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Board of Directors and Committees

BOARD OF DIRECTORS

Executive Directors

Kwok Ping-kwong, Thomas (*Chairman & Managing Director*)
Kwok Ping-luen, Raymond (*Chairman & Managing Director*)
Wong Chik-wing, Mike (*Deputy Managing Director*)
Lui Ting, Victor (*Deputy Managing Director*)
Chan Kui-yuen, Thomas
Kwong Chun
Chan Kwok-wai, Patrick (*Chief Financial Officer*)
Kwok Kai-fai, Adam (*Alternate Director to Kwok Ping-kwong, Thomas*)
Kwok Ho-lai, Edward (*Alternate Director to Kwok Ping-luen, Raymond*)

Non-Executive Directors

Lee Shau-kee (*Vice Chairman*)
Kwok Ping-sheung, Walter
Woo Po-shing
Kwan Cheuk-yin, William
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
Leung Nai-pang, Norman
Leung Kui-king, Donald

COMMITTEES

Executive Committee

Kwok Ping-kwong, Thomas
Kwok Ping-luen, Raymond
Wong Chik-wing, Mike
Lui Ting, Victor
Chan Kui-yuen, Thomas
Kwong Chun
Chan Kwok-wai, Patrick
So Chung-keung, Alfred
Tung Chi-ho, Eric
Chow Kwok-yin, Eric
Wong Chin-wah, Jimmy
Yung Sheung-tat, Sandy

Audit Committee

Li Ka-cheung, Eric*
Yip Dicky Peter
Wong Yick-kam, Michael
Leung Kui-king, Donald

Remuneration Committee

Wong Yue-chim, Richard*
Li Ka-cheung, Eric
Kwan Cheuk-yin, William
Leung Nai-pang, Norman

Nomination Committee

Wong Yue-chim, Richard*
Kwan Cheuk-yin, William
Yip Dicky Peter
Leung Nai-pang, Norman

* *Committee Chairman*

Note: Mrs. Leung Ko May-ye, Margaret was appointed as an Independent Non-Executive Director of the Company with effect from 1 March 2013.

Financial Highlights and Corporate Information

FINANCIAL HIGHLIGHTS

For the six months ended 31 December	2012	2011	Change (%)
Financial Highlights (HK\$ million)			
Revenue	31,777	36,420	-12.7
Profit attributable to the Company's shareholders			
— Reported	22,515	21,131	+6.5
— Underlying ¹	11,546	11,773	-1.9
Gross rental income ²	7,801	6,946	+12.3
Net rental income ²	5,835	5,275	+10.6
Financial Information per Share (HK\$)			
Earnings per share for profit attributable to the Company's shareholders			
— Reported	8.60	8.22	+4.6
— Underlying ¹	4.41	4.58	-3.7
Interim dividends	0.95	0.95	—

Notes:

- Underlying profit attributable to the Company's shareholders excluded the net effect of changes in the valuation of investment properties
- Including contributions from jointly controlled entities and associates

CORPORATE INFORMATION

Company Secretary

Yung Sheung-tat, Sandy

Auditor

Deloitte Touche Tohmatsu

Registered Office

45th Floor, Sun Hung Kai Centre
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Hong Kong
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Share Registrar

Computershare Hong Kong Investor
Services Limited
Shop 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
Mizuho Corporate Bank, Ltd.
Bank of Communications Co., Ltd.
Industrial and Commercial Bank of
China Limited
United Overseas Bank Limited
Hang Seng Bank Limited
BNP Paribas

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 printed copies of this interim report, wish to receive the same in the other language; or (ii) shareholders, who have received or chosen to receive or are deemed to have consented to receive this interim report by electronic means, wish to receive printed copies; or (iii) shareholders for any reason have difficulty in receiving or gaining access to this interim report on the Company's website, they may obtain printed copies free of charge by sending a request to the Company c/o Share Registrar, 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 may at any time notify the Company by giving reasonable notice (of not less than 7 days) to the Company c/o Share Registrar by post or by email or by completing and returning the accompanying Change Request Form.

Chairman's Statement

We are pleased to present our report to the shareholders.

RESULTS

The Group's underlying profit attributable to the Company's shareholders for the six months ended 31 December 2012, excluding the effect of fair-value changes on investment properties, amounted to HK\$11,546 million, compared to HK\$11,773 million for the same period last year. Underlying earnings per share were HK\$4.41, compared to HK\$4.58 for the same period last year.

Reported profit and reported earnings per share attributable to the Company's shareholders were HK\$22,515 million and HK\$8.60 respectively, compared to HK\$21,131 million and HK\$8.22 for the corresponding period last year. The reported profit for the period included an increase in fair value of investment properties net of deferred taxation and non-controlling interests of HK\$11,969 million compared to HK\$9,463 million for the same period last year.

DIVIDEND

The directors have recommended an interim dividend payment of HK\$0.95 per share for the six months ended 31 December 2012, the same as for the corresponding period last year.

BUSINESS REVIEW

Property Sales and Rental Income

Property Sales

Revenue from property sales for the period under review as recorded in the accounts, including revenue from joint-venture projects, was HK\$17,098 million. Profit from property sales was HK\$6,408 million, as compared to HK\$7,886 million for the same period last year. The Group achieved contracted property sales of HK\$15,209 million in attributable terms, versus HK\$24,897 million for the same period last year. The Group's sales performance since the beginning of 2013 has been encouraging with contracted sales of over HK\$10,000 million.

Rental Income

The Group's rental income kept growing continuously. Gross rental income, including contributions from joint-venture projects, rose 12% year-on-year to HK\$7,801 million and net rental income increased 11% to HK\$5,835 million during the period. The healthy growth was driven by continuing positive rental reversions, both in Hong Kong and on the mainland, and increased contributions from new mainland properties.

Property Business — Hong Kong

Land Bank

The Group was active in land acquisitions and added four new sites to its Hong Kong development land bank during the period under review, including one prime site in North Point on Hong Kong Island. This upcoming project is sure to become a new icon in the district, given its rare wide seafront and the Group's quality brand. The four new sites together have an attributable gross floor area of over 1.4 million square feet and the majority of the units to be built will be small- to medium-sized units of superior quality. Details are shown in the table below.

Location	Usage	Group's Interest (%)	Attributable Gross Floor Area (square feet)
Inland Lot 9027, Java Road, North Point	Residential/Shopping centre	100	701,000
Area 66D2, Tseung Kwan O	Residential/Shopping centre	100	563,000
97 Belcher's Street, Island West	Residential/Shops	92	85,000
38-52 Western Street, Island West	Residential/Shops	92	76,000
Total			1,425,000

Chairman's Statement

The Group's total land bank in Hong Kong amounted to 46.5 million square feet in December 2012, comprising 28.8 million square feet of completed investment properties and 17.7 million square feet of properties under development. The Group also holds over 27 million square feet of farmland in terms of site area, spread across various locations in the New Territories. Most of this is along existing or proposed rail lines and is in the process of land use conversion.

Property Development

The underlying demand for Hong Kong residential properties, in particular small- and medium-sized units, has been resilient, while the two rounds of government measures introduced in the past four months restrain demand from non-locals, corporate buyers and investors. Continuous wage growth, reasonable affordability and higher rental yield relative to mortgage interest rate remained positive for the market. The supply of new units for pre-sale was also limited.

The Group's contracted sales in Hong Kong amounted to about HK\$11,000 million during the period under review. The major launch was the first phase of Century Gateway. It will set new standards for quality living in Tuen Mun with its exceptional design and top materials, and over 90% of the units were sold within a month. The Wings II was launched for pre-sale in mid January this year. The project promises outstanding quality and is located in the well-planned Tseung Kwan O town centre with comprehensive facilities. It has been popular among buyers with over 95% of the units already sold, generating over HK\$7,000 million in proceeds. The recently launched Residence 88 was also well received by the market and brought the total proceeds from Hong Kong property sales since the beginning of 2013 to nearly HK\$9,000 million. The enthusiastic response and prices achieved for these projects reflected customers' ongoing confidence in the Group's reputation for premium products and services.

The Group is building a superior residential community in the town centre south of MTR Tseung Kwan O Station. It now has over 2.3 million square feet of premium residential and retail properties under development in the area, in addition to the recently-completed integrated complex development The Wings, internationally-renowned hotels and suites and a stylish mall. These projects include The Wings II recently offered for sale and the waterfront site at Area 66D2 just acquired in November 2012. The Group always makes efforts to enhance the attractiveness and value of its developments. These projects in Tseung Kwan O are designed to maximize synergy and capitalize on the overall urban framework of the area, offering high-quality living with ample greenbelts, convenient transportation and various leisure activities.

The Group's premium projects have helped bring transformation and growth to different areas. In addition to Tseung Kwan O, the Group is also developing several projects in the rapidly-changing Island West, including Imperial Kennedy and the two other redevelopment sites recently acquired. It will take only about ten minutes to Central with the MTR West Island Line opening in 2014.

Four projects were completed in Hong Kong during the period under review with 1.8 million square feet of attributable gross floor area. Around 300,000 square feet of retail space, including V City mall above MTR Tuen Mun Station, was retained for rent. These are described in the table below. The Group plans to complete one project in the second half of this financial year, which is a 120,000-square-foot office building in Kwun Tong.

Project	Location	Usage	Group's Interest (%)	Attributable Gross Floor Area (square feet)
Century Gateway Phase 1/V City	83 Tuen Mun Heung Sze Wui Road, Tuen Mun	Residential/Shopping centre	Joint venture	997,000
Kowloon Commerce Centre Tower B	51 Kwai Cheong Road	Office/Shops	100	509,000
Elite Centre	22 Hung To Road	Office	100	207,000
Chatham Gate	388 Chatham Road North	Residential/Shopping centre	29	106,000
Total				1,819,000

Chairman's Statement

Property Investment

The Group's Hong Kong rental portfolio generates significant recurrent income. It has been built over decades and includes well-diversified, quality premises across Hong Kong. The Group's high emphasis on building quality, premium service and continuous upgrading helps establish and maintain long-lasting relationships with tenants, and this extended commitment makes the Group their preferred choice for business expansion or relocation.

For the period under review, the Group's gross rental income from Hong Kong, including contributions from joint-venture projects, rose by 10% to HK\$6,482 million, driven mainly by positive rental reversions and higher rents for new leases. Occupancy of the Group's rental portfolio stayed high at around 95%.

The Group continues to develop new premium investment properties across Hong Kong, enhancing the scale and diversity of its rental portfolio, while the Group also reviews options for non-core property disposal in an attempt to optimizing its portfolio.

Retail Portfolio

Conditions in the retail leasing market remained positive amid continuing growth in retail sales. For the period under review, the Group's retail portfolio of over ten million square feet in Hong Kong sustained decent rental growth. The portfolio offers exposure to shopping locations spanning different regions including traditional tourist areas. Sales growth for tenants in major malls was above the Hong Kong average and occupancy of major malls remained high at around 96%.

The Group's major malls include IFC Mall in Central, WTC More in Causeway Bay, The Sun Arcade in Tsim Sha Tsui, Grand Century Place in Mong Kok, APM in Kowloon East, East Point City in Tseung Kwan O, New Town Plaza in Sha Tin, Tai Po Mega Mall, Landmark North in Sheung Shui and Metroplaza in Kwai Chung. Together with other malls, the significant size and composition of the Group's shopping mall network have helped the Group establish a leading position in the retail leasing market and meet ever-changing customer needs.

IFC mall in Central is a luxury shopping centre in the heart of Hong Kong's core business district with a vast array of international retailers under one roof, offering a comprehensive shopping experience. A constantly-refined trade mix and innovative marketing have made the mall appealing to locals and tourists. Another mall on Hong Kong Island in a key shopping area is WTC More in Causeway Bay. It is positioned as a trendy destination with an extensive selection of international retailers and sea view restaurants.

Commerce and tourism in Kwun Tong are expected to take off amid the government-led Energizing Kowloon East Initiative, providing an excellent opportunity for businesses to expand. APM is the leading regional mall in this dynamic district and will capitalize on the continual rise in demand for quality retail space.

A growing population is set to make Tseung Kwan O a vibrant community, and the Group's extensive presence in the area offers excellent synergy among its malls, which include Park Central, PopCorn and over 200,000 square feet of upcoming retail space beside MTR Tseung Kwan O Station, as well as East Point City next to MTR Hang Hau Station. The expanding retail cluster will continue to prosper as a result of rising local spending.

Regional malls in the New Territories that serve the demand of local residents have consistently delivered outstanding performance. New Town Plaza on the MTR East Rail Line in Sha Tin had its facilities upgraded and trade mix refined during the period, which resulted in a decent increase in traffic. The lifestyle shopping concept of Tai Po Mega Mall will be reinforced by the addition of a well-equipped fitness centre. Near the border, Landmark North in Sheung Shui, which is also along the MTR East Rail Line, is active in fine-tuning its trade mix to have greater appeal to shoppers in the neighbourhood.

Continuous upgrades are vital to maintaining the superior quality and competitiveness of shopping malls. The reconfiguration and renovation at Grand Century Place in Mong Kok involved redesigning the mall to optimize shoppers' convenience and meet their aspirations. The transformed arcade is expected to receive widespread recognition from local consumers with increasing spending power.

Chairman's Statement

The Group will continue expanding its retail network in the years ahead. The retail space in V City in Tuen Mun, almost fully pre-leased, is expected to begin operation in mid 2013. Most of the tenants will be new to the area, and the Group is confident of attracting young locals and tourists to this fresh shopping destination.

The Group has been sowing seeds for long-term development in Yuen Long and West Kowloon. A new 470,000-square-foot shopping mall in Yuen Long will integrate with two existing malls upon completion, creating a fusion of a million square feet to be named YOHO Mall. It will offer tremendous potential and is drawing keen interest from international retailers. The MTR Nam Cheong Station residential and commercial complex with close to 300,000 square feet of retail space at the junction of MTR West Rail Line and MTR Tung Chung Line will be conveniently accessible from various heavily-populated districts. These new malls will boost the Group's presence in West Kowloon and the New Territories West, further enhancing the diversity and scale of the Group's retail network in Hong Kong.

Office Portfolio

The office leasing market remained healthy while new supply was limited. The Group holds a diverse office portfolio of over ten million square feet in Hong Kong. The majority of the office buildings are well connected with rail lines and located in non-Central areas where demand remained robust. Overall occupancy remained high and rental income increased during the period under review.

International Commerce Centre (ICC) above MTR Kowloon Station is one of the Group's flagship integrated projects and has created a new commercial cluster in West Kowloon and reinforced the Group's foundations as a leading office market player in Hong Kong. ICC tower is the tallest building in Hong Kong and home to The Ritz-Carlton, Hong Kong and Sky100 Hong Kong Observation Deck. It contains close to 2.5 million square feet of premium office space and houses renowned multinational and mainland financial institutions with near full occupancy.

The Kowloon East region is a prime example of the way the Group has helped revitalize an area into a popular commercial hub over the past decade. The large, multi-phase Millennium City in Kwun Tong has attracted various international and local firms, and the office space is nearly fully let. Kowloon East is rapidly evolving into a new core business district and the Group is well positioned to ride on this development.

The Group's major office properties in other non-Central areas include Sun Hung Kai Centre and Central Plaza in Wan Chai, Grand Century Place in Mong Kok and Landmark North in Sheung Shui. They all performed well with high occupancies and increased rents throughout the period.

The office leasing market in Central remained relatively steady, despite global economic uncertainties. The two first-class office towers at International Finance Centre (IFC) maintain their leading position in Central thanks to a prime location above Hong Kong Station on the Airport Express Line and comprehensive supplementary facilities including IFC Mall, Four Seasons Hotel Hong Kong and Four Seasons Place.

Property Business — Mainland

Land Bank

The Group's mainland land bank amounted to an attributable 82.3 million square feet in December 2012. This included 72.8 million square feet of properties under development, over 75% of which will be developed into premium residences or serviced apartments. Most of the 9.5 million square feet of completed investment properties on the mainland are top-grade offices and shopping malls in centres of prime cities.

Property Development

Government measures are conducive to the healthy development of the mainland property sector over the longer term. The residential markets in prime cities on the mainland continued to recover over the past few months on the back of rising market confidence and unleashing of pent-up demand.

Chairman's Statement

The Group achieved contracted sales of over HK\$4,000 million in attributable terms on the mainland during the period under review. The launch of the 70%-owned Forest Hills at a luxury area in Tianhe District in Guangzhou in December 2012 saw a highly-encouraging response. Almost 90% of the units in the first batch were sold within few weeks. The project has a superior location close to an interchange of two metro lines and the Guangzhou East railway station that provides through-train service between Guangzhou and Hong Kong. The sales of the wholly-owned Shanghai Arch have been progressing well, while a number of joint-venture projects were also well received, including The Riviera in Zhujiang Xincheng business district in Guangzhou and Taihu International Community in Wuxi. Sales of serviced apartments in Upper MIXC in Hangzhou began in January 2013 and response was also very positive, with 90% of the launched units sold. Since the beginning of 2013, contracted sales from mainland projects have exceeded HK\$1,400 million.

The Group completed an attributable 1.6 million square feet of properties in Guangzhou and Wuxi during the period under review. Details are shown in the table below. Planned completions in the second half of the financial year will include 1.3 million square feet of properties, of which about 200,000 square feet at Shanghai ICC Residence is intended for rent.

Project	Location	Usage	Group's Interest (%)	Attributable Gross Floor Area (square feet)
Taihu International Community Phase 5A	Taihu New City, Wuxi	Residential	40	982,000
The Riviera Phase 1A	Zhujiang Xincheng, Guangzhou	Serviced Apartments	33	412,000
Lake Dragon Phase 2A	Dragon Lake Community, Guangzhou	Residential	60	211,000
Total				1,605,000

Projects under development on the mainland are proceeding as planned. The superstructure of the first phase of Shanghai Arch with over 500,000 square feet of gross floor area in Lujiazui has been completed and internal decoration is proceeding smoothly. Construction of the joint-venture Foothill Residence in a popular luxury residential district in Zhijiang in Hangzhou is progressing as planned.

Property Investment

Rental income from mainland investment properties has grown significantly in the past few years and has become a notable contributor to the Group's rental business. For the period under review, leasing demand for the Group's investment properties remained strong, despite the slowdown in the mainland economy. The Group's gross rental income from the mainland, including contributions from joint-venture projects, rose by 33% to HK\$987 million, mainly driven by positive rental reversions, higher rents for new leases and increased contributions from new investment properties.

Extending the success of IFC and ICC, the Victoria Harbour Gateway in Hong Kong, the Group's Shanghai IFC in Pudong and Shanghai ICC in Puxi are being developed as new landmarks on both sides of Huangpu River.

The success of Shanghai IFC demonstrates the Group's ability to develop large-scale integrated complexes and boosts its brand recognition on the mainland. This comprehensive project comprises an upmarket shopping mall, grade-A office towers, The Ritz-Carlton Shanghai, Pudong and the deluxe IFC Residence serviced suites. The impeccable quality and facilities in the two state-of-the-art office towers have drawn many international and mainland financial institutions, as well as professional firms, as tenants. The first office tower is fully occupied and occupancy of the second tower is on the rise.

Chairman's Statement

Numerous international brands are highly interested in taking space in the premium Shanghai IFC mall, which houses one of the largest collections of luxury flagships and specialty stores in Shanghai. Cutting-edge marketing campaigns were launched to enhance its high-end position and increased traffic flow was observed throughout the period under review. The second phase of over 180,000 square feet is open and both phases are fully let.

In the heart of the Puxi commercial zone is another Group's flagship integrated project — Shanghai ICC. This will have three million square feet of floor area with the premium IAPM shopping mall, two grade-A office towers and the luxury Shanghai ICC Residence. Nearly all the 660,000 square feet of space in the finished first office tower has been taken up by tenants including multinational firms, while the second tower is under construction and expected to be completed in 2015. The Shanghai ICC Residence is expected to be completed this year, delivering an outstanding choice of elegant, urban living.

The 1.3-million-square-foot IAPM is expected to open by mid 2013, offering a new choice for trendy luxury on Huai Hai Zhong Road, the traditional shopping district of Puxi in Shanghai. Proactive marketing helped boost publicity for IAPM in Shanghai and other prime cities. The retail space has been almost fully pre-leased, with many tenants being new to Shanghai.

Beijing APM in the Wangfujing traditional shopping area hosts Asia's largest flagship store of a world-leading consumer electronics brand. It has been constantly refining its tenant mix by introducing international brands. Reconfiguration and renovation work to enhance the spaciousness and positioning of the mall have been completed and are well received by tenants and shoppers.

The Group continues to develop its retail network in prime cities on the mainland. The 50%-owned Hong Cheng retail project near Tianhe metro station in Guangzhou, a traditional shopping district, is expected to commence operation in 2015. In Shanghai, the shopping mall in the 35%-owned integrated Minhang project will be another milestone addition to the Group's prestigious mainland retail portfolio in the medium term. These new investment properties will strengthen the Group's rental network on the mainland and serve as an important component of the Group's growth engine in the future.

Other Businesses

Hotel

Hong Kong's hotel sector continued to do well over the past few months. Overall occupancy stayed high and room rates in Hong Kong continued to grow, spurred mainly by the continuing growth of visitor arrivals.

During the period under review, the Group's hotel portfolio continued to perform well with rising room rates, thanks to healthy growth of business and leisure traveller numbers. Occupancies, on available room basis, remained high. While the Royal Plaza in Mong Kok is currently undergoing a major renovation to make it more modern and stylish, the other three Royal-brand hotels maintained average occupancy at a high rate of over 95%. The Four Seasons Hotel Hong Kong and The Ritz-Carlton, Hong Kong continued to lead the market in terms of revenue per available room, and several of their fine restaurants received stars in the 2013 Michelin Guide. W Hong Kong, which offers trendy accommodation, continued to see growth in room rates.

The Crowne Plaza Hong Kong Kowloon East and Holiday Inn Express Hong Kong Kowloon East have been operating smoothly since opening in last September and October respectively. The Crowne Plaza has received lots of booking enquiries about its magnificent wedding garden and pillar-free grand ballroom from brides and grooms to be. The two new hotels have created synergy among the Group's businesses, by helping enhance traffic to the Group's shopping centres in Tseung Kwan O and bolstering the status of The Wings and The Wings II as new landmark residential developments in the district.

The Ritz-Carlton Shanghai, Pudong has seen healthy growth in its business. The hotel's service and market positioning have been increasingly recognized by customers and it has established a reputation as the preferred choice for travellers in Shanghai after two years of operation.

Chairman's Statement

Telecommunications and Information Technology

SmarTone

SmarTone has managed to grow service revenue amid intensified local market competition. SmarTone's 4G network was launched in August 2012, which extended the company's leadership in network performance. Exclusive services were developed and introduced to meet customer needs, demonstrating SmarTone's thoughtful customer care. The company will continue to deliver comprehensive customer experiences by providing a wide range of quality services. The Group remains confident in SmarTone's prospects and will continue to hold the company as a long-term investment.

SUNeVision

SUNeVision showed growth in revenue and operating profit for the period under review. iAdvantage continues to be a major operator of carrier-neutral data centres in Hong Kong and its centres achieved satisfactory occupancy. SUNeVision will capitalize on its proven track record and solid financial position to further develop its core businesses.

Infrastructure and other businesses

Overall performance of the Group's infrastructure and transport businesses in Hong Kong was generally satisfactory. The Wilson Group performed well, and traffic on the Route 3 (Country Park Section) increased steadily. The slowdown in major export markets affected the River Trade Terminal, while business at the Airport Freight Forwarding Centre performed well. Business at the Group's 35%-owned Hong Kong Business Aviation Centre remained solid during the period. The Group's infrastructure projects are all in Hong Kong and provide steady income streams over the long term.

Corporate Finance

The Group sustained its robust financial position with low gearing and abundant liquidity. Interest coverage also continued to stay at a respectable level. Net debt to shareholders' funds stood at 16.5% as at 31 December 2012.

The Group maintains close business relationships with its bankers. For the period under review, all expiring banking facilities were renewed at competitive terms. Response to the Group's latest refinancing of the Shanghai ICC RMB2.7 billion syndicated loan was very enthusiastic. And the Group issued HK\$300 million three-year and HK\$750 million ten-year fixed rate bonds through its Medium Term Note programme to diversify sources of funds and lengthen debt maturity amid the ultra-low interest rate environment. In January 2013 the Group successfully issued a new HK\$300 million ten-year fixed rate bond and a new US\$500 million ten-year fixed rate bond which have received keen interest from investors. All these financings enabled the Group to assemble a large pool of stand-by funds on a committed basis for its continuous business development. The strong support from banks and investors demonstrates their confidence in the Group's well-balanced business model, quality assets, solid financial position and seasoned management.

The majority of the Group's borrowings are denominated in Hong Kong dollars, therefore making its foreign exchange risk insignificant. The Group continued to follow a conservative financial policy by not entering into any derivative or structured-product transactions for speculative purposes.

The Group has consistently attained the highest credit ratings among Hong Kong property companies. Moody's and Standard and Poor's awarded the Group A1 and A+ credit ratings with negative outlooks respectively. In addition, Moody's and Standard and Poor's recently awarded the Group's jointly-controlled entity, IFC Development Limited, A2 and A credit ratings with stable outlooks respectively.

Corporate Governance

The Group has mechanisms in place to safeguard sound corporate governance practices. The Board currently has 18 members and it directs and approves the Group's overall strategies with the support of Board committees. The 12-member Executive Committee meets regularly to formulate policies and make key business decisions. The Audit, Nomination and Remuneration Committees are all chaired by Independent Non-Executive Directors (INEDs) to ensure proper implementation of the Group's strategies. An additional INED has been appointed effective 1 March 2013, which will further strengthen the Board. INEDs will then account for over one-third of the Board members.

Chairman's Statement

The Board maintains and consistently assesses the effectiveness of the internal control system by evaluating reviews performed by the Audit Committee, management and both internal and external auditors.

Corporate information is disseminated on a timely basis through various channels including press releases, annual and interim reports and public announcements, and all this information is available on the Group's website to maintain a high level of transparency. It also holds press conferences and investor meetings to keep stakeholders informed of the Group's business strategies and developments.

The Group's ongoing efforts in corporate governance are widely recognized by the investment community. It earned the recognition of Best Managed Company in Property Sector in Asia from *Euromoney* magazine. The Group also won Best Investor Relations by Company, Best Investor Relations Professional and Best CSR from *Corporate Governance Asia* magazine. The Group will continue its efforts to maintain its high standards of good corporate governance.

Sustainable Development

A sustainable approach is crucial to the Group's long-term growth and success. The concept is integral to business development and is further actualized through community care and preservation of the environment.

The Group engages customers on multiple levels to cultivate lasting loyalty, and it fosters staff training and career-development opportunities to ensure viable continuity. The Group is a responsible developer that champions the preservation of the environment and continually promotes community development, as described in its recent Sustainability Report.

Customer care is one of the Group's priorities for creating lasting bonds and product loyalty. The Group constantly tracks and responds to changing trends and meets customer expectations with innovative ideas. It has professional inter-departmental teams that examine newly-completed units before owners take possession. Its property-management subsidiaries Hong Yip and Kai Shing deliver value-added service to build good customer relationships, and a high emphasis on quality service in commercial buildings and shopping centres creates tenant allegiance and benefits their visitors and shoppers.

The Group collects opinions through various channels to enhance service quality. The SHKP Club is the largest property club in Hong Kong and it offers a myriad of benefits to build close ties with its 310,000 members. This is an effective vehicle for the Group's two-way communication with members and gathering feedback from potential customers for ongoing support.

The Group believes that its people are indispensable for continued success and sustained growth. Comprehensive training is provided to develop the full potential of people at all levels within the organization. All new staff undergo a proper orientation programme to learn the Group's mission, values and corporate culture, and there are workshops and seminars to strengthen managerial staff competencies and courses on a wide spectrum of technical skills and professional development topics. The Group provides social and recreational activities for its people and their families to liven the workplace environment, and this includes regular events for retired staff.

The Group's efforts go beyond the Company level to be effective over time, and one key aspect is care for the environment. Environmental considerations are taken into account in all aspects of business from planning and procurement to construction and development and on to property management. The Group additionally strives to minimize the ecological impact of operations, and it aims to acquire green building certification for all new projects to better serve the community and enhance the buildings' attractiveness.

The Group's SHKP G Power collects, builds and showcases its green policy initiatives and achievements under one banner, with programmes including eco-awareness events for the community and a Love Nature drive of beach clean ups and nature tours that make Hong Kong a better place to live.

Chairman's Statement

A wider commitment to a sustainable community can be seen in the Group's Building Homes with Heart Caring Initiative, which provides timely assistance to the needy. Staff are encouraged to use their professional skills to help those in need, and the 2,000-plus members of the SHKP Volunteer Team take part in a wide range of programmes benefitting different community groups. The Group staged the first Race to ICC-100 — SHKP Vertical Run for the Chest at its landmark ICC to support child and youth services and promote a healthy, active lifestyle in the community.

The Group promotes reading and writing through the SHKP Book Club to prepare the younger generation for the future. Ongoing programmes include taking underprivileged children to the Hong Kong Book Fair and a fourth Young Writers' Debut competition extended to the mainland for the first time. The SHKP Reading Index also began tracking reading interest in Hong Kong. The SHKP-Kwoks' Foundation assists promising students with scholarships and grants, and it has been realizing its pledged commitment to the Community Care Fund.

The Group's efforts at sustainability are reflected by its inclusion in the Hang Seng Corporate Sustainability and Hang Seng (Mainland and HK) Corporate Sustainability indices since their inception in 2010 and its second Sustainability Report. The latest report is again based on the Global Reporting Initiative G3.1 guidelines, and now covers the Group's four Royal hotels. It has been independently assessed and certified with a B+ application level, which is an advancement from the previous report and shows the Group's commitment to enhanced transparency and sustainable development.

PROSPECTS

The global economy is expected to see some improvement in 2013. It will be supported by positive developments such as a recovering US housing sector and major central banks' continuously loose monetary policies with low interest rates and expanded quantitative easing programmes. However, elevated debt levels in the Euro zone and actions to tackle fiscal deficits in the US will remain the major risks.

Economic growth on the mainland is anticipated to improve in the year ahead, driven by the commitment to continuous urbanization, economic reform and infrastructure upgrading. The Group remains confident in the mainland's long-term prospects. The residential sector is expected to be supported by the demand of first-time buyers and rising affluence in society.

The Hong Kong economy is projected to pick up modestly this year in tandem with an improving mainland economy. Healthy domestic consumption, solid infrastructure investment, growing visitor spending and more financial market activity will be the major drivers. The potential development of Qianhai in Shenzhen as a modern service centre will complement Hong Kong's development as an offshore renminbi centre, further strengthening its role as an international financial hub. All these factors, coupled with low mortgage rates and continuous income growth, should lend support to first-time buyer and upgrading demand in Hong Kong's residential market, though the latest round of housing measures unveiled last week are likely to affect market activity and sentiment. The supply of new homes will remain limited in the foreseeable future.

The Group will adhere to the goal of achieving a balance in income from property sales and investment properties. To cope with the ever-changing residential property market, the Group will continue to pursue high-quality products and services, as well as well-designed flat mixes to meet customer needs. The Group will look for good land acquisition opportunities and will continue to offer new projects for sale when ready. Major residential sales in Hong Kong in next nine months will include luxury Imperial Kennedy in Island West, phase two of Century Gateway atop MTR Tuen Mun Station, low-density homes RIVA in Yuen Long and a premium project in Fanling. A majority of the projects comprise mainly small- to medium-sized units. Major mainland joint-venture projects that will go on sale include phase one of Foothill Residence in Hangzhou and the second batch of Forest Hills in Tianhe District in Guangzhou, as well as the additional batches of Sirius residences in Chengdu ICC and Park Royale in Huadu, Guangzhou. In addition, an extra batch of Shanghai Arch at Lujiazui, a solely-owned project, will continue to be offered for sale.

Chairman's Statement

The Group is one of the leading landlords in Hong Kong with a well-diversified investment property portfolio, and it is building its rental portfolio on the mainland. The Group will continue to optimize its rental portfolio by developing new investment properties and reviewing the options for non-core investment properties disposal. The Group's rental income, one of the growth engines, will continue to benefit from sustained high occupancies, positive rental reversions and growing contributions from new additions of investment properties.

The Group's retail network will grow and spread with the addition of new shopping malls in Hong Kong and on the mainland. Coming soon will be V City atop MTR Tuen Mun Station in Hong Kong and IAPM, a trendy luxury shopping mall at Shanghai ICC to open later this year. In the medium term, the regional YOHO Mall at MTR Yuen Long Station and a premium mall atop MTR Nam Cheong Station will boost the Group's presence in West Kowloon and the New Territories West. Mainland retail properties under development include the Hong Cheng shopping mall near Tianhe metro station in Guangzhou and a shopping mall as part of an integrated project in Minhang district atop the Xinzhuang metro station in Shanghai. All these projects will further boost the Group's premium brand recognition among customers. With the mainland investment portfolio maturing, its contribution to the Group's gross rental income will rise markedly over the next few years.

Hotels in Hong Kong and key mainland cities are set to benefit from the growing tourism in the region. The recent opening of Crowne Plaza Hong Kong Kowloon East and Holiday Inn Express Hong Kong Kowloon East, together with the Group's planned hotels in key mainland cities to be developed as parts of integrated projects, will enable the Group's hotel network to make a rising contribution over time.

The Group will continue to uphold its high standard of corporate governance and strengthen its management team and structure. As a responsible corporate citizen, the Group will also keep making Hong Kong a better place for all through charity work and environmental protection initiatives. All these coupled with prudent financial management discipline, robust recurrent rental income and solid property development businesses will enable the Group to achieve sustainable development and meet various challenges going forward.

Barring unforeseen circumstances, the results for the current financial year are expected to be satisfactory.

APPRECIATION

Mrs. Leung Ko May-ye, Margaret is appointed as an Independent Non-Executive Director of the Company effective 1 March 2013. Her extensive experience in the banking industry will be a valuable asset for the Group's long term development.

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

Kwok Ping-kwong, Thomas
Chairman & Managing Director

Kwok Ping-luen, Raymond
Chairman & Managing Director

Hong Kong, 28 February 2013

Report on Review of Condensed Consolidated Financial Statements



TO THE BOARD OF DIRECTORS OF SUN HUNG KAI PROPERTIES LIMITED

(incorporated in Hong Kong with limited liability)

We have reviewed the condensed consolidated financial statements of Sun Hung Kai Properties Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 15 to 31, which comprise the consolidated statement of financial position as at 31 December 2012, 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 these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements 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 these condensed consolidated financial statements 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

28 February 2013

Consolidated Income Statement

For the six months ended 31 December 2012
(Expressed in millions of Hong Kong dollars)

		(Unaudited) Six months ended 31 December	
		2012	2011
	Notes		
Revenue	2	31,777	36,420
Cost of sales		(17,958)	(20,774)
Gross profit		13,819	15,646
Other net income		507	194
Selling and marketing expenses		(1,567)	(1,412)
Administrative expenses		(973)	(931)
Operating profit before change in fair value of investment properties	2	11,786	13,497
Increase in fair value of investment properties		10,430	8,643
Operating profit after change in fair value of investment properties		22,216	22,140
Finance costs		(1,009)	(756)
Finance income		73	59
Net finance costs	3	(936)	(697)
Share of results (including increase in fair value of investment properties net of deferred tax of HK\$1,850 million (2011 : HK\$1,837 million)) of:			
Associates		361	94
Jointly controlled entities		3,387	3,014
	2	3,748	3,108
Profit before taxation	4	25,028	24,551
Taxation	5	(2,175)	(2,959)
Profit for the period		22,853	21,592
Attributable to:			
Company's shareholders		22,515	21,131
Non-controlling interests		338	461
		22,853	21,592
Interim dividend at HK\$0.95 (2011: HK\$0.95) per share		2,524	2,484
(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		\$8.60	\$8.22
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		\$4.41	\$4.58

Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2012
(Expressed in millions of Hong Kong dollars)

	(Unaudited)	
	Six months ended	
	31 December	
	2012	2011
Profit for the period	22,853	21,592
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translating financial statements of foreign operations	297	1,246
Fair value losses on cash flow hedge transferred to income statement	—	1
Available-for-sale investments:		
— fair value gains/(losses)	398	(381)
— fair value losses/(gains) transferred to income statement on disposal	21	(1)
	419	(382)
Share of other comprehensive income/(expenses) of associates and jointly controlled entities		
— exchange difference on translating financial statements of foreign operations	199	(59)
Other comprehensive income for the period	915	806
Total comprehensive income for the period	23,768	22,398
Total comprehensive income for the period attributable to :		
Company's shareholders	23,409	21,813
Non-controlling interests	359	585
	23,768	22,398

Consolidated Statement of Financial Position

As at 31 December 2012
(Expressed in millions of Hong Kong dollars)

	Notes	(Unaudited) 31 December 2012	(Audited) 30 June 2012
Non-current assets			
Investment properties	7	247,855	233,867
Fixed assets	8	19,622	18,591
Associates		4,143	3,825
Jointly controlled entities		48,312	45,690
Loan receivables	9	637	587
Other financial assets	10	3,698	3,522
Intangible assets		4,498	4,699
		328,765	310,781
Current assets			
Properties for sale		124,746	117,144
Inventories		372	437
Debtors, prepayment and others	11	26,208	24,159
Other financial assets	12	715	711
Bank deposits and cash		11,551	14,338
		163,592	156,789
Current liabilities			
Bank and other borrowings		(5,931)	(9,801)
Trade and other payables	13	(23,796)	(22,256)
Deposits received on sale of properties		(4,706)	(3,120)
Taxation		(5,228)	(6,750)
		(39,661)	(41,927)
Net current assets			
		123,931	114,862
Total assets less current liabilities			
		452,696	425,643
Non-current liabilities			
Bank and other borrowings		(66,234)	(61,465)
Deferred taxation		(12,820)	(12,451)
Other long-term liabilities		(665)	(768)
		(79,719)	(74,684)
Net assets			
		372,977	350,959
Capital and reserves			
Share capital	14	1,328	1,308
Share premium and reserves		366,974	345,251
Shareholders' funds			
		368,302	346,559
Non-controlling interests			
		4,675	4,400
Total equity			
		372,977	350,959

Directors:

Kwok Ping-kwong, Thomas
Kwok Ping-luen, Raymond

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2012
(Expressed in millions of Hong Kong dollars)

	(Unaudited)	
	Six months ended	
	31 December	
	2012	2011
Net cash from operating activities	2,348	2,228
Net cash used in investing activities	(3,310)	(1,765)
Net cash (used in)/from financing activities		
— net drawdown of bank and other borrowings	1,032	1,770
— dividends paid to shareholders	(1,681)	—
— dividends paid to non-controlling interests	(247)	(200)
— others	(1,000)	(484)
	(1,896)	1,086
(Decrease)/increase in cash and cash equivalents	(2,858)	1,549
Cash and cash equivalents at beginning of period	14,243	7,411
Effect of foreign exchange rates changes	20	21
Cash and cash equivalents at end of period	11,405	8,981
Analysis of the balances of cash and cash equivalents at end of period		
Bank deposits and cash	11,551	9,220
Bank overdrafts	(140)	(130)
	11,411	9,090
Less: Pledged bank deposits	(6)	(109)
	11,405	8,981

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2012
(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 2011	1,285	36,451	766	1,217	6,038	261,208	306,965	5,230	312,195
Profit for the period	—	—	—	—	—	21,131	21,131	461	21,592
Other comprehensive income/(expenses) for the period	—	—	1	(381)	1,062	—	682	124	806
Total comprehensive income for the period	—	—	1	(381)	1,062	21,131	21,813	585	22,398
Recognition of equity-settled share-based payments	—	—	35	—	—	—	35	26	61
Dividend payable (2011 final dividend HK\$2.40 per share)	—	—	—	—	—	(6,168)	(6,168)	—	(6,168)
Adjustments arising upon acquisition of additional interests in subsidiaries	—	—	(3)	—	—	—	(3)	2	(1)
Adjustments arising upon disposal of interests in a subsidiary	—	—	1	—	—	—	1	—	1
Contribution from non-controlling interests	—	—	—	—	—	—	—	2	2
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(200)	(200)
At 31 December 2011	1,285	36,451	800	836	7,100	276,171	322,643	5,645	328,288
At 1 July 2012	1,308	40,782	867	1,161	6,805	295,636	346,559	4,400	350,959
Profit for the period	—	—	—	—	—	22,515	22,515	338	22,853
Other comprehensive income for the period	—	—	—	416	478	—	894	21	915
Total comprehensive income for the period	—	—	—	416	478	22,515	23,409	359	23,768
Issue of shares, net of expenses	20	4,577	—	—	—	—	4,597	—	4,597
Recognition of equity-settled share-based payments	—	—	10	—	—	—	10	11	21
Dividend paid (2012 final dividend HK\$2.40 per share)	—	—	—	—	—	(6,278)	(6,278)	—	(6,278)
Adjustments arising upon disposal of interests in a subsidiary	—	—	5	—	—	—	5	5	10
Contribution from non-controlling interests	—	—	—	—	—	—	—	152	152
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(252)	(252)
At 31 December 2012	1,328	45,359	882	1,577	7,283	311,873	368,302	4,675	372,977

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 2012, except for the changes set out below.

(b) Changes in accounting policies

In the current period, the Group has applied HKAS 1 (Amendments) “Presentation of items of other comprehensive income” issued by the HKICPA, which is effective for the Group’s financial year beginning 1 July 2012. The HKAS 1 (Amendments) require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (i) items that will not be reclassified subsequently to profit or loss; and (ii) items that may be reclassified subsequently to profit or loss. The amendments have been applied retrospectively. The adoption of HKAS 1 (Amendments) has no significant impact on the Group’s results and financial position.

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

Amendments to HKFRSs	Annual improvements to HKFRSs 2009–2011 Cycle ¹
HKAS 19 (as revised in 2011)	Employee benefits ¹
HKAS 27 (as revised in 2011)	Separate financial statements ¹
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures ¹
Amendments to HKAS 32	Offsetting financial assets and financial liabilities ²
Amendments to HKFRS 7	Disclosures — offsetting financial assets and financial liabilities ¹
Amendments to HKFRS 7 and HKFRS 9	Mandatory effective date of HKFRS 9 and transition disclosures ³
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: transition guidance ¹
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities ²
HKFRS 9	Financial instruments ³
HKFRS 10	Consolidated financial statements ¹
HKFRS 11	Joint arrangements ¹
HKFRS 12	Disclosure of interests in other entities ¹
HKFRS 13	Fair value measurement ¹

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

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

³ Effective for annual periods beginning on or after 1 January 2015

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 central administration expenses, other net income, net finance costs and change in fair value of investment properties. This is the measure reported to the Group's management for the purposes of resource allocation and assessment of segment performance.

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

For the six months ended 31 December 2012

	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	13,327	5,395	668	219	13,995	5,614
Mainland China	444	(214)	2,560	952	3,004	738
Singapore	—	—	99	56	99	56
	13,771	5,181	3,327	1,227	17,098	6,408
Property rental						
Hong Kong	5,271	3,910	1,211	999	6,482	4,909
Mainland China	920	629	67	39	987	668
Singapore	—	—	332	258	332	258
	6,191	4,539	1,610	1,296	7,801	5,835
Hotel operation	1,722	400	307	106	2,029	506
Telecommunications	5,888	615	—	—	5,888	615
Transportation, infrastructure and logistics	1,713	501	1,351	94	3,064	595
Other businesses	2,492	565	151	43	2,643	608
	31,777	11,801	6,746	2,766	38,523	14,567
Other net income		507		—		507
Unallocated administrative expenses		(522)		—		(522)
Operating profit before change in fair value of investment properties		11,786		2,766		14,552
Increase in fair value of investment properties		10,430		1,984		12,414
Operating profit after change in fair value of investment properties		22,216		4,750		26,966
Net finance costs		(936)		(148)		(1,084)
Profit before taxation		21,280		4,602		25,882
Taxation						
— Group		(2,175)		—		(2,175)
— Associates		—		(31)		(31)
— Jointly controlled entities		—		(823)		(823)
Profit for the period		19,105		3,748		22,853

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 2011

	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	20,212	7,606	117	75	20,329	7,681
Mainland China	227	31	818	140	1,045	171
Singapore	—	—	56	34	56	34
	20,439	7,637	991	249	21,430	7,886
Property rental						
Hong Kong	4,785	3,621	1,104	913	5,889	4,534
Mainland China	687	477	56	48	743	525
Singapore	—	—	314	216	314	216
	5,472	4,098	1,474	1,177	6,946	5,275
Hotel operation	1,607	463	292	102	1,899	565
Telecommunications	5,060	661	—	—	5,060	661
Transportation, infrastructure and logistics	1,625	478	1,327	89	2,952	567
Other businesses	2,217	482	101	17	2,318	499
	36,420	13,819	4,185	1,634	40,605	15,453
Other net income		194		—		194
Unallocated administrative expenses		(516)		—		(516)
Operating profit before change in fair value of investment properties		13,497		1,634		15,131
Increase in fair value of investment properties		8,643		1,863		10,506
Operating profit after change in fair value of investment properties		22,140		3,497		25,637
Net finance costs		(697)		(82)		(779)
Profit before taxation		21,443		3,415		24,858
Taxation						
— Group		(2,959)		—		(2,959)
— Associates		—		(10)		(10)
— Jointly controlled entities		—		(297)		(297)
Profit for the period		18,484		3,108		21,592

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

Other net 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	
	2012	2011
Interest expenses on		
Bank loans and overdrafts	639	565
Other loans wholly repayable within five years	203	81
Other loans not wholly repayable within five years	315	206
	1,157	852
Notional non-cash interest accretion	48	51
Less : Amount capitalized	(196)	(147)
	1,009	756
Interest income on bank deposits	(73)	(59)
	936	697

4. PROFIT BEFORE TAXATION

	Six months ended 31 December	
	2012	2011
Profit before taxation is arrived at after charging:		
Cost of properties sold	7,759	11,996
Cost of other inventories sold	2,927	2,232
Depreciation and amortization	615	591
Amortization of intangible assets (included in cost of sales)	201	170
Operating lease rentals for land and buildings, transmission sites and leased lines	606	525
Staff costs (including directors' emoluments and retirement schemes contributions)	2,726	2,414
Share-based payments	21	61
Impairment loss of available-for-sale investments	—	20
Fair value losses on financial assets at fair value through profit or loss	—	109
and crediting:		
Profit on disposal of available-for-sale investments	96	21
Dividend income from listed and unlisted investments	69	78
Interest income from listed and unlisted debt securities	36	38
Fair value gains on financial assets at fair value through profit or loss	88	—

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

5. TAXATION

	Six months ended	
	31 December	
	2012	2011
Current taxation		
Hong Kong profits tax	1,741	1,711
Under provision in prior years	1	11
	1,742	1,722
Tax outside Hong Kong	117	95
	1,859	1,817
Deferred taxation charge		
Change in fair value of investment properties	281	858
Other origination and reversal of temporary differences	35	284
	316	1,142
	2,175	2,959

Hong Kong profits tax is provided at the rate of 16.5 per cent (2011: 16.5 per cent) based on the estimated assessable profits for the period. Tax outside Hong Kong is calculated at the rates applicable in the relevant jurisdictions.

6. EARNINGS PER SHARE

(a) Reported earnings per share

The calculations of basic and diluted earnings per share are based on the Group's profit attributable to the Company's shareholders of HK\$22,515 million (2011 : HK\$21,131 million).

The basic earnings per share is based on the weighted average number of shares in issue during the period of 2,618,412,123 (2011: 2,570,039,181). For the period ended 31 December 2012, the computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the adjusted exercise prices of these options calculated in accordance with HKAS 33 "Earnings per share" are higher than the average market price of the shares for the relevant period. The diluted earnings per share for the period ended 31 December 2011 was based on 2,570,095,940 shares which was the weighted average number of shares in issue during the period plus the weighted average number of 56,759 shares deemed to be issued at no consideration if all outstanding options had been exercised.

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

6. EARNINGS PER SHARE (cont'd)

(b) Underlying earnings per share

For the purpose of assessing the underlying performance of the Group, basic and diluted earnings per share are additionally calculated based on the underlying profit attributable to the Company's shareholders of HK\$11,546 million (2011: HK\$11,773 million), excluding the net effect of changes in the valuation of investment properties. A reconciliation of profit is as follows:

	Six months ended 31 December	
	2012	2011
Profit attributable to the Company's shareholders as shown in the consolidated income statement	22,515	21,131
Increase in fair value of investment properties	(10,430)	(8,643)
Effect of corresponding deferred tax charges	281	858
Realized fair value gains of investment properties disposed net of deferred tax	1,000	105
Share of results of associates and jointly controlled entities		
— fair value gains of investment properties	(1,984)	(1,863)
— effect of corresponding deferred tax charges	134	26
	(10,999)	(9,517)
Non-controlling interests	30	159
Net effect of changes in the valuation of investment properties	(10,969)	(9,358)
Underlying profit attributable to the Company's shareholders	11,546	11,773

7. INVESTMENT PROPERTIES

(a) Movement during the period

	Completed	Under development	Total
Valuation			
At 1 July 2012	214,792	19,075	233,867
Additions	569	2,882	3,451
Transfer upon completion	3,600	(3,600)	—
Transfer upon redevelopment	(212)	212	—
Disposals	(135)	—	(135)
Transfer to other properties	(13)	—	(13)
Exchange difference	204	51	255
Increase in fair value	10,031	399	10,430
At 31 December 2012	228,836	19,019	247,855

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

7. INVESTMENT PROPERTIES (cont'd)

(b) Value of properties shown above comprises:

	31 December 2012
Properties in Hong Kong held under	
Long lease (not less than 50 years)	29,796
Medium-term lease (less than 50 years but not less than 10 years)	167,271
Properties outside Hong Kong held under	
Long lease (not less than 50 years)	1,435
Medium-term lease (less than 50 years but not less than 10 years)	49,353
	247,855

(c) The Group's investment properties were revalued at 31 December 2012 and 30 June 2012 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\$1,875 million and net book value of fixed assets disposed of amounted to HK\$7 million.

9. LOAN RECEIVABLES

	31 December 2012	30 June 2012
Loan receivables	673	623
Less : Amount due within one year included under current assets	(36)	(36)
	637	587

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.

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

10. OTHER FINANCIAL ASSETS

	31 December 2012	30 June 2012
Available-for-sale debt securities		
Listed debt securities, overseas	878	817
Listed debt securities, Hong Kong	157	151
Unlisted debt securities	58	58
	1,093	1,026
Available-for-sale equity securities		
Listed equity securities, overseas	847	812
Listed equity securities, Hong Kong	1,398	1,312
Unlisted equity securities	360	372
	2,605	2,496
	3,698	3,522
Market value of listed securities		
Listed overseas	1,725	1,629
Listed in Hong Kong	1,555	1,463
	3,280	3,092

11. DEBTORS, PREPAYMENT AND OTHERS

	31 December 2012	30 June 2012
Debtors, deposits and prepayments	21,869	18,546
Deposits for acquisition of properties	3,460	4,590
Amounts due from customers for contract works	114	81
Short-term loans	110	109
Derivative financial instruments	655	833
	26,208	24,159

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\$15,444 million (30 June 2012: HK\$12,846 million), of which 93% aged less than 60 days, 1% between 61 to 90 days and 6% more than 90 days (30 June 2012: 94%, 1% and 5% respectively).

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

12. OTHER FINANCIAL ASSETS

	31 December 2012	30 June 2012
Financial assets at fair value through profit or loss		
Listed equity securities, overseas	13	30
Listed equity securities, Hong Kong	656	558
	669	588
Available-for-sale debt securities maturing within one year		
Listed debt securities, overseas	23	24
Listed debt securities, Hong Kong	23	20
	46	44
Held-to-maturity debt securities maturing within one year		
Listed debt securities, overseas (30 June 2012 market value: HK\$78 million)	—	79
	715	711

13. TRADE AND OTHER PAYABLES

	31 December 2012	30 June 2012
Creditors and accrued expenses	21,758	20,206
Amounts due to customers for contract works	54	20
Amounts due to non-controlling interests	1,953	2,030
Derivative financial instruments	31	—
	23,796	22,256

Included in trade and other payables are trade creditors of HK\$2,598 million (30 June 2012: HK\$2,283 million), of which 75% are aged less than 60 days, 2% between 61 to 90 days and 23% more than 90 days (30 June 2012: 72%, 2% and 26% respectively).

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

14. SHARE CAPITAL

	Number of shares in million	Amount
Authorized:		
Ordinary shares of \$0.50 each		
At beginning and end of current period	2,900	1,450
Issued and fully paid:		
Ordinary shares of \$0.50 each		
At beginning of current period	2,616	1,308
Issue of shares in lieu of cash dividends	41	20
At end of current period	2,657	1,328

On 20 December 2012, the Company issued and allotted 41,033,218 new fully paid shares of HK\$0.50 each in the Company at HK\$112.04 to the shareholders who elected to receive shares in the Company in lieu of cash for the 2012 final dividends pursuant to the scrip dividend schemes announced by the Company on 23 November 2012. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

15. SHARE OPTION SCHEMES

The Company has a share option scheme which was adopted on 15 November 2012 ("the New Scheme") to replace a former scheme previously adopted on 5 December 2002 ("the Old Scheme"), whereby the directors of the Company may grant options to eligible employees, including executive directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The Old Scheme

During the period, 1,474,000 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 1,474,000 ordinary shares in the Company and subsequently 1,408,000 share options were accepted by the grantees. Upon the termination of the Old Scheme, no further share options could be granted but the outstanding share options granted shall continue to be valid and exercisable in accordance with its provisions.

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

15. SHARE OPTION SCHEMES (cont'd)

The Old Scheme (cont'd)

Movements in share options to subscribe for ordinary shares in the Company during the six months ended 31 December 2012 are as follows:

Date of grant	Exercise price	Exercisable period	Number of share options				At 31 December 2012
			At 1 July 2012	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period	
12 July 2010	HK\$111.40	12.7.2011 to 11.7.2015	4,480,000	—	—	(304,000)	4,176,000
11 July 2011	HK\$116.90	11.7.2012 to 10.7.2016	2,866,000	—	—	(474,000)	2,392,000
11 July 2012	HK\$96.15	11.7.2013 to 10.7.2017	—	1,408,000	—	—	1,408,000
			7,346,000	1,408,000	—	(778,000)	7,976,000
Weighted average exercise prices (HK\$)			113.55	96.15	—	114.75	110.36

Movements in share options to subscribe for ordinary shares in the Company during the six months ended 31 December 2011 are as follows:

Date of grant	Exercise price	Exercisable period	Number of share options				At 31 December 2011
			At 1 July 2011	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period	
12 July 2010	HK\$111.40	12.7.2011 to 11.7.2015	4,704,000	—	—	(208,000)	4,496,000
11 July 2011	HK\$116.90	11.7.2012 to 10.7.2016	—	2,982,000	—	(58,000)	2,924,000
			4,704,000	2,982,000	—	(266,000)	7,420,000
Weighted average exercise prices (HK\$)			111.40	116.90	—	112.60	113.57

The New Scheme

During the six months ended 31 December 2012, no share options were granted under the New Scheme.

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)

16. 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 31 December		Six months ended 31 December	
		2012	2011	2012	2011
Interest income		2	1	53	18
Rental income	(a)	—	—	1	1
Rental expenses	(a)	—	—	20	17
Other revenue from services rendered	(b)	14	20	9	79
Purchase of goods and services	(b)	—	—	170	136

- (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.
- (c) Bank and other borrowings under current liabilities included an amount of HK\$500 million due to a related company, which is controlled by certain discretionary trusts where certain directors of the Company are the beneficiaries of those trusts. The amount is unsecured, bears interest at effective rate per annum of 0.48% by reference to Hong Kong Interbank Offered Rate plus a margin and is repayable within one year. Interest expense for the period was HK\$1 million (2011: Nil) This is a connected transaction which fulfils certain exemption requirements from any disclosure or other obligations contained in Rule 14A.65(4) of the Listing Rules.

17. CONTINGENT LIABILITIES AND COMMITMENTS

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

	31 December 2012	30 June 2012
(a) Capital commitments in respect of investment properties and other fixed assets		
Contracted but not provided for	1,519	2,424
Authorized but not contracted for	1,241	1,725
(b) Group's share of capital commitments of jointly controlled entities		
Contracted but not provided for	799	866

- (c) Guarantees given to banks and financial institutions for the borrowings of jointly controlled entities of HK\$1,287 million (30 June 2012: HK\$1,235 million) and other guarantees of HK\$4 million (30 June 2012: HK\$4 million).

Financial Review

REVIEW OF RESULTS

Profit attributable to the Company's shareholders for the six months ended 31 December 2012 was HK\$22,515 million, an increase of HK\$1,384 million or 6.5% compared to HK\$21,131 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\$11,969 million (2011 : HK\$9,463 million).

Underlying profit attributable to the Company's shareholders for the six months ended 31 December 2012, excluding the net effect of fair value changes on investment properties, decreased by HK\$227 million or 1.9% to HK\$11,546 million compared to HK\$11,773 million for the corresponding period last year. The decrease was primarily due to reduced profit contribution from property sales. Property sales reported a profit of HK\$6,408 million, which fell by 18.7% or HK\$1,478 million, mainly due to fewer sales of Hong Kong residential projects than the comparable period last year. In addition, the Group has included in its underlying profit realized valuation gains of HK\$1,000 million from disposal of certain investment properties. Net rental grew 10.6% to HK\$5,835 million, driven by positive rental reversions and increased contributions on new investment properties from the mainland. Profit contribution from telecommunication segment decreased by HK\$46 million or 7% to HK\$615 million, largely due to drop in roaming revenue reflecting fierce market competition. The Group's hotel portfolio has performed well on the back of continued improvement in room rates. Profit contribution from hotel segment, however, recorded a decrease of HK\$59 million or 10.4% to HK\$506 million, which was due to the renovation of Royal Plaza Hotel as well as pre-operating expenses of the two newly completed hotels in Kowloon East, which had the effect of reducing the current period's hotel operating results by HK\$144 million. Excluding these exceptional items, hotel profit has shown a decent growth.

FINANCIAL RESOURCES AND LIQUIDITY

(a) Net debt and gearing

As at 31 December 2012, the Company's shareholders' funds increased by HK\$21,743 million to HK\$368,302 million or \$138.6 per share from HK\$346,559 million or \$132.5 per share at the previous year end.

The Group's financial position remains strong with a low debt leverage and high interest cover. Gearing ratio as at 31 December 2012, calculated on the basis of net debt to Company's shareholders' funds, stayed low at 16.5% compared to 16.4% at 30 June 2012. Interest cover, measured by the ratio of operating profit to total net interest expenses including those capitalized, was 10.4 times compared to 16.0 times for the previous period. This was due to higher interest expenses incurred, reflecting higher average borrowing as well as higher average interest rate resulting from the use of more long-term debt financing during the period compared with the same period last year.

As at 31 December 2012, the Group's gross borrowings totalled HK\$72,165 million. Net debt, after deducting bank deposits and cash of HK\$11,551 million, amounted to HK\$60,614 million, an increase of HK\$3,686 million since 30 June 2012. The maturity profile of the Group's gross borrowings is set out as follows:

	31 December 2012	30 June 2012
	HK\$ Million	HK\$ Million
Repayable:		
Within one year	5,930	9,801
After one year but within two years	11,028	8,799
After two years but within five years	37,230	37,493
After five years	17,977	15,173
Total bank and other borrowings	72,165	71,266
Bank deposits and cash	11,551	14,338
Net debt	60,614	56,928

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 2012, about 80% of the Group's bank and other borrowings were raised through its wholly-owned finance subsidiaries and the remaining 20% through operating subsidiaries.

The Group's foreign exchange exposure was small given its large asset base and operational cash flow primarily denominated in Hong Kong dollars. As at 31 December 2012, about 62% of the Group's bank and other borrowings were denominated in Hong Kong dollars, 20% in US dollars and 18% in Renminbi. The foreign currency borrowings were mainly for financing property projects outside Hong Kong.

The Group's bank and other borrowings are principally arranged on a floating rate basis. For some of the fixed rate notes issued by the Group, interest rate swaps have been used to convert the rates to floating rate basis. As at 31 December 2012, about 65% of the Group's bank and other borrowings were on floating rate basis including those borrowings that were converted from fixed rate basis to floating rate basis and 35% 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 2012, the Group had outstanding fair value hedges in respect of fixed-to-floating interest rate swaps in the aggregate notional principal amount of HK\$4,123 million and currency swaps (to hedge principal repayment of foreign currency borrowings) in the aggregate notional principal amount of HK\$4,465 million.

As at 31 December 2012, about 41% of the Group's bank deposits and cash were denominated in Hong Kong dollars, 37% in Renminbi, 20% in United States dollars and 2% in other currencies.

CHARGES OF ASSETS

As at 31 December 2012, certain bank deposits of the Group's subsidiary, Smartone, in the aggregate amount of HK\$6 million, were pledged for securing performance bonds related to telecommunication licence and some other guarantees issued by the banks. Additionally, certain assets of the Group's subsidiaries with an aggregate carrying value of HK\$26,251 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 2012, 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\$1,291 million (30 June 2012: HK\$1,239 million).

Other Information

DIRECTORS

The list of Directors is set out on page 2 of the report. The particulars of the Directors and their changes are set out as follows:

Kwok Ping-kwong, Thomas

Hon DBA, Hon DEng, MSc (Bus Adm), BSc (Eng), FCPA(Aust.), SBS, JP
Chairman & Managing Director (Age: 61)

Mr. Kwok has been Chairman of the Company since December 2011. Prior to the appointment as Chairman of the Company, Mr. Kwok had acted as Vice Chairman of the Company for 21 years. He is also a Managing Director and a member of the Executive Committee of the Company. He has been with the Group for 35 years. 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. He is a fellow of The Hong Kong Management Association and also a fellow of The Australia Certified Public Accountants. Mr. Kwok is also chairman of Route 3 (CPS) Company Limited, joint chairman of IFC Development Limited, and an independent non-executive director of The Bank of East Asia, Limited. He retired as a non-executive director of SUNeVision Holdings Ltd. with effect from the conclusion of its annual general meeting held on 1 November 2012.

He is chairman of the board of directors of the Faculty of Business and Economics, 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. In July 2007, the Government of the Hong Kong Special Administrative Region awarded Mr. Kwok the Silver Bauhinia Star for his distinguished community service.

In the past, Mr. Kwok served as a government appointed member of the Commission on Strategic Development, a member of the Exchange Fund Advisory Committee, the Construction Industry Council, the Council for Sustainable Development, Business Facilitation Advisory Committee and as a non-official member of the Provisional Minimum Wage Commission. 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 Chinese People's Political Consultative Conference Shanghai Committee.

Mr. Kwok is a son of Madam Kwong Siu-hing who is the elder sister of Mr. Kwong Chun and also a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. He is also a younger brother of Mr. Kwok Ping-sheung, Walter and an elder brother of Mr. Kwok Ping-luen, Raymond. He is the father of Mr. Kwok Kai-fai, Adam and an uncle of Mr. Kwok Ho-lai, Edward.

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 2012, Mr. Kwok received a fee of approximately HK\$115,600 for being a Vice Chairman of the Company for the period from 1 July 2011 to 7 December 2011 and being Chairman of the Company for the period from 8 December 2011 to 30 June 2012, and other emoluments of approximately HK\$2.29 million.

Other Information

Kwok Ping-luen, Raymond

Hon LLD, Hon DBA, MBA, MA (Cantab), JP
Chairman & Managing Director (Age: 59)

Mr. Kwok has been Chairman of the Company since December 2011. Prior to the appointment as Chairman of the Company, Mr. Kwok had acted as Vice Chairman of the Company for 21 years. He is also a Managing Director and a member of the Executive Committee of the Company. He has been with the Group for 34 years. Mr. Kwok holds a Master of Arts degree in Law from Cambridge University, a Master's degree in Business Administration from Harvard University, an Honorary Doctorate degree in Business Administration from The Open University of Hong Kong and an Honorary Doctorate degree in Laws from The Chinese University of Hong Kong. He is chairman of SUNeVision Holdings Ltd. and SmarTone Telecommunications Holdings Limited, and a non-executive director of Transport International Holdings Limited and Wing Tai Properties Limited.

In civic activities, Mr. Kwok is a director of The Real Estate Developers Association of Hong Kong, a member of the General Committee of The Hong Kong General Chamber of Commerce and vice chairman of the council of The Chinese University of Hong Kong.

Mr. Kwok is a son of Madam Kwong Siu-hing who is the elder sister of Mr. Kwong Chun and also a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. He is also a younger brother of Messrs. Kwok Ping-sheung, Walter and Kwok Ping-kwong, Thomas. He is the father of Mr. Kwok Ho-lai, Edward and an uncle of Mr. Kwok Kai-fai, Adam.

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 2012, Mr. Kwok received a fee of approximately HK\$115,600 for being a Vice Chairman of the Company for the period from 1 July 2011 to 7 December 2011 and being Chairman of the Company for the period from 8 December 2011 to 30 June 2012, and other emoluments of approximately HK\$2.52 million.

Dr. the Hon Lee Shau-kee

DBA(Hon), DSSc(Hon), LLD(Hon), GBM
Vice Chairman & Non-Executive Director (Age: 84)

Dr. Lee has been a Non-Executive Director of the Company for the last 41 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 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 2012, Dr. Lee received a fee of HK\$110,000 for being a Vice Chairman of the Company.

Other Information

Wong Chik-wing, Mike

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

Deputy Managing Director (Age: 57)

Mr. Wong has been a Deputy Managing Director of the Company since July 2012. He joined the Group in 1981 and has been an Executive Director of the Company since January 1996. He is a member of both the Executive Committee and the Special Committee of the Company. 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 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 2012, Mr. Wong received a fee of HK\$100,000 for being a Director of the Company and other emoluments of approximately HK\$17.25 million.

Lui Ting, Victor

BBA

Deputy Managing Director (Age: 58)

Mr. Lui has been an Executive Director and a Deputy Managing Director of the Company since April 2012 and July 2012 respectively. He is also a member of the Executive Committee of the Company. He has joined the Group since 1977 and is currently responsible for the sales and marketing of a number of large residential developments as well as acquisition and disposal of non-core property investment projects of the Group. He holds a Bachelor of Business Administration degree from The Chinese University of Hong Kong.

Mr. Lui 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.

Mr. Lui received a fee of approximately HK\$21,800 for being a Director of the Company for the period from 12 April 2012 to 30 June 2012 and other emoluments of approximately HK\$16.43 million for the financial year ended 30 June 2012.

Other Information

Yip Dicky Peter

MBA, BBS, MBE, JP

Independent Non-Executive Director (Age: 66)

Mr. Yip has been an Independent Non-Executive Director of the Company since September 2004. He is also a member of both 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 included 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. Mr. Yip became a general manager of HSBC in April 2005 until his retirement from HSBC in June 2012. He was the executive vice president of Bank of Communications Co., Ltd. He was appointed as an independent non-executive director of South China (China) Limited with effect from 10 December 2012.

Mr. Yip joined the Institute of International Finance in July 2012 as chief representative for the Asia-Pacific Region. He is also a China consultant of PricewaterhouseCoopers. He is an elected associated member of the Chartered Institute of Bankers, London. Mr. Yip 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 Hong Kong Special Administrative Region. In June 2008, he was elected a member of Shanghai Committee of the Chinese People's Political Consultative Conference. In addition, he is the honorary chairman of Hong Kong Chamber of Commerce in China and a member of Financial Planning Standards Council of China.

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

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 2012, Mr. Yip received fees of HK\$100,000 for being a Director of the Company, HK\$200,000 for being a member of the Audit Committee of the Company and HK\$50,000 for being a member of the Nomination Committee of the Company.

Other Information

Professor Wong Yue-chim, Richard

SBS, JP

Independent Non-Executive Director (Age: 60)

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, and a member of the Special Committee of the Company. Professor Wong studied Economics at the University of Chicago and graduated with a Doctorate in Philosophy. He is Professor of Economics at The University of Hong Kong. Professor Wong was awarded the Silver Bauhinia Star in 1999 by the Government of the Hong Kong Special Administrative Region for his contributions in education, housing, industry and technology development. In addition, he was appointed Justice of the Peace in July 2000.

Professor Wong serves as an independent non-executive director of CK Life Sciences Int'l., (Holdings) Inc., Great Eagle Holdings 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. He is also an independent non-executive director of Industrial and Commercial Bank of China (Asia) Limited (whose shares were withdrawn from listing on The Stock Exchange of Hong Kong Limited). In addition, Professor Wong was 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 2012, 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.

Dr. Li Ka-cheung, Eric

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

Independent Non-Executive Director (Age: 59)

Dr. Li was appointed as a Non-Executive Director of the Company in May 2005. He is currently an Independent Non-Executive Director, the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company. He is also an independent non-executive director and the chairman of the audit committee and the remuneration committee of SmarTone Telecommunications Holdings Limited.

Dr. Li is the senior partner of Li, Tang, Chen & Co., Certified Public Accountants. He is also an independent non-executive director of Transport International Holdings Limited, Wong's International (Holdings) Limited, Hang Seng Bank Limited, China Resources Enterprise, Limited, RoadShow Holdings Limited and Bank of Communications Co., Ltd. He was an independent non-executive director of Meadville Holdings Limited which has voluntarily withdrawn listing on The Stock Exchange of Hong Kong Limited.

Dr. Li is a member of The 12th National Committee of Chinese People's Political Consultative Conference and an advisor member of the Financial Reporting Review Panel. 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 2012, Dr. Li received fees of HK\$100,000 for being a Director of the Company, HK\$240,000 for being the Chairman of the Audit Committee of the Company and HK\$50,000 for being a member of the Remuneration Committee of the Company. Also, he received other emoluments of a total of HK\$240,000 for being a director and the chairman of the audit committee and the remuneration committee of SmarTone Telecommunications Holdings Limited.

Other Information

Dr. Fung Kwok-lun, William

SBS, OBE, JP

Independent Non-Executive Director (Age: 64)

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 has been the group chairman of Li & Fung Limited since May 2012 and before that, was the executive deputy chairman (2011 – May 2012) and the group managing director (1986 – 2011) of Li & Fung Limited. He also serves as a non-executive director of Convenience Retail Asia Limited and Trinity Limited. He is a director of the Fung Global Institute, an independent and non-profit think-tank. Dr. Fung is also an independent non-executive director of VTech Holdings Limited, Shui On Land Limited and The Hongkong and Shanghai Hotels, Limited; and an independent director of Singapore Airlines Limited.

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 Hong Kong Special Administrative Region 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 2012, Dr. Fung received a fee of HK\$100,000 for being a Director of the Company.

Dr. Leung Nai-pang, Norman

LLD, GBS, JP

Independent Non-Executive Director (Age: 72)

Dr. Leung has been an Independent Non-Executive Director of the Company since July 2012. He was appointed as a member of both the Nomination Committee and the Remuneration Committee of the Company with effect from 16 November 2012. Dr. Leung is the executive chairman of Television Broadcasts Limited. He is also the chairman and an independent non-executive director of Transport International Holdings Limited.

Dr. Leung has been active in public service for over 30 years and he served as Commissioner of the Civil Aid Service from 1993 to 2007, chairman of the Broadcasting Authority from 1997 to 2002 and council chairman of City University of Hong Kong from 1997 to 2003. He is currently the Pro-Chancellor of City University of Hong Kong and a member of the Advisory Committee on Post-office Employment for former Chief Executives and Politically Appointed Officials.

Save as disclosed above, Dr. Leung 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 ending 30 June 2013, Dr. Leung is entitled to a fee of HK\$300,000 for being a Director, and HK\$60,000 for being a member of each of the Nomination Committee and the Remuneration Committee of the Company.

Other Information

Leung Kui-king, Donald

BSc

Independent Non-Executive Director (Age: 56)

Mr. Leung has been an Independent Non-Executive Director of the Company since July 2012. He was appointed as a member of the Audit Committee of the Company with effect from 16 November 2012. Mr. Leung graduated from The University of California, Berkeley with a Bachelor of Science degree in Business Administration and completed Harvard University's Advanced Management Program. He is currently an independent non-executive director of Tern Properties Company Limited.

Mr. Leung started his career with Bank of America in 1977 and joined Wardley Limited (a member of HSBC Group) in 1984. He then joined the Company in 1986 and worked until his retirement in 2006.

Save as disclosed above, Mr. Leung 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 ending 30 June 2013, Mr. Leung is entitled to a fee of HK\$300,000 and HK\$240,000 for being a Director and a member of the Audit Committee of the Company respectively.

Kwok Ping-sheung, Walter

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

Non-Executive Director (Age: 62)

Mr. Kwok has been with the Group for 39 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 Fellow 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 in Beijing and Honorary Trustee of Tongji University in Shanghai and Nanjing University. Mr. Kwok is a non-executive director of SUNeVision Holdings Ltd. and Transport International Holdings Limited. He is also a director of Wilson Parking (Holdings) Limited and Hung Cheong Import & Export Company, Limited.

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

Mr. Kwok is an Honorary Citizen of Beijing and Guangzhou. Mr. Kwok is a Standing Committee member of the National Committee of the Chinese People's Political Consultative Conference and Honorary President and Vice Chairman of Friends of Hong Kong Association. 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 a son of Madam Kwong Siu-hing who is the elder sister of Mr. Kwong Chun and also a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. He is also the elder brother of Messrs. Kwok Ping-kwong, Thomas and Kwok Ping luen, Raymond, and the uncle of Messrs. Kwok Kai-fai, Adam and Kwok Ho-lai, Edward.

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 2012, 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., FlntSD, FHKMA

Non-Executive Director (Age: 83)

Sir Po-shing Woo has been a Non-Executive Director of the Company since August 1972. 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 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 City University of Hong Kong. Sir Po-shing Woo is also a director of Henderson Development Limited and a consultant of Ashurst Hong Kong. He was a non-executive director of Henderson Investment Limited and Henderson Land Development Company Limited. He is the father of Mr. Woo Ka-biu, Jackson.

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 2012, 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: 78)

Mr. Kwan has been a Non-Executive Director of the Company since July 1999 and is a member of the Nomination Committee and the Remuneration Committee of the Company. As a managing partner with the solicitors firm of Woo, Kwan, Lee & Lo, Mr. Kwan has 50 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, vice chairman of the Hong Kong Scout Foundation Management Committee, vice chairman of the Scout Performing Arts Committee, chairman of Air Activities Committee, elected member of Scout Counsel of Hong Kong, 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, president of FIAP Grand Prix Club, 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 2012, 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. He also received a fee of approximately HK\$28,000 for being a member of the Remuneration Committee of the Company for the period from 9 December 2011 to 30 June 2012.

Other Information

Wong Yick-kam, Michael

MBA, BBA

Non-Executive Director (Age: 60)

Mr. Wong has been a Non-Executive Director and the Group Principal Advisor of the Company since January 2010. He is also the Chairman of the Special Committee of the Company. 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 director's 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 of Hong Kong.

Mr. Wong is chairman of the Hong Kong Youth Hostels Association. He is a member of the Government of the Hong Kong Special Administrative Region's Steering Committee on Child Development Fund, Steering Committee on Promotion of Electric Vehicles, Social Welfare Advisory Committee, Steering Committee of the Pilot Green Transport Fund and Social Innovation and Entrepreneurship Development Fund Task Force of the Commission on Poverty. He is also a member of the Board of Trustees of New Asia College, The Chinese University of Hong Kong, and a member and treasurer of the Council of The Open University of Hong Kong.

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 2012, Mr. Wong received fees of HK\$100,000 and HK\$200,000 for being a Director and a member of the Audit Committee of the Company respectively.

Chan Kui-yuen, Thomas

B Comm

Executive Director (Age: 66)

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 joined the Group in 1973 and is now responsible for land acquisitions and project planning matters. He graduated from the United College, The Chinese University of Hong Kong and was awarded as honorary university fellowship of The Open University of Hong Kong in 2007. Mr. Chan retired as a non-executive director of SUNeVision Holdings Ltd. with effect from the conclusion of its annual general meeting held on 1 November 2012.

Mr. Chan is a committee member of Infrastructure Development Services Advisory Committee, 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 of Hong Kong 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 2012, Mr. Chan received a fee of HK\$100,000 for being a Director of the Company and other emoluments of approximately HK\$11.59 million.

Other Information

Kwong Chun

Executive Director (Age: 83)

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 who is the mother of Messrs. Kwok Ping-sheung, Walter, Kwok Ping-kwong, Thomas and Kwok Ping-luen, Raymond, and the grandmother of Messrs. Kwok Kai-fai, Adam and Kwok Ho-lai, Edward. Madam Kwong is also a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

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 2012, Mr. Kwong received a fee of HK\$100,000 for being a Director of the Company and other emoluments of approximately HK\$4.56 million.

Chan Kwok-wai, Patrick

MBA, FCPA, FCCA, FCPA (Aust.), ACIS, TEP, AFP

Executive Director & Chief Financial Officer (Age: 56)

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, the Association of Chartered Certified Accountants ("ACCA") as well as the CPA Australia. He is also a member of The Institute of Chartered Secretaries and Administrators and the Society of Trust and Estate Practitioners, and associate financial planner of the Institute of Financial Planners of Hong Kong.

Mr. Chan started his career at Ernst & Young and worked for a number of banks and listed companies in Hong Kong. He joined Hang Seng Bank Limited ("Hang Seng") in 1995, of which he became chief financial officer in 1998. He also sat on the executive committee of Hang Seng, and was an executive director of Hang Seng from 2005 till 2009. Mr. Chan was previously 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 Hong Kong Special Administrative Region ("HKSAR") Government Scholarship Fund Investment Committee, the Investment Sub-committee of the Beat Drugs Fund Association HKSAR and Self-financing Post-secondary Education Fund Investment Committee, a council member of the Hong Kong Examinations and Assessment Authority ("HKEAA"), chairman of the finance committee of the HKEAA and a member of the Standing Committee on Language Education and Research. He is also 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. He is 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, 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 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 2012, Mr. Chan received a fee of HK\$100,000 for being a Director of the Company and other emoluments of approximately HK\$15.02 million.

Other Information

Kwok Kai-fai, Adam

MBA, BSc

Alternate Director to Kwok Ping-kwong, Thomas (Age: 29)

Mr. Kwok was appointed as an Alternate Director to Mr. Kwok Ping-kwong, Thomas in July 2012. He holds a Bachelor of Science degree in Management Science and Engineering from Stanford University and a Master's degree in Business Administration from Harvard Business School. He worked in an international investment bank prior to joining the Group in November 2008 and currently is a project manager taking charge of certain key residential and commercial projects of the Group in Hong Kong and the Pearl River Delta region.

Mr. Kwok is a son of Mr. Kwok Ping-kwong, Thomas, and a nephew of Messrs. Kwok Ping-sheung, Walter and Kwok Ping-luen, Raymond. He is also a grandson of Madam Kwong Siu-hing who is the elder sister of Mr. Kwong Chun and also a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. Kwok 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.

Kwok Ho-lai, Edward

BA

Alternate Director to Kwok Ping-luen, Raymond (Age: 32)

Mr. Kwok was appointed as an Alternate Director to Mr. Kwok Ping-luen, Raymond in July 2012. He holds a Bachelor of Arts degree from Yale University and a Postgraduate Diploma in Professional Accountancy from The Chinese University of Hong Kong. His professional qualifications include being both a member of the Hong Kong Institute of Certified Public Accountants and The Institute of Chartered Accountants in England and Wales. He has joined the Group since January 2010 and is now a sales and project manager, responsible for feasibility study, marketing and planning of new residential projects of the Group in Hong Kong. Before joining the Group, Mr. Edward Kwok worked in a major international audit firm.

Mr. Kwok is a son of Mr. Kwok Ping-luen, Raymond, and a nephew of Messrs. Kwok Ping-sheung, Walter and Kwok Ping-kwong, Thomas. He is also a grandson of Madam Kwong Siu-hing who is the elder sister of Mr. Kwong Chun and also a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. Kwok 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.

Other Information

Woo Ka-biu, Jackson

MA (Oxon)

Alternate Director to Sir Po-shing Woo (Age: 50)

Mr. Woo was appointed as an Alternate Director to Sir Po-shing Woo in October 2002. He holds a Master's degree in Jurisprudence from Oxford University and is qualified as a solicitor in Hong Kong, Australia, England and Wales. He is an honorary director of Tsinghua University, a China-Appointed Attesting Officer appointed by the Ministry of Justice, PRC and a Practicing Solicitor Member on the panel of the Solicitors' Disciplinary Tribunal in Hong Kong. Mr. Woo is a director of Kailey group of companies and a partner of Ashurst Hong Kong. He 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 an independent non-executive director of Ping An Insurance (Group) Company of China, Ltd. and Henderson Land Development Company Limited ("Henderson Land"). He was an alternate director to Sir Po-shing Woo who was a non-executive director of Henderson Investment Limited and Henderson Land. In January 2008, Mr. Woo was awarded 2008 World Outstanding Chinese Award by the United World Chinese Association and Honorary Doctor Degree 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.

All the Directors and Alternate Directors of the Company have not entered into any service contract with the Company. In accordance with the articles of association of the Company, Directors are subject to retirement by rotation and re-election at annual general meetings 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 annual general meeting to be held two years thereafter, and they shall be eligible for re-election for a like term at that annual general meeting upon the expiry of their term of office. In accordance with the articles of association of the Company, the appointment of Alternate Directors will cease if their appointors cease to be Directors of the Company.

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. For the financial year ending 30 June 2013, each Chairman, Vice Chairman and other Director are entitled to receive HK\$320,000, HK\$310,000 and HK\$300,000 respectively. The Chairman and each other member of the Audit Committee are entitled to receive HK\$280,000 and HK\$240,000 respectively whereas the Chairman and each other member of both the Nomination and Remuneration Committees are entitled to receive HK\$70,000 and HK\$60,000 respectively. Alternate Directors shall not be entitled to receive from the Company any remuneration in respect of their appointment as Alternate Directors except only such part (if any) of the remuneration otherwise payable to their appointors as such appointors may by notice in writing to the Company from time to time direct.

SENIOR MANAGEMENT

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

Note: Mrs. Leung Ko May-ye, Margaret was appointed as an Independent Non-Executive Director of the Company with effect from 1 March 2013.

Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 31 December 2012, 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 31.12.2012
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (interests of controlled corporation)	Other interests				
Kwok Ping-kwong, Thomas	2,069,596	304,065	—	422,360,814 ^{2,4&5}	424,734,475	100,000 <i>(personal interests)</i>		
						48,000 <i>(family interests)</i>	424,882,475	15.99
Kwok Ping-luen, Raymond	78,541	—	—	425,652,938 ^{3,4&5}	425,731,479	100,000	425,831,479	16.03
Lee Shau-kee	486,340	—	343,000 ⁶	—	829,340	—	829,340	0.03
Wong Chik-wing, Mike	200,950	—	—	—	200,950	100,000	300,950	0.01
Lui Ting, Victor	60,000	—	—	—	60,000	100,000	160,000	0.01
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	220,000	9,500	—	—	229,500	—	229,500	0.01
Leung Nai-pang, Norman	—	10,000	—	—	10,000	—	10,000	0.00
Leung Kui-king, Donald	—	2,000	—	—	2,000	—	2,000	0.00
Kwok Ping-sheung, Walter ⁷	75,000	—	—	1,087,663,522	1,087,738,522	—	1,087,738,522	40.94
Woo Po-shing	1,363,731	—	—	—	1,363,731	—	1,363,731	0.05
Wong Yick-kam, Michael	174,987	—	—	—	174,987	—	174,987	0.01
Chan Kui-yuen, Thomas	—	66,000	126,500 ⁸	—	192,500	100,000	292,500	0.01
Kwong Chun	702,722	339,358	—	—	1,042,080	100,000	1,142,080	0.04
Chan Kwok-wai, Patrick	—	—	—	—	—	100,000	100,000	0.00
Kwok Kai-fai, Adam <i>(Alternate Director to Kwok Ping-kwong, Thomas)</i>	—	—	—	534,716,391 ^{2,4&9}	534,716,391	—	534,716,391	20.13
Kwok Ho-lai, Edward <i>(Alternate Director to Kwok Ping-luen, Raymond)</i>	—	—	—	538,008,515 ^{3,4&9}	538,008,515	—	538,008,515	20.25
Woo Ka-biu, Jackson <i>(Alternate Director to Woo Po-shing)</i>	—	1,000	—	—	1,000	—	1,000	0.00

Other Information

Notes:

1. *These underlying shares held under equity derivatives represented 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 the section headed "Share Option Schemes" below.*
2. *Messrs. Kwok Ping-kwong, Thomas and Kwok Kai-fai, Adam were deemed to be interested in 422,360,814 shares in the Company by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated between them.*
3. *Messrs. Kwok Ping-luen, Raymond and Kwok Ho-lai, Edward were deemed to be interested in 425,652,938 shares in the Company by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated between them.*
4. *Of the said 422,360,814 shares and 425,652,938 shares in the Company as stated in Notes 2 and 3 above respectively, 29,380,779 shares represented the same interests and were therefore duplicated amongst Messrs. Kwok Ping-kwong, Thomas, Kwok Ping-luen, Raymond, Kwok Kai-fai, Adam and Kwok Ho-lai, Edward for the purpose of Part XV of the SFO.*
5. *In addition, on 30 September 2010, the trustee of certain discretionary trusts (the "Trustee"), which was then indirectly interested in a total of 1,081,739,328 shares in the Company, informed the Company that "a re-organisation of such trusts has recently taken place.*

Consequent upon such re-organisation, the "interests" as deemed under the provisions of the Securities and Futures Ordinance of Hong Kong of the various Kwok family members who are directors of SHKP in the said 1,081,739,328 shares in SHKP with effect from 29 September, 2010 are 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."*

Subsequent to the above notification from the Trustee on 30 September 2010 and up to 31 December 2012, the Trustee's interests in the shares of the Company increased to 1,145,381,298 shares.

6. *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"). Henderson Land was taken to be 62.27% 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.*
7. *Mr. Kwok Ping-sheung, Walter has informed the Company that his share interests in the Company are under dispute. The interests of Mr. Kwok Ping-sheung, Walter in the Company as disclosed here are based on his latest form of disclosure notification dated 23 September 2009 given under Part XV of the SFO.*
8. *These shares were held by a company which was obliged to act in accordance with the instructions of Mr. Chan Kui-yuen, Thomas.*
9. *In addition to the deemed interests as stated in Notes 2 to 4 above, Messrs. Kwok Kai-fai, Adam and Kwok Ho-lai, Edward were deemed to be interested in 112,355,577 shares in the Company by virtue of them being beneficiaries of a discretionary trust for the benefit of the sons of Messrs. Kwok Ping-sheung, Walter, of Kwok Ping-kwong, Thomas and of Kwok Ping-luen, Raymond respectively for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated between them.*

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			Total	Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 31.12.2012
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Other interests				
Kwok Ping-kwong, Thomas	—	—	2,140,000 ¹	2,140,000	—	2,140,000	0.09
Kwok Ping-luen, Raymond	—	—	3,485,000 ^{1&2}	3,485,000	—	3,485,000	0.15
Wong Chik-wing, Mike	218,000	—	—	218,000	—	218,000	0.01
Lui Ting, Victor	356	—	—	356	—	356	0.00
Leung Nai-pang, Norman	41,000	142	—	41,142	—	41,142	0.00
Wong Yick-kam, Michael	200,000	—	—	200,000	—	200,000	0.01
Kwong Chun	600,000	—	—	600,000	—	600,000	0.03
Kwok Kai-fai, Adam <i>(Alternate Director to Kwok Ping-kwong, Thomas)</i>	—	—	11,927,658 ^{1&3}	11,927,658	—	11,927,658	0.51
Kwok Ho-lai, Edward <i>(Alternate Director to Kwok Ping-luen, Raymond)</i>	—	—	13,272,658 ^{1,2&3}	13,272,658	—	13,272,658	0.57

Notes:

- Messrs. Kwok Ping-kwong, Thomas, Kwok Ping-luen, Raymond, Kwok Kai-fai, Adam and Kwok Ho-lai, Edward were deemed to be interested in 2,140,000 shares in SUNeVision by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.
- In addition to the deemed interests as stated in Note 1 above, Messrs. Kwok Ping-luen, Raymond and Kwok Ho-lai, Edward were also deemed to be interested in 1,345,000 shares in SUNeVision by virtue of them being beneficiaries of a discretionary trust for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated between them.
- In addition to the deemed interests as stated in Notes 1 and 2 above, Messrs. Kwok Kai-fai, Adam and Kwok Ho-lai, Edward were also deemed to be interested in 9,787,658 shares in SUNeVision by virtue of them being beneficiaries of a discretionary trust for the benefit of the sons of Messrs. Kwok Ping-sheung, Walter, of Kwok Ping-kwong, Thomas and of Kwok Ping-luen, Raymond respectively for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated between them.
- Mr. Kwok Ping-sheung, Walter has informed the Company that his share interests in SUNeVision are under dispute. The "no interest" position of Mr. Kwok Ping-sheung, Walter in SUNeVision as disclosed here is based on his latest form of disclosure notification dated 23 September 2009 given under Part XV of the SFO.

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

Name of Director	Number of shares held		Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 31.12.2012
	Other interests	Total			
Kwok Ping-luen, Raymond	4,475,534 ¹	4,475,534	—	4,475,534	0.43
Kwok Kai-fai, Adam <i>(Alternate Director to Kwok Ping-kwong, Thomas)</i>	5,937,944 ²	—	—	5,937,944	0.57
Kwok Ho-lai, Edward <i>(Alternate Director to Kwok Ping-luen, Raymond)</i>	10,413,478 ^{1&2}	—	—	10,413,478	1.00

Other Information

Notes:

1. Messrs. Kwok Ping-luen, Raymond and Kwok Ho-lai, Edward were deemed to be interested in 4,475,534 shares in SmarTone by virtue of them being beneficiaries of a discretionary trust for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated between them.
2. Messrs. Kwok Kai-fai, Adam and Kwok Ho-lai, Edward were deemed to be interested in 5,937,944 shares in SmarTone by virtue of them being beneficiaries of a discretionary trust for the benefit of the sons of Messrs. Kwok Ping-sheung, Walter, of Kwok Ping-kwong, Thomas and of Kwok Ping-luen, Raymond respectively for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated between them.

(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 31.12.2012
	Personal interests (held as beneficial owner)	Total			
Kwok Ping-luen, Raymond	393,350	393,350	—	393,350	0.10
Kwok Ping-sheung, Walter	61,522	61,522	—	61,522	0.02

(d) Each of Messrs. Kwok Ping-kwong, Thomas, Kwok Ping-luen, Raymond, Kwok Kai-fai, Adam and Kwok Ho-lai, Edward had the following interests in shares of the following associated corporations:

Name of associated corporation	Attributable shares held through corporation	Attributable % of shares in issue through corporation as at 31.12.2012	Actual shares held through corporation	Actual % interests in issued shares as at 31.12.2012
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. Messrs. Kwok Ping-kwong, Thomas, Kwok Ping-luen, Raymond, Kwok Kai-fai, Adam and Kwok Ho-lai, Edward were deemed to be interested in these shares by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.

Other Information

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

Name of associated corporation	Total number of shares held	% of shares in issue as at 31.12.2012
Anbok Limited	2 ²	50.00
Billion Ventures Limited	1 ³	50.00
Central Waterfront Property Holdings Limited	100 ⁴	100.00
Central Waterfront Property Investment Holdings Limited	50 ⁵	50.00
CWP Limited	1 ⁶	50.00
Daily Win Development Limited	100 ⁷	25.00
E Man-Sanfield JV Construction Company Limited	1 ⁸	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
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 Development Limited	1 ¹⁸	50.00
Topcycle Project Management Limited	1 ¹⁸	50.00
World Space Investment Limited	4,918 ¹⁷	49.18

Notes:

- 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. Henderson Land was taken to be 62.27% 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.
- 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. Dr. Lee Shau-kee was taken to be interested in Henderson Land as set out in Note 1.
- 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. Dr. Lee Shau-kee was taken to be interested in Henderson Land as set out in Note 1.
- 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. Dr. Lee Shau-kee was taken to be interested in Henderson Land as set out in Note 1.
- 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. Prominence was wholly-owned by HK China Gas which was 39.88% held by Henderson Land. Dr. Lee Shau-kee was taken to be interested in Henderson Land as set out in Note 1.
- Dr. Lee Shau-kee was deemed to be interested in the one share held through Starland. This corporation was wholly-owned by Henderson Land. Dr. Lee Shau-kee was taken to be interested in Henderson Land as set out in Note 1.

Other Information

7. *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. Dr. Lee Shau-kee was taken to be interested in Henderson Land as set out in Note 1.*
8. *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. Dr. Lee Shau-kee was taken to be interested in Henderson Land 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. Dr. Lee Shau-kee was taken to be interested in Henderson Land 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. Dr. Lee Shau-kee was taken to be interested in Henderson Land 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. Dr. Lee Shau-kee was taken to be interested in Henderson Land 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. Dr. Lee Shau-kee was taken to be interested in Henderson Land as set out in Note 1.*
13. *Dr. Lee Shau-kee was deemed to be interested in the 3,050 shares held through Quickcentre Properties Limited. This corporation was 100% held by Henderson (China) Investment Company Limited of which 100% was held by Andcoe 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. Dr. Lee Shau-kee was taken to be interested in Henderson Land 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. Dr. Lee Shau-kee was taken to be interested in Henderson Land 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. Dr. Lee Shau-kee was taken to be interested in Henderson Land 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. Dr. Lee Shau-kee was taken to be interested in Henderson Land 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. Dr. Lee Shau-kee was taken to be interested in Henderson Land 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. Dr. Lee Shau-kee was taken to be interested in Henderson Land as set out in Note 1.*

Save as disclosed above, as at 31 December 2012, 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 complied with the Model Code during the six months ended 31 December 2012.

Other Information

SHARE OPTION SCHEMES

1. Share option schemes of the Company

On 5 December 2002, the Company adopted a share option scheme (the “Old Scheme”) which expired on 5 December 2012. In order to ensure continuity of a share option scheme for the Company to incentivize its employees, the shareholders of the Company (the “Shareholders”) at the annual general meeting of the Company held on 15 November 2012 (the “2012 AGM”) passed an ordinary resolution to approve the adoption of a new share option scheme (the “New Scheme”) and the termination of the Old Scheme. The Company currently operates both the Old Scheme and the New Scheme.

During the six months ended 31 December 2012, the Company granted 1,474,000 share options under the Old Scheme. Following the termination of the Old Scheme on 15 November 2012, no further share options can be granted under the Old Scheme but the provisions of the Old Scheme remain in full force and effect in all other respects in relation to the share options granted under the Old Scheme. All outstanding share options granted under the Old Scheme and yet to be exercised shall remain valid.

Since the adoption of the New Scheme in November 2012, no share options were granted under the New Scheme.

Particulars of the outstanding share options granted under the Old Scheme and their movements during the six months ended 31 December 2012 were as follows:

Grantee	Date of grant	Exercise price (HK\$)	Exercise period	Number of share options				
				Balance as at 01.07.2012	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	Balance as at 31.12.2012
(I) Directors								
Kwok Ping-kwong, Thomas	12.07.2010	111.40	12.07.2011 to 11.07.2015 ¹	100,000	—	—	—	100,000
Kwok Ping-luen, Raymond	12.07.2010	111.40	12.07.2011 to 11.07.2015 ¹	100,000	—	—	—	100,000
Wong Chik-wing, Mike	12.07.2010	111.40	12.07.2011 to 11.07.2015 ¹	100,000	—	—	—	100,000
Lui Ting, Victor	12.07.2010	111.40	12.07.2011 to 11.07.2015 ¹	80,000	—	—	(80,000)	—
	11.07.2012	96.15	11.07.2013 to 10.07.2017 ²	N/A	100,000 ³	—	—	100,000
Chan Kui-yuen, Thomas	12.07.2010	111.40	12.07.2011 to 11.07.2015 ¹	100,000	—	—	—	100,000
Kwong Chun	12.07.2010	111.40	12.07.2011 to 11.07.2015 ¹	100,000	—	—	—	100,000
Chan Kwok-wai, Patrick	11.07.2011	116.90	11.07.2012 to 10.07.2016 ⁴	100,000	—	—	—	100,000
(II) Associate of a Director	12.07.2010	111.40	12.07.2011 to 11.07.2015 ¹	48,000	—	—	—	48,000
(III) Other employees								
	12.07.2010	111.40	12.07.2011 to 11.07.2015 ¹	3,852,000 ⁵	—	—	(224,000)	3,628,000
	11.07.2011	116.90	11.07.2012 to 10.07.2016 ⁴	2,766,000	—	—	(474,000)	2,292,000
	11.07.2012	96.15	11.07.2013 to 10.07.2017 ²	N/A	1,308,000 ³	—	—	1,308,000
Total				7,346,000	1,408,000 ⁶	—	(778,000)	7,976,000

Other Information

Notes:

1. 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.
2. The share options can be exercised up to 30% of the grant during the period from 11 July 2013 to 10 July 2014, up to 60% of the grant during the period from 11 July 2014 to 10 July 2015 and in whole or in part of the grant during the period from 11 July 2015 to 10 July 2017.
3. The closing price of the shares of the Company immediately before the date on which the share options were granted was HK\$92.85 per share.
4. The share options can be exercised up to 30% of the grant during the period from 11 July 2012 to 10 July 2013, up to 60% of the grant during the period from 11 July 2013 to 10 July 2014 and in whole or in part of the grant during the period from 11 July 2014 to 10 July 2016.
5. This figure included 100,000 share options which were granted to a Director who passed away in March 2012.
6. The Company granted 1,474,000 share options under the Old Scheme on 11 July 2012 and subsequently 1,408,000 share options were accepted by the grantees.
7. The accounting policy adopted for the share options is set out in note 1(u) to the financial statements for the year ended 30 June 2012 in the 2011/2012 Annual Report.

Save as disclosed above, there were no outstanding share options under the Old Scheme during the six months ended 31 December 2012.

The fair values of the share options granted by the Company were determined by using the Black-Scholes model which is one of the models to estimate the fair value of a share option. The total value of the share options granted on 11 July 2012 under the Old Scheme amounting to approximately HK\$29,478,500 was estimated based on the following variables and assumptions:

Risk free interest rate	0.32% ¹
Expected volatility	31.73% ²
Expected dividend	3.48% ³
Expected life of the share options	5 years ⁴

Notes:

1. This represented the approximate yield of 5-year Exchange Fund Note traded on 11 July 2012.
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 share options and the historical volatility of the shares of the Company in the year preceding the date of grant.

The value of a share 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 a share option.

Other Information

2. Share option schemes of the subsidiaries

(a) SUNeVision

SUNeVision currently operates a share option scheme which was approved on 1 November 2012 and became effective on 15 November 2012 (the “SUNeVision New Scheme”).

As the share option scheme of SUNeVision which was adopted on 3 December 2002 (the “SUNeVision Old Scheme”) expired on 3 December 2012, the shareholders of SUNeVision approved the adoption of the SUNeVision New Scheme and the termination of the SUNeVision Old Scheme at the annual general meeting of SUNeVision held on 1 November 2012. The adoption of the SUNeVision New Scheme and the termination of the SUNeVision Old Scheme became effective on 15 November 2012 following the passing of an ordinary resolution approving the same by the then Shareholders at the 2012 AGM. No share options can be granted under the SUNeVision Old Scheme upon its termination.

During the six months ended 31 December 2012, (i) there were no outstanding share options under the SUNeVision Old Scheme; and (ii) no share options were granted under the SUNeVision New Scheme.

(b) SmarTone

SmarTone operates the following two share option schemes:

- (1) share option scheme adopted and became effective on 15 November 2002, and terminated on 8 December 2011 (the “SmarTone Old Scheme”); and
- (2) share option scheme adopted on 2 November 2011 and became effective on 8 December 2011 (the “SmarTone New Scheme”).

Pursuant to the terms of the SmarTone Old Scheme and the SmarTone New Scheme (collectively the “SmarTone Schemes”), SmarTone granted or may grant share options to the participants, including directors and employees of SmarTone group, to subscribe for shares of SmarTone. No further share options can be granted under the SmarTone Old Scheme upon its termination. However, for the outstanding share options granted and yet to be exercised under the SmarTone Old Scheme, the existing rights of the grantees are not affected.

Other Information

During the six months ended 31 December 2012, no share options were granted under the SmarTone Schemes and the movements of the outstanding share options granted under the SmarTone Schemes were as follows:

Grantee	Date of grant	Exercise price (HK\$)	Exercise period	Number of share options				
				Balance as at 01.07.2012	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	Balance as at 31.12.2012
SmarTone Old Scheme								
(I) Directors of SmarTone	13.06.2011	12.78	13.06.2012 to 12.06.2016 ¹	12,000,000	—	—	—	12,000,000
(II) Other employees of SmarTone	05.02.2004	4.50	05.02.2005 to 04.02.2014 ²	546,000	—	(76,000) ³	—	470,000
	13.06.2011	12.78	13.06.2012 to 12.06.2016 ¹	20,084,000	—	(399,000) ⁴	(150,000)	19,535,000
	30.09.2011	13.12	30.09.2012 to 29.09.2016 ⁵	765,000	—	—	(450,000)	315,000
	31.10.2011	14.96	31.10.2012 to 30.10.2016 ⁶	150,000	—	—	—	150,000
	30.11.2011	13.02	30.11.2012 to 29.11.2016 ⁷	277,500	—	—	—	277,500
SmarTone New Scheme								
(III) Other employees of SmarTone	30.12.2011	13.52	30.12.2012 to 29.12.2016 ⁸	375,000	—	—	—	375,000
	29.02.2012	16.56	01.03.2013 to 28.02.2017 ⁹	300,000	—	—	—	300,000
Total				34,497,500	—	(475,000)	(600,000)	33,422,500

Notes:

- The share options can be exercised up to one-third of the grant from 13 June 2012, up to two-thirds of the grant from 13 June 2013 and in whole of the grant from 13 June 2014.
- The share option can be exercised up to one-third of the grant from 5 February 2005, up to two-thirds of the grant from 5 February 2006 and in whole of the grant from 5 February 2007.
- The weighted average closing price of the shares of SmarTone immediately before the date on which the share options were exercised was HK\$15.47 per share.
- The weighted average closing price of the shares of SmarTone immediately before the date on which the share options were exercised was HK\$15.27 per share.
- The share options can be exercised up to one-third of the grant from 30 September 2012, up to two-thirds of the grant from 30 September 2013 and in whole of the grant from 30 September 2014.
- The share options can be exercised up to one-third of the grant from 31 October 2012, up to two-thirds of the grant from 31 October 2013 and in whole of the grant from 31 October 2014.
- The share options can be exercised up to one-third of the grant from 30 November 2012, up to two-thirds of the grant from 30 November 2013 and in whole of the grant from 30 November 2014.
- The share options can be exercised up to one-third of the grant from 30 December 2012, up to two-thirds of the grant from 30 December 2013 and in whole of the grant from 30 December 2014.
- The share options can be exercised up to one-third of the grant from 1 March 2013, up to two-thirds of the grant from 1 March 2014 and in whole of the grant from 1 March 2015.

Save as disclosed above, there were no outstanding share options under the SmarTone Schemes during the six months ended 31 December 2012.

Other Information

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 31 December 2012, substantial shareholders of the Company 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:

	Number of shares held			Total	% of shares in issue as at 31.12.2012
	Personal interests (held as beneficial owner)	Corporate interests (interests of controlled corporation)	Other interests		
(I) Substantial shareholders					
Kwong Siu-hing	22,149	—	1,145,381,298 ¹	1,145,403,447	43.11
HSBC Trustee (C.I.) Limited ("HSBC Trustee")	—	—	1,145,381,298	1,145,381,298 ²	43.11
(II) Other persons					
Adolfa Limited ("Adolfa")	204,600,095	29,380,779	—	233,980,874 ³	8.80
Bertana Limited ("Bertana")	204,600,095	29,380,779	—	233,980,874 ³	8.80
Cyric Limited ("Cyric")	204,600,095	29,380,779	—	233,980,874 ³	8.80
Asporto Limited ("Asporto")	167,400,078	—	—	167,400,078 ³	6.30
Rosy Result Limited ("Rosy Result")	167,400,078	—	—	167,400,078 ³	6.30
Thriving Talent Limited ("Thriving Talent")	167,400,078	—	—	167,400,078 ³	6.30

Notes:

1. Madam Kwong Siu-hing was deemed to be interested in 1,145,381,298 shares in the Company by virtue of her being a founder and/or a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO. These shares were the same shares in which HSBC Trustee was deemed to be interested and were therefore duplicated between these two substantial shareholders.
2. On 30 September 2010, HSBC Trustee, as trustee of certain discretionary trusts which was then indirectly interested in a total of 1,081,739,328 shares in the Company, informed the Company that "a re-organisation of such trusts has recently taken place.

Consequent upon such re-organisation, the "interests" as deemed under the provisions of the Securities and Futures Ordinance of Hong Kong of the various Kwok family members who are directors of SHKP in the said 1,081,739,328 shares in SHKP with effect from 29 September, 2010 are 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. Of the shares held respectively by Adolfa, Bertana and Cyric, 29,380,779 shares were held through corporations of which each of Adolfa, Bertana and Cyric was interested in one-third of the entire issued share capital. These 29,380,779 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 2012, the Company was not 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

EMOLUMENT POLICY AND LONG TERM INCENTIVE SCHEMES OF THE GROUP

As at 31 December 2012, the Group employed more than 36,000 employees. The related employees' costs before reimbursements for the six months ended 31 December 2012 amounted to approximately HK\$3,922 million. Compensation for the Group is made reference to the market, individual performance and contributions. Extensive use of bonuses to link performance with reward is adopted. The Group also provides a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits, and both internal and external training appropriate to individual needs. A share option scheme is in place to provide appropriate long-term incentive of key staff of the Group.

BASIS OF DETERMINING EMOLUMENT TO DIRECTORS

The same remuneration philosophy is applicable to the Directors of the Company. Apart from benchmarking against the market, the Company looks at individual competence, contributions and the affordability of the Company in determining the exact level of remuneration for each Director. Appropriate benefits schemes are in place for the Executive Directors, including the share option scheme, similar to those offered to other employees of the Group.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's ordinary shares during the six months ended 31 December 2012.

INTERIM DIVIDEND

The Board of Directors has declared an interim dividend of HK\$0.95 per share (2011: HK\$0.95 per share) for the six months ended 31 December 2012. The interim dividend will be payable in cash, with an option for the Shareholders to receive new and fully paid shares of nominal value of HK\$0.50 each in the share capital of the Company in lieu of cash, or partly in cash and partly in shares under the scrip dividend scheme (the "Scrip Dividend Scheme"). A circular containing details of the Scrip Dividend Scheme and the relevant election form are expected to be sent to Shareholders on or about Thursday, 28 March 2013.

The Scrip Dividend Scheme is conditional upon the granting of the listing of and permission to deal in the new shares to be issued under the Scrip Dividend Scheme by the Listing Committee of the Stock Exchange.

Interim dividend will be distributed, and the share certificates issued under the Scrip Dividend Scheme will be sent on or about Thursday, 25 April 2013 to the Shareholders whose names appear on the register of members of the Company on Tuesday, 19 March 2013.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 15 March 2013 to Tuesday, 19 March 2013 (both days inclusive). In order to establish entitlements to the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited at Shops Nos.1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 14 March 2013.

Other Information

REVIEW OF INTERIM FINANCIAL STATEMENTS

The interim results for the six months ended 31 December 2012 are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants, by Messrs. Deloitte Touche Tohmatsu, whose report on review of condensed consolidated financial statements is set out on page 14 of the report. The interim results have also been reviewed by the Audit Committee of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 31 December 2012, the Company complied with the code provisions (the “Code Provisions”) of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, except that Messrs. Kwok Ping-kwong, Thomas and Kwok Ping-luen, Raymond, joint Chairmen of the Company, also serve as Managing Directors of the Company. This was at variance with Code Provision A.2.1, which provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Although the positions of chairman and managing director are not separate, the powers and authorities have not been concentrated as the responsibilities have been shared by two individuals, namely the two joint Chairmen and Managing Directors. Besides, all major decisions have been made in consultation with members of the Board and appropriate Board committees, as well as top management. In addition, there are six Independent Non-Executive Directors and five Non-Executive Directors on the Board offering their experience, expertise, independent advice and views from different perspectives. The Board is therefore of the view that there are adequate balance of power and safeguards in place.

By Order of the Board

Yung Sheung-tat, Sandy

Company Secretary

Hong Kong, 28 February 2013