



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

中期報告 2009/10 INTERIM REPORT





- 1 元朗YOHO Midtown
YOHO Midtown, Yuen Long
- 2 九龍站天璽
The Cullinan, Kowloon Station
- 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

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Board of Directors and Committees

BOARD OF DIRECTORS

Chairman

Kwong Siu-hing (*Non-Executive Director*)

Executive Directors

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 Chik-wing, Mike

Chan Kwok-wai, Patrick (*Chief Financial Officer*)

Non-Executive Directors

Lee Shau-kee (*Vice Chairman*)

Kwok Ping-sheung, Walter

Woo Po-shing

Kwan Cheuk-yin, William

Lo Chiu-chun, Clement

Wong Yick-kam, Michael

Woo Ka-biu, Jackson (*Alternate Director to Woo Po-shing*)

Independent Non-Executive Directors

Yip Dicky Peter

Wong Yue-chim, Richard

Li Ka-cheung, Eric

Fung Kwok-lun, William

COMMITTEES

Audit Committee

Li Ka-cheung, Eric*

Yip Dicky Peter

Wong Yick-kam, Michael

Remuneration Committee

Wong Yue-chim, Richard*

Lo Chiu-chun, Clement

Li Ka-cheung, Eric

Nomination Committee

Wong Yue-chim, Richard*

Kwan Cheuk-yin, William

Yip Dicky Peter

Executive Committee

Kwok Ping-kwong, Thomas

Kwok Ping-luen, Raymond

Chan Kai-ming

Chan Kui-yuen, Thomas

Kwong Chun

Wong Chik-wing, Mike

Chan Kwok-wai, Patrick

* *Committee Chairman*

Financial Highlights and Corporate Information

FINANCIAL HIGHLIGHTS

For the six months ended 31 December	2009	2008	Change
Financial Highlights (HK\$ million)			
Turnover	13,270	15,120	-12%
Gross rental income ¹	5,360	4,800	+12%
Net rental income ¹	3,963	3,522	+13%
Profit attributable to the Company's shareholders	14,338	692	+19.7 times
Underlying profit attributable to the Company's shareholders ²	6,510	4,535	+44%
Financial Information per share (HK\$)			
Earnings	5.59	0.27	+19.7 times
Underlying earnings ²	2.54	1.77	+44%
Interim dividend	0.85	0.80	+6%

Notes: 1. Including contributions from jointly-controlled entities and associates.
2. Excluding revaluation surplus/deficit of investment properties net of deferred tax.

CORPORATE INFORMATION

Company Secretary

Yung Sheung-tat, Sandy

Auditors

Deloitte Touche Tohmatsu

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

Share Registrars

Computershare Hong Kong Investor Services Limited
Shops Nos. 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Solicitors

Woo, Kwan, Lee & Lo
JSM
Winston Chu & Company

Principal Bankers

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

CHOICE OF LANGUAGE OR MEANS OF RECEIPT OF CORPORATE COMMUNICATIONS

This interim report is now available in printed form in English and in Chinese, and on the website of the Company.

If (i) shareholders who have received or chosen to receive a printed copy of this interim report wish to receive the same in the other language to that chosen by the shareholders, or (ii) shareholders who have received or chosen to receive this interim report by electronic means wish to receive a printed copy, or who for any reason have difficulty in receiving or gaining access to this interim report on the Company's website, they may obtain the same free of charge by sending a request to the Company's Share Registrars, Computershare Hong Kong Investor Services Limited, by post to 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or by email at shkp@computershare.com.hk.

For shareholders who wish to change their choice of language or means of receipt of the Company's future corporate communications free of charge, they could at any time notify the Company's Share Registrars by post or by email.

Chairman's Statement

I am pleased to present my report to the shareholders.

RESULTS

The Group's underlying profit attributable to the Company's shareholders for the six months ended 31 December 2009, excluding the effect of fair-value changes on investment properties, was HK\$6,510 million, an increase of 44 per cent from the corresponding period last year. Underlying earnings per share were HK\$2.54, an increase of 44 per cent from the same period last year.

Reported profit attributable to the Company's shareholders was HK\$14,338 million, compared to HK\$692 million for the corresponding period last year. Earnings per share were HK\$5.59, an increase of 19.7 times from the same period last year. The reported profit for the period included a revaluation surplus (net of deferred taxation) on investment properties of HK\$8,610 million compared to a revaluation deficit (net of deferred taxation) of HK\$3,813 million for the same period last year.

DIVIDEND

The directors have recommended the payment of an interim dividend of HK\$0.85 per share for the six months ended 31 December 2009, an increase of six per cent from the corresponding period last year. It will be payable on or about 4 May 2010 to shareholders whose names appear on the Register of Members of the Company on 1 April 2010.

BUSINESS REVIEW

Property Sales

Revenue from property sales for the period as recorded in the accounts, including revenue from joint-venture projects, was HK\$4,607 million, as compared with HK\$5,781 million for the corresponding period last year. The Group sold or pre-sold an attributable HK\$9,159 million worth of properties during the period, an increase of 22 per cent from the same period last year. Sales of Hong Kong properties amounted to HK\$6,996 million, mostly derived from Aria on Kowloon Peak, The Cullinan at Kowloon Station and The Latitude in Kowloon. The remainder came from mainland properties including The Lake Dragon and The Arch in Guangzhou, Jovo Town in Chengdu and Taihu International Community in Wuxi, as well as The Orchard Residences in Singapore. The Group has sold or pre-sold over HK\$7,500 million of properties since January this year, mainly from the sales of YOHO Midtown in Yuen Long.

Property Business – Hong Kong

Land Bank

The Group has added three sites to its development land bank in Hong Kong since the beginning of the current financial year. Two sites were added through land use conversion, including a large-scale project at Yuen Long Town Lot 507. This development is adjacent to the Yuen Long Station of West Rail and has a total gross floor area of 2.3 million square feet, of which 1.8 million square feet is residential. This will be the third and largest phase of the Group's landmark YOHO Town development in the centre of Yuen Long. The other residential / commercial site at Tseung Kwan O Area 66B was acquired at a government auction in February this year. It is in the Tseung Kwan O town centre with a comprehensive transportation network. It has a gross floor area of 728,000 square feet, of which 662,000 square feet is for premium residential units.

Chairman's Statement

The Group's current land bank in Hong Kong amounts to 44.1 million square feet comprising 26.1 million square feet of completed investment properties and 18 million square feet of properties under development. The Group also holds about 25 million square feet of agricultural land in terms of site area. Most of this is along existing or planned rail lines in the New Territories and is in the process of land use conversion. The Group will continue replenishing its development land bank through various means as appropriate opportunities arise.

Property Development

The Hong Kong residential market continued to perform well of late with healthy transaction volume. Buying interest from mainlanders continued, although some moderation has recently been seen. Overall prices firmed up steadily in recent months and homebuyer confidence remained high with the improving job market and historically-low interest rates.

The Group maintained efforts to strengthen its leading market position and set new standards. It builds premium projects ranging from luxury developments to mass-market residential estates to suit all types of buyers, and the Group's reputation for prestige and quality reinforces its brand and enables premium pricing.

The Group constantly monitors changing market demand locally and among mainlanders. It responds quickly to people's evolving preferences for design, layout, specifications, finishes and clubhouse facilities in new projects, and caters to modern lifestyles with hotel-like concierge service.

The Group completed four projects in Hong Kong during the period under review with one million square feet of attributable gross floor area, and it plans to complete another 3.1 million square feet in the second half of the financial year. The four completed projects are listed below.

Project	Location	Usage	Group's Interest (%)	Attributable Gross Floor Area (square feet)
Valais I & II	28 & 33 Kwu Tung Road, Sheung Shui	Residential	100	683,000
Peak House	68 Mei Tin Road, Sha Tin	Residential	100	33,000
GreenView	148 Fuk Hang Tsuen Road, Tuen Mun	Residential	100	27,000
One Harbour East	108 Wai Yip Street, Kwun Tong	Office	100	292,000
Total				1,035,000

Chairman's Statement

Property Investment

The Group's gross rental income, including contributions from joint-venture projects, increased by 12 per cent to HK\$5,360 million. Net rental income increased by 13 per cent to HK\$3,963 million.

The increase in rental income was primarily driven by continuous positive rental reversions in the retail and office portfolios, particularly International Finance Centre (IFC), and additional contributions from International Commerce Centre (ICC) and ION Orchard. Occupancy of the Group's rental portfolio remains high at 93 per cent. Mall tenants' retail sales picked up in the period under review and spot rents in the office portfolio have shown signs of stabilization.

ICC at Kowloon Station is a major investment property nearing completion. The second phase was finished in 2009 and the entire building is scheduled for completion later this year. About 90 per cent is now leased or pre-leased. ICC is surrounded by a comprehensive range of complementary essentials including the high-end Elements shopping mall, luxury serviced suites in The HarbourView Place and two international hotels: W Hong Kong that is already in operation and Ritz-Carlton that is set to open in 2010. An observation deck on the 100th floor will open in the fourth quarter of this year, making it the first in Hong Kong to offer visitors a breathtaking, 360-degree panoramic view of the territory. The Kowloon Station development has exceptionally convenient transport links to Central and the airport, as well as to the mainland via the cross-border rail line soon to be constructed.

Rental income from shopping malls remained resilient and accounted for a core part of the Group's rental portfolio income. Occupancies of the Group's major malls remained high. Malls in key tourist areas benefited particularly from the continued increase in spending by mainland shoppers, and the Group plans to organize more shopping tours for the growing pool of mainland visitors. The Group regularly reviews the tenant composition in its malls to boost pedestrian flows. Renovations are also done on a rotational basis to enhance the shopping environment of the retail portfolio.

Four Seasons Place at IFC and The HarbourView Place at Kowloon Station offer an unparalleled standard of luxury living and premium service. They both recorded high occupancies during the period under review, attracting guests from around the world with convenient locations and a wide range of unit sizes.

Property Business – Mainland and Singapore

Land Bank

The Group added new projects to mainland land bank, including two adjacent residential / commercial sites in the central district of Foshan that will benefit from the city's further economic integration with Guangzhou. The sites have a combined total gross floor area of 30 million square feet and will be developed into a large-scale landmark comprising mainly premium residences. They are served by a station on a new planned rail line that will significantly shorten the travelling time to downtown Guangzhou. The Group also took part in a joint-venture project at Linhecun in Guangzhou. The project is in Tianhe, the central business district and a high-end residential area in central Guangzhou. It is also in the vicinity of a train station that connects to Hong Kong and other major cities in the Pearl River Delta. The Group has a 70 per cent interest in the two million square feet of luxury premises to be developed.

The Group's mainland land bank currently amounts to an attributable 88.3 million square feet. Over 75 per cent of the 85 million square feet of properties under development will be high-end residences or serviced apartments, while the rest will be top-grade offices, shopping malls and premium hotels. Another 3.3 million square feet of completed investment properties, mainly offices and shopping centres in prime locations in Shanghai and Beijing, are being held for rent.

Chairman's Statement

Property Development

Residential prices and transaction volume on the mainland rose significantly in the past year, underpinned by strong fiscal stimuli and aggressive monetary policy. Market sentiment and activity in recent months have been affected by monetary tightening and restrictive measures in the property sector, but the fundamentals of the residential market remain promising over the medium-to-long term.

The Group is gradually extending its premium brand to major mainland cities. The superb quality of The Lake Dragon in Guangzhou has attracted high market interest since it went on sale last April. About 240 houses have been sold at market-premium prices. The pre-sale of Jovo Town in Chengdu was also satisfactory.

The Group completed 887,000 square feet of offices in Shanghai IFC Tower 1 and an attributable 362,000 square feet of premium residential units in Taihu International City in Wuxi during the period under review. Construction of a 1.7-million-square-foot luxury residential development with unrivalled views of the Bund at Wei Fong in Shanghai is progressing well. Work on the integrated complex with spectacular river views at Liedecun in the Zhujiang Xincheng business area of Guangzhou commenced last year. The development has a subway connection to other major business and residential areas of the city, and the Group has a one-third interest in the project. The Group also recently broke ground on an integrated development in Suzhou. Other projects under development are progressing as planned.

Property Investment

Performance of the Group's mainland rental portfolio was satisfactory for the period under review. Construction of major mainland projects is progressing smoothly and responses to pre-leasing have been encouraging.

Shanghai IFC is in the heart of the Lujiazui finance and trade zone in Pudong, and the entire development will be completed by the first half of 2011. The project will comprise four million square feet of grade-A office space, a high-end shopping centre with an array of international retailers and a five-star Ritz-Carlton hotel expected to open in the second quarter of this year. HSBC's mainland head office will occupy 22 floors of Tower 1, and the rest of the office tower is near fully let. A number of renowned global and mainland corporations have moved in already. Pre-leasing of Tower 2 is progressing and negotiations are under way with major financial institutions and other companies. A substantial majority of the mall is already let, and it will house a collection of major luxury-brand outlets and renowned restaurants. Soft opening of the mall is expected in the second quarter of 2010.

Shanghai ICC on Huai Hai Zhong Road in the Puxi commercial district is progressing smoothly. There will be three million square feet of total floor area with retail, commercial and luxury-residential space. It will be connected to existing and future mass-transit rail stations. The project will be completed in phases from 2011. Marketing of the 1.2-million-square-foot mall has started and the response has been positive, with many international retailers negotiating for space.

The Group's joint-venture ION Orchard shopping mall in Singapore opened in October 2009. This is a world-class mall in the Orchard Road shopping district with over 900,000 square feet of gross floor area and a distinctive exterior. Occupancy is high at 97 per cent. The mall's innovative retail concept and diversified trade mix with leading international outlets and brands are very popular with locals and tourists. The adjoining top-class Orchard Residences are scheduled for completion this year and almost 90 per cent has been sold at premium prices. The Group has a 50 per cent interest in the project.

Chairman's Statement

Other Businesses

Hotel

Overall hotel occupancy rebounded notably during the past few months. Overseas visitor numbers saw a gradual recovery and visitor inflow from the mainland grew healthily with further relaxations of the Individual Visit Scheme. In addition to a new policy facilitating multiple-entry permits for Shenzhen permanent residents, non-Guangdong residents in Shenzhen can now apply for individual visits directly in Shenzhen, instead of having to go back to their hometowns to apply.

The Group's hotels have seen higher occupancies since late 2009. The four Royal hotels achieved an average occupancy of over 92 per cent during the period, and occupancies at the Four Seasons and W Hong Kong also recovered considerably in late 2009.

The Group will continue building premium hotels in Hong Kong, given the territory's position as a major financial and business hub in Asia and a popular destination for leisure travellers. The deluxe Ritz-Carlton at Kowloon Station will be completed this year and two premium hotels above the Tseung Kwan O MTR station are under development. The Group's first hotel in Shanghai – a Ritz-Carlton – will open in the second quarter of this year in time to capture business associated with the 2010 World Expo.

Telecommunications and Information Technology

SmarTone

During the period under review, SmarTone's data service revenue continued to grow. The company also achieved substantial savings in interconnection charges and other cost-control initiatives, although these were partially offset by a marginal decline in roaming revenue. SmarTone built upon its position in Hong Kong as one of the leaders in total communications providing voice, multimedia and broadband service in the mobile and fixed markets. It will continue to lead the market by providing a superb customer experience through outstanding network performance, unique services and unrivalled customer care. The Group remains confident in SmarTone's prospects and will continue to hold the company as a long-term strategic investment.

SUNeVision

SUNeVision sustained its profitability in the period under review. iAdvantage strengthened its position in the carrier-neutral data centre industry in Hong Kong by signing up new businesses and achieving good occupancy. SUNeVision has a strong financial position, which it will use to further develop its core businesses.

Transportation and Infrastructure

Transport International Holdings

The financial performance of Transport International Holdings' (TIH) franchised public bus operations in the second half of 2009 was affected by rising fuel prices and a decrease in passenger numbers due mainly to continued expansion of the rail network. TIH's two joint ventures operating public buses in Shenzhen and taxis in Beijing made steady progress in 2009. TIH also owns RoadShow Holdings, which is mainly engaged in media sales.

Other Infrastructure Businesses

Business at the River Trade Terminal and Air Freight Forwarding Centre benefited from the gradual recovery in global trade. The Wilson Group performed well, while traffic on the Route 3 (Country Park Section) remained steady throughout the period. All the Group's infrastructure projects are in Hong Kong and constitute valuable investments in the long term.

Chairman's Statement

Corporate Finance

The Group maintained its robust financial position with low gearing and high interest coverage. Net debt to shareholders' funds stood at 14.9 per cent as at 31 December 2009.

Response was very keen to the Group's latest financing arrangements such as RMB bank loans on the mainland and Hong Kong dollar syndicated loans in Hong Kong. The Group was able to renew all its bank lines and procure substantial new facilities at favourable terms, putting it in a stronger and more flexible position to maintain a large pool of stand-by banking facilities on a committed basis for long-term development. The Group issued approximately HK\$1,200 million in three- to ten-year bonds through its Euro Medium Term Note programme during the period under review, to extend its debt maturities and diversify its funding base.

The vast majority of the Group's borrowings are denominated in Hong Kong dollars, resulting in very little foreign-exchange risk. The Group adhered to its conservative financial policies and did not execute any derivative or structured-product transactions for speculation.

The Group has consistently scored the highest credit ratings among Hong Kong developers. Moody's affirmed the Group's A1 rating with a 'stable' outlook and Standard & Poor's upgraded its A with a 'stable' outlook to A with a 'positive' outlook in December 2009.

Customer Service

The Group believes that putting the customer first is essential to providing first-class service. It pays close attention to what customers think about its products and service, and solicits their opinions through a variety of channels. Property-management subsidiaries Hong Yip and Kai Shing do their utmost to provide residents and tenants of the estates and commercial buildings they manage convenience and quality environments. The two companies have won numerous awards for property management and landscaping.

The SHKP Club is an effective channel for two-way communication with consumers and it now has over 290,000 members. It offers members property-related benefits and privileges such as popular exclusive previews of the Group's show flats for new developments and buyer-incentive programmes. The Club also focuses on events and activities that encourage healthy, harmonious family life.

Corporate Governance

A reputation for high standards of corporate governance is key to the Group's success. The Group discloses information promptly and puts great emphasis on its proactive investor-relations programme, all with the full support of the board of directors and management.

The board directs and oversees the Group's strategies. There are sub-committees with independent non-executive directors to monitor audits, remuneration and nominations, and all of the Company's executive directors sit on an executive committee that formulates business policies and decides key issues. These procedures and well-developed internal controls ensure that the Group stays at the forefront of best corporate governance practices.

The Group's sophisticated management and good corporate governance are widely recognized by the investment community. Accolades received during the year include the number one ranking as Best Developer in Hong Kong for the fifth year running by *Euromoney* and an award for Overall Best Company for Corporate Governance in Hong Kong and Asia (2004-2008) in a 'Poll of Polls' by *Asiamoney*. The Group was named Best Real Estate Company in Asia and Hong Kong's Best Managed Company by *FinanceAsia*, and received a Recognition Award – the Best of Asia – from *Corporate Governance Asia* for the fourth year running.

Chairman's Statement

Corporate Social Responsibility

Being a responsible corporate citizen is important to the Group, as evidenced by its support for community and educational programmes and care about the environment. Recent Group-sponsored activities for the benefit of less-fortunate children have included subsidized visits and outings. The Group's SHKP Book Club continues to stage initiatives to encourage reading and the pursuit of knowledge. The Group's 1,400-strong Volunteer Team gets staff involved in helping the needy in the community.

The Group is committed to preserving the environment and follows green principles in all aspects of its operations, for which it has won extensive praise locally and internationally. The Group has comprehensive energy-saving programmes in its commercial and residential developments, plus professional landscaping staff to provide clean, green and comfortable environments.

The Group believes that dedicated staff are one of its most valuable assets. It continues to recruit top graduates as management trainees, and it offers new recruits and existing staff a wide range of training to help them develop to their full potential and instill professionalism. It also has initiatives to build team spirit and a corporate culture of quality.

PROSPECTS

The global economic recovery is likely to continue this year, though at a more modest pace. Money and capital market functions have generally returned to normal, and interest rates in many advanced economies will remain at historic low levels amid high unemployment for most of the year. There remain some economic challenges and uncertainties, including the timing and pace of an exit from aggressive stimulus measures as well as worries over the sovereign credit of a few EU members.

The mainland economy is expected to continue its growth momentum this year, due partly to the follow-through effects of the government's stimulus measures and a gradual recovery in exports. The latest government move to contain credit growth could create market volatility in the short term, but it should be helpful to sustained economic expansion over the long term.

With a modest recovery in developed nations and economic buoyancy on the mainland, the Hong Kong economy will fare better this year; pointing to improving job-market conditions, continued retail-sales growth and strengthening consumer confidence. Accelerated economic integration between Hong Kong and the mainland will also provide numerous business opportunities for Hong Kong over time.

The residential market in Hong Kong is likely to see another good year both in terms of prices and volume. Demand-side fundamentals such as affordability, mortgage interest rates, liquidity and homebuyer confidence remain favourable. Continued buying interest from successful applicants under the Capital Investment Entrant Scheme will add to market demand. The supply of new residential units will remain at low levels in the next few years, and the government's latest decision to proactively offer land supply to the market should be desirable for Hong Kong's property market over the medium-to-long term.

Chairman's Statement

With good prospects for Hong Kong's residential market, the Group will continue to look for opportunities to increase its land bank, particularly via conversion of farmland to residential sites. It will emphasize value optimization of development projects by providing the right products in terms of architecture, layouts, flat mix, facilities and market positioning.

The retail leasing market is expected to remain robust with steady growth in rents against a backdrop of continued increases in mainland tourist spending and higher local consumption. The Group's retail portfolio will likely fare better in the coming year due to improved job-market conditions and continuous efforts to upgrade selected shopping malls. Demand for quality office space is anticipated to show gradual improvement amid the global economic recovery. Rents for top-quality office space in core areas such as Central are likely to fare better due to limited supply.

The Group will continue to take a selective and focused approach to mainland business expansion. It believes that the long-term prospects for the mainland property market are promising, and so will keep seeking land acquisition opportunities in prime cities. Earnings from mainland businesses are expected to rise in coming years as rental projects such as Shanghai IFC and more residential developments are gradually completed.

Major residential projects in Hong Kong to go on sale in the next nine months include Larvotto in Island South, Valais in Sheung Shui, Lime Stardom in Kowloon and projects at Tuen Mun Town Lot 465 and Tseung Kwan O Area 56. Barring unforeseen circumstances, the results for the current financial year are expected to be satisfactory.

APPRECIATION

Dr. Cheung Kin-tung, Marvin, who did not seek re-election, retired as an Independent Non-Executive Director of the Company at the conclusion of the annual general meeting held on 3 December 2009. I would like to express my sincere gratitude to Dr. Cheung for his valuable contributions to the Group during his tenure.

Dr. Fung Kwok-lun, William, was appointed as an Independent Non-Executive Director of the Company with effect from 1 February 2010. With his management expertise and extensive business exposure, Dr. Fung will broaden the Group's strategic perspective on business development.

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

Kwong Siu-hing

Chairman

Hong Kong, 11 March 2010

Report on Review of Interim Financial Information



TO THE MEMBERS OF SUN HUNG KAI PROPERTIES LIMITED

(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 59 to 73, which comprises the consolidated statement of financial position of Sun Hung Kai Properties Limited (the "Company") and its subsidiaries as of 31 December 2009 and the related consolidated income statement, consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

11 March 2010

Consolidated Income Statement

For the six months ended 31 December 2009 (Expressed in millions of Hong Kong dollars)

		(Unaudited) Six months ended 31 December	
	Notes	2009	2008
Revenue	2	13,270	15,120
Cost of sales		(6,711)	(8,451)
Gross profit		6,559	6,669
Other income/(losses)		351	(101)
Selling and marketing expenses		(613)	(642)
Administrative expenses		(705)	(720)
Operating profit before change in fair value of investment properties	2	5,592	5,206
Increase/(decrease) in fair value of investment properties		10,050	(4,335)
Operating profit after change in fair value of investment properties		15,642	871
Finance costs		(260)	(333)
Finance income		10	77
Net finance costs	3	(250)	(256)
Share of results (including increase in fair value of investment properties net of deferred tax of HK\$1,144 million (2008: decrease of HK\$320 million)) of:			
Associates		148	42
Jointly controlled entities		2,144	97
	2	2,292	139
Profit before taxation	4	17,684	754
Taxation	5	(3,033)	44
Profit for the period		14,651	798
Attributable to:			
Company's shareholders		14,338	692
Non-controlling interests		313	106
		14,651	798
Interim dividend at HK\$0.85 (2008: HK\$0.80) per share		2,180	2,051
(Expressed in Hong Kong dollars)			
Earnings per share based on profit attributable to the Company's shareholders (reported earnings per share)	6(a)		
Basic		\$5.59	\$0.27
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		\$2.54	\$1.77

Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2009 (Expressed in millions of Hong Kong dollars)

	(Unaudited) Six months ended 31 December	
	2009	2008
Profit for the period	14,651	798
Exchange difference on translating financial statements of foreign operations	(18)	(50)
Change in fair value of cash flow hedge	(1)	–
Available-for-sale investments:		
– fair value gains/(losses)	277	(1,503)
– fair value gains transferred to income statement on disposal	(55)	(154)
– impairment loss transferred to income statement	–	232
	222	(1,425)
Share of other comprehensive income/(expense) of associates and jointly controlled entities	51	(45)
Other comprehensive income/(expense) for the period	254	(1,520)
Total comprehensive income/(expense) for the period	14,905	(722)
Total comprehensive income/(expense) attributable to:		
Company's shareholders	14,613	(813)
Non-controlling interests	292	91
	14,905	(722)

Consolidated Statement of Financial Position

As at 31 December 2009 (Expressed in millions of Hong Kong dollars)

	Notes	(Unaudited) 31 December 2009	(Audited) 30 June 2009
Non-current assets			
Investment properties	7	173,241	158,593
Fixed assets	8	15,353	21,612
Associates		3,143	3,050
Jointly controlled entities		27,309	25,792
Loan receivables	9	351	465
Other financial assets	10	3,850	2,953
Intangible assets	11	4,519	4,647
		227,766	217,112
Current assets			
Properties for sale		73,737	68,347
Debtors, prepayment and others	12	16,221	15,611
Other financial assets	13	634	602
Bank balances and deposits		7,169	8,143
		97,761	92,703
Current liabilities			
Bank and other borrowings		(2,253)	(2,644)
Trade and other payables	14	(15,044)	(14,600)
Deposits received on sale of properties		(6,827)	(2,854)
Taxation		(3,616)	(3,990)
		(27,740)	(24,088)
Net current assets		70,021	68,615
Total assets less current liabilities		297,787	285,727
Non-current liabilities			
Bank and other borrowings		(39,488)	(39,381)
Deferred taxation		(20,533)	(18,719)
Other long-term liabilities		(682)	(707)
		(60,703)	(58,807)
Net assets		237,084	226,920
Capital and reserves			
Share capital	15	1,282	1,282
Share premium and reserves		231,227	220,986
Shareholders' funds		232,509	222,268
Non-controlling interests		4,575	4,652
Total equity		237,084	226,920

Directors:

Kwok Ping-kwong, Thomas

Kwok Ping-luen, Raymond

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2009 (Expressed in millions of Hong Kong dollars)

	(Unaudited) Six months ended 31 December	
	2009	2008
Net cash from operating activities	3,793	1,310
Net cash from/(used in) investing activities	481	(2,346)
Net cash (used in)/from financing activities		
– net (repayment)/drawdown of bank and other borrowings	(164)	5,825
– dividends paid to shareholders	(4,359)	(4,359)
– dividends paid to non-controlling interests	(36)	(62)
– others	(628)	(735)
	(5,187)	669
Decrease in cash and cash equivalents	(913)	(367)
Cash and cash equivalents at beginning of period	7,649	6,384
Effect of foreign exchange rates changes	8	(45)
Cash and cash equivalents at end of period	6,744	5,972
Analysis of the balances of cash and cash equivalents at end of period		
Bank deposits	4,401	5,613
Bank balances and cash	2,768	926
Bank overdrafts	(71)	(68)
	7,098	6,471
Less: Pledged bank deposits	(354)	(499)
	6,744	5,972

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2009 (Expressed in millions of Hong Kong dollars)

	Unaudited								
	Attributable to the Company's shareholders							Non-controlling interests	Total
	Share Capital	Share Premium	Capital reserves	Investment revaluation reserve	Exchange reserve	Retained profits	Total		
At 1 July 2008	1,282	35,782	757	1,360	3,335	176,734	219,250	4,807	224,057
Total comprehensive expenses for the period	–	–	–	(1,416)	(89)	692	(813)	91	(722)
Transfer to capital reserves arising from repurchase of its shares by a subsidiary	–	–	3	–	–	(3)	–	–	–
Final dividend paid	–	–	–	–	–	(4,359)	(4,359)	–	(4,359)
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	(207)	(207)
Release upon disposal of a subsidiary	–	–	–	–	–	–	–	2	2
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	54	54
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(62)	(62)
At 31 December 2008	1,282	35,782	760	(56)	3,246	173,064	214,078	4,685	218,763
At 1 July 2009	1,282	35,782	761	545	3,222	180,676	222,268	4,652	226,920
Total comprehensive income for the period	–	–	(1)	218	58	14,338	14,613	292	14,905
Transfer to capital reserves arising from repurchase of its shares by a subsidiary	–	–	1	–	–	(1)	–	–	–
Final dividend paid	–	–	–	–	–	(4,359)	(4,359)	–	(4,359)
Acquisition of additional interests in subsidiaries	–	–	(13)	–	–	–	(13)	(66)	(79)
Repayment of capital contribution to non-controlling interests	–	–	–	–	–	–	–	(267)	(267)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(36)	(36)
At 31 December 2009	1,282	35,782	748	763	3,280	190,654	232,509	4,575	237,084

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

I. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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 in the interim financial statements are consistent with those set out in the annual financial statements for the year ended 30 June 2009, except for the changes set out below.

In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations of Hong Kong Financial Reporting Standards and Interpretations (collectively, “new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning 1 July 2009.

HKFRSs (Amendments)	Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ¹
HKAS 1 (Revised)	Presentation of financial statements
HKAS 23 (Revised)	Borrowing costs
HKAS 27 (Revised)	Consolidated and separate financial statements
HKAS 32 and 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKAS 39 (Amendment)	Eligible hedged items
HKFRS 1 and HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 3 (Revised)	Business combinations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC) - INT 15	Agreements for the construction of real estate
HK(IFRIC) - INT 16	Hedges of a net investment in a foreign operation
HK(IFRIC) - INT 17	Distribution of non-cash assets to owners
HK(IFRIC) - INT 18	Transfers of assets from customers

¹ Amendments that are effective for annual periods beginning on or after 1 January 2009 or 1 July 2009, as appropriate

HKAS 1 (Revised) has introduced a number of terminology changes, including revised titles for the consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. Under the revised standard, the Profit and Loss Account is renamed as the “Income Statement”, the Balance Sheet is renamed as the “Statement of Financial Position” and the Cash Flow Statement is renamed as the “Statement of Cash Flows”. All income and expenses arising from transactions with non-owners are presented under the “Income Statement” and “Statement of Comprehensive Income”, and the total carried to the “Statement of Changes in Equity”, while the owners changes in equity are presented in the “Statement of Changes in Equity”.

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. HKAS 27 (Revised) requires that a change in ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. The Group applies these revised standards prospectively with effect from 1 July 2009.

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 “Segment reporting”, required the identification of two sets of segments (business and geographical) using risks and return approach. The adoption of HKFRS 8 has resulted in a redesignation of the Group’s reportable segments (see note 2).

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

I. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONT'D)

Improvements to HKFRSs 2008 include an amendment to HKAS40 under which an investment property which is under construction is to be classified as investment property and carried at fair value where this can be reliably measured. Prior to this amendment, the Group had treated such property as an investment property only to the extent of its land portion which is carried at fair value with any gain or loss being recognized in profit or loss whereas its construction cost portion is carried at cost under the fixed assets until the construction had been completed, at which time it would be stated together with the land portion at fair value. As a result of this amendment, the construction costs of investment properties under construction have been reclassified and accounted for as investment properties with effective from 1 July 2009. This amendment is applied prospectively and the correspondent amounts of prior periods have not been restated.

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

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKAS 24 (Revised)	Related party disclosures ³
HKAS 32 (Amendment)	Classification of right issues ⁴
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters ⁵
HKFRS 1 (Amendment)	Limited exemptions from comparative HKFRS 7 disclosures for first-time adopters ⁷
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions ⁵
HKFRS 9	Financial instruments ⁶
HK (IFRIC) - INT 14 (Amendment)	Prepayments of a minimum funding requirement ³
HK (IFRIC) - INT 19	Extinguishing financial liabilities with equity instruments ⁷

² Amendments that are effective for annual periods beginning on or after 1 January 2010

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

⁴ Effective for annual periods beginning on or after 1 February 2010

⁵ Effective for annual periods beginning on or after 1 January 2010

⁶ Effective for annual periods beginning on or after 1 January 2013

⁷ Effective for annual periods beginning on or after 1 July 2010

It is not anticipated that these new and revised standards, amendments and interpretations will have significant impact on the results and the financial position of the Group.

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

2. SEGMENT INFORMATION

Segment profit represents the profit earned by each segment without allocation of investment income, central administration costs, other income and losses, finance costs and change in fair value of investment properties. This is the measure reported to the Group's management for the purpose of resource allocation and assessment of segment performance.

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

For the six months ended 31 December 2009

	The Company and its subsidiaries		Associates and jointly controlled entities		Segment Revenue	Segment Results
	Revenue	Results	Share of Revenue	Share of Results		
Property sales						
Hong Kong	3,508	1,593	857	463	4,365	2,056
Mainland China	62	16	180	56	242	72
	3,570	1,609	1,037	519	4,607	2,128
Property rental						
Hong Kong	3,932	2,899	874	706	4,806	3,605
Mainland China	338	241	–	–	338	241
Singapore	–	–	216	117	216	117
	4,270	3,140	1,090	823	5,360	3,963
Hotel operation	662	121	242	65	904	186
Telecommunications	1,810	88	–	–	1,810	88
Other businesses	2,958	713	1,454	102	4,412	815
	13,270	5,671	3,823	1,509	17,093	7,180
Other income		351		–		351
Unallocated administrative expenses		(430)		–		(430)
Operating profit before change in fair value of investment properties		5,592		1,509		7,101
Increase in fair value of investment properties		10,050		1,531		11,581
Operating profit after change in fair value of investment properties		15,642		3,040		18,682
Net finance costs		(250)		(121)		(371)
Profit before taxation		15,392		2,919		18,311
Taxation						
– Group		(3,033)		–		(3,033)
– Associates		–		(17)		(17)
– Jointly controlled entities		–		(610)		(610)
Profit after taxation		12,359		2,292		14,651

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

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 2008

	The Company and its subsidiaries		Associates and jointly controlled entities		Segment Revenue	Segment Results
	Revenue	Results	Share of Revenue	Share of Results		
Property sales						
Hong Kong	5,350	1,765	67	(89)	5,417	1,676
Mainland China	288	97	76	9	364	106
	5,638	1,862	143	(80)	5,781	1,782
Property rental						
Hong Kong	3,707	2,703	783	599	4,490	3,302
Mainland China	310	220	–	–	310	220
	4,017	2,923	783	599	4,800	3,522
Hotel operation	618	119	269	74	887	193
Telecommunications	1,955	93	–	–	1,955	93
Other businesses	2,892	730	1,373	104	4,265	834
	15,120	5,727	2,568	697	17,688	6,424
Other losses		(101)		–		(101)
Unallocated administrative expenses		(420)		–		(420)
Operating profit before change in fair value of investment properties		5,206		697		5,903
Decrease in fair value of investment properties		(4,335)		(289)		(4,624)
Operating profit after change in fair value of investment properties		871		408		1,279
Net finance costs		(256)		(151)		(407)
Profit before taxation		615		257		872
Taxation						
– Group		44		–		44
– Associates		–		5		5
– Jointly controlled entities		–		(123)		(123)
Profit after taxation		659		139		798

Other income or losses includes mainly investment income or losses 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	
	2009	2008
Interest expenses on		
Bank loans and overdrafts	187	455
Other loans wholly repayable within five years	31	37
Other loans not wholly repayable within five years	138	124
	356	616
Notional non-cash interest accretion	43	41
Less : Portion capitalized	(139)	(324)
	260	333
Interest income on bank deposits	(10)	(77)
	250	256

4. PROFIT BEFORE TAXATION

	Six months ended 31 December	
	2009	2008
Profit before taxation is arrived at after charging:		
Cost of properties sold	1,818	3,661
Cost of other inventories sold	150	254
Impairment loss of available-for-sale investments	–	232
Depreciation and amortization	494	428
Amortization of intangible assets (included in cost of sales)	163	161
Staff costs (including directors' emoluments and retirement schemes contributions)	1,819	1,752
and crediting:		
Profit on disposal of available-for-sale investments	62	154
Dividend income from listed and unlisted investments	57	177
Interest income from listed and unlisted debt securities	50	47
Net realized and unrealized holding gains/(losses) on financial assets at fair value through profit or loss	100	(275)

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

5. TAXATION

	Six months ended 31 December	
	2009	2008
Current taxation		
Hong Kong profits tax	591	579
Tax outside Hong Kong	631	52
	1,222	631
Deferred taxation charge/(credit)		
Change in fair value of investment properties	2,423	(808)
Other origination and reversal of temporary differences	(612)	133
	1,811	(675)
	3,033	(44)

- (a) Hong Kong profits tax is provided at the rate of 16.5 per cent (2008: 16.5 per cent) based on the estimated assessable profits for the period. Tax outside Hong Kong is calculated at the rates applicable in the relevant jurisdictions.
- (b) The tax assessments for certain subsidiaries of the Group for certain prior years have not been agreed with the relevant tax authorities. Provision has been made by the Group for these liabilities based on the best professional advice available. The final liabilities in respect of these outstanding assessments may differ from provisions made, giving rise to further provisions or a write back for provisions already made.

6. EARNINGS PER SHARE

(a) Reported earnings per share

The calculations of basic earnings per share are based on the Group's profit attributable to the Company's shareholders of HK\$14,338 million (2008: HK\$692 million) and on the weighted average number of shares in issue during the period of 2,564,333,362 (2008: 2,564,333,362).

No diluted earnings per share for the period ended 31 December 2009 and 31 December 2008 is presented as there are no potential dilutive ordinary shares.

(b) Underlying earnings per share

For the purpose of assessing the underlying performance of the Group, basic earnings per share are additionally calculated based on the underlying profit attributable to the Company's shareholders of HK\$6,510 million (2008: HK\$4,535 million), excluding the effects of fair value changes on investment properties. A reconciliation of profit is as follows:

	Six months ended 31 December	
	2009	2008
Profit attributable to the Company's shareholders as shown in the consolidated income statement	14,338	692
(Increase)/decrease in fair value of investment properties	(10,050)	4,335
Effect of corresponding deferred tax charges/(credits)	2,423	(808)
Realized fair value gains of investment properties disposed	782	38
Share of (increase)/decrease in fair value of investment properties net of deferred tax of associates and jointly controlled entities	(1,144)	320
Realized fair value losses of investment properties held by jointly controlled entities disposed	–	(8)
	(7,989)	3,877
Non-controlling interests	161	(34)
	(7,828)	3,843
Underlying profit attributable to the Company's shareholders	6,510	4,535

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

7. INVESTMENT PROPERTIES

(a) Movement during the period

Valuation	
At 1 July 2009	158,593
Additions	2,091
Transfer from fixed assets	6,737
Disposals	(2,857)
Transfer to	
– properties for sales	(1,399)
– fixed assets	(1)
Exchange difference	27
Increase in fair value	10,050
At 31 December 2009	173,241

(b) Valuation of properties shown above comprises:

Properties in Hong Kong held under	
Long lease (not less than 50 years)	23,146
Medium-term lease (less than 50 years but not less than ten years)	121,729
Properties outside Hong Kong held under	
Long lease (not less than 50 years)	1,044
Medium-term lease (less than 50 years but not less than ten years)	27,322
	173,241

- (c) The Group's investment properties in Hong Kong have been revalued at 31 December 2009 by an in-house professional valuer and those in Mainland China by Knight Frank Petty Limited, independent professional valuers, on a market value basis and with reference to comparable market transactions, taking into account the net income derived from existing tenancies with due allowance for reversionary income potential for completed investment properties and allowing for future construction costs required for completion of the development for investment properties under development.

8. FIXED ASSETS

During the period, additions to fixed assets amounted to HK\$949 million and net book value of fixed assets disposed of amounted to HK\$5 million.

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

9. LOAN RECEIVABLES

	31 December 2009	30 June 2009
Mortgage loan receivables	389	511
Less : Amount due within one year included under current assets	(38)	(46)
	351	465

Mortgage loan receivables are secured on properties and repayable by monthly instalments with various tenors not more than 20 years at the end of the reporting period and carry interest at rates with reference to banks' lending rates.

10. OTHER FINANCIAL ASSETS

	31 December 2009	30 June 2009
Held-to-maturity debt securities		
Listed debt securities, overseas	587	354
Unlisted debt securities	79	–
	666	354
Available-for-sale debt securities		
Listed debt securities, overseas	945	561
Listed debt securities, Hong Kong	51	46
Unlisted debt securities	34	8
	1,030	615
Available-for-sale equity securities		
Listed equity securities, overseas	557	534
Listed equity securities, Hong Kong	1,138	1,045
Unlisted equity securities	459	405
	2,154	1,984
	3,850	2,953
Market value of listed securities		
Listed overseas	2,099	1,458
Listed in Hong Kong	1,189	1,091
	3,288	2,549

11. INTANGIBLE ASSETS

During the period, additions to intangible assets amounted to HK\$36 million.

12. 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\$11,254 million (30 June 2009: HK\$11,661 million), of which 95% aged less than 60 days, 1% between 61 to 90 days and 4% more than 90 days (30 June 2009: 95%, 1% and 4% respectively).

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

13. OTHER FINANCIAL ASSETS

	31 December 2009	30 June 2009
Financial assets at fair value through profit or loss		
Listed equity securities, Hong Kong	514	505
Listed equity securities, overseas	44	97
	558	602
Held-to-maturity debt securities maturing within one year, at amortized cost		
Listed debt securities, overseas (market value: HK\$77 million)	76	–
	634	602

14. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors of HK\$1,437 million (30 June 2009: HK\$1,270 million), of which 61% are aged less than 60 days, 4% between 61 to 90 days and 35% more than 90 days (30 June 2009: 63%, 3% and 34% respectively).

15. 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 and end of period	2,564	1,282

16. 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		Jointly controlled entities	
	Six months ended 31 December		Six months ended 31 December	
	2009	2008	2009	2008
Interest income	–	9	41	55
Rental income	3	3	–	–
Rental expense	–	–	14	15
Other revenue from services rendered	14	29	279	40
Purchase of goods and services	–	–	223	186

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

17. 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 2009	30 June 2009
(a) Capital commitments in respect of fixed assets		
Contracted but not provided for	9,808	10,529
Authorized but not contracted for	2,941	544
(b) Capital commitments in respect of investments		
Contracted but not provided for	2	2
(c) Group's share of capital commitments of joint controlled entities		
Contracted but not provided for	629	772
Authorized but not contracted for	—	1
(d) Guarantees given to banks and financial institutions for the borrowings of an associate and jointly controlled entities of HK\$2,810 million (30 June 2009: HK\$2,833 million) and other guarantees of HK\$4 million (30 June 2009: HK\$2 million).		

18. COMPARATIVE FIGURES

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

Financial Review

REVIEW OF RESULTS

Profit attributable to the Company's shareholders for the six months ended 31 December 2009 was HK\$14,338 million, an increase of HK\$13,646 million or 19.7 times compared to HK\$692 million for the same period last year. The reported profit has included an increase in fair value of investment properties net of related deferred taxation of HK\$8,610 million for the current period and decrease of HK\$3,813 million for the same period last year.

Underlying profit attributable to the Company's shareholders for the six months ended 31 December 2009, excluding the effect of fair value changes on investment properties, was HK\$6,510 million, a rise of HK\$1,975 million or 43.6% compared to HK\$4,535 million in the same period last year. Net rental income for the period amounted to HK\$3,963 million, increased by HK\$441 million or 12.5% over the same period last year, primarily driven by positive rental reversions in the office and retail portfolio as well as the contribution from ION Orchard shopping mall in Singapore. Profit from property sales reported an increase of HK\$346 million to HK\$2,128 million, owing to improved sale profit margin.

FINANCIAL RESOURCES AND LIQUIDITY

(a) Net debt and gearing

The Company's shareholders' funds as at 31 December 2009 was HK\$232,509 million or HK\$90.7 per share compared to HK\$222,268 million or HK\$86.7 per share at the previous year. The increase of HK\$10,241 million or 4.6% was mainly due to profit attributable to the Company's shareholders for the year of HK\$14,338 million and mark-to-market gains of HK\$222 million on available-for-sale investments, offset by payment of HK\$4,359 million in dividends.

The Group's financial position remains strong with a low debt leverage and strong interest cover. Gearing ratio as at 31 December 2009, calculated on the basis of net debt to Company's shareholders' funds, was 14.9% compared to 15.2% at 30 June 2009. Interest cover, measured by the ratio of operating profit to total net interest expenses including those capitalized, was 14.4 times compared to 9.0 times for the same period last year.

As at 31 December 2009, the Group's gross borrowings totalled HK\$41,741 million. Net debt, after deducting cash and bank deposits of HK\$7,169 million, amounted to HK\$34,572 million. The maturity profile of the Group's gross borrowings is set out as follows:

	31 December 2009	30 June 2009
	HK\$ Million	HK\$ Million
Repayable:		
Within one year	2,253	2,644
After one year but within two years	9,004	10,691
After two years but within five years	23,973	22,442
After five years	6,511	6,248
Total borrowings	41,741	42,025
Cash and bank deposits	7,169	8,143
Net debt	34,572	33,882

The Group has also procured substantial committed and undrawn banking facilities, most of which are arranged on a medium to long term basis, which helps minimize refinancing risk and provides the Group with strong financing flexibility.

With ample committed banking facilities in place, continuous cash inflow from property sales and a solid base of recurrent income, the Group has adequate financial resources for its funding requirements.

Financial Review

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 2009, about 83% of the Group's borrowings were raised through its wholly-owned finance subsidiaries and the remaining 17% 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 2009, about 82% of the Group's borrowings were denominated in Hong Kong dollars, 8% in US dollars and 10% in Renminbi. 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 2009, about 84% 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 16% 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 2009, the Group had outstanding fair value hedges in respect of fixed-to-floating interest rate swaps in the aggregate amount of HK\$4,144 million, cash flow hedge in respect of a floating-to-fixed interest rate swap in the amount of HK\$100 million and currency swaps (to hedge principal repayment of USD borrowings) in the aggregate amount of HK\$683 million.

As at 31 December 2009, about 69% of the Group's cash and bank balances were denominated in Hong Kong dollars, 14% in United States dollars, 15% in Renminbi and 2% in other currencies.

CHARGES OF ASSETS

As at 31 December 2009, certain bank deposits of the Group's subsidiary, Smartone, in the aggregate amount of HK\$354 million, were pledged for securing performance bonds related to 3G licence and some other guarantees issued by the banks. Additionally, certain assets of the Group's subsidiaries with an aggregate net book value of HK\$14,888 million have been charged, majority of which were for securing their bank borrowings on the mainland. Except for the above charges, all the Group's assets are free from any encumbrances.

CONTINGENT LIABILITIES

As at 31 December 2009, 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\$2,814 million (30 June 2009: HK\$2,835 million).

Other Information

DIRECTORS

The list of Directors is set out on page 48 of the report. The particulars of the Directors and their changes are set out as follows:

KWONG Siu-hing

Chairman & Non-Executive Director (Age: 81)

Madam Kwong has been the Chairman and a Non-Executive Director of the Company since May 2008. She is the wife of Mr. Kwok Tak-seng, the late Chairman of the Company. Madam Kwong has over 40 years of experience in real estate business. In addition, she has participated in various charity and community activities for Sun Hung Kai Properties-Kwoks' Foundation Limited and The T.S. Kwok Foundation Limited. Madam Kwong is well-respected by the Board and the senior management of the Company. She is the mother of Messrs. Kwok Ping-sheung, Walter, Kwok Ping-kwong, Thomas and Kwok Ping-luen, Raymond and the sister of Mr. Kwong Chun.

For the financial year ended 30 June 2009, Madam Kwong received a fee of HK\$120,000 for being the Chairman of the Company.

Dr. the Hon LEE Shau-kee

GBM, DBA(Hon), DSSc(Hon), LLD(Hon)
Vice Chairman & Non-Executive Director (Age: 81)

Dr. Lee has been a Non-Executive Director of the Company for the last 38 years. He is the Founder and Chairman and Managing Director of Henderson Land Development Company Limited and Henderson Investment Limited. He has been engaged in property development in Hong Kong for more than 50 years. He is also Chairman of The Hong Kong and China Gas Company Limited and Miramar Hotel and Investment Company, Limited as well as a Director of Hong Kong Ferry (Holdings) Company Limited and The Bank of East Asia, Limited. In July 2007, the Government of the Hong Kong Special Administrative Region ("HKSAR") awarded Dr. Lee the Grand Bauhinia Medal for his distinguished community service.

For the financial year ended 30 June 2009, Dr. Lee received a fee of HK\$110,000 for being a Vice Chairman of the Company.

KWOK Ping-kwong, Thomas

MSc (Bus Adm), BSc (Eng), FCPA, SBS, JP
Vice Chairman & Managing Director (Age: 58)

Mr. Kwok is Vice Chairman and Managing Director of the Company and a member of the Executive Committee of the Company. He has been with the Group for 32 years. He is also Chairman of Route 3 (CPS) Company Limited, Joint Chairman of IFC Development Limited, an Executive Director of SUNeVision Holdings Ltd. and an Independent Non-Executive Director of The Bank of East Asia, Limited. Mr. Kwok holds a master's degree in Business Administration from The London Business School, University of London, and a bachelor's degree in Civil Engineering from Imperial College, University of London. He is a fellow of The Hong Kong Management Association.

He is Chairman of the Board of Directors of the Faculty of Business and Economics, The University of Hong Kong, and Executive Vice President and a member of the Executive Committee of The Real Estate Developers Association of Hong Kong. He also serves as a government appointed member of the Exchange Fund Advisory Committee, and the Commission on Strategic Development and a non-official member of the Provisional Minimum Wage Commission. In July 2007, the Government of the HKSAR awarded Mr. Kwok the Silver Bauhinia Star for his distinguished community service.

In the past, Mr. Kwok served as a member of the Economic and Employment Council, the Business Advisory Group, the Land & Building Advisory Committee, the Registered Contractors' Disciplinary Board, the General Chamber of Commerce Industrial Affairs Committee, Business Facilitation Advisory Committee, the Council for Sustainable Development and the Construction Industry Council. He was also Chairman of the Property Management Committee of the Building Contractors' Association and a council member of the Hong Kong Construction Association.

He previously served as a board member of the Community Chest of Hong Kong and as a member of the Social Welfare Policies & Services Committee, and on the Council of The Open University of Hong Kong.

Other Information

Mr. Kwok is an Honorary Citizen of Guangzhou and a Standing Committee Member of the Ninth Chinese People's Political Consultative Conference Shanghai Committee.

Mr. Kwok is the son of Madam Kwong Siu-hing, the younger brother of Mr. Kwok Ping-sheung, Walter and the elder brother of Mr. Kwok Ping-luen, Raymond.

For the financial year ended 30 June 2009, Mr. Kwok received a fee of HK\$110,000 for being a Vice Chairman of the Company and other emoluments of approximately HK\$1.95 million.

KWOK Ping-luen, Raymond

MA (Cantab), MBA, Hon DBA, Hon LLD, JP
Vice Chairman & Managing Director (Age: 56)

Mr. Kwok is Vice Chairman and Managing Director of the Company and a member of the Executive Committee of the Company. He has been with the Group for 31 years. He holds a Master of Arts degree in Law from Cambridge University, a Master degree in Business Administration from Harvard University, an Honorary Doctorate degree in Business Administration from The Open University of Hong Kong and an Honorary Doctorate degree in Laws from The Chinese University of Hong Kong. He is Chairman of SUNeVision Holdings Ltd. and SmarTone Telecommunications Holdings Limited, a Non-Executive Director of Transport International Holdings Limited and USI Holdings Limited, and an Independent Non-Executive Director of Standard Chartered Bank (Hong Kong) Limited.

In civic activities, Mr. Kwok is a Director of The Real Estate Developers Association of Hong Kong, a member of the General Committee of The Hong Kong General Chamber of Commerce and Vice Chairman of the Council of The Chinese University of Hong Kong. He was a member of the Hong Kong Port Development Council. Mr. Kwok is the son of Madam Kwong Siu-hing, and the younger brother of Messrs. Kwok Ping-sheung, Walter and Kwok Ping-kwong, Thomas.

For the financial year ended 30 June 2009, Mr. Kwok received a fee of HK\$110,000 for being a Vice Chairman of the Company and other emoluments of approximately HK\$2.12 million.

YIP Dicky Peter

BBS, MBA, MBE, JP
Independent Non-Executive Director (Age: 63)

Mr. Yip has been an Independent Non-Executive Director of the Company since September 2004. He is also a member of the Audit Committee and the Nomination Committee of the Company. He joined The Hongkong and Shanghai Banking Corporation Limited ("HSBC") in Hong Kong in 1965 with working experiences in London, China and San Francisco. Mr. Yip worked in a number of departments of HSBC, which include trade services, corporate banking, group consultancy service and regional training. His previous assignment prior to becoming CEO China had been in personal financial services, covering jobs in marketing, card products, customer service and sales, with responsibilities over consumer business in Hong Kong. From January 2003 to April 2005, Mr. Yip was appointed Chief Executive China Business, based in Shanghai; meanwhile, he was also a director of Bank of Shanghai, Ping An Insurance and Ping An Bank in China. Since April 2005, Mr. Yip has become a General Manager of HSBC. He has also been appointed Executive Vice President of Bank of Communications since 1 May 2005.

Mr. Yip is an elected associated member of the Chartered Institute of Bankers, London and was educated in Hong Kong with an MBA from The University of Hong Kong. He has a Certified Financial Planner certificate issued by the Institute of Financial Planners of Hong Kong. He received the Ten Outstanding Young Persons Award in 1984 for his contribution to the banking industry and the community in Hong Kong. Mr. Yip was awarded the MBE by the British Government in 1984. In 1999, he was appointed Unofficial Justice of Peace in Hong Kong. In 2000, he was awarded the Bronze Bauhinia Star by the Government of the HKSAR. In June 2008, he was elected a member of Shanghai Committee of the Chinese People's Political Consultative Conference. In addition, he is the Honorary Chairman of Hong Kong Chamber of Commerce in China and a member of Financial Planning Standards Council of China.

Mr. Yip is active in community and youth activities in Hong Kong and is a member of a number of service organisations such as Hong Kong Committee for United Nations Children Fund and the 8th National Council of Red Cross Society of China.

For the financial year ended 30 June 2009, Mr. Yip received fees of HK\$100,000 for being a Director of the Company and, HK\$200,000 and HK\$50,000 for being a member of the Audit Committee and the Nomination Committee of the Company respectively.

Other Information

Professor WONG Yue-chim, Richard

SBS, JP

Independent Non-Executive Director (Age: 57)

Professor Wong has been an Independent Non-Executive Director of the Company since May 2005. He is the Chairman of both the Nomination Committee and the Remuneration Committee of the Company. He currently serves as Deputy Vice-Chancellor and Provost of The University of Hong Kong. Professor Wong has been active in advancing economic research on policy issues in Hong Kong and Mainland China through his work as founding Director of both the Hong Kong Centre for Economic Research and Hong Kong Institute of Economics and Business Strategy. Professor Wong was awarded the Silver Bauhinia Star in 1999 by the Government of the HKSAR for his contributions in education, housing, industry and technology development. In addition, he was appointed Justice of the Peace in July 2000. Professor Wong studied Economics at the University of Chicago and graduated with a Doctorate in Philosophy.

Professor Wong serves as an Independent Non-Executive Director of CK Life Sciences Int'l, (Holdings) Inc., Great Eagle Holdings Limited, Industrial and Commercial Bank of China (Asia) Limited, Orient Overseas (International) Limited, Pacific Century Premium Developments Limited and The Link Management Limited, as the manager of The Link Real Estate Investment Trust. In addition, he was also an Independent Non-Executive Director of Pacific Century Insurance Holdings Limited and a member of the Managing Board of the Kowloon-Canton Railway Corporation.

For the financial year ended 30 June 2009, Professor Wong received fees of HK\$100,000 and HK\$60,000 for being a Director and the Chairman of the Nomination Committee of the Company respectively. Also, he received fees of a total of HK\$52,849 for being a member for the period from 1 July 2008 to 18 March 2009 and the Chairman for the period from 19 March 2009 to 30 June 2009, of the Remuneration Committee of the Company.

Dr. LI Ka-cheung, Eric

GBS, OBE, JP, LLD, DSocSc., B.A.

Independent Non-Executive Director (Age: 56)

Dr. Li was appointed as a Non-Executive Director of the Company in May 2005 and is currently an Independent Non-Executive Director of the Company and a member of the Remuneration Committee of the Company. Having been a member of the Audit Committee of the Company since 2005, Dr. Li has been appointed as the Chairman of the Audit Committee with effect from 1 February 2010. He is also an Independent Non-Executive Director and the Chairman of the Audit Committee and the Remuneration Committee of SmarTone Telecommunications Holdings Limited.

Dr. Li is the Senior Partner of Li, Tang, Chen & Co., Certified Public Accountants. He is also an Independent Non-Executive Director of Transport International Holdings Limited, Wong's International (Holdings) Limited, Hang Seng Bank Limited, China Resources Enterprise, Limited, RoadShow Holdings Limited, Bank of Communications Co., Ltd. and Meadville Holdings Limited. He was an Independent Non-Executive Director of AVIC International Holding (HK) Limited (formerly known as "CATIC International Holdings Limited") and Sinofer Holdings Limited, and a Non-Executive Director of Strategic Global Investment plc.

Dr. Li is a member of The 11th National Committee of Chinese People's Political Consultative Conference, an advisor to Ministry of Finance on international accounting standards, a convenor cum member of the Financial Reporting Review Panel and a member of the Commission on Strategic Development. He was a former member of the Legislative Council of Hong Kong and the Chairman of its Public Accounts Committee and was also a past President of the Hong Kong Institute of Certified Public Accountants (formerly Hong Kong Society of Accountants).

For the financial year ended 30 June 2009, Dr. Li received fees of HK\$100,000 and HK\$200,000 for being a Director and a member of the Audit Committee of the Company respectively. In addition, he received a fee of HK\$14,247 for being a member of the Remuneration Committee of the Company for the period from 19 March 2009 to 30 June 2009, and other emoluments of approximately HK\$200,000.

Other Information

Dr. FUNG Kwok-lun, William

SBS, OBE, JP

Independent Non-Executive Director (Age: 61)

Dr. Fung has been appointed as an Independent Non-Executive Director of the Company with effect from 1 February 2010. He graduated from Princeton University with a Bachelor of Science degree in Engineering and also holds an MBA degree from the Harvard Graduate School of Business. He was conferred the degrees of Doctor of Business Administration, *honoris causa*, by The Hong Kong University of Science and Technology and by The Hong Kong Polytechnic University.

Dr. Fung is the Group Managing Director of Li & Fung Limited. He also serves as a Non-Executive Director of Convenience Retail Asia Limited, Integrated Distribution Services Group Limited, Trinity Limited and HSBC Holdings plc, an associate of HSBC Trustee (C.I.) Limited which is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") holding certain shares of the Company as the trustee of certain trusts. Dr. Fung is also an Independent Non-Executive Director of VTech Holdings Limited and Shui On Land Limited, and an Independent Director of Singapore Airlines Limited. He resigned as an Independent Non-Executive Director of CLP Holdings Limited on 1 April 2008.

Dr. Fung has held key positions in major trade associations. He is the past Chairman of the Hong Kong General Chamber of Commerce, the Hong Kong Exporters' Association and the Pacific Economic Cooperation Committee. He has been awarded the Silver Bauhinia Star by the HKSAR Government in 2008.

Dr. Fung will be entitled to a fee of HK\$100,000 per annum for being a Director of the Company.

KWOK Ping-sheung, Walter

D.Sc, Msc (Lond), DIC, MICE, JP

Non-Executive Director (Age: 59)

Mr. Kwok has been with the Group for 36 years. He holds an Honorary Doctor of Science degree and a Master of Science degree in Civil Engineering from the Imperial College of Science and Technology, University of London, and is a member of the Institution of Civil Engineers, U.K. and a member of the Hong Kong Institution of Engineers. He is an Executive Director of SUNeVision Holdings Ltd., a Non-Executive Director of Transport International Holdings Limited and Director of Wilson Parking (Holdings) Limited and Hung Cheong Import & Export Company, Limited.

He is also a Director of The Real Estate Developers Association of Hong Kong and Tsimshatsui East Property Developers' Association Ltd. and Honorary Treasurer of the Federation of Hong Kong Hotel Owners. On the community front, he is the Past Chairman of the Former Directors Committee of the Hong Kong Community Chest. He is also a member of MBA Programmes Committee of The Chinese University of Hong Kong and an Honorary Member of The Court of The Hong Kong University of Science and Technology.

Mr. Kwok is an Honorary Citizen of Beijing & Guangzhou and a Standing Committee Member of the National Committee of the Chinese People's Political Consultative Conference. Mr. Kwok is the son of Madam Kwong Siu-hing, and the elder brother of Messrs. Kwok Ping-kwong, Thomas and Kwok Ping-luen, Raymond.

For the financial year ended 30 June 2009, Mr. Kwok received a fee of HK\$100,000 for being a Director of the Company and other emoluments of approximately HK\$30,000.

Other Information

Sir Po-shing WOO

Hon.LLD., FCI Arb, F.I.Mgt., FlntD, FHKMA
Non-Executive Director (Age: 80)

Sir Po-shing Woo has been a Non-Executive Director of the Company since August 1972. He is a Director of Henderson Development Limited, Non-Executive Director of Henderson Land Development Company Limited and Henderson Investment Limited and a consultant of Jackson Woo & Associates in association with Ashurst Hong Kong. He was admitted to practise as solicitor in England and Hong Kong and is also a fellow of The Hong Kong Management Association, The Chartered Institute of Arbitrators, The Institute of Management and The Institute of Directors of England. He was awarded an Hon.LLD. by The City University of Hong Kong and is a fellow of King's College of London as well as Honorary Professor of Nankai University of Tianjin. He is also the Founder of the Woo Po Shing Medal in Law and the Woo Po Shing Overseas Summer School Travelling Scholarship, both at The University of Hong Kong, and the Woo Po Shing Professor (Chair) of Chinese and Comparative Law at The City University of Hong Kong. He is the father of Mr. Woo Ka-biu, Jackson, an Alternate Director of the Company.

For the financial year ended 30 June 2009, Sir Po-shing Woo received a fee of HK\$100,000 for being a Director of the Company.

KWAN Cheuk-yin, William

LLB
Non-Executive Director (Age: 75)

Mr. Kwan has been a Non-Executive Director of the Company since July 1999 and is a member of the Nomination Committee of the Company. As a Managing Partner with the solicitors firm of Woo, Kwan, Lee & Lo, Mr. Kwan has 47 years of experience in legal practice. He is a former Director and Advisor and currently a voting member of the Tung Wah Group of Hospitals, a past member of the Stamp Advisory Committee, Chairman of the Hong Kong Scout Foundation, President of the Hong Kong Branch of the King's College London Association, President of the Hong Kong Philatelic Society, Life Member of the Federation of Inter-Asia Philately, a permanent advisor of Wah Yan (Hong Kong) Past Students Association, a Director and Honorary Secretary of Wah Yan Dramatic Society, a committee member and legal advisor of South China Athletic Association and former Vice Manager of its Football Section as well as Manager of its Ten Pin Bowling Section and an Honorary Legal Advisor of the Hong Kong Society for Reproductive Society.

Mr. Kwan was Commissioner General and Vice Chairman of the Organizing Committees of the Hong Kong 1994, 1997, 2001, 2004 and 2009 International Stamp Exhibitions. He served on the Hong Kong Golf Club General Committee on several occasions in various capacities. He graduated from King's College, London University and is a Fellow of King's College London, the Institute of Arbitrators and the Royal Philatelic Society, London.

For the financial year ended 30 June 2009, Mr. Kwan received fees of HK\$100,000 and HK\$50,000 for being a Director and a member of the Nomination Committee of the Company respectively.

LO Chiu-chun, Clement

Non-Executive Director (Age: 80)

Mr. Lo was an Executive Director and the Company Secretary of the Company for 28 years before he resigned from both positions in February 1998. He is currently a Non-Executive Director of the Company and a member of the Remuneration Committee of the Company. He has been in the property development industry since the 1960s.

For the financial year ended 30 June 2009, Mr. Lo received fees of HK\$100,000 and HK\$50,000 for being a Director and a member of the Remuneration Committee of the Company respectively.

Other Information

WONG Yick-kam, Michael

BBA, MBA

Non-Executive Director (Age: 57)

Mr. Wong was an Executive Director of the Company from January 1996 to December 2009, and became a Non-Executive Director and the Group Principal Advisor of the Company on 1 January 2010. He has also been appointed as a member of the Audit Committee of the Company with effect from 1 February 2010. He had been with the Group for 28 years before he retired from his executive roles. He obtained his Bachelor of Business Administration and Master of Business Administration degrees from The Chinese University of Hong Kong.

Mr. Wong is a Director of Vantage Captain Limited, a substantial shareholder of the Company within the meaning of Part XV of the SFO. He retired by rotation, and did not seek for re-election, as an Executive Director of SUNeVision Holdings Ltd. on 30 October 2009, and he resigned as a Non-Executive Director and a member of the Audit Committee of SmarTone Telecommunications Holdings Limited on 18 November 2009. He also resigned as a Non-Executive Director, an Alternate Director to Mr. Kwok Ping-luen, Raymond and a member of the Audit Committee of USI Holdings Limited with effect from 24 February 2010. He was the Deputy Chairman and a Non-Executive Director of RoadShow Holdings Limited.

Mr. Wong is Chairman of the Hong Kong Youth Hostels Association. He is a member of the HKSAR Government's Steering Committee on Promotion of Volunteer Service, Steering Committee on Child Development Fund, Steering Committee on Promotion of Electric Vehicles and Social Welfare Advisory Committee. He is also a member of the Board of Trustees of New Asia College, The Chinese University of Hong Kong, and a member and Treasurer of the Council of The Open University of Hong Kong.

For the financial year ended 30 June 2009, Mr. Wong received a fee of HK\$100,000 for being a Director of the Company and other emoluments of approximately HK\$9.31 million.

CHAN Kai-ming

CEng, FIStructE, MICE

Executive Director (Age: 77)

Mr. Chan has been an Executive Director of the Company since January 1981. He is also a member of the Executive Committee of the Company. He also served as an appointed Member of the District Board of Shatin for three years from 1985.

For the financial year ended 30 June 2009, Mr. Chan received a fee of HK\$100,000 for being a Director of the Company and other emoluments of approximately HK\$3.12 million.

CHAN Kui-yuen, Thomas

B Comm

Executive Director (Age: 63)

Mr. Chan has been an Executive Director of the Company since September 1987. He is also a member of the Executive Committee of the Company. He graduated from the United College, The Chinese University of Hong Kong. He joined the Group in 1973 and is now responsible for land acquisitions and project planning matters. Mr. Chan is also an Executive Director of SUNeVision Holdings Ltd. He was awarded as Honorary University Fellowship of The Open University of Hong Kong in 2007.

For the financial year ended 30 June 2009, Mr. Chan received a fee of HK\$100,000 for being a Director of the Company and other emoluments of approximately HK\$10.15 million.

Other Information

KWONG Chun

Executive Director (Age: 80)

Mr. Kwong has been an Executive Director of the Company since October 1992. He is also a member of the Executive Committee of the Company. He graduated from the Zhong Nan Finance & Economics College of Wuhan in China. He worked for the Guangzhou office of the People's Bank of China before coming to Hong Kong in 1962 to work for Eternal Enterprises Limited. He was transferred to Sun Hung Kai Enterprises Limited in 1963. In 1972, the Company became a listed company and he has worked for it ever since. Mr. Kwong is the younger brother of Madam Kwong Siu-hing.

For the financial year ended 30 June 2009, Mr. Kwong received a fee of HK\$100,000 for being a Director of the Company and other emoluments of approximately HK\$3.86 million.

WONG Chik-wing, Mike

MSc(IRE), FHKIS, RPS (BS), JP

Executive Director (Age: 54)

Mr. Wong graduated from The Hong Kong Polytechnic University with distinction and holds a Master degree in International Real Estate. He is a fellow of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor. He joined the Group in 1981 and has been an Executive Director of the Company since January 1996. He is a member of the Executive Committee of the Company and is currently responsible for project management matters of the Group's development projects.

For the financial year ended 30 June 2009, Mr. Wong received a fee of HK\$100,000 for being a Director of the Company and other emoluments of approximately HK\$13.74 million.

CHAN Kwok-wai, Patrick

MBA, FCPA, FCCA, ACIS, TEP

Executive Director & Chief Financial Officer (Age: 53)

Mr. Chan has been appointed as an Executive Director and the Chief Financial Officer of the Company with effect from 8 July 2009. He is also a member of the Executive Committee of the Company. He obtained a Master of Business Administration degree from the University of Warwick, England in 1993. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is also a member of The Institute of Chartered Secretaries and Administrators, and Society of Trust and Estate Practitioners.

Mr. Chan started his career at Ernst & Young and worked for a number of banks and listed companies in Hong Kong, including Chase Manhattan Bank, Australia and New Zealand Banking Group and Dah Sing Financial Group. He joined Hang Seng Bank Limited ("Hang Seng") as Assistant General Manager and Head of Financial Control Division in July 1995. In 1998, he took up the role of Chief Financial Officer, responsible for the planning and control of Hang Seng's financial direction, as well as overseeing Hang Seng's financial standards and discipline. He sat on the Executive Committee of Hang Seng and was also in charge of the Strategic Planning and Corporate Development function managing all merger and acquisition projects and strategic investments. He also looked after Hang Seng's investor relations programme. He was promoted to Deputy General Manager in 2003 and was appointed as an Executive Director and General Manager in December 2005. He ceased to be an Executive Director of Hang Seng in May 2009. He was previously also a Vice-Chairman of Hang Seng Bank (China) Limited. On 21 November 2009, Mr. Chan ceased to be a Director, an Executive Committee member and a Remuneration Committee member of Industrial Bank Co., Ltd.

Mr. Chan is a member of the Quality Education Fund Steering Committee, a member of the Protection of Wages on Insolvency Fund Board, a member of the HKSAR Government Scholarship Fund Investment Committee, a member of the Investment Sub-committee of the Beat Drugs Fund Association, HKSAR, a Council member of the Hong Kong Examinations and Assessment Authority, a member of the Admissions, Budgets and Allocations Committee and the Membership Application Subcommittee both of The Community Chest of Hong Kong, a member of the General Committee of The Chamber of Hong Kong Listed Companies and a member of the Professional Development Sub-committee of the ACCA Hong Kong. Mr. Chan is an Advisory Board member of several universities in Hong Kong, and also a member of the Investment Committee of the Foundation of Tsinghua University Centre for Advanced Study Co. Ltd.

For the financial year ending 30 June 2010, Mr. Chan is entitled to a fee of HK\$100,000 for being a Director of the Company and other projected emoluments of approximately HK\$14.31 million, inclusive of a sum paid to him for his loss of selected benefits from his last employment.

Other Information

WOO Ka-biu, Jackson

MA (Oxon)

Alternate Director to Sir Po-shing Woo (Age: 47)

Mr. Woo was appointed as an Alternate Director to Sir Po-shing Woo in October 2002. Mr. Woo is a Director of Kailey Group of Companies. He holds a Master's degree in Jurisprudence from Oxford University and is qualified as a solicitor in Hong Kong, Australia, England and Wales. Mr. Woo is currently a partner of Jackson Woo & Associates in association with Ashurst Hong Kong and was a director of N M Rothschild & Sons (Hong Kong) Limited. Prior to that, he was a partner in the corporate finance department of Woo, Kwan, Lee & Lo. Mr. Woo is also an Alternate Director to Sir Po-shing Woo, a Non-Executive Director of Henderson Land Development Company Limited and Henderson Investment Limited. In January 2008, Mr. Woo was awarded 2008 World Outstanding Chinese Award by the United World Chinese Association and Honorary Doctor Degrees from The University of West Alabama. He is the son of Sir Po-shing Woo.

Pursuant to the Articles of Association of the Company, Mr. Woo shall not be entitled to receive from the Company any remuneration in respect of his appointment as Alternate Director except only such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct.

Save as disclosed above, all the Directors and Alternate Director of the Company did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas and do not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

All the Directors and Alternate Director of the Company have not entered into any service contract with the Company. Directors are subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. For the Non-Executive Directors, they are subject to a term of approximately two years commencing from the date of the annual general meeting at which they are re-elected and expiring at the annual general meeting to be held two years thereafter, and they shall be eligible for re-election for a like term at that annual general meeting upon the expiry of their term of office. The Directors' fees are proposed by the Board and approved by the shareholders at the annual general meeting and their other emoluments are subject to review by the Board from time to time pursuant to the power given to it under the Articles of Association of the Company with reference to their contribution in terms of time, effort and accomplishments.

SENIOR MANAGEMENT

The Executive Directors of the Company are also members of senior management of the Group.

Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 31 December 2009, 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 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 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

I. 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 as at 31.12. 2009
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (interests of controlled corporation)	Other interests				
Kwong Siu-hing	21,000	–	–	1,077,423,147 ¹	1,077,444,147	–	1,077,444,147	42.02
Lee Shau-kee	486,340	–	343,000 ³	–	829,340	–	829,340	0.03
Kwok Ping-kwong, Thomas	1,976,281	304,065	–	1,097,457,014 ¹	1,099,737,360	–	1,099,737,360	42.89
Kwok Ping-luen, Raymond	75,000	–	–	1,100,600,695 ¹	1,100,675,695	–	1,100,675,695	42.92
Wong Yue-chim, Richard	–	1,000	–	–	1,000	–	1,000	0
Li Ka-cheung, Eric	–	4,000	–	–	4,000	–	4,000	0
Kwok Ping-sheung, Walter	75,000	–	–	1,087,663,522	1,087,738,522	–	1,087,738,522 ²	42.42
Woo Po-shing	1,292,906	–	–	–	1,292,906	–	1,292,906	0.05
Lo Chiu-chun, Clement	90,000	–	–	–	90,000	–	90,000	0
Wong Yick-kam, Michael	165,904	–	–	–	165,904	–	165,904	0.01
Chan Kai-ming	41,186	–	–	–	41,186	–	41,186	0
Chan Kui-yuen, Thomas	–	66,000	126,500 ⁴	–	192,500	–	192,500	0.01
Kwong Chun	702,722	339,358	–	–	1,042,080	–	1,042,080	0.04
Wong Chik-wing, Mike	195,999	–	–	–	195,999	–	195,999	0.01
Woo Ka-biu, Jackson (Alternate Director to Woo Po-shing)	–	1,000	–	–	1,000	–	1,000	0

- Notes:
- Madam Kwong Siu-hing and Messrs. Kwok Ping-sheung, Walter, Kwok Ping-kwong, Thomas and Kwok Ping-luen, Raymond were deemed to be interested in 1,065,679,347 shares in the Company by virtue of being beneficiaries of certain discretionary trusts, which represented the same interests and were therefore duplicated amongst these four Directors for the purpose of Part XV of the SFO; and Madam Kwong Siu-hing and Messrs. Kwok Ping-kwong, Thomas and Kwok Ping-luen, Raymond were also deemed to be interested in another 11,743,800 shares in the Company by virtue of being beneficiaries of a certain discretionary trust, which represented the same interests and were therefore duplicated amongst these three Directors for the purpose of Part XV of the SFO.
 - Mr. Kwok Ping-sheung, Walter has informed the Company that he was not aware of any circumstances or change of circumstances which led to the transfer or cessation of his interest in 11,743,800 shares in the Company as disclosed in the disclosure form under Part XV of the SFO dated 23 September 2009.
 - 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 39.88% held by Henderson Land Development Company Limited ("Henderson Land Development"). Henderson Land Development was 53.47% 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 Part XV of the SFO.
 - These shares were held by a company which is 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 as at 31.12.2009
	Personal interests (held as beneficial owner)	Other interests	Total			
Kwong Siu-hing	53,178	1,070,000 ¹	1,123,178	–	1,123,178	0.06
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
Wong Yick-kam, Michael	100,000	–	100,000	–	100,000	0
Kwong Chun	300,000	–	300,000	–	300,000	0.01
Wong Chik-wing, Mike	109,000	–	109,000	–	109,000	0.01

Notes: 1. Of these shares in SUNeVision, Madam Kwong Siu-hing, Mr. Kwok Ping-kwong, Thomas and Mr. Kwok Ping-luen, Raymond were deemed to be interested in 1,070,000 shares by virtue of being founder or beneficiaries of a certain discretionary trust, which represented the same interests and were therefore duplicated amongst these three Directors for the purpose of Part XV of the SFO.

2. Mr. Kwok Ping-sheung, Walter has informed the Company that he was not aware of any circumstances or change of circumstances which led to the transfer or cessation of his interest in 1,070,000 shares in SUNeVision as disclosed in the disclosure form under Part XV of the SFO dated 23 September 2009.

(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 as at 31.12.2009
	Other interests	Total			
Kwong Siu-hing	420,000 ¹	420,000	–	420,000	0.08
Kwok Ping-luen, Raymond	2,237,767 ²	2,237,767	–	2,237,767	0.42

Notes: 1. Madam Kwong Siu-hing was deemed to be interested in these shares in SmarTone by virtue of being a founder and a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO.

2. Mr. Kwok Ping-luen, Raymond was deemed to be interested in these shares in SmarTone by virtue of being a beneficiary of a certain discretionary trust for the purpose of Part XV 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 as at 31.12.2009
	Personal interests (held as beneficial owner)	Total			
Kwok Ping-luen, Raymond	393,350	393,350	–	393,350	0.10
Kwok Ping-sheung, Walter	61,522	61,522	–	61,522	0.02

Other Information

(d) Each of Madam Kwong Siu-hing, Mr. Kwok Ping-kwong, Thomas and Mr. 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 as at 31.12.2009	Actual holding through corporation	Actual % interests in issued shares as at 31.12.2009
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. Madam Kwong Siu-hing, Mr. Kwok Ping-kwong, Thomas and Mr. 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 Part XV of the SFO. These shares were held by corporations under a certain discretionary trust, in which Madam Kwong Siu-hing, Mr. Kwok Ping-kwong, Thomas and Mr. Kwok Ping-luen, Raymond were deemed to be interested by virtue of being founder or beneficiaries for the purpose of Part XV of the SFO.

(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 as at 31.12.2009
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 (In Members' Voluntary Liquidation)	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
Tartar Investments Limited	300 ¹⁶	30
Teamfield Property Limited	4,918 ¹⁷	49.18
Topcycle Construction Company Limited	1 ⁴	50
Topcycle Development Limited	1 ¹⁸	50
Topcycle Project Management Limited	1 ¹⁸	50
World Space Investment Limited	4,918 ¹⁷	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 39.88% held by Henderson Land Development. Henderson Land Development was 53.47% 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. He was taken to be interested in the 343,000 shares in the Company held by Superfun by virtue of Part XV 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 ("Chico"). 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 39.88% 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. 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 100% 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 Benewick Limited. This corporation was 100% held by Dorway 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.

Other Information

16. Dr. Lee Shau-kee was deemed to be interested in the 300 shares held through Kenforce Investment Limited. This corporation was wholly-owned by Henderson China Properties 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 I.
17. 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, 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 I.
18. 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 I.

Save as disclosed above, as at 31 December 2009, none of the Directors and chief executives 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 in 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company follows the Model Code in Appendix 10 to the Listing Rules 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 2009.

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 share options 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 prices of HK\$10.38 per share, HK\$3.885 per share, HK\$2.34 per share and HK\$1.43 per share expired at the close of business on 30 December 2005, 14 November 2006, 19 March 2007 and 7 July 2008 respectively. No further share options may be offered 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 expired at the close of business on 28 November 2009.

The options at the exercise price of HK\$1.41 per share expired at the close of business on 9 November 2008.

During the six months ended 31 December 2009, no share options were granted under the SUNeVision New Scheme.

The movements of the share options granted to the participants pursuant to the SUNeVision New Scheme during the six months period ended 31 December 2009 are as follows:

Grantee	Date of grant	Exercise price (HK\$)	Exercise period	Number of share options				Balance as at 31.12.2009
				Balance as at 1.7.2009	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	
Directors of SUNeVision	29.11.2003	1.59	29.11.2003 to 28.11.2009 ¹	187,000	–	–	187,000	0
Employees of SUNeVision	29.11.2003	1.59	29.11.2003 to 28.11.2009 ¹	216,667	–	–	216,667	0

Note: 1. The share options are exercisable subject to the amount of one-third of the respective grants on each of the first, second and third anniversaries of the date of grant of share options as determined by the share option committee of SUNeVision which is set out in 2(a)(ii) of this section.

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 share options to any other persons as required to be disclosed under Rule 17.07 of the Listing Rules.

b. iAdvantage Limited (“iAdvantage”)

SUNeVision group 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 shares 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 as required to be disclosed under the Listing Rules.

Other Information

c. SmarTone

Pursuant to the terms of the share option scheme of SmarTone adopted on 15 November 2002 (the "SmarTone Scheme"), SmarTone may grant options to the participants, including directors and employees of SmarTone group, to subscribe for shares of SmarTone.

The movements of the share options granted to the participants pursuant to the SmarTone Scheme during the six months period ended 31 December 2009 are as follows:

Grantee	Date of grant	Exercise price (HK\$)	Exercise period	Number of share options				Balance as at 31.12.2009
				Balance as at 1.7.2009	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	
Directors of SmarTone	10.02.2003	9.29	10.02.2003 to 16.07.2011	3,000,000 ¹	–	–	–	3,000,000
	10.02.2003	9.20	02.05.2003 to 01.05.2012	133,500 ²	–	–	–	133,500
	05.02.2004	9.00	05.02.2005 to 04.02.2014	970,000 ³	–	–	–	970,000
Employees of SmarTone	05.02.2004	9.00	05.02.2005 to 04.02.2014	4,550,000 ³	–	–	(97,000)	4,453,000
	01.03.2005	9.05	01.03.2006 to 28.02.2015	193,000 ⁴	–	–	–	193,000

- Notes:
- The options, in the original number of 5,000,000, can be exercised up to 20% from 10 February 2003, up to 40% from 17 July 2003, up to 60% from 17 July 2004, up to 80% from 17 July 2005 and in whole from 17 July 2006.
 - The options, in the original number of 200,000, can be exercised up to one-third from 2 May 2003, up to two-thirds from 2 May 2004 and in whole from 2 May 2005.
 - The options can be exercised up to one-third from 5 February 2005, up to two-thirds from 5 February 2006 and in whole from 5 February 2007.
 - The options can be exercised up to one-third from 1 March 2006, up to two-thirds from 1 March 2007 and in whole from 1 March 2008.

Other than the participants as stated above, no share options had been granted by SmarTone to other participants pursuant to the SmarTone Scheme as required to be disclosed under Rule 17.07 of the Listing Rules.

Other Information

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2009, persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would 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 as at 31.12.2009
HSBC Trustee (C.I.) Limited ("HTCIL")	1,077,394,347	–	–	–	1,077,394,347 ¹	42.01
Cerberus Group Limited ("CGL")	–	1,065,679,347	–	–	1,065,679,347 ¹	41.56
Vantage Captain Limited ("VCL")	–	75,830,929	989,848,418	–	1,065,679,347 ¹	41.56

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 HTCIL was interested.

Save as disclosed above, as at 31 December 2009, the Company has not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 & 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.

INTERESTS OF OTHER PERSONS

During the six months ended 31 December 2009, other than the interests in shares and underlying shares of the Company and its associated corporations held by the Directors, the chief executives and the 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

Neither the Company nor any of its subsidiaries has purchased, sold nor redeemed any of the Company's ordinary shares during the period for the six months ended 31 December 2009.

INTERIM DIVIDEND

The Board of Directors has declared an interim dividend of HK\$0.85 per share (2008: HK\$0.80 per share) for the six months ended 31 December 2009 payable on or about Tuesday, 4 May 2010 to shareholders whose names appear on the Register of Members of the Company on Thursday, 1 April 2010. Shareholders will have the option of receiving the interim dividend in cash, or in the form of new fully paid share(s) of nominal value of HK\$0.50 each in the share capital of the Company in lieu of cash, or partly in cash and partly in shares. A circular containing details thereof and the election form is expected to be sent to shareholders on or about Friday, 9 April 2010.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 26 March 2010 to Thursday, 1 April 2010 (both days inclusive). In order to establish entitlements to the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited, Shops Nos.1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 25 March 2010.

Other Information

REVIEW OF INTERIM FINANCIAL STATEMENTS

The interim results for the six months ended 31 December 2009 are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, by Deloitte Touche Tohmatsu, whose report on review of interim financial information is set out on page 58 of the report. The interim results have also been reviewed by the Audit Committee of the Company.

CORPORATE GOVERNANCE

During the six months ended 31 December 2009, the Company has complied with the code provisions in the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules.

By Order of the Board

Yung Sheung-tat, Sandy

Company Secretary

Hong Kong, 11 March 2010



上海國金中心
Shanghai IFC, Shanghai



廣州玫瑰湖
Lake Dragon, Guangzhou



上海環貿廣場
Shanghai International Commerce Centre, Shanghai



港島南區南灣
Larvotto, Island South

集團繼續致力鞏固其市場領導地位，並訂定新標準。集團悉力發展各類優質物業，滿足不同買家的需要，並以優越及質素稱著，有助進一步強化集團品牌，亦使旗下物業得以享有市場溢價售出。集團收租物業的出租率維持於百分之九十三的高水平。預計整個九龍站環球貿易廣場項目於今年稍後時間落成，目前約百分之九十的寫字樓面積已獲承租或預租。

在內地業務擴展方面，集團將維持選擇性及專注的投資策略，在重點城市物色收購土地的機會。位於陸家嘴的上海國金中心，整個項目將於二〇一一年上半年竣工，而坐落浦西商業區的上海環貿廣場，工程進展順利。廣州玫瑰湖的洋房深受市場歡迎。

集團於未來九個月內推售的主要香港住宅項目包括港島南區的南灣、上水天巒、九龍形品•星寓以及位於屯門市地段465號及將軍澳56區的項目。



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



九龍形品·星寓
Lime Stardom, Kowloon



將軍澳56區發展項目
Tseung Kwan O
Area 56 Development



屯門市地段465號項目
Tuen Mun Town
Lot 465 Project



上水天巒
Valais, Sheung Shui

The Group took further steps to bolster its leading market position and set new standards. It builds premium projects to suit all types of buyers, and its reputation for premium quality reinforces its brand and enables premium pricing. Occupancy of the Group's rental portfolio remains high at 93 per cent. The entire International Commerce Centre at Kowloon Station is scheduled for completion later this year and near 90 per cent of the office space is now leased or pre-leased.

The Group will maintain its selective and focused approach to mainland business expansion and will look for opportunities to acquire additional land in prime cities. Shanghai IFC project in Lujiazui will be finished in the first half of 2011, and Shanghai International Commerce Centre in the Puxi commercial district is progressing smoothly. The houses in Lake Dragon in Guangzhou have attracted high market interest.

Major residential projects in Hong Kong to go on sale in the next nine months include Larvotto in Island South, Valais in Sheung Shui, Lime Stardom in Kowloon and projects at Tuen Mun Town Lot 465 and Tseung Kwan O Area 56.

中環國際金融中心二期
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