland subsidiaries for the purpose of meeting the funding needs of the Mainland projects.

Charges of Assets

As at 31 December 2015, certain bank deposits of the Group's subsidiaries in the aggregate amount of HK\$11 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\$2,536 million have been charged as security for bank borrowings. Except for the above charges, all the Group's assets are free from any encumbrances.

Contingent Liabilities

As at 31 December 2015, the Group had contingent liabilities in respect of guarantees for bank borrowings of joint ventures and other guarantees in the aggregate amount of HK\$2,773 million (30 June 2015: HK\$702 million).

EMOLUMENT POLICY AND LONG-TERM INCENTIVE SCHEMES OF THE GROUP

As at 31 December 2015, the Group employed close to 37,000 employees. The related employees' costs before reimbursements for the six months ended 31 December 2015 amounted to approximately HK\$4,785 million. Compensation for the Group is made with reference to the market as well as 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 to the key staff of the Group.

BASIS OF DETERMINING EMOLUMENT TO DIRECTORS

The same remuneration philosophy also applies to the Directors of the Company. Apart from benchmarking against the market, the Company looks at individual competence and 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, which is the same as that 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\$1.05 per share (2014: HK\$0.95 per share) for the six months ended 31 December 2015 to the shareholders of the Company (the “Shareholders”) whose names appear on the register of members of the Company on Monday, 14 March 2016. The interim dividend will be payable in cash on Tuesday, 22 March 2016. Shares of the Company will be traded ex-dividend as from Thursday, 10 March 2016.

CLOSURE OF REGISTERS OF MEMBERS AND WARRANTHOLDERS

For the purpose of ascertaining Shareholders’ entitlement to the interim dividend, the register of members and the register of warrant holders of the Company will be closed on Monday, 14 March 2016, during which no transfer of shares or warrants (including the allotment of shares upon exercise of the subscription rights thereof) will be registered. In order to establish entitlements to the interim dividend,

- (i) Shareholders must lodge all transfer documents accompanied by the relevant share certificates (together the “Share Transfer Documents”) for registration not later than 4:30 p.m. on Friday, 11 March 2016; and
- (ii) warrant holders of the Company (the “Warrant holders”) must lodge all subscription forms accompanied by the relevant warrant certificates and exercise moneys (together the “Warrant Exercise Documents”) for registration not later than 4:30 p.m. on Monday, 7 March 2016.

The Share Transfer Documents and the Warrant Exercise Documents shall be lodged for registration with Computershare Hong Kong Investor Services Limited, which also act as the registrar maintaining the register of Warrant holders, at Shop Nos. 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 31 December 2015.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 31 December 2015, the Company has 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 there is no separation of the roles of chairman and chief executive as required under Code Provision A.2.1. However, the powers and authorities have not been concentrated as 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 three 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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim results for the six months ended 31 December 2015 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. The interim results have also been reviewed by the Audit Committee of the Company.

INTERIM REPORT

The 2015/16 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 and the website of the Company at www.shkp.com, and printed copies will be sent to the Shareholders and Warrantholders before the end of March 2016.

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

Hong Kong, 26 February 2016

As at the date hereof, the Board comprises seven Executive Directors, being 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), KWOK Kai-fai, Adam, KWONG Chun, TUNG Chi-ho, Eric and FUNG Yuk-lun, Allen; three Non-Executive Directors, being LEE Shau-kee (Vice Chairman), WOO Po-shing (WOO Ka-biu, Jackson being his Alternate Director) and KWAN Cheuk-yin, William; 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.