



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

中期報告 2010 / 11 INTERIM REPORT





- 1 位於雙魚河畔的天巒
Valais, Beas River
- 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



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	2010	2009	Increase
Financial Highlights (HK\$ million)			
Turnover	31,513	13,270	+137%
Gross rental income ¹	6,081	5,360	+13%
Net rental income ¹	4,612	3,963	+16%
Profit attributable to the Company's shareholders	21,019	15,439 ³	+36%
Underlying profit attributable to the Company's shareholders ²	10,416	6,510	+60%
Financial Information per share (HK\$)			
Earnings	8.18	6.02 ³	+36%
Underlying earnings ²	4.05	2.54	+60%
Interim dividend	0.95	0.85	+12%

Notes:

1. Including contributions from jointly-controlled entities and associates.
2. Excluding revaluation surplus of investment properties net of deferred tax.
3. Restated for the adoption of HKAS 12 (amendments) Deferred tax: recovery of underlying assets.

CORPORATE INFORMATION

Company Secretary

Yung Sheung-tat, Sandy

Auditors

Deloitte Touche Tohmatsu

Registered Office

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Hong Kong

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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

Mayer Brown JSM

Winston Chu & Company

Clifford Chance

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

BNP Paribas

Hang Seng Bank Limited

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 2010, excluding the effect of fair-value changes on investment properties, was HK\$10,416 million, an increase of 60 per cent from the corresponding period last year. Underlying earnings per share were HK\$4.05, an increase of 60 per cent from the same period last year.

Reported profit attributable to the Company's shareholders was HK\$21,019 million, compared to HK\$15,439 million for the corresponding period last year. Earnings per share were HK\$8.18, an increase of 36 per cent 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\$10,617 million compared to a revaluation surplus (net of deferred taxation) of HK\$9,746 million for the same period last year.

DIVIDEND

The directors have recommended the payment of an interim dividend of HK\$0.95 per share for the six months ended 31 December 2010, an increase of 12 per cent from the corresponding period last year.

BUSINESS REVIEW

Property Sales

Revenue from property sales for the period as recorded in the accounts, including revenue from joint-venture projects, was HK\$28,837 million. The corresponding figure for last year was HK\$4,607 million. The Group sold or pre-sold an attributable HK\$22,089 million worth of properties during the period, as compared to HK\$9,159 million for the same period last year. Robust sales of two large Hong Kong luxury projects — Valais at Beas River and Larvotto in Island South — contributed to this encouraging performance. Both projects were over 90 per cent sold shortly after going on the market. Together with other projects including Lime Stardom in Kowloon, sales proceeds of Hong Kong properties amounted to HK\$21,263 million during the period. The rest came mainly from mainland properties, including Jovo Town in Chengdu and Taihu International Community in Wuxi.

Chairman's Statement

Property Business — Hong Kong

Land Bank

The Group added a total of 193,000 square feet of developable floor area to its land bank in Hong Kong during the period under review. This included the Fanling site acquired at a government auction last September, which will produce about 140,000 square feet of mainly small-to-medium residential units.

The Group's total land bank in Hong Kong amounted to 42.3 million square feet in December 2010, comprising 27.9 million square feet of completed investment properties and 14.4 million square feet of properties under development. The Group also holds over 26 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 replenish its development land bank through various means when appropriate opportunities arise.

Property Development

The Hong Kong residential market experienced short-term volatility during the past year or so because of cooling measures introduced by the government and related authorities. A special stamp duty imposed since November last year on resales of residential properties within two years of purchase has effectively forced short-term speculators out of the market.

With continued income growth, record low mortgage rate and reasonable affordability, activity gradually recovered over recent months particularly in the secondary market, underpinned by genuine end users and long-term investors.

The Group continues to pursue excellence in a highly-competitive business environment. The market recognizes its premium-quality developments with efficient, practical designs and fine finishings. The Group's brand name means that its developments often draw great market interest and buyers are willing to pay a premium for superior product quality and service. This explains the impressive sales of the Valais town-house project and shows how the Group can redefine an area as a new luxury residential district. Valais blends fine architecture and a style of modern luxurious living with the green environment and sets new standards for suburban houses.

The Group develops a wide range of products to address different customers' needs and preferences. There are luxury residences, small-to-medium units in large estates and urban boutique apartments. Tailored, full-ranging service, comprehensive facilities and trendy features fulfill residents' evolving lifestyle demands. The Group has also initiated the incorporation of green elements in new projects to satisfy the rising aspirations for green living.

Chairman's Statement

Four projects with 2.4 million square feet of attributable gross floor area (2.1 million square feet residential) were completed in Hong Kong during the period under review. Another 400,000 square feet is scheduled for completion 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)
The Latitude	638 Prince Edward Road East San Po Kong	Residential / Shopping Centre	100	1,230,000
Aria	51 Fung Shing Street Ngau Chi Wan	Residential	100	775,000
Larvotto	8 Ap Lei Chau Praya Road Ap Lei Chau	Residential / Shops	35	320,000
Excel Centre	483A Castle Peak Road Cheung Sha Wan	Office	100	109,000
Total				2,434,000

Property Investment

The Group's gross rental income for the period under review, including contributions from joint-venture projects, rose by 13 per cent to HK\$6,081 million. Net rental income for the period was up 16 per cent to HK\$4,612 million. The encouraging results from the investment portfolio were mainly driven by higher rents on new leases, continuous positive rental reversions and increased occupancy. The Group's overall rental portfolio was 95 per cent let.

Rental income from the office portfolio rose and market rents firmed up during the period under review. Office space in central areas continued to benefit from expanding financial firms chasing new business opportunities. Office rents in other areas also edged up with reduced vacancies.

The Group's position as a major premium landlord in Hong Kong means that it can take advantage of the good office leasing market. Its major International Commerce Centre (ICC) and International Finance Centre (IFC) office developments standing on opposite shores form a marvelous gateway to Victoria Harbour and demonstrate the Group's vision and commitment to Hong Kong.

ICC is conveniently located above Kowloon Station on the Airport Express with easy access to Central and the airport, as well as to the mainland via a planned cross-border rail connection. The office space is almost fully leased. The final major tenant and a number of other notable tenants are set to move in during the third quarter of 2011. The development also includes a 400,000-square-foot Ritz-Carlton Hotel scheduled to open soon.

On the 100th floor of ICC is the Sky 100 observation deck; the only vantage point in Hong Kong offering a 360-degree view of the city. It will open in April with an array of multi-media exhibits and 3-D displays of local culture and development. There will also be touch screens and interactive installations offering numerous fun facts about Hong Kong. The new attraction will be a boost to the city's tourism sector and complement the whole ICC development.

Chairman's Statement

IFC on the opposite shore of Victoria Harbour above Hong Kong station on the Airport Express has prestigious tenants including leading financial and banking institutions. All office space remained near fully leased and rental performance was also impressive.

The second phase of Kowloon Commerce Centre with over 500,000 square feet of space is under way to boost the Group's office portfolio. It is scheduled for completion in 2013 and will have comprehensive transport with fast links to the Hong Kong International Airport, Kwai Chung terminals and the mainland. It will be a few minutes' walk from the MTR via an air-conditioned footbridge to be ready in the second quarter of this year.

The Group's retail portfolio is one of the largest in the city, with malls situated conveniently near MTR stations. Increased domestic consumption and higher spending by mainland visitors produced good results for the Group's malls. The Group continued organizing more shopping tours for the growing pool of mainland visitors to boost traffic and sales in its malls located in key tourist areas and along rail lines.

The Group will tap the new opportunities arising from mainland visitors by developing a 470,000-square-foot shopping mall at Yuen Long Town Lot 507 just next to the MTR station. Combined with YOHO Midtown and Sun Yuen Long Centre, it will form a regional shopping and entertainment hub with a million square feet of gross floor area in the west New Territories, comparable to the Group's Sha Tin New Town Plaza in the east New Territories. The development of another 269,000-square-foot mall at the Tuen Mun West Rail MTR station is progressing well and will add to the Group's retail portfolio.

Mikiki will be the Group's latest shopping attraction with 205,000 square feet of space scheduled to open in the second quarter of this year. Leasing demand has been high. Mikiki is well-positioned to benefit from its proximity to the future Kai Tak metropolis and transformation of southeast Kowloon that will include a world-class cruise terminal.

The Group carries out regular renovations to its malls to keep them attractive and also stages promotional campaigns and makes refinements to tenant mixes. Tai Po Mega Mall was transformed into a lifestyle mall with an enhanced tenant mix during the period under review.

Four Seasons Place at IFC and The HarbourView Place at Kowloon Station continued to record high occupancies with higher rents during the period under review and attracted guests from around the world.

Chairman's Statement

Property Business — Mainland

Land Bank

The Group added three million square feet of attributable floor area to its mainland development land bank in the period, of which 2.6 million square feet will be developed into residential premises and serviced apartments. One addition was a 40 per cent interest in a luxury residential project in the resort area of Zhijiang, Hangzhou.

The Group's mainland land bank amounted to an attributable 82.1 million square feet in December 2010. Over 75 per cent of the 76.6 million square feet of properties under development will be high-end residences or serviced apartments, with the rest top-grade offices, shopping malls and premium hotels. The Group held another 5.5 million square feet of completed investment properties, mainly high-quality offices and shopping centres in prime locations of major cities.

Property Development

The mainland residential market was generally affected by stricter monetary and housing measures introduced by the central government, particularly in terms of transaction volumes in prime cities. The measures and policies should nonetheless be helpful for the healthy development of the mainland residential market over the longer term.

The Group completed an attributable 3.5 million square feet of residential properties on the mainland during the period under review, mainly in Lake Dragon Phase 1 and The Arch in Huadu in Guangzhou, Taihu International Community Phase 3 in Wuxi and Jovo Town Phase 1A in Chengdu. Nearly all the units in these projects were presold before completion. The handover quality of the projects was highly praised by homebuyers, reinforcing the Group's premium brand in major mainland cities.

A 1.7-million-square-foot development in Wei Fong that will redefine luxury residences in Shanghai is slated for completion in phases. The first phase of nearly 200 world-class luxury residences with total gross floor area of over 500,000 square feet will go on sale in the second half of 2011. Its unrivalled magnificent view of the Bund and prime location in the heart of the city's new finance and trade zone are sure to make it a favourite with the market. In Guangzhou, the second phase of over 700,000 square feet of luxury apartments and town houses at Lake Dragon is under construction and should be put up for presale around mid 2011. The Group's other residential projects under development on the mainland are progressing as planned.

The world-class Orchard Residences luxury development project in Singapore was completed during the period. About 90 per cent of the units in this 400,000-square-foot development have been sold. The Group has a 50 per cent interest in the project.

Property Investment

The Group's mainland rental portfolio performed well during the period under review, driven mainly by increased rents and new contributions from investment properties like Shanghai IFC Phase 1 and the Hangzhou MIXC shopping mall.

Shanghai IFC is in the heart of Pudong finance and trade zone with a direct connection to a metro station that provides easy access to the airports. Excluding the 22 floors occupied by HSBC as its China headquarters, Tower One has leased well and is almost fully taken. Preliminary leasing of Tower Two has also been encouraging. Tower Two with a total office floor area of 1.3 million square feet is put on lease by phases. The initial phase of 320,000 square feet has been fully leased. Many international financial firms have expressed interest in this premium office tower.

Chairman's Statement

The million-square-foot Shanghai IFC Mall is virtually fully leased and business is gathering momentum. The mall has a unique design concept and international flavour that puts a new face on retailing in Shanghai, and it is now the choice of shoppers looking for a new experience and enjoyment. The new Ritz-Carlton Shanghai, Pudong has been operating smoothly, bringing the city an ultimate destination of uncompromising style and luxury.

Shanghai ICC at the heart of Puxi is another landmark integrated project under development, with links to a metro station at the interchange of three lines. Preliminary leasing of the offices has been encouraging, with commitments from multinationals, renowned local enterprises and professional firms. Tower One has over 600,000 square feet of top-quality office space and is scheduled for completion in the middle of this year. Preliminary marketing of International APM, the 1.3 million square-foot premium shopping mall at Shanghai ICC, has started to a positive response. Opening is scheduled in 2012.

These two major integrated projects are the foundation of the Group's quality investment portfolio on the mainland. The full completion of Shanghai IFC and ICC will add 2.5 million square feet of retail space, 2.9 million square feet of offices and 1.2 million square feet of hotels and serviced suites to the Group's rental portfolio. These two projects and additional quality investment properties under development in other major mainland cities will underpin the Group's mainland rental income.

Shanghai Central Plaza maintained high occupancy with increased retail and office rents. Beijing APM is refining its tenant mix to give shoppers a fresh experience and achieved continued rent increases during the period under review, despite a very competitive retailing environment.

Other Businesses

Hotel

Hong Kong's hotel sector did well over the past few months. The number of travellers from overseas showed steady growth and mainland tourist arrivals remained buoyant. Shenzhen further loosened restrictions on residents visiting Hong Kong individually in December last year, so further growth is likely to continue in the year ahead.

The Group's six hotels in Hong Kong maintained overall average occupancy of over 90 per cent and posted impressive increases in average room rates from a year ago. The deluxe Ritz-Carlton at Kowloon Station will soon be another premium addition to the Group's hotel portfolio. It will be the world's tallest hotel with unrivaled views of Victoria Harbour and the city when it begins operating soon. The Group will keep on 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. Two premium hotels are being developed atop the Tseung Kwan O MTR station. The first one will be a 350-room Crowne Plaza that will open in 2012.

The Ritz-Carlton Shanghai, Pudong is the Group's first hotel in Shanghai. It has a prime location in Lujiazui in the Shanghai IFC integrated deluxe office, serviced suite and retail development offering a contemporary style, lavish comfort and convenience with sweeping views of the Bund. The hotel has been operating smoothly since opening in June last year. The Group is also building or planning other premium hotels in major cities including Guangzhou, Hangzhou, Suzhou, Nanjing and Chengdu, complementing its integrated developments in these cities.

Chairman's Statement

Telecommunications and Information Technology

SmarTone

Higher service revenue derived from the wider adoption of data services and proliferation of smartphones resulted in a substantial growth in profit for SmarTone, at the same time as growth in customer numbers and average revenue per user kept rising. SmarTone will maintain its focus on extending its leadership in network performance, differentiated services and customer care. The Group remains confident in SmarTone's prospects and will continue to hold the company as a long-term investment.

SUNeVision

Revenue and operating profitability at SUNeVision continued growing during the period under review. iAdvantage built upon its position in the carrier-neutral data centre market in Hong Kong by maintaining high occupancy and signing up new clients. SUNeVision will take advantage of its solid financial position to further develop key business operations.

Transportation and Infrastructure

Transport International Holdings

Transport International Holdings' (TIH) franchised public bus operations in Hong Kong have been faced with a shift of passengers to the expanded rail network and higher costs due to rising fuel prices, wages and tunnel tolls. With an improved economy, TIH's non-franchised bus operations saw higher profits. Income from two joint-venture companies operating taxis and public buses on the mainland remained steady and the company's 73-per-cent-owned RoadShow Holdings expanded in the Hong Kong media sales business.

Other Infrastructure Businesses

The Wilson Group did well during the period and business at the Airport Freight Forwarding Centre was satisfactory following the rebound in air cargo. Throughput at the River Trade Terminal rose steadily and traffic and toll revenue on the Route 3 (Country Park Section) remained stable throughout the period. All the Group's infrastructure projects are in Hong Kong and will provide steady income streams over the long term.

Corporate Finance

The Group is committed to conservative financial policies, maintaining high liquidity, low gearing and high interest coverage.

Market responses were enthusiastic to all the Group's financing needs, whether in RMB bank loans on the mainland or Hong Kong dollar loans locally. The Group has a deep pool of stand-by banking facilities on a committed basis to meet short-term business requirements and long-term development. It issued a US\$300 million, ten-year bond and HK\$800 million in three- to ten-year bonds at very favorable rates under the Euro Medium Term Note programme during the period under review, to lengthen the Group's debt maturity profile and diversify its funding sources.

The majority of the Group's borrowings are denominated in Hong Kong dollars, with the remainder in US dollars or RMB for projects on the mainland. The Group has very little foreign-exchange risk and no exposure to derivative or structured products.

The Group has always attained the highest credit ratings amongst Hong Kong developers. Moody's gives the Group an A1 rating with a 'stable' outlook and Standard & Poor's raised the Group's rating from A to A+ with a 'stable' outlook in December 2010.

Chairman's Statement

Customer Service

Customer care is of prime importance to the Group and it goes to great lengths to find out what people think of its product and service offerings with an eye to constant improvement.

The Group's Hong Yip and Kai Shing property-management subsidiaries provide the best customer assistance, including concierges in housing estates and offices as well as Customer Care Ambassadors in shopping malls. Their popular home convenience service is constantly adding fresh features to satisfy residents.

New owners of the Group's residential developments have the benefit of a professional handover team that inspects completed units before purchasers take possession and offers help with the procedures of moving in. The same quality of service that Hong Kong buyers have come to expect is also on offer in the Group's mainland projects.

The SHKP Club celebrates its 15th anniversary this year. It has over 300,000 members and has proven to be an effective channel for two-way communication between the Group and the market. It offers members a range of property-related benefits, shopping privileges and leisure activities to build loyalty. The Club also undertakes multiple initiatives to promote harmonious families and a caring community.

Corporate Governance

Maintaining high standards of corporate governance is a cornerstone of the Group's business philosophy. This is achieved through an effective board of directors, timely disclosure of information and a proactive investor-relations programme.

The board directs and oversees the Group's strategies. There are Audit, Remuneration and Nomination committees chaired by independent non-executive directors. All the Company's executive directors sit on the Executive Committee that formulates policies and makes key business decisions.

The Group's sophisticated management and good corporate governance are widely recognized by the investment community. Accolades earned during the period under review included a Platinum award for Excellence in Management and Corporate Governance from *The Asset* magazine, being named Best Company in Asia for Corporate Governance and Best for Disclosure and Transparency by *Asiamoney* magazine and awards for Best Corporate Governance and Most Convincing and Coherent Strategy in Hong Kong from *Euromoney* magazine. The Group will maintain its efforts to stay at the forefront of best corporate governance practices.

Corporate Social Responsibility

The Group takes its corporate social responsibility seriously and supports a range of charitable, environmental and educational initiatives. A new Building Homes with Heart Caring Initiative has been set up to provide immediate assistance to help tide individuals and families over crises or tragic accidents. The initiative has also organized special events for the needy, like celebrations at Chinese New Year with over 2,000 seniors.

The SHKP Book Club encourages reading with seminars, a free magazine, sponsorships and more, including a third staging of the popular Young Writers' Debut competitions. The Group's SHKP Volunteer Team recently added a Sunshine Team to harness the energy of young people to serve the community in the spirit of caring. The full Volunteer Team has nearly 1,800 members and is widely praised for its efforts to help the less fortunate. The Group also provides scholarships for talented mainland students through its SHKP-Kwoks' Foundation.

Chairman's Statement

The Group's community projects like Ma Wan Park promote harmony and love for life, family and the Earth. Many special events for the benefit of the less fortunate have been held at the Ma Wan Park Noah's Ark.

An emphasis on green practices in the design, construction and management of developments provides residents and tenants with better living and working environments. And the Group conserves resources with extensive energy-saving programmes and widely-adopted green features.

The Group employs nearly 32,000 people and believes that staff are its most important asset. It recruits high-calibre graduates from local and mainland universities and provides extensive training to staff at all levels. The Group has extended this caring spirit to the children of employees with a new SHKP Group Undergraduate Scholarship scheme that provides full support for university studies.

PROSPECTS

The global economic recovery is likely to continue this year as a result of ongoing quantitative easing by several developed countries, despite various economic challenges and uncertainties including escalating oil prices resulting from geopolitical tensions in North Africa and the Middle East. While developed economies are likely to show modest growth amid high unemployment, buoyancy in emerging economies will remain with anticipated rising inflationary pressures. Interest rates in developed economies are expected to remain low for most of this year on the back of weakness in labour markets and the possibility of a sovereign debt crisis in some countries, particularly in the Euro zone.

Economic growth on the mainland is expected to remain robust this year, though at a less rapid pace. Export growth should continue with the global economic recovery and domestic consumption will do well given government policy support. The central government's tightening efforts and measures to contain inflation could create short-term financial market volatility, but they should be helpful to sustained economic expansion over the long term.

With continued global economic recovery and positive fundamentals on the mainland, the Hong Kong economy will continue to advance this year. Higher local consumer spending and robust external demand, particularly from mainland tourists, will sustain Hong Kong's economic momentum. Accelerating economic integration between Hong Kong and the mainland, particularly the quickening development of Hong Kong as an off-shore RMB centre, will offer more growth opportunities for the territory over time.

Fundamentals in Hong Kong's residential market will remain positive, notwithstanding worries over further government intervention that may create short-term market volatility and uncertainty. The affordability of homes will likely stay at comfortable levels with record low mortgage interest rates and decent income growth. Increasing integration with the mainland means that more well-off mainlanders will contribute extra demand for properties in Hong Kong. On the supply side, new units available in the presale market will remain limited over the next two to three years, although the government will increase land supply, and subsequently more private flat completions over the longer term, which should be conducive to a sustainable and healthy market.

Chairman's Statement

With positive prospects for the Hong Kong residential market, the Group will continue to look for land bank replenishment opportunities, including the conversion of farmland to residential sites. It will maintain its commitment to quality and develop a diverse range of products that offer the best value to customers in terms of flat mix, layouts, design, facilities and finishes, along with premium customer service to fully meet people's aspirations for ideal homes.

Major residential projects in Hong Kong to go on sale in the next nine months include luxury sea view apartments at Imperial Cullinan in West Kowloon, One Regent Place in Yuen Long and residential towers at an integrated complex atop the Tseung Kwan O MTR station. Upcoming sales proceeds will continue to enhance the Group's financial position and cash flow.

Grade-A office rents are likely to keep rising given relatively tight new supply and greater demand for quality office space. Retail rents should also continue to go up with higher local consumption and more mainland tourist spending. The Group will capitalize on this positive environment and strengthen its leading market position with regular refurbishments and constant reviews of tenant mixes in its office and retail portfolios. More promotions will be staged in shopping malls to attract additional traffic and boost consumer spending, particularly from mainland visitors.

The Group's overall rental portfolio is expected to continue performing well in light of robust leasing demand and higher rents for new leases and renewals. The Group has nearly four million square feet of investment properties under development in Hong Kong, mostly premium office buildings and shopping malls. Non-core investment properties in Hong Kong will continue to be selectively replaced with new landmark projects to further enhance asset quality and returns over time.

On the mainland, the Group will continue seeking new business expansion opportunities, riding on the positive long-term prospects there, while adhering to its focused and selective investment approach. Shanghai IFC and Shanghai ICC will substantially raise the Group's rental income when fully finished and more completions of properties for sale will also boost profit from mainland projects over the medium term.

With the positive business environment and impressive sales and leasing, the Group's results for the current financial year are expected to be encouraging barring unforeseen circumstances.

APPRECIATION

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

Kwong Siu-hing

Chairman

Hong Kong, 28 February 2011

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 73 to 90, which comprises the consolidated statement of financial position of Sun Hung Kai Properties Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 31 December 2010 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

28 February 2011

Consolidated Income Statement

For the six months ended 31 December 2010 (Expressed in millions of Hong Kong dollars)

		(Unaudited) Six months ended 31 December	
		2010	2009 (Restated)
	Notes		
Revenue	2	31,513	13,270
Cost of sales		(20,648)	(6,711)
Gross profit		10,865	6,559
Other income		393	351
Selling and marketing expenses		(1,179)	(613)
Administrative expenses		(835)	(705)
Operating profit before change in fair value of investment properties	2	9,244	5,592
Increase in fair value of investment properties		9,315	10,050
Operating profit after change in fair value of investment properties		18,559	15,642
Finance costs		(515)	(260)
Finance income		34	10
Net finance costs	3	(481)	(250)
Share of results (including increase in fair value of investment properties net of deferred tax of HK\$2,188 million (2009 (restated): HK\$1,350 million)) of:			
Associates		101	151
Jointly controlled entities		6,890	2,347
	2	6,991	2,498
Profit before taxation	4	25,069	17,890
Taxation	5	(3,712)	(2,137)
Profit for the period		21,357	15,753
Attributable to:			
Company's shareholders		21,019	15,439
Non-controlling interests		338	314
		21,357	15,753
Interim dividend at HK\$0.95 (2009: HK\$0.85) per share		2,442	2,180
(Expressed in Hong Kong dollars)			
Earnings per share based on profit attributable to the Company's shareholders (reported earnings per share)	6(a)		
Basic and diluted		\$8.18	\$6.02
Earnings per share excluding the effects of changes in fair value of investment properties net of deferred tax (underlying earnings per share)	6(b)		
Basic and diluted		\$4.05	\$2.54

Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2010 (Expressed in millions of Hong Kong dollars)

	(Unaudited)	
	Six months ended	
	31 December	
	2010	2009 (Restated)
Profit for the period	21,357	15,753
Exchange difference on translating financial statements of foreign operations	1,125	(18)
Change in fair value of cash flow hedge	—	(1)
Available-for-sale investments:		
— fair value gains	374	277
— fair value gains transferred to income statement on disposal	(11)	(55)
	363	222
Share of other comprehensive income of associates and jointly controlled entities	280	62
Other comprehensive income for the period	1,768	265
Total comprehensive income for the period	23,125	16,018
Total comprehensive income attributable to:		
Company's shareholders	22,726	15,725
Non-controlling interests	399	293
	23,125	16,018

Consolidated Statement of Financial Position

As at 31 December 2010 (Expressed in millions of Hong Kong dollars)

	Notes	(Unaudited) 31 December 2010	(Restated) 30 June 2010
Non-current assets			
Investment properties	7	197,455	184,001
Fixed assets	8	17,224	16,825
Associates		3,155	3,111
Jointly controlled entities		41,208	32,715
Loan receivables	9	318	346
Other financial assets	10	3,642	3,554
Intangible assets	11	4,344	4,357
		267,346	244,909
Current assets			
Properties for sale		91,495	84,923
Debtors, prepayment and others	12	18,952	16,060
Other financial assets	13	914	850
Bank balances and deposits		7,820	8,204
		119,181	110,037
Current liabilities			
Bank and other borrowings		(12,782)	(11,262)
Trade and other payables	14	(20,544)	(17,667)
Deposits received on sale of properties		(2,344)	(10,672)
Taxation		(6,105)	(5,266)
		(41,775)	(44,867)
Net current assets			
		77,406	65,170
Total assets less current liabilities			
		344,752	310,079
Non-current liabilities			
Bank and other borrowings		(50,541)	(34,126)
Deferred taxation		(8,357)	(7,189)
Other long-term liabilities		(872)	(739)
		(59,770)	(42,054)
Net assets			
		284,982	268,025
Capital and reserves			
Share capital	15	1,285	1,285
Share premium and reserves		279,891	261,936
Shareholders' funds			
		281,176	263,221
Non-controlling interests			
		3,806	4,804
Total equity			
		284,982	268,025

Directors:

Kwok Ping-kwong, Thomas

Kwok Ping-luen, Raymond

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2010 (Expressed in millions of Hong Kong dollars)

	(Unaudited) Six months ended 31 December	
	2010	2009
Net cash (used in)/from operating activities	(7,756)	3,793
Net cash (used in)/from investing activities	(5,458)	481
Net cash from/(used in) financing activities		
— net drawdown/(repayment) of bank and other borrowings	17,894	(164)
— dividends paid to shareholders	(4,755)	(4,359)
— dividends paid to non-controlling interests	(84)	(36)
— others	(288)	(628)
	12,767	(5,187)
Decrease in cash and cash equivalents	(447)	(913)
Cash and cash equivalents at beginning of period	7,772	7,649
Effect of foreign exchange rates changes	40	8
Cash and cash equivalents at end of period	7,365	6,744
Analysis of the balances of cash and cash equivalents at end of period		
Bank deposits	5,132	4,401
Bank balances and cash	2,688	2,768
Bank overdrafts	(98)	(71)
	7,722	7,098
Less: Pledged bank deposits	(357)	(354)
	7,365	6,744

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2010 (Expressed in millions of Hong Kong dollars)

	Unaudited								
	Attributable to Company's shareholders								
	Share capital	Share premium	Capital reserves	Investment revaluation reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total
At 1 July 2009									
— as originally stated	1,282	35,782	761	545	3,222	180,676	222,268	4,652	226,920
— change in accounting policy	—	—	—	—	(3)	16,134	16,131	14	16,145
— as restated	1,282	35,782	761	545	3,219	196,810	238,399	4,666	243,065
Profit for the period	—	—	—	—	—	15,439	15,439	314	15,753
Other comprehensive income/(expenses) for the period	—	—	(1)	218	69	—	286	(21)	265
Total comprehensive income/(expenses) for the period	—	—	(1)	218	69	15,439	15,725	293	16,018
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 (restated)	1,282	35,782	748	763	3,288	207,889	249,752	4,590	254,342
At 1 July 2010									
— as originally stated	1,285	36,451	739	765	3,659	202,179	245,078	4,786	249,864
— change in accounting policy	—	—	—	—	13	18,130	18,143	18	18,161
— as restated	1,285	36,451	739	765	3,672	220,309	263,221	4,804	268,025
Profit for the period	—	—	—	—	—	21,019	21,019	338	21,357
Other comprehensive income for the period	—	—	—	362	1,345	—	1,707	61	1,768
Total comprehensive income for the period	—	—	—	362	1,345	21,019	22,726	399	23,125
Recognition of equity-settled share-based payments	—	—	36	—	—	—	36	—	36
Transfer to capital reserves arising from									
repurchase of its shares by a subsidiary	—	—	2	—	—	(2)	—	—	—
Shares issued by a subsidiary on									
exercise of share options	—	—	(2)	—	—	—	(2)	2	—
Final dividend paid	—	—	—	—	—	(4,755)	(4,755)	—	(4,755)
Acquisition of additional interests in subsidiaries	—	—	(50)	—	—	—	(50)	(715)	(765)
Repayment of capital contribution to									
non-controlling interests	—	—	—	—	—	—	—	(745)	(745)
Capital contribution from non-controlling interests	—	—	—	—	—	—	—	145	145
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(84)	(84)
At 31 December 2010	1,285	36,451	725	1,127	5,017	236,571	281,176	3,806	284,982

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

The condensed interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The 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 2010, except for the changes set out below.

(b) Changes in accounting policies

In the current period, the Group has applied, for the first time, the following new and revised standards, 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 2010.

HKFRSs (Amendments)	Improvements to HKFRSs 2009 ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2010 ²
HKAS 32 (Amendment)	Classification of right issues
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters
HKFRS 1 (Amendment)	Limited exemptions from comparative HKFRS 7 disclosures for first-time adopters
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions
HK (IFRIC) - INT 19	Extinguishing financial liabilities with equity instruments
HK INT 5	Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause

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

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

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

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

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

(b) Changes in accounting policies (cont'd)

Up to the date of issue of the financial reports, the HKICPA has issued a number of new and revised standards, amendments and interpretations which are not yet effective for the current period. These include the following which may be relevant to the Group:

HKFRSs (Amendments)	Improvements to HKFRSs 2010 ³
HKAS 12 (Amendments)	Deferred tax: recovery of underlying assets ⁴
HKAS 24 (Revised)	Related party disclosures ⁵
HKFRS 9	Financial instruments ⁶
HK (IFRIC) - INT 14 (Amendment)	Prepayments of a minimum funding requirement ⁵

³ Amendments that are effective for annual periods beginning on or after 1 January 2011

⁴ Effective for annual periods beginning on or after 1 January 2012

⁵ Effective for annual periods beginning on or after 1 January 2011

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

The Group has decided to early adopt the amendments to HKAS 12, Deferred tax: recovery of underlying assets ("HKAS 12 (amendments)"), in respect of the recognition of deferred tax on investment properties carried at fair value under HKAS 40, Investment property. The Group is currently reviewing the other new and revised standards, amendments and interpretations and does not anticipate the adoption will have any significant impact on the Group's results and financial position.

(c) Early adoption of HKAS 12 (amendments)

The change in policy arising from HKAS 12 (amendments) is the only change which has had a material impact on the current or comparative periods. As a result of this change in policy, the Group now measures any deferred tax liability in respect of the Group's investment properties with reference to the tax liability that would arise if the investment properties were disposed of at their carrying amounts at the reporting date, unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. Previously, where these properties were held under leasehold interests, deferred tax was generally measured using the tax rate that would apply as a result of recovery of the assets value through use.

This change in accounting policy has been applied retrospectively by increasing the retained profits, exchange reserve and non-controlling interests at 1 July 2010 by HK\$18,130 million (1 July 2009: HK\$16,134 million), HK\$13 million (1 July 2009: decrease of HK\$3 million) and HK\$18 million (1 July 2009: HK\$14 million) respectively, as a result of reduction in provision for deferred tax in respect of certain investment properties of the Group, its associates and jointly controlled entities. This change in accounting policy has also resulted in an increase in the profit attributable to Company's shareholders, non-controlling interests and basic and diluted earnings per share of the Group of HK\$1,627 million (2009: HK\$1,101 million), HK\$3 million (2009: HK\$1 million) and HK\$0.63 (2009: HK\$0.43) respectively for the period ended 31 December 2010.

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, net 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 2010

	The Company and its subsidiaries		Associates and jointly controlled entities		Combined revenue	Consolidated results
	Revenue	Results	Share of revenue	Share of results		
Property sales						
Hong Kong	15,429	3,455	5,162	2,483	20,591	5,938
Mainland China	3,873	874	453	126	4,326	1,000
Singapore	—	—	3,920	1,973	3,920	1,973
	19,302	4,329	9,535	4,582	28,837	8,911
Property rental						
Hong Kong	4,264	3,219	976	796	5,240	4,015
Mainland China	502	369	34	19	536	388
Singapore	—	—	305	209	305	209
	4,766	3,588	1,315	1,024	6,081	4,612
Hotel operation	932	187	267	101	1,199	288
Telecommunications	2,759	409	—	—	2,759	409
Other businesses	3,754	836	1,375	116	5,129	952
	31,513	9,349	12,492	5,823	44,005	15,172
Other income		393		—		393
Unallocated administrative expenses		(498)		—		(498)
Operating profit before change in fair value of investment properties		9,244		5,823		15,067
Increase in fair value of investment properties		9,315		2,192		11,507
Operating profit after change in fair value of investment properties		18,559		8,015		26,574
Net finance costs		(481)		(83)		(564)
Profit before taxation		18,078		7,932		26,010
Taxation						
— Group		(3,712)		—		(3,712)
— Associates		—		(18)		(18)
— Jointly controlled entities		—		(923)		(923)
Profit for the period		14,366		6,991		21,357

There is no material change in the Group's total assets since the last annual reporting 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 2009 (Restated)

	The Company and its subsidiaries		Associates and jointly controlled entities		Combined revenue	Consolidated results
	Revenue	Results	Share of revenue	Share of results		
Property sales						
Hong Kong	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		(2,137)		—		(2,137)
— Associates		—		(14)		(14)
— Jointly controlled entities		—		(407)		(407)
Profit for the period		13,255		2,498		15,753

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

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

3. NET FINANCE COSTS

	Six months ended 31 December	
	2010	2009
Interest expenses on		
Bank loans and overdrafts	371	187
Other loans wholly repayable within five years	39	31
Other loans not wholly repayable within five years	149	138
	559	356
Notional non-cash interest accretion	45	43
Less : Amount capitalized	(89)	(139)
	515	260
Interest income on bank deposits	(34)	(10)
	481	250

4. PROFIT BEFORE TAXATION

	Six months ended 31 December	
	2010	2009
Profit before taxation is arrived at after charging:		
Cost of properties sold	14,323	1,818
Cost of other inventories sold	570	150
Depreciation and amortization	494	494
Amortization of intangible assets (included in cost of sales)	165	163
Operating lease rentals for land and buildings, transmission sites and leased lines	464	463
Staff costs (including directors' emoluments and retirement schemes contributions)	2,095	1,819
Share-based payments (Note 16)	36	—
and crediting:		
Profit on disposal of available-for-sale investments	43	62
Dividend income from listed and unlisted investments	54	57
Interest income from listed and unlisted debt securities	51	50
Net realized and unrealized holding gains on financial assets at fair value through profit or loss	90	100

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

5. TAXATION

	Six months ended 31 December	
	2010	2009 (Restated)
Current taxation		
Hong Kong profits tax	971	591
Under provision in prior years	1,100	—
	2,071	591
Tax outside Hong Kong	610	631
	2,681	1,222
Deferred taxation charge/(credit)		
Change in fair value of investment properties	852	1,492
Tax released on disposal of investment properties	—	(676)
Other origination and reversal of temporary differences	179	99
	1,031	915
	3,712	2,137

- (a) Hong Kong profits tax is provided at the rate of 16.5 per cent (2009: 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. During the period, a provision of HK\$1,100 million was made by the Group for these liabilities based on the estimates of the management, taking into consideration 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.

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

6. EARNINGS PER SHARE

(a) Reported earnings per share

The calculations of basic and diluted earnings per share are based on the Group's profit attributable to the Company's shareholders of HK\$21,019 million (2009 (restated): HK\$15,439 million).

The basic earnings per share is based on the weighted average number of shares in issue during the period of 2,570,039,181 (2009: 2,564,333,362). The diluted earnings per share is based on 2,570,582,620 (2009: 2,564,333,362) shares which is the weighted average number of shares in issue during the period plus the weighted average number of 543,439 (2009: Nil) shares deemed to be issued at no consideration if all outstanding options had been exercised.

(b) Underlying earnings per share

For the purpose of assessing the underlying performance of the Group, basic and diluted earnings per share are additionally calculated based on the underlying profit attributable to the Company's shareholders of HK\$10,416 million (2009: HK\$6,510 million), excluding the effects of fair value changes on investment properties. A reconciliation of profit is as follows:

	Six months ended 31 December	
	2010	2009 (Restated)
Profit attributable to the Company's shareholders as shown in the consolidated income statement	21,019	15,439
Increase in fair value of investment properties	(9,315)	(10,050)
Effect of corresponding deferred tax charges	852	1,492
Realized fair value gains of investment properties disposed net of deferred tax	14	817
Share of results of associates and jointly controlled entities		
— fair value gains of investment properties	(2,192)	(1,531)
— effect of corresponding deferred tax charges	4	181
	(10,637)	(9,091)
Non-controlling interests	34	162
	(10,603)	(8,929)
Underlying profit attributable to the Company's shareholders	10,416	6,510

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

7. INVESTMENT PROPERTIES

(a) Movement during the period

	Completed	Under development	Total
Valuation			
At 1 July 2010	156,290	27,711	184,001
Additions	88	3,629	3,717
Transfer upon completion	1,902	(1,902)	—
Transfer from			
— deposit for acquisition of properties	—	26	26
Disposals	(31)	—	(31)
Transfer to			
— properties for sales	—	(361)	(361)
— fixed assets	(39)	—	(39)
Exchange difference	371	456	827
Increase in fair value	7,805	1,510	9,315
At 31 December 2010	166,386	31,069	197,455

(b) Valuation of properties shown above comprises:

Properties in Hong Kong held under	
Long lease (not less than 50 years)	25,432
Medium-term lease (less than 50 years but not less than ten years)	134,539
Properties outside Hong Kong held under	
Long lease (not less than 50 years)	1,184
Medium-term lease (less than 50 years but not less than ten years)	36,300
	197,455

- (c) The Group's investment properties were revalued at 31 December 2010 and 30 June 2010 by Knight Frank Petty Limited, independent professional valuers, on a market value basis, in accordance with Valuation Standards on Properties issued by Hong Kong Institute of Surveyors.

8. FIXED ASSETS

During the period, additions to fixed assets amounted to HK\$858 million and net book value of fixed assets disposed of amounted to HK\$12 million.

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

9. LOAN RECEIVABLES

	31 December 2010	30 June 2010
Loan receivables	337	371
Less : Amount due within one year included under current assets	(19)	(25)
	318	346

Loan receivables include mortgage loan receivables which 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 2010	30 June 2010
Held-to-maturity debt securities		
Listed debt securities, overseas	306	348
Unlisted debt securities	79	80
	385	428
Available-for-sale debt securities		
Listed debt securities, overseas	765	891
Listed debt securities, Hong Kong	21	52
Unlisted debt securities	58	41
	844	984
Available-for-sale equity securities		
Listed equity securities, overseas	618	554
Listed equity securities, Hong Kong	1,429	1,180
Unlisted equity securities	366	408
	2,413	2,142
	3,642	3,554
Market value of listed securities		
Listed overseas	1,695	1,798
Listed in Hong Kong	1,450	1,232
	3,145	3,030

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

11. INTANGIBLE ASSETS

During the period, additions to intangible assets amounted to HK\$152 million.

12. DEBTORS, PREPAYMENT AND OTHERS

	31 December 2010	30 June 2010
Debtors, deposits and prepayment	12,513	10,508
Deposits for acquisition of properties	5,902	4,882
Amounts due from customers for contract works	62	60
Short-term loans	57	63
Derivative financial instruments	418	547
	18,952	16,060

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\$7,726 million (30 June 2010: HK\$5,228 million), of which 94% aged less than 60 days, 1% between 61 to 90 days and 5% more than 90 days (30 June 2010: 92%, 2% and 6% respectively).

13. OTHER FINANCIAL ASSETS

	31 December 2010	30 June 2010
Financial assets at fair value through profit or loss		
Listed equity securities, Hong Kong	573	514
Listed equity securities, overseas	34	22
	607	536
Held-to-maturity debt securities maturing within one year		
Listed debt securities, overseas (market value: HK\$277 million (30 June 2010: HK\$319 million))	276	314
Available-for-sale debt securities maturing within one year		
Listed debt securities, overseas	31	—
	914	850

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

14. TRADE AND OTHER PAYABLES

	31 December 2010	30 June 2010
Creditors and accrued expenses	17,655	16,089
Amounts due to customers for contract works	40	56
Amounts due to non-controlling interests	2,843	1,516
Derivative financial instruments	6	6
	20,544	17,667

Included in trade and other payables are trade creditors of HK\$1,995 million (30 June 2010: HK\$1,489 million), of which 65% are aged less than 60 days, 3% between 61 to 90 days and 32% more than 90 days (30 June 2010: 59%, 2% and 39% respectively).

15. SHARE CAPITAL

	Number of shares in million	Amount
Authorized:		
Ordinary shares of HK\$0.50 each		
At beginning and end of period	2,900	1,450
Issued and fully paid:		
Ordinary shares of HK\$0.50 each		
At beginning and end of period	2,570	1,285

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

16. SHARE OPTION SCHEMES

The Old Scheme

Upon the termination of the Old Scheme, no further options could be offered and no options remained outstanding at 31 December 2010 and 31 December 2009.

The New Scheme

During the period, 4,840,000 share options were granted at HK\$1 per lot to a number of directors and employees of the Company and its subsidiaries to subscribe for 4,840,000 ordinary shares in the Company. Movement in share options during the six months ended 31 December 2010 was as follows:

Date of grant	Exercise price	Exercisable period	Number of share options				At 31 December 2010
			At 1 July 2010	Granted during the period	Exercised during the period	Lapsed during the period	
12 July 2010	HK\$111.40	12.7.2011 to 11.7.2015	—	4,840,000	—	—	4,840,000
			—	4,840,000	—	—	4,840,000

There was no outstanding or movement in share options during the six months ended 31 December 2009.

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted at the grant date and expensed on a straight line basis over the vesting period with a corresponding increase in capital reserves within equity. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in income statement with a corresponding adjustment to capital reserves.

At the time when the share options are exercised, the amount previously recognized in capital reserves will be transferred to share premium. When the share options are forfeited, lapsed or cancelled, the amount previously recognized in capital reserves will be transferred to retained profits.

Details of the share options granted by the Company and the assessment of fair value of the share options granted during the period was stated in the paragraphs under the heading "Share Option Schemes" in the other information section of this interim report.

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

17. RELATED PARTY TRANSACTIONS

During the period, the Group undertook various transactions with related parties. The following is a summary of significant transactions between the Group and related parties which were carried out in the normal course of the Group's business at similar terms to other customers or suppliers and at market prices:

	Associates		Jointly controlled entities	
	Six months ended		Six months ended	
	31 December		31 December	
	2010	2009	2010	2009
Interest income	—	—	57	48
Rental income (a)	—	3	1	1
Rental expenses (a)	—	—	14	14
Other revenue from services rendered (b)	15	14	624	279
Purchase of goods and services (b)	—	—	175	223

(a) The Group has, in the normal course of the business, entered into lease agreements to lease premises to and from related parties. The leases were entered into on normal commercial terms.

(b) Purchase of goods from and rendering of services to related parties were conducted in the normal course of business at prices and on terms comparable to those contracted with other suppliers/customers of the Group.

18. 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 2010	30 June 2010
(a) Capital commitments in respect of investment properties and other fixed assets		
Contracted but not provided for	3,667	4,323
Authorized but not contracted for	2,618	2,841
(b) Capital commitments in respect of investments in jointly controlled entities		
Contracted but not provided for	1,384	—
(c) Group's share of capital commitments of joint controlled entities		
Contracted but not provided for	274	705

(d) Guarantees given to banks and financial institutions for the borrowings of an associate and jointly controlled entities of HK\$1,645 million (30 June 2010: HK\$3,037 million) and other guarantees of HK\$4 million (30 June 2010: HK\$4 million).

19. 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 2010 was HK\$21,019 million, an increase of HK\$5,580 million or 36.1% compared to HK\$15,439 million for the same period last year. The reported profit for the current period has included an increase in fair value of investment properties net of related deferred taxation and non-controlling interests of HK\$10,617 million (2009: HK\$9,746 million).

Underlying profit attributable to the Company's shareholders for the six months ended 31 December 2010, excluding the net effect of fair value changes on investment properties, increased by HK\$3,906 million or 60% to HK\$10,416 million compared to HK\$6,510 million for the corresponding period last year. Profit from property sales increased by HK\$6,783 million to HK\$8,911 million, owing to substantial increase in sales recognized for residential projects including Aria, The Latitude, Larvotto and The Orchard Residences in Singapore. Net rental income grew 16.4% to HK\$4,612 million, driven by continuous positive rental reversions as well as contribution from new investment properties including ICC Office and Shanghai IFC Mall. Telecommunication segment contributed an operating profit of HK\$409 million, a robust increase of HK\$321 million or 3.6 times over the corresponding period last year, on the back of strong growth in number of customers. Hotel profit increased by 55% to HK\$288 million with overall occupancy and room rates much improved amid economic recovery.

FINANCIAL RESOURCES AND LIQUIDITY

(a) Net debt and gearing

As at 31 December 2010, the Company's shareholders' funds increased by HK\$17,955 million to HK\$281,176 million, equivalent to an increase of 6.8% to HK\$109.4 per share (30 June 2010: HK\$102.4 per share).

The Group's financial position remains strong with a low debt leverage and strong interest cover. Gearing ratio as at 31 December 2010, calculated on the basis of net debt to Company's shareholders' funds, was 19.7% compared to 14.1% (restated) at 30 June 2010. Interest cover, measured by the ratio of operating profit to total net interest expenses including those capitalized, was 16.2 times compared to 14.4 times for the same period last year.

As at 31 December 2010, the Group's gross borrowings totalled HK\$63,323 million. Net debt, after deducting cash and bank deposits of HK\$7,820 million, amounted to HK\$55,503 million. The maturity profile of the Group's gross borrowings is set out as follows:

	31 December 2010	30 June 2010
	HK\$ Million	HK\$ Million
Repayable:		
Within one year	12,782	11,262
After one year but within two years	12,678	8,022
After two years but within five years	29,252	19,402
After five years	8,611	6,702
Total borrowings	63,323	45,388
Cash and bank deposits	7,820	8,204
Net debt	55,503	37,184

Financial Review

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

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

(b) Treasury policies

The entire Group's financing and treasury activities are centrally managed and controlled at the corporate level. As at 31 December 2010, 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 2010, about 78% of the Group's borrowings were denominated in Hong Kong dollars, 9% in US dollars and 13% 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 2010, about 83% 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 17% 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 2010, the Group had outstanding fair value hedges in respect of fixed-to-floating interest rate swaps in the aggregate carrying amount of HK\$4,044 million, cash flow hedge in respect of a floating-to-fixed interest rate swap in the carrying amount of HK\$100 million and currency swaps (to hedge principal repayment of USD borrowings) in the aggregate carrying amount of HK\$452 million.

As at 31 December 2010, about 61% of the Group's cash and bank balances were denominated in Hong Kong dollars, 25% in United States dollars, 12% in Renminbi and 2% in other currencies.

CHARGES OF ASSETS

As at 31 December 2010, certain bank deposits of the Group's subsidiary, Smartone, in the aggregate amount of HK\$357 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 carrying value of HK\$17,933 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 2010, the Group had contingent liabilities in respect of guarantees for bank borrowings of joint venture companies and other guarantees in the aggregate amount of HK\$1,649 million (30 June 2010: HK\$3,041 million).

Other Information

DIRECTORS

The list of Directors is set out on page 60 of the report. The particulars of the Directors and their changes are set out as follows:

Kwong Siu-hing

Chairman & Non-Executive Director (Age: 82)

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.

Save as disclosed above, Madam Kwong does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company. She 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.

For the financial year ended 30 June 2010, Madam Kwong received a fee of HK\$120,000 for being the Chairman of the Company.

Dr. the Hon Lee Shau-kee

DBA(Hon), DSSc(Hon), LLD(Hon), GBM

Vice Chairman & Non-Executive Director (Age: 82)

Dr. Lee has been a Non-Executive Director of the Company for the last 39 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 55 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.

Save as disclosed above, Dr. Lee 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. He does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

For the financial year ended 30 June 2010, Dr. Lee received a fee of HK\$110,000 for being a Vice Chairman of the Company.

Other Information

Kwok Ping-kwong, Thomas

Hon DBA, Hon DEng, MSc (Bus Adm), BSc (Eng), FCPA(Aust.), SBS, JP
Vice Chairman & Managing Director (Age: 59)

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 33 years. He is also chairman of Route 3 (CPS) Company Limited and joint chairman of IFC Development Limited. He is a non-executive director of SUNeVision Holdings Ltd. ("SUNeVision") 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 also holds an Honorary Doctorate in Engineering from The Hong Kong Polytechnic University and an Honorary Doctorate in Business Administration from The Open University of Hong Kong (the "Open University"). He is a fellow of The Hong Kong Management Association and also a fellow of The Australia Certified Public Accountants.

He is chairman of the board of directors of the Faculty of Business and Economics, The University of Hong Kong (the "University of Hong Kong"). He is also an 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 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 Exchange Fund Advisory Committee, the Construction Industry Council, as well as the Council for Sustainable Development and Business Facilitation Advisory Committee. He also previously served as a board member of the Community Chest of Hong Kong and as a council member of the Hong Kong Construction Association.

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.

Save as disclosed above, Mr. Kwok 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 does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

For the financial year ended 30 June 2010, Mr. Kwok received a fee of HK\$110,000 for being a Vice Chairman of the Company and other emoluments of approximately HK\$2.04 million.

Other Information

Kwok Ping-luen, Raymond

Hon LLD, Hon DBA, MBA, MA (Cantab), JP
Vice Chairman & Managing Director (Age: 57)

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 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 and an Honorary Doctorate degree in Laws from The Chinese University of Hong Kong (the "Chinese University"). He is chairman of SUNeVision and SmarTone Telecommunications Holdings Limited ("SmarTone"), a non-executive director of Transport International Holdings Limited ("Transport International") and Wing Tai Properties Limited ("Wing Tai"), 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. 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.

Save as disclosed above, Mr. Kwok 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 does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

For the financial year ended 30 June 2010, Mr. Kwok received a fee of HK\$110,000 for being a Vice Chairman of the Company and other emoluments of approximately HK\$2.20 million.

Yip Dicky Peter

MBA, BBS, MBE, JP
Independent Non-Executive Director (Age: 64)

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 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.

Other Information

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.

Save as disclosed above, Mr. Yip 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. He does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

For the financial year ended 30 June 2010, 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.

Professor Wong Yue-chim, Richard

SBS, JP

Independent Non-Executive Director (Age: 58)

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 is Professor of Economics at 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.

Save as disclosed above, Professor Wong 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. He does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

For the financial year ended 30 June 2010, Professor Wong received fees of HK\$100,000 for being a Director of the Company, and HK\$60,000 for being the Chairman of each of the Nomination Committee and the Remuneration Committee of the Company.

Other Information

Dr. Li Ka-cheung, Eric

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

Independent Non-Executive Director (Age: 57)

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 in February 2010. He is also an independent non-executive director and the chairman of the audit committee and the remuneration committee of SmarTone.

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, Wong's International (Holdings) Limited, Hang Seng Bank Limited, China Resources Enterprise, Limited, RoadShow Holdings Limited ("RoadShow Holdings") and Bank of Communications Co., Ltd. He was an independent non-executive director of AVIC International Holding (HK) Limited and Meadville 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.

Save as disclosed above, Dr. Li 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. He does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

For the financial year ended 30 June 2010, Dr. Li 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. In addition, he received fees of HK\$117,808 for being a member of the Audit Committee of the Company for the period from 1 July 2009 to 31 January 2010 and HK\$98,630 for being the Chairman of the Audit Committee of the Company for the period from 1 February 2010 to 30 June 2010, and other emoluments of approximately HK\$200,000.

Dr. Fung Kwok-lun, William

SBS, OBE, JP

Independent Non-Executive Director (Age: 62)

Dr. Fung has been an Independent Non-Executive Director of the Company since 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 (privatized on 29 October 2010) and Trinity Limited. Dr. Fung is also an independent non-executive director of VTech Holdings Limited, Shui On Land Limited and The Hongkong and Shanghai Hotels Limited (appointed on 3 January 2011); and an independent director of Singapore Airlines Limited.

Other Information

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 Government of the HKSAR in 2008.

Dr. Fung does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

For the financial year ended 30 June 2010, Dr. Fung received a fee of HK\$41,096 for being a Director of the Company for the period from 1 February 2010 to 30 June 2010.

Kwok Ping-sheung, Walter

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

Non-Executive Director (Age: 60)

Mr. Kwok has been with the Group for 37 years. Mr. Kwok was Chairman and Chief Executive of the Group from 1990 to 2008. 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 honorary fellow of the School of Accountancy of The Central University of Finance and Economics, honorary trustee of Tongji University and Nanjing University. He is an executive director of SUNeVision, a non-executive director of Transport International 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 and an honorary member of The Court of The Hong Kong University of Science and Technology.

Mr. Kwok is an Honorary Citizen of Beijing and Guangzhou and a Standing Committee member of the National Committee of the Chinese People's Political Consultative Conference. Mr. Kwok is the committee member of the French Asian Art Society, the Chevalier of the Légion d'Honneur Club Hong Kong Chapter, Honorary President of The Association for the Promotion of Global Chinese Traders Fraternity Ltd. and Honorary Chairman of The Association of Global Chinese Art Collectors Fraternity. 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.

Save as disclosed above, Mr. Kwok 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 does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

For the financial year ended 30 June 2010, 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: 81)

Sir Po-shing Woo has been a Non-Executive Director of the Company since August 1972. He is a director of Henderson Development Limited, a non-executive director of Henderson Land Development Company Limited and a consultant of Jackson Woo & Associates in association with Ashurst Hong Kong. He was a non-executive director of Henderson Investment Limited. 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.

Save as disclosed above, Sir Po-shing Woo 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 does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

For the financial year ended 30 June 2010, 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: 76)

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 48 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.

Mr. Kwan 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. He does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

For the financial year ended 30 June 2010, 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.

Other Information

Lo Chiu-chun, Clement

Non-Executive Director (Age: 81)

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.

Mr. Lo 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. He does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

For the financial year ended 30 June 2010, 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.

Wong Yick-kam, Michael

MBA, BBA

Non-Executive Director (Age: 58)

Mr. Wong has been a Non-Executive Director and the Group Principal Advisor of the Company since January 2010. He was an Executive Director of the Company from January 1996 to December 2009 and had been with the Group for 28 years before he retired from his executive roles. He is also a member of the Audit Committee of the Company. He obtained his Bachelor of Business Administration and Master of Business Administration degrees from the Chinese University.

Mr. Wong was an executive director of SUNeVision, a non-executive director and a member of the audit committee of SmarTone and the deputy chairman and a non-executive director of RoadShow Holdings. He was also a non-executive director, an alternate director to Mr. Kwok Ping-luen, Raymond and a member of the audit committee of Wing Tai.

Mr. Wong is chairman of the Hong Kong Youth Hostels Association. He is a member of the Government of the HKSAR'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 a member of the Board of Governors of Hong Kong Sinfonietta Limited. He is also a member of the Board of Trustees of New Asia College, the Chinese University, and a member and treasurer of the Council of the Open University.

Save as disclosed above, Mr. Wong 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. He does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

For the financial year ended 30 June 2010, Mr. Wong received fees of HK\$100,000 for being a Director of the Company and HK\$82,192 for being a member of the Audit Committee of the Company for the period from 1 February 2010 to 30 June 2010, and other emoluments of approximately HK\$16.17 million.

Other Information

Chan Kai-ming

CEng, FStructE, MICE

Executive Director (Age: 78)

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.

Mr. Chan 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. He does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

For the financial year ended 30 June 2010, Mr. Chan received a fee of HK\$100,000 for being a Director of the Company and other emoluments of approximately HK\$3.27 million.

Chan Kui-yuen, Thomas

B Comm

Executive Director (Age: 64)

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. He joined the Group in 1973 and is now responsible for land acquisitions and project planning matters. Mr. Chan is a non-executive director of SUNeVision. He was awarded as honorary university fellowship of the Open University in 2007.

Mr. Chan is a committee member of Infrastructure Development Services Advisory Committee and China Trade Advisory Committee of Hong Kong Trade Development Council. He is also a committee member of China Sub-Committee of The Real Estate Developers Association of Hong Kong and Land Sub-Committee of Land and Development Advisory Committee. In addition, he is a director of The Hong Kong Vietnam Chamber of Commerce and a member of the MBA Advisory Board of the University of Hong Kong.

In the past, Mr. Chan was a council member of the Open University and a member of the Health Care Study Group of The Bauhinia Foundation Research Centre. He was also an ordinary member of the Estate Agents Authority.

Save as disclosed above, Mr. Chan 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. He does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

For the financial year ended 30 June 2010, Mr. Chan received a fee of HK\$100,000 for being a Director of the Company and other emoluments of approximately HK\$10.47 million.

Other Information

Kwong Chun

Executive Director (Age: 81)

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.

Save as disclosed above, Mr. Kwong does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company. He 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.

For the financial year ended 30 June 2010, Mr. Kwong received a fee of HK\$100,000 for being a Director of the Company and other emoluments of approximately HK\$4.30 million.

Wong Chik-wing, Mike

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

Executive Director (Age: 55)

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 appointed as 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.

Mr. Wong 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. He does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

For the financial year ended 30 June 2010, Mr. Wong received a fee of HK\$100,000 for being a Director of the Company and other emoluments of approximately HK\$15.13 million.

Other Information

Chan Kwok-wai, Patrick

MBA, FCPA, FCCA, ACIS, TEP

Executive Director & Chief Financial Officer (Age: 54)

Mr. Chan has been an Executive Director and the Chief Financial Officer of the Company since 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 ("ACCA"). 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, and 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 and chairman of the audit committee of the Hong Kong Examinations and Assessment Authority, a member of the Admissions, Budgets and Allocations Committee of The Community Chest of Hong Kong and the General Committee of The Chamber of Hong Kong Listed Companies, convenor of the Working Group of Finance Directors/Financial Controllers of the Real Estate Developers Association of Hong Kong and a member of the Professional Development Sub-committee of the ACCA Hong Kong. He is a director of Hang Seng School of Commerce and a member of the Board of Governors of Hang Seng Management College Limited, and chairman of the finance committee of both institutions. 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.

Save as disclosed above, Mr. Chan 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. He does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

For the financial year ended 30 June 2010, Mr. Chan received a fee of HK\$98,082 for being a Director of the Company for the period from 8 July 2009 to 30 June 2010 and was entitled to other 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: 48)

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. He was an alternate director to Sir Po-shing Woo who was a non-executive director of 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.

Save as disclosed above, Mr. Woo 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 does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

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.

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 also 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 commencement of the annual general meeting to be held two years thereafter, and they shall be eligible for re-election 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 2010, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) as adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

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

Name of Director	Number of shares held				Total	Number of underlying shares held under equity derivatives ¹	Total	% of shares in issue as at 31.12.2010
	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	21,151	—	—	1,081,739,328	1,081,760,479 ²	—	1,081,760,479	42.09
Lee Shau-kee	486,340	—	343,000 ³	—	829,340	—	829,340	0.03
Kwok Ping-kwong, Thomas	1,976,281	304,065	—	391,320,297 ²	393,600,643	100,000		
						(personal interests)		
						48,000	393,748,643	15.32
						(family interests)		
Kwok Ping-luen, Raymond	75,000	—	—	394,463,978 ²	394,538,978	100,000	394,638,978	15.36
Wong Yue-chim, Richard	—	1,000	—	—	1,000	—	1,000	0.00
Li Ka-cheung, Eric	—	4,028	—	—	4,028	—	4,028	0.00
Fung Kwok-lun, William	120,000	9,500	—	—	129,500	—	129,500	0.01
Kwok Ping-sheung, Walter ⁴	75,000	—	—	1,087,663,522	1,087,738,522	—	1,087,738,522	42.32
Woo Po-shing	1,302,239	—	—	—	1,302,239	—	1,302,239	0.05
Lo Chiu-chun, Clement	90,000	—	—	—	90,000	—	90,000	0.00
Wong Yick-kam, Michael	167,099	—	—	—	167,099	—	167,099	0.01
Chan Kai-ming	41,186	—	—	—	41,186	100,000	141,186	0.01
Chan Kui-yuen, Thomas	—	66,000	126,500 ⁵	—	192,500	100,000	292,500	0.01
Kwong Chun	702,722	339,358	—	—	1,042,080	100,000	1,142,080	0.04
Wong Chik-wing, Mike	195,999	—	—	—	195,999	100,000	295,999	0.01
Woo Ka-biu, Jackson	—	1,000	—	—	1,000	—	1,000	0.00
(Alternate Director to Woo Po-shing)								

Notes:

- The number of underlying shares held under equity derivatives included the share options (being regarded for the time being as unlisted physically settled equity derivatives) granted by the Company, details of which are set out in paragraph headed “Share Option Schemes” below.
- Of the 1,081,760,479 shares in the Company, Madam Kwong Siu-hing was deemed to be interested in 1,081,739,328 shares in the Company by virtue of her being a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO.

Other Information

Of the said 1,081,739,328 shares in the Company, each of Mr. Kwok Ping-kwong, Thomas and Mr. Kwok Ping-luen, Raymond was deemed to be interested in 371,286,430 shares in the Company respectively by virtue of each of them being a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO. Of the 371,286,430 shares in the Company in which each of Mr. Kwok Ping-kwong, Thomas and Mr. Kwok Ping-luen, Raymond was deemed to be interested, 16,059,981 shares in the Company represented the same interests and were duplicated between these two Directors.

In addition, the trustee of certain trusts, which indirectly are interested in a total of 1,081,739,328 shares in the Company, informed the Company on 30 September 2010 that consequent upon a re-organization of such trusts, the "interests" as deemed under the provisions of the SFO of the various Kwok family members who are Directors of the Company in the said 1,081,739,328 shares in the Company with effect from 29 September 2010 were as follows:-

1. Madam Kwong Siu Hing continues to be interested in all the said 1,081,739,328 shares in SHKP.
2. Each of Mr Kwok Ping Kwong Thomas and Mr Kwok Ping Luen Raymond is interested in 371,286,430 shares out of the said 1,081,739,328 shares in SHKP.
3. Mr Kwok Ping Sheung Walter is not interested in any of the said 1,081,739,328 shares in SHKP."
3. 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 taken to be 64.86% 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.
4. At one stage, Mr. Kwok Ping-sheung, Walter 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.

Subsequently in response to a statement of disclosure of interests sent by the Company to Mr. Kwok Ping-sheung, Walter for reconfirming his interests and short positions in shares and, in respect of equity derivatives, underlying shares and debentures of the Company and its associated corporations as at 31 December 2010, Mr. Kwok Ping-sheung, Walter informed the Company of his interests as follows:-

"

Company name	Number of shares held				Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 31.12.2010
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (interests of controlled corporation)	Other interests			
Sun Hung Kai Properties Limited	75,000	—	—	1,103,723,503	—	1,103,798,503	42.95
SUNeVision Holdings Ltd.	—	—	—	1,070,000	—	1,070,000	0.05
SmarTone Telecommunications Holdings Ltd.	—	—	—	—	—	—	—
Transport International Holdings Ltd.	61,522	—	—	—	—	61,522	0.02

Note:

- (i) Of these shares in the Company, Madam Kwong Siu-hing, Mr. Kwok Ping-kwong, Thomas, Mr. Kwok Ping-luen, Raymond and myself were deemed to be interested in 1,081,739,328 shares by virtue of being beneficiaries of certain discretionary trusts, which represented the same interests and were therefore duplicated amongst us for the purpose of Part XV of the SFO.
- (ii) My interest in the 1,081,739,328 shares in the Company and the 1,070,000 shares in SUNeVision hold under certain discretionary trusts are currently under dispute."
5. These shares were held by a company which was 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 31.12.2010
	Personal interests (held as beneficial owner)	Other interests	Total			
Kwong Siu-hing	106,356	2,140,000 ¹	2,246,356	—	2,246,356	0.10
Kwok Ping-kwong, Thomas	—	2,140,000 ¹	2,140,000	—	2,140,000	0.09
Kwok Ping-luen, Raymond	—	3,485,000 ¹	3,485,000	—	3,485,000	0.15
Wong Yick-kam, Michael	200,000	—	200,000	—	200,000	0.01
Kwong Chun	600,000	—	600,000	—	600,000	0.03
Wong Chik-wing, Mike	218,000	—	218,000	—	218,000	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 2,140,000 shares by virtue of being founder and/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. At one stage, Mr. Kwok Ping-sheung, Walter 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.
3. Please also refer to Note 4 under the above paragraph headed "Long positions in shares and underlying shares of the Company".

Other Information

(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 31.12.2010
	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	0.44

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.
3. Please also refer to Note 4 under the above paragraph headed “Long positions in shares and underlying shares of the Company”.

(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 31.12.2010
	Personal interests (held as beneficial owner)	Total			
Kwok Ping-luen, Raymond	393,350	393,350	—	393,350	0.10
Kwok Ping-sheung, Walter ¹	61,522	61,522	—	61,522	0.02

Note:

1. Please also refer to Note 4 under the above paragraph headed “Long positions in shares and underlying shares of the Company”.

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 31.12.2010	Actual holding through corporation	Actual % interests in issued shares as at 31.12.2010
Splendid Kai Limited	2,500	25	1,500 ¹	15.00
Hung Carom Company Limited	25	25	15 ¹	15.00
Tinyau Company Limited	1	50	1 ¹	50.00
Open Step Limited	8	80	4 ¹	40.00

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 and/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 31.12.2010
Anbok Limited	2 ²	50.00
Billion Ventures Limited	1 ³	50.00
Central Waterfront Construction Company Limited	1 ⁴	50.00
Central Waterfront Property Holdings Limited	100 ⁵	100.00
Central Waterfront Property Investment Holdings Limited	50 ⁶	50.00
CWP Limited	1 ⁷	50.00
Daily Win Development Limited	100 ⁸	25.00
E Man - Sanfield JV Construction Company Limited	1 ⁴	50.00
Everise (H.K.) Limited	1 ⁹	50.00
Fullwise Finance Limited	2 ²	50.00
Gold Sky Limited	1 ¹⁰	50.00
Jade Land Resources Limited	1 ¹¹	25.00
Joy Wave Development Limited	1 ⁴	50.00
Karnold Way Limited	2,459 ¹²	24.59
Maxfine Development Limited	3,050 ¹³	33.33
Royal Peninsula Management Service Company Limited	1 ¹⁴	50.00
Special Concept Development Limited	1 ¹¹	25.00
Star Play Development Limited	1 ¹⁵	33.33
Tartar Investments Limited	300 ¹⁶	30.00
Teamfield Property Limited	4,918 ¹⁷	49.18
Topcycle Construction Company Limited	1 ⁴	50.00
Topcycle Development Limited	1 ¹⁸	50.00
Topcycle Project Management Limited	1 ¹⁸	50.00
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 taken to be 64.86% 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.*

Other Information

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.*
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 1.*
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 1.*
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 1.*

Save as disclosed above, as at 31 December 2010, 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 2010.

Other Information

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”). In order to comply with the new requirements under the then revised Chapter 17 of the Listing Rules, 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.

On 12 July 2010, the Company granted 4,840,000 share options to subscribe for up to a total of 4,840,000 ordinary shares of nominal value of HK\$0.50 each in the capital of the Company under the New Scheme. Particulars of such share options and their movements during the six months period ended 31 December 2010 were as follows:

Grantee	Date of grant	Exercise price (HK\$)	Exercise period	Number of share options				
				Balance as at 01.07.2010	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	Balance as at 31.12.2010
(I) Directors								
Kwok Ping-kwong, Thomas	12.07.2010	111.40	12.07.2011 to 11.07.2015	N/A	100,000	—	—	100,000
Kwok Ping-luen, Raymond	12.07.2010	111.40	12.07.2011 to 11.07.2015	N/A	100,000	—	—	100,000
Chan Kai-ming	12.07.2010	111.40	12.07.2011 to 11.07.2015	N/A	100,000	—	—	100,000
Chan Kui-yuen, Thomas	12.07.2010	111.40	12.07.2011 to 11.07.2015	N/A	100,000	—	—	100,000
Kwong Chun	12.07.2010	111.40	12.07.2011 to 11.07.2015	N/A	100,000	—	—	100,000
Wong Chik-wing, Mike	12.07.2010	111.40	12.07.2011 to 11.07.2015	N/A	100,000	—	—	100,000
(II) Associate of a Director	12.07.2010	111.40	12.07.2011 to 11.07.2015	N/A	48,000	—	—	48,000
(III) Other employees	12.07.2010	111.40	12.07.2011 to 11.07.2015	N/A	4,192,000	—	—	4,192,000

Notes:

- The share options can be exercised up to 30% of the grant during the period from 12 July 2011 to 11 July 2012, up to 60% of the grant during the period from 12 July 2012 to 11 July 2013 and in whole or in part of the grant during the period from 12 July 2013 to 11 July 2015.
- The closing price of the shares of the Company immediately before the date on which the share options were granted was HK\$109.70.
- The accounting policy adopted for the share options is set out in note 16 to the interim financial statements.

Save as disclosed above, the Company had not granted during the six months period ended 31 December 2010 any share options to any other persons as required to be disclosed under Rule 17.07 of the Listing Rules.

Other Information

The fair values of the share options granted by the Company were determined by using the Black-Scholes model (the "Model") which is one of the models to estimate the fair value of an option. The total value of the share options granted on 12 July 2010 under the New Scheme amounting to approximately HK\$134,745,600 was estimated based on the following variables and assumptions:-

Risk free interest rate	1.531% ¹
Expected volatility	32.077% ²
Expected dividend	2.289% ³
Expected life of the options	5 years ⁴

Notes:

1. *This represented the approximate yield of 5-year Exchange Fund Note traded on 12 July 2010.*
2. *This represented the annualized volatility of the closing price of the shares of the Company in the year preceding the date of grant.*
3. *This represented the yield of the expected dividend, being the historical dividend of the shares of the Company in the year preceding the date of grant.*
4. *This was based on the assumption that there was no material difference between the expected volatility over the whole life of the options and the historical volatility of the shares of the Company in the year preceding the date of grant.*

The value of an option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

2. Share option schemes of the subsidiaries

(a) SUNeVision

SUNeVision once adopted a share option scheme (the "SUNeVision Old Scheme"). 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.

During the six months ended 31 December 2010, no share options were granted under the SUNeVision New Scheme.

Other Information

(b) 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 under the SmarTone Scheme during the six months period ended 31 December 2010 were as follows:

Grantee	Date of grant	Exercise price (HK\$)	Exercise period	Number of share options				Balance as at 31.12.2010
				Balance as at 01.07.2010	Granted during the period	Exercised during the period	Cancelled/Lapsed during the period	
(I) 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
(II) Employees of SmarTone	05.02.2004	9.00	05.02.2005 to 04.02.2014	4,308,000 ³	—	(1,289,500) ⁴	—	3,018,500
	01.03.2005	9.05	01.03.2006 to 28.02.2015	193,000 ⁵	—	—	—	193,000

Notes:

1. 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.
2. 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.
3. 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.
4. The weighted average closing price of the shares of SmarTone immediately before the dates on which the options were exercised was HK\$11.02.
5. 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.

Save as disclosed above, no share options had been granted under the SmarTone Scheme as required to be disclosed under Rule 17.07 of the Listing Rules.

Other Information

INTERESTS OF SUBSTANTIAL SHAREHOLDER AND OTHER PERSONS

As at 31 December 2010, substantial shareholder and other 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:

	As trustee	As beneficial owner	Corporate interests	Total number of shares	% of shares in issue as at 31.12.2010
(I) Substantial shareholder					
HSBC Trustee (C.I.) Limited ("HSBC Trustee")	1,081,745,371	—	—	1,081,745,371 ¹	42.09
(II) Other persons					
Adolfa Limited ("Adolfa")	—	195,374,547	16,059,981	211,434,528 ²	8.23
Bertana Limited ("Bertana")	—	195,374,547	16,059,981	211,434,528 ²	8.23
Cyric Limited ("Cyric")	—	195,374,547	16,059,981	211,434,528 ²	8.23
Asporto Limited ("Asporto")	—	159,851,902	—	159,851,902 ²	6.22
Rosy Result Limited ("Rosy Result")	—	159,851,902	—	159,851,902 ²	6.22
Thriving Talent Limited ("Thriving Talent")	—	159,851,902	—	159,851,902 ²	6.22

Notes:

1. HSBC Trustee, as trustee of certain trusts which indirectly are interested in a total of 1,081,739,328 shares in the Company, informed the Company on 30 September 2010 that consequent upon a re-organization of such trusts, the "interests" as deemed under the provisions of the SFO of the various Kwok family members who are Directors of the Company in the said 1,081,739,328 shares in the Company with effect from 29 September 2010 were as follows:-

- "1. Madam Kwong Siu Hing continues to be interested in all the said 1,081,739,328 shares in SHKP.
2. Each of Mr Kwok Ping Kwong Thomas and Mr Kwok Ping Luen Raymond is interested in 371,286,430 shares out of the said 1,081,739,328 shares in SHKP.
3. Mr Kwok Ping Sheung Walter is not interested in any of the said 1,081,739,328 shares in SHKP."

2. Of the shares held respectively by Adolfa, Bertana and Cyric, 16,059,981 shares were held through a corporation of which each of Adolfa, Bertana and Cyric was interested in one-third of its entire issued share capital. These 16,059,981 shares represented the same interests and were therefore duplicated amongst these companies. Further, the shares held respectively by Adolfa, Bertana, Cyric, Asporto, Rosy Result and Thriving Talent formed part of the shares in which HSBC Trustee was deemed to be interested.

Save as disclosed above, as at 31 December 2010, the Company had 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 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.

Other Information

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 2010.

INTERIM DIVIDEND

The Board of Directors has declared an interim dividend of HK\$0.95 per share (2009: HK\$0.85 per share) for the six months ended 31 December 2010 payable in cash on Wednesday, 23 March 2011 to shareholders whose names appear on the Register of Members of the Company on Tuesday, 22 March 2011.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 15 March 2011 to Tuesday, 22 March 2011 (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 Monday, 14 March 2011.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The interim results for the six months ended 31 December 2010 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 72 of the report. The interim results have also been reviewed by the Audit Committee of the Company.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 31 December 2010, 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, except that the Chairman of the Company did not attend the 2010 annual general meeting of the Company due to other commitment.

By Order of the Board

Yung Sheung-tat, Sandy

Company Secretary

Hong Kong, 28 February 2011



西九龍瓏璽
Imperial Cullinan, West Kowloon



將軍澳港鐵站上蓋綜合發展項目
Integrated complex atop Tseung Kwan O Station



元朗尚豪庭
One Regent Place, Yuen Long

集團持續追求卓越，住宅發展項目的質素、實用間隔和設計及精良用料，均深受市場讚譽。集團將於未來九個月推售的香港大型住宅項目包括西九龍的瓏璽、元朗尚豪庭，以及將軍澳港鐵站上蓋綜合發展項目的住宅部分。

集團亦是本港擁有最多優質收租物業的主要地產商之一，收租物業的整體出租率為百分之九十五。九龍站環球貿易廣場的寫字樓已接近全部租出，至於香港站國際金融中心的寫字樓樓面亦接近全部租出。此外，集團旗下商場組合規模龐大，為本港最大型購物網絡之一，租務表現持續理想。

在內地方面，集團會繼續尋找擴展業務的新機會，並會維持選擇性及專注的投資策略。位於陸家嘴的上海國金中心，第一座寫字樓的可租面積已接近全部租出，第二座預租進展亦令人鼓舞。位於浦西中心區的上海環貿廣場第一座寫字樓，預期於今年年中落成。上述兩個主要綜合項目為集團在內地的優質投資物業組合奠下良好基礎。





上海國金中心
Shanghai IFC



上海環貿廣場
Shanghai ICC



北京APM
Beijing APM



廣州玫瑰湖
Lake Dragon, Guangzhou

The Group's continued pursuit of excellence and the incorporation of efficient, practical designs and fine finishings in premium-quality residential developments have won high market recognition. Major residential projects in Hong Kong to go on sale in the next nine months include Imperial Cullinan in West Kowloon, One Regent Place in Yuen Long and residential towers at an integrated complex atop Tseung Kwan O Station.

The Group is also a major premium landlord in Hong Kong and its overall investment portfolio is 95 per cent let. The office space at International Commerce Centre at Kowloon Station is near fully leased, as is the space at International Finance Centre at Hong Kong Station. The Group's shopping mall portfolio is one of the largest in the city, and space has been leasing well.

The Group will continue seeking new business expansion opportunities while adhering to its focused and selective investment approach on the mainland. The leasable office space in Tower One of Shanghai IFC in Lujiazui is almost fully taken, and preliminary leasing of Tower Two is encouraging. The first office tower of Shanghai ICC at the heart of Puxi is scheduled for completion in the middle of this year. These two major integrated projects are the foundations of the Group's quality investment portfolio on the mainland.





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