

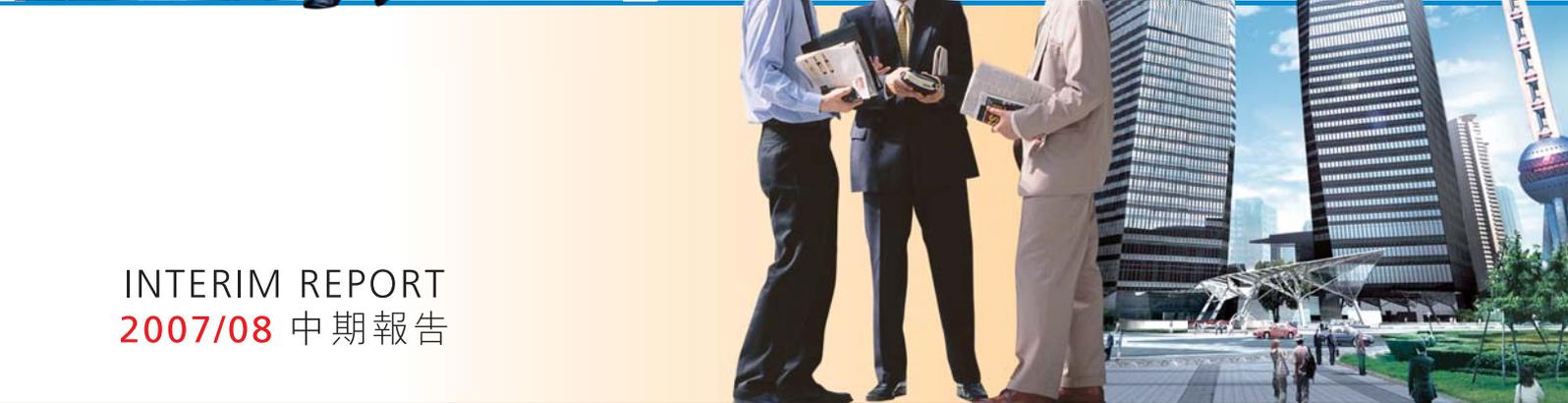


新鴻基地產發展有限公司
SUN HUNG KAI PROPERTIES LIMITED

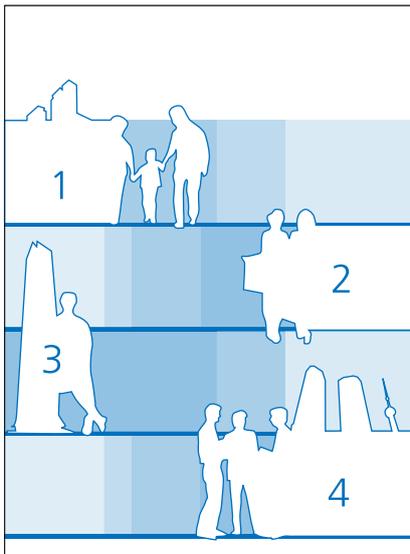


Beijing 2008
Olympic Games

北京2008年奧運會馬術比賽
地產發展支持機構
Beijing 2008 Olympic Games Equestrian Events
Property Developer Supporter



INTERIM REPORT
2007/08 中期報告



1. 九龍站天璽
The Cullinan, Kowloon Station
2. 沙田新城市廣場
New Town Plaza, Sha Tin
3. 九龍站環球貿易廣場
International Commerce Centre, Kowloon Station
4. 上海國金中心
Shanghai IFC, Shanghai



新鴻基地產發展有限公司
SUN HUNG KAI PROPERTIES LIMITED

目錄

2	董事局及委員會
3	財務摘要及公司資料
4	董事局主席報告書
12	綜合損益賬
13	綜合資產負債表
14	簡明綜合現金流量表
15	簡明綜合權益變動表
16	中期財務報表賬項說明
26	財務檢討
28	其他資料

Contents

38	Board of Directors and Committees
39	Financial Highlights and Corporate Information
40	Chairman's Statement
50	Consolidated Profit and Loss Account
51	Consolidated Balance Sheet
52	Condensed Consolidated Cash Flow Statement
53	Condensed Consolidated Statement of Changes in Equity
54	Notes to the Interim Financial Statements
66	Financial Review
68	Other Information

Board of Directors and Committees

Board of Directors

Executive Directors

Kwok Ping-sheung, Walter *(Chairman & Chief Executive)*
Kwok Ping-kwong, Thomas *(Vice Chairman & Managing Director)*
Kwok Ping-luen, Raymond *(Vice Chairman & Managing Director)*
Chan Kai-ming
Chan Kui-yuen, Thomas
Kwong Chun
Wong Yick-kam, Michael
Wong Chik-wing, Mike

Non-Executive Directors

Lee Shau-kee *(Vice Chairman)*
Woo Po-shing
Li Ka-cheung, Eric
Kwan Cheuk-yin, William
Lo Chiu-chun, Clement
Woo Ka-biu, Jackson
(Alternate Director to Woo Po-shing)

Independent Non-Executive Directors

Chung Sze-yuen
Yip Dicky Peter
Wong Yue-chim, Richard
Cheung Kin-tung, Marvin

Committees

Audit Committee

Cheung Kin-tung, Marvin*
Yip Dicky Peter
Li Ka-cheung, Eric

Remuneration Committee

Chung Sze-yuen*
Lo Chiu-chun, Clement
Wong Yue-chim, Richard

Nomination Committee

Wong Yue-chim, Richard*
Kwan Cheuk-yin, William
Yip Dicky Peter

**Committee Chairman*

Financial Highlights and Corporate Information

FINANCIAL HIGHLIGHTS

For the six months ended 31 December	2007	2006	Change (%)
Financial Highlights (HK\$million)			
Turnover	11,919	14,781	-19.4
Gross rental income ¹	3,873	3,498	+10.7
Net rental income ¹	2,839	2,535	+12.0
Profit attributable to company's shareholders	13,626	10,910	+24.9
Underlying profit attributable to company's shareholders ²	6,200	5,297	+17.0
Financial Information per share (HK\$)			
Earnings	5.42	4.38	+23.7
Underlying earnings ²	2.47	2.13	+16.0
Interim dividend	0.80	0.70	+14.3

Notes: 1. Including contributions from jointly-controlled entities and associates.

2. Excluding revaluation surplus of investment properties net of deferred tax.

CORPORATE INFORMATION

Company Secretary

Lai Ho-kai, Ernest

Registered Office

45th Floor, Sun Hung Kai Centre
30 Harbour Road
Hong Kong
Telephone : (852) 2827 8111
Facsimile : (852) 2827 2862
Website : www.shkp.com
E-mail : shkp@shkp.com

Auditors

Deloitte Touche Tohmatsu

Registrars

Computershare Hong Kong
Investor Services Limited
Rooms 1712-6
17th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal Bankers

Bank of China (Hong Kong) Limited
The Hongkong & Shanghai Banking
Corporation Limited
The Bank of Tokyo-Mitsubishi UFJ, Ltd
Sumitomo Mitsui Banking Corporation
Mizuho Corporate Bank, Ltd
Hang Seng Bank Limited
Industrial and Commercial Bank of China
BNP Paribas
Bank of Communications
The Bank of East Asia, Limited

Solicitors

Woo, Kwan, Lee & Lo
Johnson, Stokes & Master
Winston Chu & Company

Chairman's Statement

We are pleased to present the report to the shareholders on behalf of the Chairman, who is currently on leave.

RESULTS

The Group's unaudited profit after tax and minority interests for the six months ended 31 December 2007 was HK\$13,626 million, including a revaluation surplus on investment properties of HK\$7,459 million net of deferred tax. This represents a 25 per cent increase from the corresponding period last year. Earnings per share were HK\$5.42, an increase of 24 per cent from the same period last year.

Underlying profit attributable to the Company's shareholders, excluding the effect of fair-value changes on investment properties, was HK\$6,200 million, an increase of 17 per cent from the corresponding period last year. Underlying earnings per share were HK\$2.47, an increase of 16 per cent from the same period last year.

DIVIDEND

The directors have recommended the payment of an interim dividend of HK\$0.80 per share for the six months ended 31 December 2007, an increase of 14 per cent from the corresponding period last year. It will be payable on 7 April 2008, to shareholders whose names appear on the Register of Members of the Company on 31 March 2008.

BUSINESS REVIEW

Property Sales

Property sales turnover for period under review as recorded in the accounts was HK\$3,554 million, as compared to HK\$6,888 million during the same period last year. The Group sold and pre-sold an attributable HK\$8,505 million of properties during the period, a 13 per cent increase from the same period last year. Of this, Hong Kong contributed HK\$7,518 million, mainly from Harbour Place in Kowloon that went on the market in December 2007 and remaining units in completed projects including The Arch, Manhattan Hill and Harbour Green. Mainland sales amounted to HK\$452 million and Singapore accounted for HK\$535 million.

Land Bank

Hong Kong

Three residential sites were added to the Group's development land bank in Hong Kong during the period through land use conversions and private negotiations. The total attributable gross floor area was 365,000 square feet.

Chairman's Statement

Location	Usage	Group's Interest (%)	Attributable Gross Floor Area (square feet)
18 Po Yip Street, Yuen Long	Residential	100	222,000
Chatham Garden Redevelopment, Kowloon	Residential/ Shopping Centre	29	106,000
48-50 Stanley Village Road	Residential	100	37,000
Total			365,000

The Group's Hong Kong land bank was 43.3 million square feet as at 31 December 2007, consisting of 25.2 million square feet of completed investment properties and 18.1 million square feet of properties under development. The Group also acquired a 90 per cent stake in a residential project in Shau Kei Wan on Hong Kong Island after the reporting period, amounting to 55,000 square feet of attributable gross floor area. The Group holds more than 23 million square feet of agricultural land in terms of site area. Most of this is along existing or planned railways in the New Territories and is in the process of land use conversion. The Group will replenish its development land bank through various means when appropriate opportunities arise.

Mainland China

The Group continued to expand its investments on the mainland and completed three acquisitions during the period. These add about seven million square feet of attributable gross floor area to its mainland land bank.

Location	Usage	Group's Interest (%)	Attributable Gross Floor Area (square feet)
Liede, Guangzhou	Office/Shopping Centre/Hotel/ Serviced Apartments	33.3	2,039,000
Industrial Park, Suzhou	Residential/Hotel/Office/ Shopping Centre	90	3,257,000
Hexi CBD, Nanjing	Office/Shopping Centre/ Serviced Apartments	100	1,699,000
Total			6,995,000

The Liede project in the heart of Guangzhou at Zhujiang Xincheng will be an integrated commercial complex with comprehensive transport connections. The Suzhou Industrial Park project consists of three sites. Luxury residences and a hotel will take shape on the sites abutting Jinji Lake, and a shopping mall and offices will go up in the eastern-central district that will be served by a future mass transit line. The Hexi CBD project in the new Nanjing town centre will have a shopping centre, high-end offices and serviced apartments.

Chairman's Statement

These additions brought the Group's mainland land bank to an attributable 52.7 million square feet. Over 70 per cent of the 49.7 million square feet of properties under development will be high-end residences and serviced apartments, with the rest being top-grade offices, shopping malls and premium hotels. The remaining three million square feet of completed investment properties, mainly offices and shopping centres in prime locations, are being held for rent.

Property Development

The Hong Kong residential market saw both volume and price increases in 2007. Homebuyers' confidence remained high and the market remained resilient in recent months, with firm prices despite high stock market volatility. Prices for luxury property continued to outperform the mass market. Supply constraints meant fewer new units were available for pre-sale.

The profile of homebuyers was increasingly diverse with more up-graders and investors, and buying interest among mainlanders was also on the rise. While real interest rates have gone into negative territory, short-term speculation remains limited and substantially below the levels in 1997.

With changing customers' needs and preferences, the Group has selectively modified the flat mix of various residential projects under development to provide more large units. Development margins on projects are enhanced by creating value through quality upgrades and innovative designs and layouts, along with comprehensive luxury clubhouse facilities and premium customer service. The forthcoming residential project The Cullinan will set a new standard for luxury apartments.

The Group completed the first phase of International Commerce Centre (ICC) during the period, with 900,000 square feet of top-class office space. The entire ICC development will be held as a long-term investment.

Property Investment

The Group's gross rental income for the period under review, including its share from joint-venture rental properties, rose by 11 per cent to HK\$3,873 million. Net rental income for the period was also up 12 per cent to HK\$2,839 million. Overall occupancy of the Group's rental portfolio remains high at about 95 per cent.

The increase in rental income was primarily driven by strong positive renewals in the office portfolio as a result of robust growth in the Hong Kong economy. The retail portfolio also registered stable rental growth during the period.

Chairman's Statement

The most important project under development is the 118-storey International Commerce Centre (ICC). The first phase of the building was completed in late 2007, and the entire project will be finished in 2010. The project is conveniently located above Kowloon Station on the Airport Express with easy access to Central and the airport, as well as to the mainland via planned cross-border rail connections. ICC is supported by a comprehensive range of amenities including The HarbourView Place serviced suite hotel, top-class hotels operated by Ritz-Carlton and W Hotels and the 900,000-square-foot Elements mall that has become a popular spot for shoppers since its opening in October 2007.

Pre-leasing of ICC is progressing well, with top investment banks Morgan Stanley and Credit Suisse now secured as major tenants. About 1.5 million square feet, or 60 per cent of the total office space, is pre-let or in advanced stages of negotiations with prospective tenants from various sectors.

Other office projects under construction in various locations will set new area benchmarks for premium quality. The Group is developing a large office project on Kwai Chung Town Lot 215. The project is close to the Kwai Hing MTR station and will have a sizeable floor plate and intelligent facilities. Construction of the first phase of 600,000 square feet is under way. New projects including ICC will cement the Group's position as one of the largest grade-A office landlords in Hong Kong.

The local retail sector has flourished and the Group's shopping centres have attracted more visitors, bringing retail tenants higher traffic and turnover. Occupancy at APM and IFC malls remained high, and their successes have further reinforced the Group's leading position in the retail leasing market. Regular promotional campaigns and refinements to tenant mixes will continue in the Group's malls, to draw shoppers and boost tenants' business. Renovations to World Trade Centre are under way and new tenants have started moving into the fresh new mall. Visitor numbers are expected to increase after the renovations are finished, creating a better shopping environment.

The prosperous business climate in Hong Kong has raised demand for high-end residential rental accommodation. The serviced suites in The HarbourView Place at Kowloon Station will open in mid 2008 to offer unparalleled luxury living and premium service.

Mainland Business

Rapid economic growth, rising incomes, continued capital inflow and abundant liquidity resulted in a strong property market across the country for most of 2007. Accelerated macro-economic control measures amid rising inflationary pressures affected the property sector, notably the residential market, late last year. Although residential prices have softened with reduced transaction volume, the current adjustment should be conducive to sustainable and healthy development in the mainland property market over the long term.

Chairman's Statement

The Group made further headway in its mainland investment drive during the period under review, with acquisitions in Guangzhou, Nanjing and Suzhou. Major projects under construction on the mainland are progressing apace.

Shanghai IFC in the Lujiazui financial trade zone will have over four million square feet. It is scheduled for completion in phases by 2010. The office space will meet the latest international standards and specifications to cater for the needs of leading multinationals and financial institutions. HSBC will have its mainland headquarters there and will be the largest occupant of the south office tower. Market interest in the flagship shopping mall is high and the response to initial leasing has been very encouraging, with many international retailers and renowned restaurants in negotiations with a view to opening flagship outlets.

Construction of another top-quality integrated development in Shanghai with 2.5 million square feet of attributable gross floor area is under way. The project is on Huai Hai Zhong Road in a bustling area that includes the interchange of three subway lines. It will have a shopping mall, offices and deluxe residences, scheduled for completion in 2010. Preliminary marketing of the shopping mall has already begun.

Planning of a 1.7-million-square-foot luxury residential project on the bank of the Huangpu River in Wei Fong is in the final stages. The project is expected to set a new standard for world-class luxury residences in Shanghai.

Taihu International Community in Wuxi is progressing smoothly and pre-sales have been encouraging, with about 600 units in the first phase sold. Other projects in Hangzhou, Chengdu and Guangzhou are progressing as scheduled. Projects are also being planned for recently-acquired sites in Guangzhou, Nanjing and Suzhou.

The mainland investment property rental portfolio continued to show impressive performance. Shanghai Central Plaza was fully let with rent increases for both the retail and office space during the period and Arcadia Shanghai achieved over 90 per cent occupancy.

Renovations and re-branding of the million-square-foot Sun Dong An Plaza as Beijing APM finished late last year. Leasing has been encouraging with commitments for almost 90 per cent of the space. The renovated mall features a wider collection of modern international retailers and food and beverage choices, and it should see the full benefit of business opportunities arising from the Beijing Olympics this year. A refurbishment of the 460,000 square feet of space in the office towers is on track for completion in the second half of 2008.

Chairman's Statement

Hotels

The Group's Four Seasons, Royal Garden, Royal Plaza and Royal Park hotels recorded high average occupancies of over 90 per cent with impressive rises in room rates during the period. This can be attributed to management's continued efforts to elevate service and Hong Kong's growing popularity as a tourist destination.

The Royal View Hotel on the Ting Kau waterfront has seen steady business growth since it opened in June last year, while the W Hotel at Kowloon Station is scheduled to open in the second half of 2008.

This year will be an exciting one for Hong Kong's tourism sector as the city co-hosts the equestrian events of the Beijing Olympics. The Group's Royal Park Hotel is honoured to have been chosen as the Olympic Village for many of the athletes during the events in August, reinforcing the Group's leading reputation for premium hospitality and service in the territory.

The Group is well-positioned to take advantage of growing business opportunities in Hong Kong and on the mainland. A world-class hotel operated by Ritz-Carlton will be completed in 2010 and construction of another hotel project in Tseung Kwan O has also commenced. Construction of two premium hotels at Shanghai IFC to be run by Ritz-Carlton and W Hotels is progressing smoothly.

Telecommunications and Information Technology

SmarTone

SmarTone saw continued increases in service revenue and profits during the period under review, and while competition remained intense, it registered solid growth in average revenue per user as a result of an improved customer profile. Data revenue increased significantly, reflecting the company's consistent focus on delivering compelling multimedia services and a superior customer experience. The Group is confident of SmarTone's positioning and prospects, and will maintain its interest in the company as a long-term investment.

SUNeVision

SUNeVision recorded further growth in revenue and recurring profit for the period under review. The company's core iAdvantage data centre business continued to entice high-calibre local and multinational customers with its superior facilities, as reflected by steadily rising occupancy. The Group remains confident in the company's financial strength and earning prospects.

Chairman's Statement

Transportation and Infrastructure

Transport International Holdings

The performance of Transport International Holdings' (TIH) bus operations in Hong Kong and on the mainland continued to be suppressed by soaring fuel prices, wage increases and inflation. Sales of the Manhattan Hill residential development in 2007 contributed significantly to the company's bottom line, and rapid economic growth on the mainland will continue to offer new investment opportunities. TIH also has a 73 per cent interest in RoadShow Holdings, which is mainly engaged in media sales in Hong Kong and on the mainland.

Other Infrastructure Businesses

The Wilson Group achieved satisfactory results during the period, while both the River Trade Terminal and Airport Freight Forwarding Centre operated smoothly. The Route 3 (Country Park Section) continued to achieve steady traffic volume during the period under review. All the Group's infrastructure projects are in Hong Kong and will provide steady income streams over the long term.

Corporate Finance

The Group remains committed to prudent financial management with low leverage and high interest coverage. Solid cash flows from rental income and property sales enabled the Group to post a net debt to shareholders' funds of 14.3 per cent as at 31 December 2007.

The Group placed 72.5 million shares in October 2007 at a placing price of HK\$150.75 per share, raising net proceeds of HK\$10,884 million. This put the Group in a better financial position for future expansion both in Hong Kong and on the mainland. Following its HK\$15,250 million six-year, fully-revolving syndicated loan facility arranged in June 2007, the Group will keep watching market conditions to arrange longer-term financing at favourable rates through the syndicated loan market or its Euro Medium Term Note Programme.

The Group has not entered into any derivative or structured product transactions, including collateralized debt obligations. Its exposure to foreign exchange risk is very low, as the overwhelming majority of its financing is denominated in Hong Kong dollars and its development projects in China are financed by renminbi loans.

The Group's robust financial condition and leading market position have enabled it to score an A1 rating with a stable outlook from Moody's and an A rating with a stable outlook from Standard & Poor's. These are the highest credit ratings among Hong Kong developers.

Chairman's Statement

Customer Service

The Group has always made customers its first priority. Its property-management subsidiaries, Hong Yip Service Company and Kai Shing Management Services, manage estates that include over a quarter of a million households in Hong Kong, offering residents the best in customer care.

The Group pays close attention to changing market trends so that it can consistently offer customers quality products and service. The SHKP Club provides an effective channel for two-way communications with the market with its over 270,000 members. The Club offers them a wide range of property-related benefits, shopping privileges and leisure and recreational opportunities, and its co-brand VISA card also provides members with a variety of discounts and offers.

Corporate Governance

The Group is committed to high standards of corporate governance in all aspects of its business. It strives to maintain effective accountability mechanisms through well-developed reporting systems and internal controls, as well as prompt disclosure of information to investors to ensure full transparency.

These ongoing efforts in corporate governance have won the Group widespread international recognition. Awards include the top rankings among the Best Company for Corporate Governance in both Hong Kong and Asia from Asiamoney magazine and being named the Best Managed Property Company in Asia and Best Managed Company in Hong Kong by Euromoney magazine in 2007. The Group was also named Best Global Developer and Best Developer in Hong Kong and Asia in the 2007 Liquid Real Estate awards.

Corporate Social Responsibility

The Group is committed to corporate social responsibility. It supports numerous activities that promote education and the well-being of the community.

Environmental protection is one of the Group's key concerns. It follows eco-friendly concepts in the planning, design, construction and management of new developments to advance greener, healthier living. The Group's environmental policies and achievements have earned extensive recognition, including the top HK-BEAM ranking for International Commerce Centre.

The SHKP Book Club was set up to encourage reading. Its initiatives include organizing book review competitions, staging seminars and publishing a free literary magazine. The Group presents an ongoing lecture series by Nobel Laureates and also encourages positive living and good mental health through numerous events and seminars.

Chairman's Statement

Knowing that dedicated staff are its most valuable asset, the Group regularly recruits top graduates from local and mainland universities, and it has a comprehensive management trainee programme in place. It also makes numerous training programmes available to staff at all levels to help them reach their full potential, both personally and professionally.

PROSPECTS

2008 is a challenging year for the global economy, particularly for the US. There are more risks to growth in view of the contagion of the sub-prime crisis and subsequent credit crunch in developed economies, but vigorous policy responses by the relevant governments and central banks should enable the global economy to weather these uncertainties.

The mainland economy faces rising inflation and external imbalance, and macro-tightening measures are likely to remain in place for most of 2008. The Beijing Olympics this August should spur business opportunities, and sustained growth in domestic consumption and follow-through on fixed asset investments will support economic expansion.

The Group welcomes the positive initiatives and tax concessions introduced in the Hong Kong government's 2008/09 budget. The new measures coupled with a low interest rate environment will support healthy economic growth in the territory this year.

The residential property market in Hong Kong will continue to do well. Rising incomes, strong affordability for homebuyers and negative real interest rates will continue to underpin demand for residential properties in spite of uncertainty about external economies and volatility in equity markets. Supply of new private housing will remain at record low levels in the next few years.

The Group will carry on offering quality residential projects for sale in Hong Kong. It will also look actively for opportunities to replenish its land bank through various channels, including the conversion of agricultural land to residential use.

Anticipated increased rents for tenancy renewals and new leases should mean that the Group's investment property portfolio in Hong Kong will continue to show good performance. Grade-A office rents in core areas on Hong Kong Island are likely to remain firm as a result of tight supply. Retail rents will keep rising steadily at a modest pace with a better job market, rising incomes and growing tourist spending.

Chairman's Statement

The Group currently has 5.5 million square feet of investment properties under development in Hong Kong, and these new projects along with others on the mainland will substantially boost rental income over the medium to long term. The Group will consider disposing of some non-core investment property assets to optimize the rental portfolio.

The Group will adhere to its focused approach to mainland business expansion. While it will concentrate on the prime cities of Beijing, Shanghai, Guangzhou and Shenzhen, it will selectively invest in other major cities with higher income levels and geographical significance.

Sustained economic growth and ongoing urbanization mean that there will be more room for the property sector in major mainland cities to expand over the long term, though the residential market is likely to consolidate for a while longer amid macro-control measures and credit tightening. The Group will capitalize on the current mainland environment and selectively seek new projects with attractive returns as opportunities arise.

Major residential projects in Hong Kong to go on sale in the next nine months include The Cullinan at Kowloon Station, a luxury, low-density project at To Fung Shan in Shatin and a modern residential project for young professionals at Lung Tin Tsuen in Yuen Long. Mainland residential projects to go on pre-sale over the next year include Phase 1 of the MIXC project in Hangzhou, the Sandong Avenue residential project in Guangzhou, Phase 1 of the Shuangliu County project in Chengdu and Phase 4 of The Woodland in Zhongshan. Barring unforeseen circumstances, the results for the current financial year are expected to be satisfactory.

APPRECIATION

Dr Marvin Cheung Kin-tung was appointed as an independent non-executive director in December 2007. His extensive knowledge of finance and experience in civic affairs will contribute to the Group's business.

We would also like to take this opportunity to express our gratitude to our fellow directors for their guidance, and to thank all our staff for their dedication and hard work.

By order of the Board

Thomas Kwok Ping-kwong
Vice Chairman & Managing Director

Raymond Kwok Ping-luen
Vice Chairman & Managing Director

Hong Kong, 6 March 2008

Consolidated Profit and Loss Account

For the six months ended 31 December 2007 (Expressed in millions of Hong Kong dollars)

		(Unaudited)	
		Six months ended	
		31 December	
	Note	2007	2006
Revenue	2	11,919	14,781
Cost of sales		(5,357)	(8,220)
Gross profit		6,562	6,561
Other income		322	314
Selling and marketing expenses		(598)	(755)
Administrative expenses		(622)	(585)
Operating profit before change			
in fair value of investment properties	2	5,664	5,535
Increase in fair value of investment properties		5,842	5,547
Operating profit after change			
in fair value of investment properties		11,506	11,082
Finance costs		(516)	(430)
Finance income		158	133
Net finance costs	3	(358)	(297)
Profit on disposal of long-term investments			
less impairment loss, net	4	530	4
Share of results of associates		285	565
Share of results of jointly controlled entities		4,000	1,462
	2	4,285	2,027
Profit before taxation	5	15,963	12,816
Taxation	6	(2,117)	(1,816)
Profit for the period		13,846	11,000
Attributable to:			
Company's shareholders		13,626	10,910
Minority interests		220	90
		13,846	11,000
Interim dividend at HK\$0.80 (2006: HK\$0.70) per share		2,051	1,744
(Expressed in Hong Kong dollars)			
Earnings per share for profit attributable to			
Company's Shareholders	7(a)		
Basic		\$5.42	\$4.38
Diluted		N/A	\$4.38
Earnings per share excluding the effect of changes in			
fair value of investment properties net of deferred tax			
(underlying earnings per share)	7(b)		
Basic		\$2.47	\$2.13
Diluted		N/A	\$2.13

Consolidated Balance Sheet

As at 31 December 2007 (Expressed in millions of Hong Kong dollars)

	Note	(Unaudited) 31 December 2007	(Audited) 30 June 2007
Non-current assets			
Investment properties	8	146,381	135,143
Fixed assets	9	22,680	21,476
Associates		3,709	3,414
Jointly controlled entities		24,698	19,684
Long-term investments	10	5,584	6,297
Loan receivables	11	923	1,120
Intangible assets	12	602	634
Goodwill		34	-
		204,611	187,768
Current assets			
Properties for sale		61,580	48,796
Debtors, prepayment and others	13	10,076	12,525
Short-term investments	14	880	841
Bank balances and deposits		7,544	7,364
		80,080	69,526
Current liabilities			
Bank and other borrowings		(2,054)	(773)
Trade and other payables	15	(14,017)	(14,136)
Deposits received on sale of properties		(223)	(6)
Taxation		(3,868)	(3,944)
		(20,162)	(18,859)
Net current assets		59,918	50,667
Total assets less current liabilities		264,529	238,435
Non-current liabilities			
Bank and other borrowings		(34,998)	(32,559)
Deferred taxation		(18,153)	(16,684)
Other long-term liabilities		(667)	(697)
		(53,818)	(49,940)
Net assets		210,711	188,495
Capital and reserves			
Share capital	16	1,282	1,246
Share premium and reserves		205,137	184,230
Shareholders' funds		206,419	185,476
Minority interests		4,292	3,019
Total equity		210,711	188,495

Condensed Consolidated Cash Flow Statement

For the six months ended 31 December 2007 (Expressed in millions of Hong Kong dollars)

	(Unaudited)	
	Six months ended	
	31 December	
	2007	2006
Net cash (used in)/from operating activities	(2,341)	2,019
Net cash used in investing activities	(6,709)	(5,745)
Net cash (used in)/from financing activities		
- net drawdown of bank and other borrowings	3,437	7,281
- dividends paid to shareholders	(4,103)	(3,738)
- dividends paid to minority shareholders	(299)	(261)
- proceeds from issue of shares	10,891	-
- others	(866)	(456)
	9,060	2,826
Increase/(decrease) in cash and cash equivalents	10	(900)
Cash and cash equivalents at beginning of period	6,975	7,406
Effect of foreign exchange rates changes	10	11
Cash and cash equivalents at end of period	6,995	6,517
Analysis of the balances of cash and cash equivalents at end of period		
Bank deposits	6,503	6,193
Bank balances and cash	947	778
Bank overdrafts	(115)	(124)
	7,335	6,847
Less: Pledged bank deposits	(340)	(330)
	6,995	6,517

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2007 (Expressed in millions of Hong Kong dollars)

	Unaudited								
	Attributable to Company's shareholders								
	Share Capital	Share Premium	Capital reserves	Investment revaluation reserves	Exchange reserve	Retained profits	Total	Minority interests	Total
At 1 July 2006	1,246	24,873	757	959	152	139,542	167,529	3,018	170,547
Exchange difference arising on translation of financial statements of - subsidiaries	-	-	-	-	206	-	206	5	211
Fair value gains on available-for-sale investments	-	-	-	1,026	-	-	1,026	11	1,037
Net income recognized directly in equity	-	-	-	1,026	206	-	1,232	16	1,248
Fair value gains released on sale of available-for-sale investments	-	-	-	(9)	-	-	(9)	-	(9)
Profit for the period	-	-	-	-	-	10,910	10,910	90	11,000
Total recognized income for the period	-	-	-	1,017	206	10,910	12,133	106	12,239
Shares issued on exercise of share options	-	54	(1)	-	-	-	53	-	53
Recognition of share-based payment	-	-	1	-	-	-	1	-	1
Final dividend paid	-	-	-	-	-	(3,738)	(3,738)	-	(3,738)
Acquisition of subsidiaries	-	-	-	-	-	-	-	(18)	(18)
Dividend paid to minority shareholders	-	-	-	-	-	-	-	(261)	(261)
At 31 December 2006	1,246	24,927	757	1,976	358	146,714	175,978	2,845	178,823
At 1 July 2007	1,246	24,927	757	2,276	983	155,287	185,476	3,019	188,495
Exchange difference arising on translation of financial statements of - subsidiaries	-	-	-	-	715	-	715	58	773
Fair value gains on available-for-sale investments	-	-	-	110	-	-	110	-	110
Net income recognized directly in equity	-	-	-	110	715	-	825	58	883
Fair value gains released on sale of available-for-sale investments	-	-	-	(295)	-	-	(295)	-	(295)
Profit for the period	-	-	-	-	-	13,626	13,626	220	13,846
Total recognized income for the period	-	-	-	(185)	715	13,626	14,156	278	14,434
Issue of shares, net of expenses	36	10,855	-	-	-	-	10,891	-	10,891
Transfer to capital reserves arising from repurchase of its shares by a subsidiary	-	-	1	-	-	(1)	-	-	-
Shares issued by a subsidiary on exercise of share options	-	-	(1)	-	-	-	(1)	1	-
Final dividend paid	-	-	-	-	-	(4,103)	(4,103)	-	(4,103)
Acquisition of subsidiaries	-	-	-	-	-	-	-	1,218	1,218
Deemed disposal of a subsidiary	-	-	-	-	-	-	-	7	7
Capital contribution from minority interests	-	-	-	-	-	-	-	71	71
Repayment of capital contribution to minority interests	-	-	-	-	-	-	-	(3)	(3)
Dividend paid to minority shareholders	-	-	-	-	-	-	-	(299)	(299)
At 31 December 2007	1,282	35,782	757	2,091	1,698	164,809	206,419	4,292	210,711

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

1. 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 accounting policies adopted are consistent with those set out in the annual financial statements for the year ended 30 June 2007.

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA.

		Effective for accounting period beginning on or after
HKAS 1 (Amendment)	Capital disclosures	1 January 2007
HKFRS 7	Financial instruments: Disclosures	1 January 2007
HK(IFRIC) - INT 10	Interim financial reporting and impairment	1 November 2006
HK(IFRIC) - INT 11	HKFRS 2 - Group and treasury share transactions	1 March 2007

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

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

2. SEGMENT INFORMATION

The following is an analysis of the revenue and results for the period, analysed by business segments, the Group's primary basis of segmentation.

For the six months ended 31 December 2007

	The Company and its subsidiaries		Associates and jointly controlled entities	Attributable Profit
	Segment Revenue	Segment Results	Share of Results	Total
Property				
Property sales	3,554	2,348	1,387	3,735
Rental income	3,232	2,355	484	2,839
	6,786	4,703	1,871	6,574
Hotel operation	509	165	79	244
Telecommunications	2,056	191	-	191
Other businesses	2,568	641	56	697
	11,919	5,700	2,006	7,706
Other income		322	-	322
Unallocated administrative expenses		(358)	-	(358)
Operating profit before change				
in fair value of investment properties		5,664	2,006	7,670
Increase in fair value of investment properties		5,842	3,463	9,305
Operating profit after change				
in fair value of investment properties		11,506	5,469	16,975
Net finance costs		(358)	(257)	(615)
Profit on disposal of long-term investments less impairment loss, net		530	-	530
Profit before taxation		11,678	5,212	16,890
Taxation				
- Group		(2,117)	-	(2,117)
- Associates		-	(31)	(31)
- Jointly controlled entities		-	(896)	(896)
Profit after taxation		9,561	4,285	13,846

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

2. SEGMENT INFORMATION (CONT'D)

For the six months ended 31 December 2006

	The Company and its subsidiaries		Associates and jointly controlled entities	Attributable Profit
	Segment Revenue	Segment Results	Share of Results	Total
Property				
Property sales	6,888	2,633	648	3,281
Rental income	2,966	2,143	392	2,535
	<u>9,854</u>	<u>4,776</u>	<u>1,040</u>	<u>5,816</u>
Hotel operation	415	140	57	197
Telecommunications	2,102	48	-	48
Other businesses	2,410	578	78	656
	<u>14,781</u>	<u>5,542</u>	<u>1,175</u>	<u>6,717</u>
Other income		314	-	314
Unallocated administrative expenses		(321)	-	(321)
Operating profit before change				
in fair value of investment properties		5,535	1,175	6,710
Increase in fair value of investment properties		5,547	1,290	6,837
Operating profit after change				
in fair value of investment properties		11,082	2,465	13,547
Net finance costs		(297)	(81)	(378)
Profit on disposal of long-term investments less impairment loss, net		4	-	4
Profit before taxation		<u>10,789</u>	<u>2,384</u>	<u>13,173</u>
Taxation				
- Group		(1,816)	-	(1,816)
- Associates		-	(44)	(44)
- Jointly controlled entities		-	(313)	(313)
Profit for the period		<u>8,973</u>	<u>2,027</u>	<u>11,000</u>

Revenue from properties sales includes HK\$88 million (2006: HK\$36 million) from sale of investment properties.

Other businesses comprise revenue and profit derived from other activities including property management, car parking and transport infrastructure management, toll road fees, logistics business, construction, financial services, internet infrastructure, enabling services and department store.

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

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

3. NET FINANCE COSTS

	Six months ended 31 December	
	2007	2006
Interest expenses on		
Bank loans and overdrafts	719	520
Other loans wholly repayable within five years	36	63
Other loans not wholly repayable within five years	150	48
	905	631
Notional non-cash interest accretion	42	37
Less : Portion capitalized	(431)	(238)
	516	430
Interest income on bank deposits	(158)	(133)
	358	297

4. PROFIT ON DISPOSAL OF LONG-TERM INVESTMENTS LESS IMPAIRMENT LOSS, NET

	Six months ended 31 December	
	2007	2006
Profit on deemed disposal of a subsidiary	2	-
Profit on disposal of jointly controlled entities	20	-
Profit on disposal of available-for-sale investments	508	12
Impairment of available-for-sale investments	-	(8)
	530	4

5. PROFIT BEFORE TAXATION

	Six months ended 31 December	
	2007	2006
Profit before taxation is arrived at after charging:		
Cost of properties sold	1,016	3,915
Cost of other inventories sold	329	526
Depreciation and amortization	540	494
Amortization of intangible assets (included in cost of sales)	32	31
and crediting:		
Dividend income from listed and unlisted investments	101	73
Interest income from listed and unlisted debt securities	31	11
Net realized and unrealized holding gains on marketable securities	175	203

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

6. TAXATION

	Six months ended 31 December	
	2007	2006
Current taxation		
Hong Kong profits tax	727	691
China income tax	25	10
	752	701
Deferred taxation		
Change in fair value of investment properties	1,183	974
Other origination and reversal of temporary differences	182	141
	1,365	1,115
	2,117	1,816

Hong Kong profits tax is provided at the rate of 17.5 per cent (2006: 17.5 per cent) based on the estimated assessable profits for the period. China income tax is calculated at the rates applicable in China.

7. 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 Company's shareholders of HK\$13,626 million (2006: HK\$10,910 million).

The basic earnings per share is based on the weighted average number of shares in issue during the period of 2,513,110,536 (2006: 2,491,795,194). No diluted earnings per share for the period ended 31 December, 2007 is presented as there are no potential dilutive ordinary shares. The diluted earnings per share for the period ended 31 December 2006 was based on 2,491,799,895 shares which was the weighted average number of shares in issue during the period plus the weighted average number of 4,701 shares deemed to be issued at no consideration if all outstanding options had been exercised.

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

7. EARNINGS PER SHARE (CONT'D)

(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 Company's shareholders of HK\$6,200 million (2006: HK\$5,297 million), excluding the effect of fair value changes on investment properties. A reconciliation of profit is as follows:

	Six months ended	
	31 December	
	2007	2006
Profit attributable to Company's shareholders as shown in the consolidated profit and loss account	13,626	10,910
Increase in fair value of investment properties	(5,842)	(5,547)
Deferred tax on changes in fair value of investment properties	1,183	974
Adjustments for realized gains of disposed investment properties	33	26
Increase/(decrease) in fair value of investment properties net of deferred tax attributable to minority interests	56	(2)
Share of increase in fair value of investment properties net of deferred tax of associates and jointly controlled entities	(2,856)	(1,064)
Underlying profit attributable to Company's shareholders	6,200	5,297

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

8. INVESTMENT PROPERTIES

(a) Movement during the period:

Valuation	
At 1 July 2007	135,143
Acquired on acquisition of a subsidiary	2,119
Additions	1,609
Transfer in	1,055
Disposals	(76)
Transfer out	(3)
Exchange difference	692
Fair value changes	5,842
At 31 December 2007	146,381

(b) Valuation of properties shown above comprises:

Properties in Hong Kong held under	
Long lease (not less than 50 years)	26,941
Medium-term lease (less than 50 years but not less than ten years)	100,855
Properties outside Hong Kong held under	
Long lease (not less than 50 years)	806
Medium-term lease (less than 50 years but not less than ten years)	17,779
	146,381

(c) The Group's investment properties have been revalued as at 31 December 2007 by an in-house professional valuer on a market value basis.

9. FIXED ASSETS

During the period, additions to fixed assets amounted to HK\$2,506 million and net book value of fixed assets disposed of amounted to HK\$9 million.

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

10. LONG-TERM INVESTMENTS

	31 December 2007	30 June 2007
Available-for-sale debt securities		
Listed debt securities, overseas	593	745
Available-for-sale equity securities		
Listed equity securities, overseas	823	802
Listed equity securities, Hong Kong	3,594	4,147
Unlisted equity securities	574	603
	4,991	5,552
	5,584	6,297
 Market value		
Listed overseas	1,416	1,547
Listed in Hong Kong	3,594	4,147
	5,010	5,694

11. LOAN RECEIVABLES

	31 December 2007	30 June 2007
Mortgage loan receivables	1,087	1,164
Less : Amount due within one year included under current assets	(164)	(44)
	923	1,120

Mortgage loan receivables are secured on properties and repayable by monthly instalments with various tenors not more than 20 years at the balance sheet date and carry interest at rates with reference to bank's lending rates.

The carrying amount of loan receivables approximates their fair value.

12. INTANGIBLE ASSETS

Intangible assets represent the discounted value of the annual fees payable for the telecommunication licences over the licence period less accumulated amortization and impairment loss. The corresponding non-current and current portion of these contractual liabilities are recorded in other long-term liabilities and other payables respectively.

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

13. DEBTORS, PREPAYMENT 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\$4,917 million (30 June 2007: HK\$10,341 million), of which 92 per cent aged less than 60 days, two per cent between 61 to 90 days and six per cent more than 90 days (30 June 2007: 98 per cent, one per cent and one per cent, respectively).

The fair values of debtors and other receivables are not materially different from their book values.

14. SHORT-TERM INVESTMENTS

	31 December 2007	30 June 2007
Marketable securities, at market value		
Listed equity securities, Hong Kong	798	710
Listed equity securities, overseas	43	61
	841	771
Held-to-maturity debt securities maturing within one year, at amortized cost		
Listed debt securities, overseas (Market value 30 June 2007 : HK\$31 million)	-	31
Available-for-sale debt securities maturing within one year		
Listed debt securities, overseas	39	39
	880	841

15. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors of HK\$1,256 million (30 June 2007: HK\$986 million), of which 65 per cent aged less than 60 days, four per cent between 61 to 90 days and 31 per cent more than 90 days (30 June 2007: 63 per cent, four per cent and 33 per cent, respectively).

The carrying amounts of trade and other payables approximate their fair values.

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

16. SHARE CAPITAL

	Number of Shares in Million	Amount
Authorized:		
Ordinary shares of \$0.50 each		
At beginning and end of period	2,900	1,450
Issued and fully paid:		
Ordinary shares of \$0.50 each		
At beginning of period	2,492	1,246
Issue of shares	72	36
At end of period	2,564	1,282

On 29 October 2007, 72.5 million ordinary shares in the Company were placed at a price of HK\$150.75 per share (the "Placing Price") through a share placement arrangement. Subsequently, the Company issued 72.5 million new ordinary shares for cash at a subscription price of HK\$150.23 per share to increase the capital base of the Company. The subscription price is equivalent to the Placing Price less expenses borne by the Company in relation to the placement arrangement. Accordingly, the Company's share capital and share premium account were increased by HK\$36 million and HK\$10,855 million respectively. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

17. SHARE OPTION SCHEME

(a) There was no outstanding or movement in share options during the six months ended 31 December 2007. Movements in share options to subscribe for ordinary shares in the Company under the Old Scheme during the six months ended 31 December 2006 were as follows:

Date of Grant	Exercise Price	Exercisable Period	Number of Share Options			
			At 1 Jul 2006	Exercised during the period	Lapsed during the period	At 31 Dec 2006
16 July 2001	HK\$70	16.7.2002 to 15.7.2006	810,000	(774,000)	(36,000)	-
			810,000	(774,000)	(36,000)	-

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

17. SHARE OPTION SCHEME (CONT'D)

(b) No share options was exercised during the six months ended 31 December 2007. Details of share options exercised during the six months ended 31 December 2006 were as follows:

Exercise Date	Exercise Price	Market Value per Share at Exercise Date	Number of Share Options	Proceeds Received
3 July 2006	HK\$70	HK\$79.15	24,000	1
6 July 2006	HK\$70	HK\$79.35	60,000	4
7 July 2006	HK\$70	HK\$78.45	75,000	5
10 July 2006	HK\$70	HK\$78.80	150,000	11
11 July 2006	HK\$70	HK\$78.80	240,000	17
12 July 2006	HK\$70	HK\$78.80	225,000	16
			774,000	54

18. RELATED PARTY TRANSACTIONS

The following is a summary of significant transactions during the period between the Group and related parties, which were carried out at similar terms to other customers or suppliers and at market prices:

	Associates Six months ended 31 December		Jointly controlled entities Six months ended 31 December	
	2007	2006	2007	2006
Interest income	-	-	63	61
Rental income	3	3	-	-
Rental expense	-	-	12	12
Other revenue from services rendered	45	308	7	7
Purchase of goods and services	-	-	105	56

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

19. CONTINGENT LIABILITIES AND COMMITMENTS

The Group had contingent liabilities and commitments, so far as not provided for in the consolidated financial statements, as follows :

	31 December 2007	30 June 2007
(a) Capital commitments in respect of fixed assets		
Contracted but not provided for	8,729	8,876
Authorized but not contracted for	139	490
(b) Capital commitments in respect of investments		
Contracted but not provided for	4	4
(c) Group's share of capital commitments of joint ventures:		
Contracted but not provided for	2,294	1,800
Authorized but not contracted for	85	-
(d) Guarantees given to banks and financial institutions for the borrowings of jointly controlled entities of HK\$2,408 million (30 June 2007: HK\$3,400 million) and other guarantees of HK\$2 million (30 June 2007: HK\$2 million).		

20. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the current period's presentation.

REVIEW OF RESULTS

Profit attributable to Company's shareholders for the six months ended 31 December 2007 was HK\$13,626 million, an increase of HK\$2,716 million or 24.9% compared to HK\$10,910 million for the corresponding period last year. The reported profit has included an increase in fair value of investment properties net of related deferred taxation of HK\$7,459 million for the current period and HK\$5,639 million for the corresponding period of the last financial year.

Underlying net profit for the period, excluding the effect of fair value changes on investment properties, amounted to HK\$6,200 million, a rise of HK\$903 million or 17.0% compared to HK\$5,297 million in the same period of last year. The increase was primarily attributable to higher profit contributions from property sales and net rental income as a result of improved development profit margin and notable rental reversions. Profit from property sales and net rental income for the period amounted to HK\$3,735 million and HK\$2,839 million, representing an increase of 13.8% and 12.0%, as compared to same period of last year, respectively.

Financial Resources and Liquidity

(a) Net debt and gearing

The Company's shareholders' funds as at 31 December 2007 increased to HK\$206,419 million or HK\$80.5 per share from HK\$185,476 million or HK\$74.4 per share at the previous year end. The increase of HK\$20,943 million or 11% was largely attributable to the net underlying profit retained for the six months ended 31 December 2007, the increase in fair value of the Group's investment property portfolio, and the increase in the Company's equity of HK\$10,891 million following the issue of 72.5 million new shares under a share placement made in October 2007.

The Group's financial position remains strong with a low debt leverage and strong interest cover. Gearing ratio as at 31 December 2007, calculated on the basis of net debt to Company's shareholders' funds, was 14.3% compared to 14% at 30 June 2007. Interest cover, measured by the ratio of underlying profit from operations to total net interest expenses including those capitalized, was 7.2 times compared to 10.4 times for the same period last year.

As at 31 December 2007, the Group's gross borrowings totalled HK\$37,052 million. All borrowings of the Group are unsecured except for HK\$1,305 million related to the non-recourse bank borrowings of the Group's subsidiary, Route 3 (CPS) Company Limited, which were secured by way of charges over its assets. Net debt, after deducting cash and bank deposits of HK\$7,544 million, amounted to HK\$29,508 million. The maturity profile of the Group's gross borrowings is set out as follows:

	31 December 2007 HK\$ Million	30 June 2007 HK\$ Million
Repayable :		
Within one year	2,054	773
After one year but within two years	4,726	5,429
After two years but within five years	18,389	21,585
After five years	11,883	5,545
Total borrowings	37,052	33,332
Cash and bank deposits	7,544	7,364
Net debt	29,508	25,968

Financial Resources and Liquidity (cont'd)

(b) Treasury policies

The entire Group's financing and treasury activities are centrally managed and controlled at the corporate level. As at 31 December 2007, about 91% of the Group's borrowings were raised through its wholly-owned finance subsidiaries and the remaining 9% through operating subsidiaries.

The Group's foreign exchange exposure was minimal given its large asset base and operational cash flow primarily denominated in Hong Kong dollars. As at 31 December 2007, about 86% of the Group's borrowings were denominated in Hong Kong dollars, 4% in Singapore dollars, 8% in US dollars and 2% in other currencies. The foreign currency borrowings were mainly for financing property projects outside Hong Kong.

The Group's borrowings are principally arranged on a floating rate basis. For some of the fixed rate notes issued by the Group, interest rate swaps have been used to convert the rates to floating rate basis. As at 31 December 2007, about 90% of the Group's borrowings were on floating rate basis including those borrowings that were converted from fixed rate basis to floating rate basis and 10% were on fixed rate basis. The use of financial derivative instruments is strictly controlled and solely for management of the Group's underlying exposures. It is the Group's policy not to enter into derivative transactions for speculative purposes.

As at 31 December 2007, the Group had outstanding fair value hedges in respect of fixed-to-floating interest rate swaps in the aggregate amount of HK\$2,713 million and a currency swap (to hedge principal repayment of USD debt) in the amount of HK\$235 million.

Charges of assets

As at 31 December 2007, certain bank deposits of the Group's subsidiary, Smartone, in the aggregate amount of HK\$340 million, were pledged for securing performance bonds related to 3G licence and some other guarantees issued by the banks. Additionally, the assets of the Group's subsidiary, Route 3 (CPS) Company Limited, with an aggregate net book value of HK\$4,506 million, have been charged as collateral securities for its bank borrowings. Except for the above two charges, all the Group's assets are free from any encumbrances.

Contingent liabilities

As at 31 December 2007, 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\$2,410 million (30 June 2007: HK\$3,402 million).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 31 December 2007, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

1. Long positions in shares and underlying shares of the Company

Name of Director	Number of shares held				Total	Number of underlying shares held under equity derivatives	Total	% of shares in issue
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (interests of controlled corporation)	Other interests				
Kwok Ping-sheung, Walter	75,000	-	-	1,084,972,522 ¹	1,085,047,522	-	1,085,047,522	42.31
Lee Shau-kee	486,340	-	343,000 ²	-	829,340	-	829,340	0.03
Kwok Ping-kwong, Thomas	1,976,281	304,065	-	1,083,022,214 ¹	1,085,302,560	-	1,085,302,560	42.32
Kwok Ping-luen, Raymond	75,000	-	-	1,086,165,895 ¹	1,086,240,895	-	1,086,240,895	42.36
Wong Yue-chim, Richard	-	1,000	-	-	1,000	-	1,000	0
Woo Po-shing	-	-	-	-	-	236,800 ³	236,800	0
Li Ka-cheung, Eric	-	-	18,000 ⁴	-	18,000	-	18,000	0
Lo Chiu-chun, Clement	90,000	-	-	-	90,000	-	90,000	0
Chan Kai-ming	41,186	-	-	-	41,186	-	41,186	0
Chan Kui-yuen, Thomas	-	66,000	126,500 ⁵	-	192,500	-	192,500	0
Kwong Chun	702,722	339,358	-	-	1,042,080	-	1,042,080	0.04
Wong Yick-kam, Michael	145,904	-	-	-	145,904	-	145,904	0
Wong Chik-wing, Mike	195,999	-	-	-	195,999	-	195,999	0
Woo Ka-biu, Jackson (Alternate Director to Woo Po-shing)	-	1,000	-	-	1,000	-	1,000	0

Notes: 1. Of these shares in the Company, Messrs. Kwok Ping-sheung, Walter, Kwok Ping-kwong, Thomas and Kwok Ping-luen, Raymond were deemed to be interested in 1,062,988,347 shares by virtue of being beneficiaries of certain discretionary trusts, which represented the same interests and were therefore duplicated amongst these three Directors for the purpose of the SFO.

2. Dr. Lee Shau-kee was deemed to be interested in the 343,000 shares in the Company held through Superfun Enterprises Limited ("Superfun"). This corporation was wholly-owned by The Hong Kong and China Gas Company Limited ("HK China Gas") which was 39.06% held by Henderson Land Development Company Limited ("Henderson Land Development"). Henderson Land Development was 52.30% held by Henderson Development Limited ("Henderson Development"). Hopkins (Cayman) Limited ("Hopkins") as trustee of a unit trust (the "Unit Trust") owned all the issued ordinary shares of Henderson Development. Rimmer (Cayman) Limited ("Rimmer") and Riddick (Cayman) Limited ("Riddick") as trustees of respective discretionary trusts, held units in the Unit Trust. The entire issued share capital of Hopkins, Rimmer and Riddick were owned by Dr. Lee Shau-kee. He was taken to be interested in the 343,000 shares in the Company held by Superfun by virtue of the SFO.

3. These underlying shares were derived from unlisted and physically settled equity link note held by Sir Po-shing Woo as beneficial owner.

4. These shares were held by a company in which Dr. Li Ka-cheung, Eric owned 12.20% of its issued share capital.

5. These shares were held by a company which obliged to act in accordance with the instructions of Mr. Chan Kui-yuen, Thomas.

Other Information

2. Long positions in shares and underlying shares of associated corporations of the Company

(a) SUNeVision Holdings Ltd. ("SUNeVision")

Name of Director	Number of shares held			Number of underlying shares held under equity derivatives	Total	% of shares in issue
	Personal interests (held as beneficial owner)	Other interests	Total			
Kwok Ping-sheung, Walter	-	1,070,000 ¹	1,070,000	-	1,070,000	0.05
Kwok Ping-kwong, Thomas	-	1,070,000 ¹	1,070,000	-	1,070,000	0.05
Kwok Ping-luen, Raymond	-	1,742,500 ¹	1,742,500	-	1,742,500	0.08
Kwong Chun	300,000	-	300,000	-	300,000	0.01
Wong Yick-kam, Michael	100,000	-	100,000	-	100,000	0
Wong Chik-wing, Mike	109,000	-	109,000	-	109,000	0

Note: 1. Of these shares in SUNeVision, Messrs. Kwok Ping-sheung, Walter, Kwok Ping-kwong, Thomas and Kwok Ping-luen, Raymond were deemed to be interested in 1,070,000 shares by virtue of being beneficiaries of certain discretionary trusts, which represented the same interests and were therefore duplicated amongst these three Directors for the purpose of the SFO.

(b) SmarTone Telecommunications Holdings Limited ("SmarTone")

Name of Director	Number of shares held		Number of underlying shares held under equity derivatives	Total	% of shares in issue
	Other interests	Total			
Kwok Ping-luen, Raymond	2,237,767 ¹	2,237,767	-	2,237,767	0.38

Note: 1. Mr. Kwok Ping-luen, Raymond was deemed to be interested in these shares by virtue of being beneficiary of certain discretionary trust(s) for the purpose of the SFO.

(c) Transport International Holdings Limited

Name of Director	Number of shares held		Number of underlying shares held under equity derivatives	Total	% of shares in issue
	Personal interests (held as beneficial owner)	Total			
Kwok Ping-sheung, Walter	61,522	61,522	-	61,522	0.01
Kwok Ping-luen, Raymond	393,350	393,350	-	393,350	0.09
Chung Sze-yuen	18,821	18,821	-	18,821	0

Other Information

(d) Each of Messrs. Kwok Ping-sheung, Walter, Kwok Ping-kwong, Thomas and Kwok Ping-luen, Raymond had the following interests in shares of the following associated corporations:

Name of Associated Corporation	Attributable holding through corporation	Attributable % of shares in issue through corporation	Actual holding through corporation	Actual % interests in issued shares
Splendid Kai Limited	2,500	25	1,500 ¹	15
Hung Carom Company Limited	25	25	15 ¹	15
Tinyau Company Limited	1	50	1 ¹	50
Open Step Limited	8	80	4 ¹	40

Note: 1. Messrs. Kwok Ping-sheung, Walter, Kwok Ping-kwong, Thomas and Kwok Ping-luen, Raymond were deemed to be interested in these shares, which represented the same interests and were therefore duplicated amongst these three Directors for the purpose of the SFO. Those shares were held by corporations in which they were entitled to control the exercise of one-third or more of the voting rights in the general meetings of those corporations.

(e) Dr. Lee Shau-kee had corporate interests in shares of the following associated corporations:

Name of Associated Corporation	Total number of shares held	% of shares in issue
Anbok Limited	2 ²	50
Billion Ventures Limited	1 ³	50
Central Waterfront Construction Company Limited	1 ⁴	50
Central Waterfront Property Holdings Limited	100 ⁵	100
Central Waterfront Property Investment Holdings Limited	50 ⁶	50
CWP Limited	1 ⁷	50
Daily Win Development Limited	100 ⁸	25
E Man - Sanfield JV Construction Company Limited	1 ⁴	50
Everise (H.K.) Limited	1 ⁹	50
Fullwise Finance Limited	2 ²	50
Gold Sky Limited	1 ¹⁰	50
Jade Land Resources Limited	1 ¹¹	25
Joy Wave Development Limited	1 ⁴	50
Karnold Way Limited	2,459 ¹²	24.59
Maxfine Development Limited	3,050 ¹³	33.33
New Treasure Development Limited	1 ¹¹	25
Royal Peninsula Management Service Company Limited	1 ¹⁴	50
Special Concept Development Limited	1 ¹¹	25
Star Play Development Limited	1 ¹⁵	33.33
Teamfield Property Limited	4,918 ¹⁶	49.18
Topcycle Construction Company Limited	1 ⁴	50
Topcycle Development Limited	1 ¹⁷	50
Topcycle Project Management Limited	1 ¹⁷	50
World Space Investment Limited	4,918 ¹⁶	49.18

Other Information

- Notes:
1. Dr. Lee Shau-kee was deemed to be interested in the 343,000 shares in the Company held through Superfun. This corporation was wholly-owned by HK China Gas which was 39.06% held by Henderson Land Development. Henderson Land Development was 52.30% held by Henderson Development. Hopkins as trustee of the Unit Trust owned all the issued ordinary shares of Henderson Development. Rimmer and Riddick as trustees of respective discretionary trusts, held units in the Unit Trust. The entire issued share capital of Hopkins, Rimmer and Riddick were owned by Dr. Lee Shau-kee. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development. He was taken to be interested in the 343,000 shares in the Company held by Superfun by virtue of the SFO.
 2. Dr. Lee Shau-kee was deemed to be interested in the two shares held through Everise (H.K.) Limited. This corporation was 50% held by Masterland Limited, a wholly-owned subsidiary of Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.
 3. Dr. Lee Shau-kee was deemed to be interested in the one share held through Chico Investment Limited. This corporation was wholly-owned by Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.
 4. Dr. Lee Shau-kee was deemed to be interested in the one share held through E Man Construction Company Limited. This corporation was wholly-owned by Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.
 5. Dr. Lee Shau-kee was deemed to be interested in the 100 shares held through Central Waterfront Property Investment Holdings Limited. This corporation was 34.21% held by Starland International Limited ("Starland"), a wholly-owned subsidiary of Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.
 6. Dr. Lee Shau-kee was deemed to be interested in a total of 50 shares of which 34.21 shares were held through Starland and 15.79 shares were held through Prominence Properties Limited ("Prominence"). Starland was wholly-owned by Henderson Land Development. Prominence was wholly-owned by HK China Gas which was 39.06% held by Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.
 7. Dr. Lee Shau-kee was deemed to be interested in the one share held through Starland. This corporation was wholly-owned by Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.
 8. Dr. Lee Shau-kee was deemed to be interested in the 100 shares held through Citiright Development Limited. This corporation was wholly-owned by Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.
 9. Dr. Lee Shau-kee was deemed to be interested in the one share held through Masterland Limited. This corporation was wholly-owned by Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.
 10. Dr. Lee Shau-kee was deemed to be interested in the one share held through Atex Resources Limited. This corporation was wholly-owned by Mightymark Investment Limited, a wholly-owned subsidiary of Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.
 11. Dr. Lee Shau-kee was deemed to be interested in the one share held through Citiplus Limited. This corporation was wholly-owned by Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.
 12. Dr. Lee Shau-kee was deemed to be interested in the 2,459 shares held through Chico Investment Limited. This corporation was wholly-owned by Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.
 13. Dr. Lee Shau-kee was deemed to be interested in the 3,050 shares held through Quickcentre Properties Limited. This corporation was 50% held by Henderson (China) Investment Company Limited of which 100% was held by Andco Limited, a wholly-owned subsidiary of Henderson China Holdings Limited. This corporation was 100% held by Brightland Enterprises Limited, a wholly-owned subsidiary of Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.
 14. Dr. Lee Shau-kee was deemed to be interested in the one share held through Well Born Real Estate Management Limited. This corporation was wholly-owned by Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.
 15. Dr. Lee Shau-kee was deemed to be interested in the one share held through Henderson Investment Limited. This corporation was 67.94% held by Kingslee S.A., a wholly-owned subsidiary of Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.
 16. Dr. Lee Shau-kee was deemed to be interested in the 4,918 shares held through Billion Ventures Limited. This corporation was 50% held by Chico Investment Limited, a wholly-owned subsidiary of Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.
 17. Dr. Lee Shau-kee was deemed to be interested in the one share held through Dandy Investments Limited. This corporation was a wholly-owned subsidiary of Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.

Save as disclosed above, as at 31 December 2007, none of the Directors and the chief executive of the Company were, under Divisions 7 and 8 of Part XV of the SFO, taken to be interested or deemed to have any other interests or short positions in shares, underlying shares or debentures of the Company and its associated corporations, that were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEMES

1. Share Option Schemes of the Company

The Company once adopted a share option scheme on 20 November 1997 (the "Old Scheme"). Since its adoption, the Company had granted two lots of share options on 15 February 2000 and 16 July 2001 respectively. The first lot and the second lot of share options all expired on 14 February 2005 and 15 July 2006 respectively.

The Company by ordinary resolutions passed at its extraordinary general meeting held on 5 December 2002 adopted a new share option scheme (the "New Scheme") and terminated the Old Scheme in order to comply with the new requirements under the then revised Chapter 17 of the Listing Rules. No option shares have been granted under the New Scheme to any person since its adoption.

2. Share Option Schemes of the Subsidiaries

(a) SUNeVision

SUNeVision had adopted a share option scheme (the "SUNeVision Old Scheme"), the principal terms of which were summarized in the section headed "Statutory and General Information Share Option Schemes" in Appendix 5 to SUNeVision's prospectus dated 6 March 2000. By ordinary shareholders' resolutions of SUNeVision passed at its annual general meeting held on 3 December 2002, SUNeVision had adopted another share option scheme (the "SUNeVision New Scheme") and terminated the SUNeVision Old Scheme. These have become effective on 5 December 2002 as a result of the passing of ordinary resolutions approving the same by the shareholders of the Company at its extraordinary general meeting held on the same day.

(i) SUNeVision Old Scheme

Since the adoption of the SUNeVision Old Scheme, SUNeVision had granted four lots of share options, of which the options at the exercise price of HK\$10.38 per share, HK\$3.885 per share and HK\$2.34 per share expired at the close of business on 30 December 2005, 14 November 2006 and 19 March 2007 respectively. No further options may be offered under the SUNeVision Old Scheme. However, the outstanding options granted under the SUNeVision Old Scheme shall continue to be subject to the provisions of the SUNeVision Old Scheme and the provisions of Chapter 23 of the Rules Governing the Listing of Securities on the Growth Enterprises Market of the Stock Exchange (the "GEM Listing Rules").

The options at the exercise price of HK\$1.43 per share may be exercised in accordance with the terms of the relevant scheme as to:

- (a) one-third of the options within three years commencing on 8 July 2003;
- (b) a further one-third of the options within three years commencing on 8 July 2004; and
- (c) the remaining one-third of the options within three years commencing on 8 July 2005.

The options will expire at the close of business on 7 July 2008.

During the six months ended 31 December 2007, no share options were granted under the SUNeVision Old Scheme.

Other Information

(ii) SUNeVision New Scheme

SUNeVision had granted two lots of share options under the SUNeVision New Scheme since its adoption.

The options at the exercise price of HK\$1.59 per share may be exercised in accordance with the terms of the relevant scheme as to:

- (a) an amount up to one-third of the grant within three years commencing on 29 November 2004;
- (b) the remaining amount but up to two-thirds of the grant within three years commencing on 29 November 2005; and
- (c) the remaining amount within three years commencing on 29 November 2006.

The options will expire at the close of business on 28 November 2009.

The options at the exercise price of HK\$1.41 per share may be exercised in accordance with the terms of the relevant scheme in full at any time within three years from 10 November 2005 and the options will expire at the close of business on 9 November 2008.

During the six months ended 31 December 2007, no share options were granted under the SUNeVision New Scheme.

The movements during the six months ended 31 December 2007 of the share options granted under the SUNeVision Old Scheme and the SUNeVision New Scheme to the employees of the Company working under employment contracts that are regarded as "continuous contracts" for the purposes of the Employment Ordinance are summarized as follows:

Date of grant	Exercise price (HK\$)	Number of shares held				Balance as at 31.12.2007
		Balance as at 1.7.2007	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	
29.11.2003	1.59	503,666	-	-	50,000	453,666

Other than the participants as stated above, SUNeVision had not granted since the adoption of the SUNeVision Old Scheme and the SUNeVision New Scheme any options to any other persons as required to be disclosed under Listing Rule 17.07.

Other Information

(b) iAdvantage Limited ("iAdvantage")

SUNeVision operates another share option scheme which was approved for iAdvantage, a wholly-owned subsidiary of SUNeVision, allowing the board of Directors of SUNeVision the right to grant to the full-time employees and executive directors of iAdvantage or any of its subsidiaries options to subscribe for share of iAdvantage in aggregate up to 10 % of its issued capital from time to time (the "iAdvantage Scheme"). The exercise period of any options granted under the iAdvantage Scheme shall commence on the date of grant of the option and expire on such date as determined by the board of directors of iAdvantage or 28 February 2010, whichever is the earlier, and subject to the provisions for early termination contained therein. No share options have been granted to any person under the iAdvantage Scheme since its adoption.

(c) SmarTone

Pursuant to the terms of the share option scheme of SmarTone adopted on 15 November 2002, SmarTone may grant options to the participants, including directors and employees of SmarTone group, to subscribe for shares of SmarTone. No share options for SmarTone have been granted to any Director or employee of the Company since its adoption as required to be disclosed under the Listing Rules.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2007, the long positions of every person, other than a Director or the chief executive of the Company, who had interest or short positions in the shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	As Trustee	Corporate interests	Beneficial owner	Others	Total number of shares	% of shares in issue
HSBC International Trustee Limited ("HITL")	1,089,683,920	-	-	-	1,089,683,920 ¹	42.49
Cerberus Group Limited ("CGL")	-	1,062,988,347	-	-	1,062,988,347 ¹	41.45
Vantage Captain Limited ("VCL")	-	75,830,929	987,157,418	-	1,062,988,347 ¹	41.45

Note: 1. The shares in which VCL was interested were the same shares in which CGL was interested; the shares in which CGL was interested formed part of the shares in which HITL was interested. As at 31 December 2007, the actual duplicate interests in the Company held by VCL, CGL and HITL was 1,062,988,347 shares which were also the same shares referred to in Note 1 of sub-section 1 under the section headed "Directors' and Chief Executive's Interests".

Other Information

INTERESTS OF OTHER PERSONS

During the six months ended 31 December 2007, other than the interests in shares and underlying shares of the Company and its associated corporations held by the Directors, the chief executive and substantial shareholders of the Company stated above, there were no other persons with interests recorded in the register required to be kept under section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF SHARES

Except for the share placement by the Company in October 2007, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's ordinary shares during the period for the six months ended 31 December 2007. In addition, the Company has not redeemed any of its ordinary shares during the period.

INTERIM DIVIDEND

The Directors declared an interim dividend of HK\$0.80 per share (2006: HK\$0.70 per share) payable in cash on 7 April 2008 to shareholders on the Register of Members as at 31 March 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Tuesday, 25 March 2008 to Monday, 31 March 2008 (both days inclusive). In order to establish entitlements to the proposed interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited, Rooms 1712-6, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 20 March 2008.

FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES

The Group has provided financial assistance to and guarantees for facilities granted to certain associated companies and jointly controlled entities (collectively the "Affiliated Companies" within the definition under Chapter 13 of the Listing Rules) which together in aggregate exceeds the relevant percentage ratios of 8% under the Listing Rules. In accordance with the continuing disclosure requirements under Listing Rule 13.22, a proforma combined balance sheet of the Affiliated Companies and the Group's attributable interest in the Affiliated Companies as at 31 December 2007 are presented below:

	Proforma combined balance sheet (HK\$M)	The Group's attributable interest (HK\$M)
Non-current assets	42,218	18,434
Current assets	15,989	6,672
Current liabilities	(2,609)	(1,138)
Non-current liabilities	(51,695)	(22,544)
	<u>3,903</u>	<u>1,424</u>

Other Information

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company follows the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules (the "Model Code") as the code of conduct for Directors in their dealings in the securities of the Company. Having made specific enquiry with Directors, all Directors confirmed that they have fully complied with the Model Code during the period for the six months ended 31 December 2007.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The condensed interim financial statements are unaudited, but have been reviewed by the Audit Committee.

CORPORATE GOVERNANCE

During the six months ended 31 December 2007, the Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Code Provisions") as set out in Appendix 14 of the Listing Rules, except for the following deviation:

Code Provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and not performed by the same individual. Given the current corporate structure, there is no separation between the roles of Chairman and Chief Executive Officer. Although the Group's Chairman and Chief Executive Officer is the same individual, power and authority are not concentrated as responsibilities are also shared with the two Vice-Chairmen and all major decisions are made in consultation with members of the Board and appropriate board committees, as well as top management. There are four Independent Non-Executive Directors on the Board offering independent and different perspectives. Therefore, the Board is of the view that there are adequate balance of power and safeguards in place.

By Order of the Board

Ernest Lai Ho-kai

Company Secretary

Hong Kong, 6 March 2008



沙田道風山項目
To Fung Shan project, Sha Tin



廣州三東大道項目
Sandong Avenue project, Guangzhou



上海國金中心
Shanghai IFC, Shanghai



九龍站環球貿易廣場
International Commerce Centre,
Kowloon Station

天璽 II
The Cullinan II

天璽 I
The Cullinan I

集團透過提升物業質素、創新的設計及單位間隔，加上全面豪華會所設備，以及優質顧客服務，不斷為旗下物業增值，加強物業發展的邊際利潤。在收租物業方面，出租率維持約百分之九十五的高水平。九龍站環球貿易廣場第一期已於二〇〇七年底落成，整個項目將於二〇一〇年竣工，預租進展順利。

集團將採取專注策略，積極拓展內地業務。位於上海陸家嘴金融貿易區的上海國金中心總面積超過四百萬平方呎，將於二〇一〇年全部落成，而淮海中路項目的商場前期市務推廣經已展開，濰坊豪華住宅項目亦進入最後規劃階段，位於無錫的太湖國際社區第一期預售成績令人鼓舞。

集團將於未來九個月內推售的香港住宅項目包括九龍站天璽、沙田道風山及元朗龍田村項目。在內地方面，計劃於未來一年預售項目包括杭州萬象城第一期、廣州三東大道項目、成都雙流縣項目第一期及中山奕翠園第四期。

High quality, innovative designs, comprehensive luxury clubhouse facilities and premium service enhance development margins. Occupancy of the Group's rental portfolio remains high at 95 per cent. The first phase of International Commerce Centre was completed in late 2007, and the entire project will be finished in 2010. Preliminary leasing is progressing well.

The Group will adhere to its focused approach to mainland business expansion. Shanghai IFC in the Lujiazui finance and trade zone will have over four million square feet, scheduled for completion by 2010. Preliminary marketing of a shopping mall in a project on Huai Hai Zhong Road has already begun, while a luxury residential development in Wei Fong is in the final stages of planning. Preliminary sales of phase 1 of Taihu International Community have been encouraging.

Hong Kong projects going on sale in the next nine months include The Cullinan at Kowloon Station and two other projects at To Fung Shan in Sha Tin and Lung Tin Tsuen in Yuen Long. Mainland projects slated for the market over the next year include phase 1 of MIXC in Hangzhou, Sandong Avenue in Guangzhou, phase 1 of a Shuangliu County development in Chengdu and phase 4 of The Woodland in Zhongshan.



中環國際金融中心二期
Two IFC, Central



www.shkp.com