



SUN HUNG KAI PROPERTIES LIMITED

2014/15

Interim Report

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Board of Directors and Committees

BOARD OF DIRECTORS

Executive Directors Kwok Ping-luen, Raymond (*Chairman & Managing Director*)
Wong Chik-wing, Mike (*Deputy Managing Director*)
Lui Ting, Victor (*Deputy Managing Director*)
Kwok Kai-fai, Adam
Kwong Chun
Chan Kwok-wai, Patrick (*Chief Financial Officer*)
Tung Chi-ho, Eric
Fung Yuk-lun, Allen
Kwok Ho-lai, Edward (*Alternate Director to Kwok Ping-luen, Raymond*)

Non-Executive Directors Lee Shau-kee (*Vice Chairman*)
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
Leung Ko May-yee, Margaret

COMMITTEES

Executive Committee Kwok Ping-luen, Raymond
Wong Chik-wing, Mike
Lui Ting, Victor
Kwok Kai-fai, Adam
Kwong Chun
Chan Kwok-wai, Patrick
Tung Chi-ho, Eric
Fung Yuk-lun, Allen
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*

Financial Highlights and Corporate Information

FINANCIAL HIGHLIGHTS

For the six months ended 31 December	2014	2013	Change (%)
Financial Highlights (HK\$ million)			
Revenue	32,093	32,506	-1.3
Profit attributable to the Company's shareholders			
— Reported	15,696	19,027	-17.5
— Underlying ¹	8,463	10,644	-20.5
Gross rental income ²	9,635	9,078	+6.1
Net rental income ²	7,438	6,879	+8.1
Financial Information per Share (HK\$)			
Earnings per share for profit attributable to the Company's shareholders			
— Reported	5.71	7.12	-19.8
— Underlying ¹	3.08	3.98	-22.6
Interim dividends	0.95	0.95	—

Notes:

1. Underlying profit attributable to the Company's shareholders excluded the net effect of changes in the valuation of investment properties
2. Including contributions from joint ventures and associates

CORPORATE INFORMATION

Company Secretary

Yung Sheung-tat, Sandy

Auditor

Deloitte Touche Tohmatsu

Registered Office

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30 Harbour Road
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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 & Shanghai Banking
Corporation Limited
The Bank of Tokyo-Mitsubishi UFJ, Ltd
Mizuho Bank, Ltd.
Sumitomo Mitsui Banking Corporation
United Overseas Bank Limited
Agricultural Bank of China Limited
Bank of Communications Co., Ltd.
Hang Seng Bank Limited
Oversea-Chinese Banking Corporation
Limited

CHOICE OF LANGUAGE OR MEANS OF RECEIPT OF CORPORATE COMMUNICATIONS

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

If (i) shareholders, who have received or chosen to receive or are deemed to have consented to receive this interim report by electronic means, wish to receive printed copies; or (ii) 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 the 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 the Share Registrar by post or by email or by completing and returning the accompanying Change Request Form.

Chairman's Statement

I am pleased to present my report to the shareholders.

RESULTS

The Group's underlying profit attributable to the Company's shareholders for the six months ended 31 December 2014, excluding the effect of fair-value changes on investment properties, amounted to HK\$8,463 million, compared to HK\$10,644 million for the corresponding period last year. Underlying earnings per share were HK\$3.08, compared to HK\$3.98 for the same period last year.

Reported profit and reported earnings per share attributable to the Company's shareholders were HK\$15,696 million and HK\$5.71 respectively, compared to HK\$19,027 million and HK\$7.12 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\$7,654 million, compared to HK\$8,918 million for the same period last year.

DIVIDEND

The directors have recommended the payment of an interim dividend of HK\$0.95 per share for the six months ended 31 December 2014, the same as 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 financial statements, including revenue from joint-venture projects, was HK\$9,586 million. Profit generated from property sales was HK\$2,285 million, as compared to HK\$5,626 million for the same period last year. Contracted sales during the period, which mainly reflected profit bookings in subsequent periods, amounted to HK\$18,655 million in attributable terms, as compared to HK\$12,247 million for the corresponding period last year. Contracted sales for this financial year so far have already exceeded HK\$28,000 million.

Rental Income

Steady rental income growth for the period under review was derived from higher rents for new leases and renewals, both in Hong Kong and on the mainland. Gross rental income, including contributions from joint-venture projects, rose 6% year-on-year to HK\$9,635 million and net rental income increased 8% year-on-year to HK\$7,438 million.

Property Business – Hong Kong

Land Bank

Capitalizing on increased opportunities in Hong Kong's land market, the Group acquired three residential sites through government public tenders during the period, including two large-scale low-density developments adjacent to the scenic Hong Kong Wetland Park. An aggregate gross floor area totalling over 2.7 million square feet can be developed on these sites, and the majority of units to be built will be of small-to-medium sizes. Site details are shown in the following table.

Chairman's Statement

Location	Usage	Group's Interest (%)	Attributable Gross Floor Area (square feet)
Tin Shui Wai Town Lot No. 33	Residential/Shops	100	1,219,000
Tin Shui Wai Town Lot No. 34	Residential/Shops	100	1,040,000
Tuen Mun Town Lot No. 515	Residential	100	476,000
Total			2,735,000

Following these acquisitions, the Group's total land bank in Hong Kong increased to 49.5 million square feet in terms of attributable gross floor area as at the end of December 2014. This comprised 20.8 million square feet of properties under development and 28.7 million square feet of completed investment properties. In addition, the Group has a total of over 27 million square feet of farmland in terms of site area in various stages of land use conversions, located primarily along existing or planned railway lines in the New Territories.

Early this month, the Group won a tender for the property development at Light Rail Tin Wing Station in Tin Shui Wai. Sitting atop the Tin Wing Station and connected by a footbridge to a nearby bus terminus and a greenery park, the project will be developed into nearly one million square feet of residential premises consisting mainly of small- to medium-sized units.

Property Development

Brought about by the release of pent-up demand from end users, the residential market in Hong Kong has been performing well both in terms of volume and price since the second quarter of 2014. This positive market momentum was driven mainly by solid end-user demand for small- to medium-sized units on the back of growing income, continuing formation of new households and favourable labour market conditions. Primary residential sales became more active with increased launches of new projects. Secondary market activities also picked up, though not as strong as first-hand sales.

In line with its core value to pursue excellence, the Group has continued to deliver quality developments that exceed customer expectations, further strengthening its corporate brand that is already well recognized by homebuyers. At the same time, considerable emphasis has been placed on every step of the value chain, from site acquisition to project planning and design, and from construction to sales and marketing as well as property management. As a result of its active involvement throughout the entire process of property development and emphasis on customer feedback, the Group has been able to respond swiftly and effectively to changes in market demand.

With its strong brand name, the Group's contracted sales in Hong Kong were impressive and reached about HK\$16,000 million during the period under review, arising mainly from sales of major residential projects including The Wings IIIA and The Wings IIIB in Tseung Kwan O as well as Deauville in Tsuen Wan West. The Group also disposed of selected office properties including W50 in Wong Chuk Hang and One Harbour Square in Kwun Tong. The first phase of Century Link in Tung Chung comprising over 1,400 units went on the market in January this year and over 97% were sold within one month.

During the period, Mount One in Fanling, comprising 136,000 square feet of residential gross floor area and 4,000 square feet of retail space, was completed. In the second half of this financial year, three projects with an aggregate gross floor area of 1.3 million square feet are due for completion, including 1.2 million square feet of residential premises and the W50 office development.

Chairman's Statement

Property Investment

The Group's gross rental income from its Hong Kong property investment portfolio, including contributions from joint-venture projects, increased by 6% year-on-year to HK\$7,655 million for the period under review. This was attributable to positive rental reversions and higher rents for new leases. The overall occupancy of the portfolio stood high at around 95%.

The Group will continue to foster long-term relationships with its tenants through the provision of quality building management services and regular property upgrades. Its property investment portfolio will also be reviewed periodically to identify opportunities for non-core asset disposals as a way to enhance shareholders' returns.

Retail Portfolio

With long-established expertise and extensive experience accumulated over the years in the Hong Kong retail leasing market, the Group's balanced and diversified mix of shopping malls and retail space of over ten million square feet continued to perform well. Occupancy was maintained at a high level, with positive rental reversions and rising traffic. Growth of tenant sales at its major malls outperformed the market during the period. The Occupy Movement that occurred at certain districts in the fourth quarter of last year has disrupted the operations of certain malls of the Group for a short period.

MOKO, formerly Grand Century Place, at MTR Mong Kok East Station represents the latest showcase of the Group's commitment to asset enhancement initiatives. The phased reconfiguration project will be completed soon with over 90% of the tenants already opened for business. Circulations of shoppers at the mall will be considerably improved by the new layouts and escalators. Refining the tenant mix and upgrading its position have also supported its transformation into a one-stop retail hub. Such efforts are expected to enhance its rental income and traffic. Other asset enhancement plans in the pipeline include a major renovation of Metroplaza in Kwai Fong and an outdoor greening project at APM in Kowloon East.

A new highlight of the Group's retail leasing portfolio in the near term will be the opening of the mall at YOHO Midtown, scheduled for late 2015. Pre-leasing of the mall, which will offer such appealing elements as duplexes and al fresco restaurants, has started. The 250,000-square-foot mall will be integrated with the Sun Yuen Long Centre under renovation and an upcoming 470,000-square-foot mall to become the million-square-foot YOHO Mall. With its enormous retail space and convenient location, YOHO Mall will be positioned as a regional shopping destination in New Territories West.

PopWalk, the retail portion spanning the Group's residential projects near MTR Tseung Kwan O Station, will make its debut in early 2016 with the opening of the 66,000-square-foot podium at The Wings II. This, together with the Group's existing malls such as Park Central, will benefit from the expanding community while enjoying footfalls from the adjacent promenade and parks. With the completion of the remaining 176,000 square feet of retail space, the Group's presence in Tseung Kwan O Town Centre will be further strengthened.

Other future additions include the retail space at North Point waterfront and the shopping centre at MTR Nam Cheong Station. Located adjacent to the Group's upcoming hotel, the North Point waterfront project will offer over 130,000 square feet of retail space while the Nam Cheong Station project atop a regional transport hub will house 300,000 square feet of floor area. Both projects are strategically situated to draw footfalls and carry promising prospects.

Chairman's Statement

During the period under review, existing malls at traditional shopping districts delivered decent performances. In particular, IFC Mall in Central, The Sun Arcade in Tsim Sha Tsui and WTC More in Causeway Bay are virtually fully let. The Group also owns and manages a number of regional malls serving visitors and residents in the neighbourhoods. These include renowned malls in New Territories East such as New Town Plaza in Sha Tin, Landmark North in Sheung Shui and Tai Po Mega Mall, along with quality shopping centres in New Territories West, for instance, Tsuen Wan Plaza and V City in Tuen Mun. These malls have consistently delivered good results. Festive and themed promotions held at the Group's malls drew high traffic, contributing to the decent tenant sales growth.

Office Portfolio

During the period under review, the grade-A office market in Hong Kong showed healthy performance. Office rentals in Central have improved moderately while sustained demands were seen in non-Central areas for quality premises with high specifications and large floor-plates.

The Group's diversified portfolio of offices in Hong Kong, totalling approximately ten million square feet, continued to perform well during the period. Located primarily along rail lines, these premium office space remained the preferred choice of multinational corporations which place considerable value on professional services, superior building quality and long-lasting relationships. Positive rental reversions were achieved with overall occupancy staying high.

Considerable efforts have been made in maintaining the high standards of the Group's office premises. Central Plaza in Wan Chai is currently undergoing renovation. The first phase of the renovation project is scheduled to be completed in 2016, and with the completion of the entire project, its appeal to tenants will be further enhanced. Renovation of the office lobby at Grand Century Place in Mong Kok is underway, complementing the full-fledged renovation of the retail podium.

The office leasing market in Central is supported by low vacancy and limited new supply. International Finance Centre (IFC), as the iconic premium offices in the core financial district, continued to attract interest from investment funds and other financial institutions, and has maintained high occupancies at both towers.

International Commerce Centre (ICC) in West Kowloon has been gaining increased market recognition as an extension of the Central financial district, and has received keen interest from both international and mainland financial institutions. This reaffirmed the building's competitive edge of excellent building specifications and prestigious office address in the city. Positive rental reversions were recorded.

The Group's decentralized offices, including the Millennium City cluster in Kowloon East and Metroplaza in Kwai Fong, saw solid positive rental reversions amid high occupancies. Sustained demand stemmed from both existing tenants' expansion needs and relocation demands of businesses from diversified industries.

Property Business – Mainland

Land Bank

As at the end of December 2014, the Group's land bank on the mainland amounted to an attributable 81.6 million square feet. About 71.3 million square feet were properties under development, of which over 60% will be high-end residential units or serviced apartments. Premium offices, shopping malls and hotels made up the rest of the development land bank. The Group also held 10.3 million square feet of completed investment properties on the mainland, including several landmark integrated projects at prime locations in first-tier cities such as Shanghai and Beijing.

Chairman's Statement

Property Development

The residential market on the mainland went through a period of consolidation with weak sales and softening prices in the first half of 2014, but market activities improved gradually over the past few months. The easing of government policies including the lifting of home purchase restrictions in lower-tier cities, the relaxation of mortgage terms, an interest rate cut and a reduction in reserve ratios for banks has worked as catalyst for the overall market recovery.

The Group achieved contracted sales of about HK\$2,700 million in attributable terms on the mainland during the period under review. Residential projects Shanghai Arch and the 80%-owned Oriental Bund in Foshan continued to deliver satisfactory results while Top Plaza, one of the twin office towers in the 33%-owned integrated Tianhui Plaza project in Guangzhou, also maintained solid sales momentum. Major launches on the mainland included Shanghai Cullinan on the prestigious Middle Huaihai Road. The project represents one of the most sought-after deluxe residential developments in Puxi and has attracted keen interest from high-end buyers.

Construction of the Group's development projects on the mainland continued to progress as planned. Five projects with 3.4 million square feet of attributable gross floor area were completed during the period under review, of which 2.7 million square feet were residential. These premium units were well received when they were launched on the market. Project details are shown in the following table.

Project	Location	Usage	Group's Interest (%)	Attributable Gross Floor Area (square feet)
Park Royale Phase 1B	1 Shiling Avenue East, Huadu, Guangzhou	Residential/Shops	100	1,072,000
Taihu International Community Phase 7A	Taihu New City, Wuxi	Residential/ Shopping Centre	40	1,002,000
Foothill Residence	76 Shanhusa Road, Zhijiang, Hangzhou	Residential	40	781,000
Forest Hills Phase 1A	Linhe East Road, Tianhe, Guangzhou	Residential/Shops	70	326,000
Sirius Phase 1B	88 Tongyuan Road, Jinjiang District, Chengdu	Residential/Shops	40	235,000
Total				3,416,000

Among major projects under development for sale, the 600,000-square-foot-plus office tower Top Plaza has progressed to the stage of internal decoration. Located at the prosperous Tianhe District in Guangzhou, the 460,000 square feet of luxury residential units at Phase 1B of Forest Hills, are also near completion. Both developments are planned for handover in the first half of 2015. Construction of Oriental Bund in Foshan has been progressing well. Phase 1A and 1B have been topped out and Phase 1C comprising 1.2 million square feet of premium homes has recently proceeded to the superstructure stage after the completion of foundation works.

Chairman's Statement

Property Investment

The mainland investment property portfolio continued to be a notable contributor to the Group's rental business and recorded solid rental growth despite the slowdown of economic growth on the mainland. The Group's gross rental income from the mainland, including contributions from joint-venture projects, rose by 6% year-on-year to HK\$1,631 million during the period under review. The increase was mainly driven by positive rental reversions and higher occupancy.

The Group is now applying its experience to develop two premium shopping malls in prime locations in Guangzhou, following the success of integrated projects in Shanghai. The 50%-owned Parc Central on bustling Tianhe Road will be close to a metro station serving two metro lines. With nearly 900,000 square feet of retail space, the four-storey mall will feature a variety of shops including international fashion brands and specialty restaurants, some of which are new to the city. Pre-leasing of the mall, which is expected to open in late 2015, is progressing well. The 33%-owned Tianhui Plaza is an integrated complex located in Zhujiang New Town and will include an upmarket eight-floor shopping mall, consisting of one million square feet of retail space and has a direct linkage to Liede metro station. Pre-leasing has started and upon completion in 2016 the mall will provide a one-stop shopping destination for discerning customers, featuring luxury fashion labels and exceptional entertainment facilities. These two upcoming shopping malls will enhance the Group's market position in the Pearl River Delta.

Shanghai IFC, one of the Group's iconic projects on the mainland, is situated at the core of Pudong. Within the complex, the Shanghai IFC Mall covers about 1.2 million square feet of retail space and has recorded high sales volumes and healthy rental reversions. The mall is now fully leased and tenant mix refinement is carried out on an ongoing basis to offer a more comprehensive shopping experience to customers. Construction of public pedestrian tunnels linking to areas nearby is underway to provide more convenient and easier access to customers. The premium quality of the two office towers, which are now fully occupied, continued to bring in tenants from leading mainland and multinational financial institutions. With its advantageous location in the Lujiazui Finance and Trade Zone, the office towers are expected to benefit from the expansion of the free trade zone in Shanghai later this year.

In the traditional commercial district of Puxi, Shanghai ICC is another integrated complex developed by the Group. Entering the second year of operation, the 1.3-million-square-foot IAPM mall has been fully leased and recorded a high traffic flow. The mall features a new lifestyle and late-night shopping concept in Shanghai by housing various trendy luxury brands and specialty restaurants. During the period under review, a wide range of events such as exhibitions and promotions were held to attract shoppers. Pre-leasing of Two ICC office tower, which is expected to be completed in 2015, is now underway and has attracted tenants ranging from financial institutions to professional services firms. One ICC office tower recorded high occupancy with many multinational conglomerates and financial institutions as tenants.

In addition to Shanghai IFC and Shanghai ICC, the Xujiahui Centre project is the Group's upcoming landmark development in Shanghai. Directly linked to the Xujiahui metro station which is an interchange of three metro lines, the project's 7.6 million square feet of gross floor area will span four land lots. Detailed design plans for the project are close to their final stage. Superstructure work has already commenced for Lot 1 located on Huashan Road of which more than 300,000 square feet will be retail space for long-term investment and about 180,000 square feet will be office space targeted for sale later this year. A large-scale prime shopping mall will be built on the largest lot, facing the affluent Hongqiao Road and Yishan Road. Upon completion, the project will further strengthen the Group's portfolio and bolster its brand in Shanghai.

Situated at the heart of Wangfujing commercial district, the renowned Beijing APM mall, which targets local young shoppers and tourists, recorded a steady increase in traffic flow during the period under review. More international cosmetics boutiques and fashion brands will open in the mall to further appeal to young people. A healthy growth in retail sales and decent rental reversions were achieved.

Chairman's Statement

The Group's 40%-owned Wuxi The MIXC mall had its grand opening in December last year. As part of the Taihu International Community, this upmarket shopping mall with about 1.6 million square feet of retail space offers customers a wide range of shopping, leisure and entertainment experience.

Other Businesses

Hotel

The overall hotel sector in Hong Kong maintained high occupancy with stable average room rates during the period under review, although the business of certain hotels in the areas affected by the Occupy Movement was disrupted during the fourth quarter of last year.

During the period under review, the Group's hotel portfolio in Hong Kong performed well, recording a moderate increase in average revenue per available room. The four Royal brand hotels maintained stable business growth with an average occupancy of around 95%. The Group's luxury hotels, including Four Seasons Hotel Hong Kong, The Ritz-Carlton, Hong Kong and W Hong Kong, maintained their leading role in Hong Kong's hotel sector with occupancy sustaining at a high level and average revenue per available room increasing, due to the growing recognition of these hotel brands in the Greater China region. The Ritz-Carlton, Hong Kong, in particular, has increasingly established a brand image as a preferred choice for high-spending leisure travellers in the region. Business of Crowne Plaza Hong Kong Kowloon East and Holiday Inn Express Hong Kong Kowloon East saw continued growth momentum after around two years of operation, with notable improvement in occupancy.

The Ritz-Carlton Shanghai, Pudong continued to do well during the period under review, with its room rates and revenue per available room staying among the top tier in the luxury hotel segment in the city. Its fashionable rooftop lounge, boasting an amazing night scene of Shanghai, has become the top choice for people seeking both indoor and outdoor fine dining.

The Group's hotel network will continue to expand. In Hong Kong, the foundation work for a premium hotel in Sha Tin has commenced and the construction of a waterfront hotel in North Point is proceeding as planned. These, coupled with the hotels being developed and planned on the mainland, will make additional contributions to the Group's recurrent income over time.

Telecommunications and Information Technology

SmarTone

SmarTone recovered from the low in the second half of the financial year 2013/14. Increase in total revenue and higher profit from handset sales resulted in a growth in profitability. In December 2014, SmarTone renewed its existing 3G spectrum and acquired additional spectrum for future business growth. The Group remains confident in SmarTone's prospects and will continue to hold the company as a long-term investment.

SUNeVision

SUNeVision continued its stable growth in profit during the period under review with its data centre as the core business. The development of a new Tseung Kwan O high-tier data centre which is due for completion in 2017 has been progressing smoothly according to schedule. The new centre is expected to further enhance business growth and generate better returns for shareholders while at the same time improving SUNeVision's capacity to meet customer needs in location, space and service quality. SUNeVision will continue to maintain its position as a major carrier-neutral data centre service provider in Hong Kong.

Chairman's Statement

Infrastructure and other businesses

The Group's infrastructure and transport businesses in Hong Kong continued to perform satisfactorily. Business at Wilson Group was solid and traffic on the Route 3 (Country Park Section) grew steadily. The performance of the Hong Kong Business Aviation Centre remained healthy, attributable to steadily increasing demand for business travel. Benefiting from sustained demand for warehouse space, the Airport Freight Forwarding Centre achieved positive rental growth. Amid a relatively slack outlook prevailing in the sea-freight market, River Trade Terminal has achieved greater operational efficiency and continues to strengthen its customer base.

Corporate Finance

The Group's strong financial position is reflected in its low gearing and healthy interest coverage ratio. Net debt to shareholders' funds stayed at a low level of 13.8% as at 31 December 2014.

The Group continues to maintain one of the highest credit ratings accorded to property companies in Hong Kong. In October 2014, Standard & Poor's changed the outlook for the Group from 'negative' to 'stable'. Both Moody's and Standard & Poor's have affirmed the Group's A1 and A+ credit ratings respectively with stable outlooks. This demonstrates the credit rating agencies' recognition of the Group's operational strength under prudent financial discipline.

With such high credit ratings, the Group is able to raise funds from the debt capital market as and when issuance conditions justify. Banks continue to provide the Group with abundant unsecured banking facilities on a committed basis. In January this year, the Group arranged a HK\$10,000 million five-year term loan/revolving credit syndicated facility to support its developments in Hong Kong. This facility will be used to refinance some of the Group's maturing debts and to extend its debt maturity profile. The Group's strong capability in procuring ample liquidity will continue to support its future business development and expansion.

The Group has received cash proceeds of about HK\$10,000 million from the exercise of warrants which were issued in April last year. Over the next 14 months, the Group is expected to receive additional cash of over HK\$12,200 million when the remaining warrants are fully exercised. This will certainly boost the Group's liquidity and financial position.

Adhering to its conservative risk management policy, the majority of the Group's bank borrowings are denominated in Hong Kong dollars, while the remainder is primarily in US dollars and Renminbi. The Group has not entered into any derivatives or structured product transactions for speculative purposes.

Corporate Governance

The Group has put in place a well-established mechanism to ensure its strong corporate governance. Directing and overseeing the Group's strategies, the Board now consists of 19 members who have diversified expertise and experience to support its long-term development, of whom seven are Independent Non-Executive Directors (INEDs). The Executive Committee, comprising all Executive Directors and three senior executives, meets regularly to formulate business policies and make decisions on major business issues with the support of a professional management team.

The Audit, Remuneration and Nomination Committees are all chaired by INEDs. The Board also maintains and assesses the effectiveness of the Group's internal control system through regular reviews conducted by the Audit Committee, the management team and both internal and external auditors. All these procedures and internal controls aim to ensure that the Group's businesses are run efficiently and its assets and shareholders' interests are safeguarded.

Chairman's Statement

The Group places great importance on providing accurate and timely information to the investment community and maintaining effective two-way communication with stakeholders for the purpose of transparency. Management takes a proactive approach to communicating with investors, analysts and credit-rating agencies through analyst briefings, regular meetings and conference calls to keep them abreast of the Group's strategy, business updates and outlook. The Group also participates frequently in large-scale investor conferences and presentations to strengthen long-term relationships with stakeholders worldwide.

In recognition of its management expertise, good corporate governance and social responsibility, the Group has received various major awards from leading financial publications, including the title of the Best Office/Business Developer in Asia and Best Mixed Developer in Asia by *Euromoney* magazine. The Group also won a Platinum Award in Financial Performance, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations from *The Asset* magazine.

Sustainable Development

In line with the philosophy of Building Homes with Heart and the pursuit of sustainability for the Company and society, the Group has placed considerable emphasis on customer satisfaction, its valued employees and community services through corporate social responsibility programmes.

Dedicated to providing value-added services that complement its high-quality developments, the award-winning property management subsidiaries Hong Yip and Kai Shing offer superior customer services to users of over 258 million square feet of residential and commercial developments in Hong Kong and on the mainland.

A check-and-balance system is in place to ensure that customers' comments and needs are fully met and are reflected in the planning cycle for the continuous improvement of product and service quality. In addition, the SHKP Club, the largest property-customer outreach club in Hong Kong with a membership of over 340,000 to date, also facilitates two-way communication with members and potential customers. These establishments represent an integral part of the Group's concerted effort in delivering quality products and services to customers, such as the SHKP Quality Campaign that resulted in the extension of quality guarantee for newly sold residential units in Hong Kong to three years, among other initiatives.

Attracting, developing and retaining the best talents are crucial to the Group's continued success and sustained business development. The professional, custom-made training programmes for technical skills and managerial competency are designed to realize the full potential of the 37,000-plus staff members. In addition, the Group provides a wide range of social and recreational activities for its staff and family members as well as retired colleagues.

The Group is also committed to attracting and nurturing young people who aspire to develop a career in the industry. Launched in 2014, the SHKP SDU – Trainee Programme offered a one-year on-the-job and off-work training programme for sub-degree graduates working in member companies of the Group. The Modern Apprenticeship Programme that offers interpersonal and leadership training along with internships for disadvantaged young people also continued this year.

In the area of corporate social responsibility, a three-pronged approach has been initiated for the betterment of society. The SHKP Reading Club continued to promote the joy of reading in the community through the staging of seminars as well as reading and writing camps, reading-related personal development programmes and competitions that have collectively attracted over 15,000 participants. The Club also conducted Reading Index surveys on local reading habits and published the free *ReadIt* and *Read Monthly* magazines for its members and the public.

Chairman's Statement

The Group's signature SHKP Vertical Run for Charity reached a new scale in 2014. The Race to Hong Kong ICC and Race to Shanghai IFC raised funds for youth and child services in the two cities. The Race to Hong Kong ICC was once again the grand finale on the Vertical World Circuit and brought elite international runners to compete at ICC for the world championship.

Preserving the environment remains a key component of the Group's sustainable development initiatives. An array of coastal clean-ups and outdoor learning events under the Love Nature Campaign was organized.

The Group's Building Homes with Heart Caring Initiative showed love and care for over 7,500 people during the period under review. As part of the Group's effort to promote goodwill in the community, a series of guided tours was organized for hundreds of the less fortunate to visit the Sky100 Hong Kong Observation Deck and Noah's Ark Hong Kong to broaden their horizons and help them better integrate into society.

PROSPECTS

In the year ahead, the global economy is expected to move forward at a moderate pace with little inflation amid an improved economic outlook in the US and a relatively slower pace of growth in other major economies. The major uncertainties ahead are the great volatility in the global financial markets arising from competitive devaluations by various economies and the changing expectations on possible interest rate hikes in the US. Adding to the risk are financial stresses likely to be faced by energy-rich economies should oil prices continue to fall. Nevertheless, loose monetary policies adopted by major economies such as the Eurozone, Japan and China will cushion the downside risks for the world economy.

The mainland economy is likely to continue its transition to a new normal with more sustainable, but lower growth. Recent monetary easing in the form of interest rate cuts and the reduction in required reserves ratios for banks will help support economic growth. Meanwhile, huge infrastructure investments are expected to carry on over the medium term in view of plans to build land and maritime 'Silk Roads'. New home sales in key mainland cities are likely to further improve, with the government policy of easing curbs on mortgage lending and relaxation in home purchase restrictions filtering through the property market. The Group remains confident of the medium-to long-term outlook for the mainland economy and its property sector.

The Hong Kong economy is also expected to continue to grow mildly in 2015, supported by ongoing large-scale infrastructure construction and healthy domestic consumption amid robust employment conditions. The residential market, in particular the segment for small-to medium-sized units, is anticipated to remain positive, given the solid demand from end-users with continuous growth in household formation and rising personal income. Despite the recent controversy over the future electoral system, the Group remains optimistic over the prospects of the Hong Kong economy and its property market.

The Group will continue to expand its property business in Hong Kong in spite of rising competition in the local property market recently. With public recognition of its premium brand as well as its quality products and services, the Group is confident of its ability to remain as a market leader. The Group will continue to acquire land with the goal of increasing its production for sale over time, particularly in Hong Kong where more opportunities are likely to arise. On the mainland, the Group will carry on with its selective approach with a focus on investing in key cities and to develop its land bank that is sufficient for development well over the next five years. The Group will also take steps to mitigate the impact of rising construction costs, while keeping the commitment to quality which has been crucial in underscoring the Group's brand over the years.

Chairman's Statement

New projects for sale both in Hong Kong and on the mainland will continue to be offered. Major residential projects to be launched in Hong Kong in the near future include a new batch of units of The Cullinan at Kowloon Station, the first phases of two premium projects, namely a development adjacent to MTR Ho Man Tin Station under construction and the Yuen Long Town Lot No. 507 development project under the YOHO brand. The residential units at a waterfront site at Tseung Kwan O Town Lot No. 118 and the second phase of Century Link in Tung Chung are also in the pipeline. Major mainland projects that will go on the market include GCC (Guangzhou Commerce Centre), which is a premium office tower of Forest Hills in Guangzhou adjacent to the Guangzhou-Hong Kong through-train station, a new batch of luxury residential units at Shanghai Cullinan in Puxi and a new phase of quality residential units at Oriental Bund in Foshan.

Rental income of the Group both in Hong Kong and on the mainland is expected to increase steadily with positive rental reversions as well as sustained high occupancies and contributions from new investment properties. The Group will continue to expand its investment property portfolio. In Hong Kong, retail projects in the pipeline include YOHO Mall next to MTR Yuen Long Station, PopWalk in Tseung Kwan O, a quality shopping centre atop MTR Nam Cheong Station in West Kowloon and an upmarket mall at a waterfront site in North Point. On the mainland, major investment properties in the pipeline include Parc Central and Tianhui Plaza in Guangzhou, as well as the landmark Xujiahui Centre project in Xuhui district in Shanghai.

The phased completion of Xujiahui Centre project in Shanghai, together with two existing flagship projects Shanghai IFC and Shanghai ICC, will further strengthen the Group's leading role in the commercial leasing market in Shanghai. The mainland rental income base and its share in the Group's overall recurrent income are expected to rise and become more significant over time on the back of a notable increase in completed investment properties on the mainland, particularly in Shanghai.

Since listing in 1972, the Group has grown to become one of the largest real estate companies in the world, despite ups and downs in different forms. The Group treasures its widely acknowledged brand of premium products and services, cultivated over the years by a high-calibre and professional team working closely with the Board and the Executive Committee. Given its roots in Hong Kong, the Group will uphold the core belief of Building Homes with Heart and continue to invest in Hong Kong, producing high-quality products, as well as serving society through community and charity works as always. I would like to reiterate that the Group will continue with its time-tested business strategies and further strengthen its corporate governance. Hand-in-hand with our highly valued and devoted staff, I have full confidence that the Group will build on its solid foundation to further expand its business and contribute to the prosperity and stability of Hong Kong.

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

DIRECTORS AND APPRECIATION

Mr. Kwok Ping-kwong, Thomas resigned as Chairman and Managing Director of the Company with effect from 19 December 2014. Mr. Kwok was with the Group for over 37 years and had acted as Vice Chairman of the Company for 21 years. He was appointed as one of the joint Chairmen of the Company in December 2011. As a dedicated leader, Mr. Kwok, with his vision, expertise and effort to promote a corporate culture of quality, had been instrumental in building a solid foundation for the Group. The exemplary standards of professionalism he helped establish will continue to be a valuable asset for the Group's long-term development.

Chairman's Statement

Mr. Chan Kui-yuen, Thomas resigned as an Executive Director of the Company with effect from 19 December 2014. Mr. Chan served the Group for over 41 years and had been an Executive Director of the Company since September 1987. Through his work in project planning and development during his long tenure, he made a substantial contribution to the Group, and was crucial to its success in the development of a number of premium projects.

Mr. Kwok Kai-fai, Adam ceased to be Mr. Thomas Kwok's Alternate Director and was appointed as an Executive Director of the Company effective 19 December 2014.

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

Kwok Ping-luen, Raymond

Chairman & Managing Director

Hong Kong, 27 February 2015

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 17 to 39, which comprise the consolidated statement of financial position as at 31 December 2014, 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

27 February 2015

Consolidated Income Statement

For the six months ended 31 December 2014
(Expressed in millions of Hong Kong dollars)

		(Unaudited) Six months ended 31 December	
		2014	2013
	Notes		
Revenue	2	32,093	32,506
Cost of sales		(19,007)	(17,755)
Gross profit		13,086	14,751
Other net income		236	445
Selling and marketing expenses		(1,736)	(1,615)
Administrative expenses		(1,140)	(1,079)
Operating profit before change in fair value of investment properties	2	10,446	12,502
Increase in fair value of investment properties		6,934	8,689
Operating profit after change in fair value of investment properties		17,380	21,191
Finance costs		(1,252)	(1,101)
Finance income		130	141
Net finance costs	3	(1,122)	(960)
Share of results (including increase in fair value of investment properties net of deferred tax of HK\$1,243 million (2013: HK\$1,569 million)) of:			
Associates		300	163
Joint ventures		2,229	2,908
	2	2,529	3,071
Profit before taxation	4	18,787	23,302
Taxation	5	(2,279)	(3,829)
Profit for the period		16,508	19,473
Attributable to:			
Company's shareholders		15,696	19,027
Non-controlling interests		812	446
		16,508	19,473
(Expressed in Hong Kong dollars)			
Interim dividend per share proposed		\$0.95	\$0.95
Earnings per share based on profit attributable to the Company's shareholders (reported earnings per share)	6(a)		
Basic		\$5.71	\$7.12
Diluted		\$5.65	N/A
Earnings per share excluding the effects of changes in fair value of investment properties net of deferred tax (underlying earnings per share)	6(b)		
Basic		\$3.08	\$3.98
Diluted		\$3.05	N/A

Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2014
(Expressed in millions of Hong Kong dollars)

	(Unaudited)	
	Six months ended	
	31 December	
	2014	2013
Profit for the period	16,508	19,473
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translating financial statements of foreign operations	(1)	735
Fair value gains on cash flow hedge	–	178
Available-for-sale investments		
– fair value gains/(losses)	25	(95)
– fair value gains transferred to consolidated income statement on disposal	–	(222)
	25	(317)
Share of other comprehensive (expense)/income of associates and joint ventures	(269)	152
Other comprehensive (expense)/income for the period	(245)	748
Total comprehensive income for the period	16,263	20,221
Total comprehensive income for the period attributable to:		
Company's shareholders	15,453	19,725
Non-controlling interests	810	496
	16,263	20,221

Consolidated Statement of Financial Position

As at 31 December 2014

(Expressed in millions of Hong Kong dollars)

	Notes	(Unaudited) 31 December 2014	(Audited) 30 June 2014
Non-current assets			
Investment properties	7	295,265	277,640
Fixed assets	8	25,421	25,376
Associates		3,923	4,044
Joint ventures		50,880	49,545
Loan receivables	9	710	628
Other financial assets	10	2,912	2,899
Intangible assets		4,315	4,539
		383,426	364,671
Current assets			
Properties for sale		149,490	149,409
Inventories		485	299
Debtors, prepayments and others	11	19,478	23,394
Other financial assets	12	780	747
Bank deposits and cash		23,119	18,528
		193,352	192,377
Current liabilities			
Bank and other borrowings		(10,971)	(9,241)
Trade and other payables	13	(26,303)	(25,283)
Deposits received on sale of properties		(6,295)	(5,538)
Taxation		(5,851)	(6,493)
		(49,420)	(46,555)
Net current assets			
		143,932	145,822
Total assets less current liabilities			
		527,358	510,493
Non-current liabilities			
Bank and other borrowings		(71,806)	(74,490)
Deferred taxation		(16,469)	(15,753)
Other long-term liabilities		(426)	(561)
		(88,701)	(90,804)
Net assets			
		438,657	419,689
Capital and reserves			
Share capital	14	63,136	53,464
Reserves		370,005	361,319
Shareholders' funds			
		433,141	414,783
Non-controlling interests			
		5,516	4,906
Total equity			
		438,657	419,689

Directors:

Kwok Ping-luen, Raymond

Chan Kwok-wai, Patrick

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2014
(Expressed in millions of Hong Kong dollars)

	(Unaudited) Six months ended 31 December	
	2014	2013
Net cash from operating activities	4,350	499
Net cash used in investing activities	(401)	(98)
Net cash from/(used in) financing activities		
– net (repayment)/drawdown of bank and other borrowings	(856)	5,432
– proceeds from issue of shares	9,666	2
– dividends paid to shareholders	(6,774)	(3,062)
– dividends paid to non-controlling interests	(194)	(271)
– net interest paid	(1,270)	(1,056)
– others	34	613
	606	1,658
Increase in cash and cash equivalents	4,555	2,059
Cash and cash equivalents at beginning of period	16,991	13,989
Effect of foreign exchange rates changes	3	61
Cash and cash equivalents at end of period	21,549	16,109
Analysis of the balances of cash and cash equivalents at end of period		
Bank deposits and cash	23,119	18,121
Bank overdrafts	(182)	(176)
	22,937	17,945
Less: Bank deposits maturing after more than three months	(1,378)	(1,830)
Pledged bank deposits	(10)	(6)
	21,549	16,109

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2014
(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 2013	1,335	46,880	902	1,469	8,163	327,163	385,912	4,617	390,529
Profit for the period	-	-	-	-	-	19,027	19,027	446	19,473
Other comprehensive income/(expense) for the period	-	-	178	(317)	837	-	698	50	748
Total comprehensive income/(expense) for the period	-	-	178	(317)	837	19,027	19,725	496	20,221
Shares issued on exercise of share options	-	2	-	-	-	-	2	-	2
Recognition of equity-settled share-based payments	-	-	12	-	-	-	12	4	16
Dividend paid (2013 final dividend HK\$2.40 per share)	17	3,331	-	-	-	(6,410)	(3,062)	-	(3,062)
Adjustments relating to changes in interests in a subsidiary	-	-	-	-	-	-	-	1	1
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(272)	(272)
At 31 December 2013	1,352	50,213	1,092	1,152	9,000	339,780	402,589	4,846	407,435
At 1 July 2014	53,464	-	865	1,134	7,500	351,820	414,783	4,906	419,689
Profit for the period	-	-	-	-	-	15,696	15,696	812	16,508
Other comprehensive income/(expense) for the period	-	-	-	24	(267)	-	(243)	(2)	(245)
Total comprehensive income/(expense) for the period	-	-	-	24	(267)	15,696	15,453	810	16,263
Shares issued on exercise of share options	34	-	(6)	-	-	-	28	-	28
Shares issued on exercise of warrants	9,638	-	-	-	-	-	9,638	-	9,638
Recognition of equity-settled share-based payments	-	-	7	-	-	-	7	-	7
Share options of a subsidiary lapsed	-	-	-	-	-	1	1	(1)	-
Dividend paid (2014 final dividend HK\$2.40 per share)	-	-	-	-	-	(6,774)	(6,774)	-	(6,774)
Adjustments relating to changes in interests in a subsidiary	-	-	5	-	-	-	5	5	10
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(204)	(204)
At 31 December 2014	63,136	-	871	1,158	7,233	360,743	433,141	5,516	438,657

Notes to the Condensed 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 condensed interim financial statements are consistent with those set out in the annual financial statements for the year ended 30 June 2014, except for the changes set out below.

(b) Changes in accounting policies

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (collectively, "new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1 July 2014.

Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 Cycle
Amendments to HKAS 19	Defined benefit plans : employee contributions
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
HK(IFRIC)-Int 21	Levies

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

Notes to the Condensed Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (cont'd)

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

The Group has not applied the following new and revised standards and amendments 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 2012-2014 Cycle ¹
Amendments to HKAS 1	Disclosure initiative ¹
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortization ¹
Amendments to HKAS 27	Equity method in separate financial statements ¹
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture ¹
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: applying the consolidation exception ¹
Amendments to HKFRS 11	Accounting for acquisition of interests in joint operations ¹
HKFRS 9	Financial instruments ³
HKFRS 15	Revenue from contracts with customers ²

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

² Effective for annual periods beginning on or after 1 January 2017

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

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

Notes to the Condensed Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

2. SEGMENT INFORMATION

Segment revenue and results are measured without allocation of central administration costs, other net income, net finance costs and change in fair value of investment properties, which are reported to the Group's management for the purposes of resource allocation and assessment of segment performance.

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

For the six months ended 31 December 2014

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

Notes to the Condensed Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

2. SEGMENT INFORMATION (cont'd)

For the six months ended 31 December 2013

	The Company and its subsidiaries		Associates and joint ventures		Combined revenue	Consolidated results
	Revenue	Results	Share of revenue	Share of results		
Property sales						
Hong Kong	6,474	3,059	17	12	6,491	3,071
Mainland China	5,463	1,934	1,726	625	7,189	2,559
Singapore	–	–	–	(4)	–	(4)
	11,937	4,993	1,743	633	13,680	5,626
Property rental						
Hong Kong	5,882	4,451	1,316	1,090	7,198	5,541
Mainland China	1,460	1,021	77	52	1,537	1,073
Singapore	–	–	343	265	343	265
	7,342	5,472	1,736	1,407	9,078	6,879
Hotel operation	1,998	538	341	104	2,339	642
Telecommunications	6,531	431	–	–	6,531	431
Transportation, infrastructure and logistics	1,796	557	1,409	98	3,205	655
Other businesses	2,902	674	183	46	3,085	720
	32,506	12,665	5,412	2,288	37,918	14,953
Other net income		445		–		445
Unallocated administrative expenses		(608)		–		(608)
Operating profit before change in fair value of investment properties		12,502		2,288		14,790
Increase in fair value of investment properties		8,689		1,355		10,044
Operating profit after change in fair value of investment properties		21,191		3,643		24,834
Net finance costs		(960)		(142)		(1,102)
Profit before taxation		20,231		3,501		23,732
Taxation						
– Group		(3,829)		–		(3,829)
– Associates		–		(10)		(10)
– Joint ventures		–		(420)		(420)
Profit for the period		16,402		3,071		19,473

Results from property sales include selling and marketing expenses of HK\$354 million (2013: HK\$149 million) and HK\$63 million (2013: HK\$86 million) that relate to pre-sale of property projects in Hong Kong and Mainland China, respectively. The corresponding property sales revenue is recognized in subsequent financial years upon completion.

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

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

Notes to the Condensed Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

3. NET FINANCE COSTS

	Six months ended 31 December	
	2014	2013
Interest expenses on		
Bank loans and overdrafts	713	622
Other loans wholly repayable within five years	206	178
Other loans not wholly repayable within five years	457	421
	1,376	1,221
Notional non-cash interest accretion	36	43
Less : Amount capitalized	(160)	(163)
	1,252	1,101
Interest income on bank deposits	(130)	(141)
	1,122	960

4. PROFIT BEFORE TAXATION

	Six months ended 31 December	
	2014	2013
Profit before taxation is arrived at after charging:		
Cost of properties sold	5,099	6,153
Cost of inventories sold	6,178	3,701
Depreciation and amortization	765	730
Amortization of intangible assets (included in cost of sales)	224	201
Operating lease rentals for land and buildings, assets, transmission sites and leased lines	810	697
Staff costs (including directors' emoluments and retirement schemes contributions)	3,243	3,028
Share-based payments	7	16
and crediting:		
Profit on disposal of available-for-sale investments	7	198
Dividend income from listed and unlisted investments	72	60
Interest income from listed and unlisted debt securities	30	35
Fair value gains on financial assets at fair value through profit or loss	12	58

Notes to the Condensed Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

5. TAXATION

	Six months ended 31 December	
	2014	2013
Current taxation		
Hong Kong profits tax	1,157	1,304
Over provision in prior years	(5)	–
	1,152	1,304
Tax outside Hong Kong	414	1,094
Over provision in prior years	(1)	–
	413	1,094
	1,565	2,398
Deferred taxation charge		
Change in fair value of investment properties	485	1,221
Other origination and reversal of temporary differences	229	210
	714	1,431
	2,279	3,829

Hong Kong profits tax is provided at the rate of 16.5 per cent (2013: 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\$15,696 million (2013 : HK\$19,027 million).

The basic earnings per share is based on the weighted average number of shares in issue during the period of 2,750,648,477 (2013: 2,673,330,639). For the period ended 31 December 2014, the diluted earnings per share is based on 2,777,532,892 shares which is the weighted average number of shares in issue during the period plus the weighted average number of 26,884,415 shares deemed to be issued at no consideration if all outstanding options and warrants had been exercised. For the period ended 31 December 2013, the computation of diluted earnings per share did 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" were higher than the average market price of the shares for the relevant period.

Notes to the Condensed 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\$8,463 million (2013: HK\$10,644 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	
	2014	2013
Profit attributable to the Company's shareholders as shown in the consolidated income statement	15,696	19,027
Increase in fair value of investment properties	(6,934)	(8,689)
Effect of corresponding deferred tax charges	485	1,221
Realized fair value gains of investment properties disposed	248	535
Realized fair value gains of investment properties held by an associate disposed	173	–
Share of results of associates and joint ventures		
– fair value gains of investment properties	(1,422)	(1,355)
– effect of corresponding deferred tax charges/(credits)	179	(214)
	(7,271)	(8,502)
Non-controlling interests	38	119
Net effect of changes in the valuation of investment properties	(7,233)	(8,383)
Underlying profit attributable to the Company's shareholders	8,463	10,644

7. INVESTMENT PROPERTIES

(a) Movement during the period

	Completed	Under development	Total
Valuation			
At 1 July 2014	254,625	23,015	277,640
Additions	312	1,395	1,707
Redesignate from properties for sale	–	9,191	9,191
Disposals	(176)	–	(176)
Transfer to other properties	(36)	–	(36)
Exchange difference	5	–	5
Increase in fair value	6,166	768	6,934
At 31 December 2014	260,896	34,369	295,265

Notes to the Condensed Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

7. INVESTMENT PROPERTIES (cont'd)

(b) Value of properties shown above comprises:

	31 December 2014
Properties in Hong Kong held under	
Long lease (not less than 50 years)	31,382
Medium-term lease (less than 50 years but not less than 10 years)	188,911
Properties outside Hong Kong held under	
Medium-term lease (less than 50 years but not less than 10 years)	74,972
	295,265

(c) The Group's investment properties were revalued at 31 December 2014 and 30 June 2014 by Knight Frank Petty Limited, an independent firm of professional qualified 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\$794 million and net book value of fixed assets disposed of amounted to HK\$20 million.

9. LOAN RECEIVABLES

	31 December 2014	30 June 2014
Loan receivables	1,008	1,016
Less : Amount due within one year included under current assets	(298)	(388)
	710	628

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 Condensed Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

10. OTHER FINANCIAL ASSETS

	31 December	30 June
	2014	2014
Available-for-sale debt securities		
Listed debt securities, overseas	681	795
Listed debt securities, Hong Kong	153	155
	834	950
Available-for-sale equity securities		
Listed equity securities, overseas	606	597
Listed equity securities, Hong Kong	1,237	1,078
Unlisted equity securities	235	274
	2,078	1,949
	2,912	2,899
Market value of listed securities		
Listed overseas	1,287	1,392
Listed in Hong Kong	1,390	1,233
	2,677	2,625

11. DEBTORS, PREPAYMENT AND OTHERS

	31 December	30 June
	2014	2014
Debtors, deposits and prepayments	14,584	17,958
Deposits for acquisition of properties	4,010	4,487
Amounts due from customers for contract works	126	76
Short-term loans	298	388
Derivative financial instruments	460	485
	19,478	23,394

Consideration in respect of sold properties are payable by the purchasers pursuant to the terms of the sale and purchase agreements. Monthly rent in respect of leased properties are payable in advance by the tenants. Other trade debtors settle their accounts according to the payment terms as stated in the respective contracts.

Included in debtors, prepayments and others of the Group are trade debtors of HK\$7,115 million (30 June 2014: HK\$10,879 million), of which 88% aged less than 60 days, 2% between 61 to 90 days and 10% more than 90 days (30 June 2014: 92%, 1% and 7% respectively).

Notes to the Condensed Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

12. OTHER FINANCIAL ASSETS

	31 December 2014	30 June 2014
Financial assets at fair value through profit or loss		
Listed equity securities, overseas	6	11
Listed equity securities, Hong Kong	671	665
	677	676
Available-for-sale debt securities maturing within one year		
Listed debt securities, overseas	103	16
Unlisted debt securities	–	55
	103	71
	780	747

13. TRADE AND OTHER PAYABLES

	31 December 2014	30 June 2014
Creditors and accrued expenses	23,149	22,292
Amounts due to customers for contract works	1	2
Amounts due to non-controlling interests	2,843	2,863
Derivative financial instruments	310	126
	26,303	25,283

Included in trade and other payables of the Group are trade creditors of HK\$2,272 million (30 June 2014: HK\$2,289 million), of which 80% are aged less than 60 days, 3% between 61 to 90 days and 17% more than 90 days (30 June 2014: 78%, 2% and 20% respectively).

Notes to the Condensed Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

14. SHARE CAPITAL

	Number of shares in million	Amount
Issued and fully paid:		
Ordinary shares		
At beginning of current period	2,725	53,464
Issue of shares	98	9,672
At end of current period	2,823	63,136

(a) Exercise of warrants

On 28 February 2014, the Board of Directors announced the proposed bonus issue of warrants (the "Warrants") to the shareholders of the Company on the basis of one Warrant for every twelve existing shares of the Company held on 14 April 2014. 225,378,231 units of Warrants were issued on 23 April 2014.

Each Warrant entitles the holder to subscribe in cash for one new share of the Company at an initial subscription price of HK\$98.60, subject to adjustments. It is exercisable at any time during the period of two years commencing from 23 April 2014 and ending on 22 April 2016 (both days inclusive). During the six months ended 31 December 2014, 97,735,318 units of Warrants had been exercised by the holders thereof and 97,749,835 shares were issued and allotted by the Company to the holders of the Warrants. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company. At 31 December 2014, 126,746,330 units of Warrants remained outstanding.

(b) Exercise of share options

During the six months ended 31 December 2014, 254,000 shares (2013: 13,000 shares) were issued on exercise of share options.

(c) Issue of shares in respect of scrip dividends

On 19 December 2013, the Company issued and allotted 33,577,171 new fully paid shares of HK\$0.50 each in the Company at HK\$99.70 to the shareholders who elected to receive shares in the Company in lieu of cash for the 2013 final dividends pursuant to the scrip dividend schemes announced by the Company on 22 November 2013. 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.

Notes to the Condensed Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

15. SHARE OPTION SCHEMES (cont'd)

The Old Scheme

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.

- (a) Movements in share options to subscribe for ordinary shares in the Company during the six months ended 31 December 2014 are as follows:

Date of grant	Exercise price	Exercisable period	Number of share options				At 31 December 2014
			At 1 July 2014	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	3,912,000	–	(120,000)	(400,000)	3,392,000
11 July 2011	HK\$116.90	11.7.2012 to 10.7.2016	1,930,000	–	(48,000)	(196,000)	1,686,000
11 July 2012	HK\$96.15	11.7.2013 to 10.7.2017	1,244,000	–	(61,000)	(48,000)	1,135,000
			7,086,000	–	(229,000)	(644,000)	6,213,000
Weighted average exercise prices (HK\$)			110.22	–	108.49	111.94	110.11

Movements in share options to subscribe for ordinary shares in the Company during the six months ended 31 December 2013 are as follows:

Date of grant	Exercise price	Exercisable period	Number of share options				At 31 December 2013
			At 1 July 2013	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	4,032,000	–	–	(120,000)	3,912,000
11 July 2011	HK\$116.90	11.7.2012 to 10.7.2016	2,356,000	–	–	(378,000)	1,978,000
11 July 2012	HK\$96.15	11.7.2013 to 10.7.2017	1,376,000	–	(13,000)	(115,000)	1,248,000
			7,764,000	–	(13,000)	(613,000)	7,138,000
Weighted average exercise prices (HK\$)			110.37	–	96.15	111.93	110.26

Notes to the Condensed Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

15. SHARE OPTION SCHEMES (cont'd)

The Old Scheme (cont'd)

(b) Details of share options exercised during the six months ended 31 December 2014 are as follows:

Exercise date	Exercise price	Share price at exercise date	Number of share options exercised
21 July 2014	HK\$96.15	HK\$106.30	5,000
31 July 2014	HK\$96.15	HK\$117.90	9,000
5 August 2014	HK\$96.15	HK\$114.70	9,000
20 August 2014	HK\$96.15	HK\$118.20	6,000
21 August 2014	HK\$111.40	HK\$116.70	8,000
26 August 2014	HK\$111.40	HK\$118.20	16,000
28 August 2014	HK\$96.15	HK\$117.60	4,000
3 September 2014	HK\$111.40	HK\$119.20	8,000
15 September 2014	HK\$96.15	HK\$117.70	7,000
30 September 2014	HK\$96.15	HK\$110.10	7,000
20 October 2014	HK\$96.15	HK\$111.70	6,000
27 October 2014	HK\$96.15	HK\$115.60	1,000
4 November 2014	HK\$111.40	HK\$115.30	24,000
5 November 2014	HK\$96.15	HK\$114.50	7,000
22 December 2014	HK\$111.40	HK\$115.80	24,000
23 December 2014	HK\$111.40	HK\$116.60	24,000
30 December 2014	HK\$111.40	HK\$118.20	16,000
31 December 2014	HK\$116.90	HK\$118.30	48,000
			229,000

Details of share options exercised during the six months ended 31 December 2013 are as follows:

Exercise date	Exercise price	Share price at exercise date	Number of share options exercised
22 July 2013	HK\$96.15	HK\$102.10	3,000
25 July 2013	HK\$96.15	HK\$103.10	3,000
7 August 2013	HK\$96.15	HK\$102.60	4,000
15 October 2013	HK\$96.15	HK\$103.30	3,000
			13,000

Notes to the Condensed Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

15. SHARE OPTION SCHEMES (cont'd)

The New Scheme

During the period, 1,232,000 share options were granted at HK\$1.00 per lot to a number of directors and employees of the Company and its subsidiaries to subscribe for 1,232,000 ordinary shares in the Company and subsequently 1,106,000 share options were accepted by the grantees.

- (a) Movements in share options to subscribe for ordinary shares in the Company during the six months ended 31 December 2014 are as follows:

Date of grant	Exercise price	Exercisable period	Number of share options				At 31 December 2014
			At 1 July 2014	Granted during the period	Exercised during the period	Lapsed/cancelled during the period	
12 July 2013	HK\$102.30	12.7.2014 to 11.7.2018	1,112,000	–	(25,000)	(52,000)	1,035,000
11 July 2014	HK\$106.80	11.7.2015 to 10.7.2019	–	1,106,000	–	–	1,106,000
			1,112,000	1,106,000	(25,000)	(52,000)	2,141,000
Weighted average exercise prices (HK\$)			102.30	106.80	102.30	102.30	104.62

Movements in share options to subscribe for ordinary shares in the Company during the six months ended 31 December 2013 are as follows:

Date of grant	Exercise price	Exercisable period	Number of share options				At 31 December 2013
			At 1 July 2013	Granted during the period	Exercised during the period	Lapsed/cancelled during the period	
12 July 2013	HK\$102.30	12.7.2014 to 11.7.2018	–	1,112,000	–	–	1,112,000
			–	1,112,000	–	–	1,112,000
Weighted average exercise prices (HK\$)			–	102.30	–	–	102.30

Notes to the Condensed Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

15. SHARE OPTION SCHEMES (cont'd)

The New Scheme (cont'd)

(b) Details of share options exercised during the six months ended 31 December 2014 are as follows:

Exercise date	Exercise price	Share price at exercise date	Number of share options exercised
14 July 2014	HK\$102.30	HK\$105.20	4,000
17 July 2014	HK\$102.30	HK\$106.00	7,000
29 July 2014	HK\$102.30	HK\$112.30	2,000
30 July 2014	HK\$102.30	HK\$115.90	4,000
26 August 2014	HK\$102.30	HK\$118.20	4,000
12 September 2014	HK\$102.30	HK\$117.90	2,000
10 December 2014	HK\$102.30	HK\$113.60	2,000
			25,000

During the six months ended 31 December 2013, no share options were exercised 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.

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		Joint ventures	
	Six months ended 31 December		Six months ended 31 December	
	2014	2013	2014	2013
Interest income	–	1	14	32
Rental income (a)	–	–	1	1
Rental expenses (a)	–	–	22	21
Other revenue from services rendered (b)	25	21	16	25
Purchase of goods and services (b)	–	–	402	186

(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 and services 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.

Notes to the Condensed Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

16. RELATED PARTY TRANSACTIONS (cont'd)

- (c) During the period ended 31 December 2013, a related company had provided a loan of HK\$500 million to the Group. The related company is a company controlled by certain discretionary trusts where certain directors of the Company are the beneficiaries of those trusts. Interest expense for the period ended 31 December 2013 was HK\$1 million. This was a connected transaction which fulfilled certain exemption requirements from any disclosure or other obligations contained in Rule 14A of the Listing Rules.

17. CONTINGENT LIABILITIES AND COMMITMENTS

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

	31 December	30 June
	2014	2014
	<hr/>	<hr/>
(a) Capital commitments in respect of investment properties and other fixed assets		
Contracted but not provided for	1,199	645
Authorized but not contracted for	1,835	1,156
(b) Group's share of capital commitments of joint ventures		
Contracted but not provided for	264	437
Authorized but not contracted for	–	588
	<hr/>	<hr/>
(c) Guarantees given to banks and financial institutions for the borrowings of joint ventures of HK\$833 million (30 June 2014: HK\$935 million) and other guarantees of HK\$4 million (30 June 2014: HK\$4 million).		

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Available-for-sale debt securities and listed equity securities are stated at quoted market prices. The fair value of unlisted equity securities is determined by using valuation techniques which are based on observable market data. Unlisted equity securities for which fair values cannot be reliably measured are stated at cost less impairment losses.

The fair values of trade receivables, bank deposits, trade payables, accruals and short-term borrowings approximate to their carrying amounts due to the short-term maturities of these assets and liabilities.

The fair values of interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

The fair values of currency swaps are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

The carrying amounts of mortgage loan receivables, which carry variable interest rates and reprice with reference to market changes, approximate their fair values.

The carrying amounts of other financial assets and liabilities in the condensed consolidated financial statements are not materially different from their fair values.

There were no transfer between level 1 and level 2 and no change in valuation techniques during the period.

Notes to the Condensed Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (cont'd)

The following tables present the carrying value of financial instruments that are measured at fair value at end of reporting period, categorized across the levels of fair value hierarchy defined as follows:

- Level 1 Fair values measured at quoted prices (unadjusted) in active markets.
- Level 2 Fair values measured using inputs other than quoted prices where those inputs are based on observable market data.

As at 31 December 2014

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Financial assets			
Available-for-sale debt securities	937	–	937
Available-for-sale equity securities	1,843	83	1,926
Financial assets at fair value through profit or loss	677	–	677
Derivative financial instruments			
Interest rate swaps	–	292	292
Currency swaps	–	168	168
	<u>3,457</u>	<u>543</u>	<u>4,000</u>
Financial liabilities			
Derivative financial instruments			
Currency swaps	–	310	310
	<u>–</u>	<u>310</u>	<u>310</u>

Notes to the Condensed Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (cont'd)

As at 30 June 2014

	Level 1	Level 2	Total
Financial assets			
Available-for-sale debt securities	1,021	–	1,021
Available-for-sale equity securities	1,675	121	1,796
Financial assets at fair value through profit or loss	676	–	676
Derivative financial instruments			
Interest rate swaps	–	375	375
Currency swaps	–	110	110
	3,372	606	3,978
Financial liabilities			
Derivative financial instruments			
Currency swaps	–	126	126
	–	126	126

The fair values of long-term borrowings estimated by discounting their future cash flows at the prevailing market borrowing rates at the end of reporting period for similar borrowings are as follows:

	Carrying amount		Fair value	
	31 December 2014	30 June 2014	31 December 2014	30 June 2014
Secured bank loans	63	588	63	588
Unsecured bank loans	34,636	35,480	34,491	35,389
Other unsecured loans	37,107	38,422	37,209	38,767
	71,806	74,490	71,763	74,744

19. COMPARATIVE FIGURES

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

Financial Review

REVIEW OF RESULTS

Profit attributable to the Company's shareholders for the six months ended 31 December 2014 was HK\$15,696 million, a decrease of HK\$3,331 million or 17.5% compared to HK\$19,027 million for the same period last year. The decrease in reported profit was mainly due to lower investment property valuation surplus and profit from property sales. The increase in fair value of investment properties net of related deferred taxation and non-controlling interests for the period amounted to HK\$7,654 million (2013: HK\$8,918 million).

Underlying profit attributable to the Company's shareholders for the six months ended 31 December 2014, excluding the net effect of fair value changes in investment properties, was HK\$8,463 million, a decrease of HK\$2,181 million or 20.5% compared to HK\$10,644 million for the same period last year. The decrease was attributable to lower profit contributions from property sales both in Hong Kong and the Mainland.

Property sales reported an operating profit of HK\$2,285 million in the first half of the financial year, decreased by HK\$3,341 million compared to HK\$5,626 million for the same period last year. Profit from property sales in Hong Kong for the period decreased by HK\$1,377 million, from HK\$3,071 million to HK\$1,694 million, reflecting decrease in profit contributions from sales of residential units. The profit contributions in Hong Kong projects mainly derived from One Harbour Square, Deauville, Mount One and Twelve Peaks. Profit from property sales in the Mainland decreased by HK\$1,965 million, from HK\$2,559 million to HK\$594 million, primarily due to fewer units handover during the period as most of the units sold have been scheduled for handover in the second half of the financial year. The profit contributions from the Mainland during the period came mainly from Shanghai Arch Phase 1, Park Royale Phase 1B, Forest Hills Phase 1A, Foothill Residence and Sirius Phase 1.

The Group's net rental income grew 8.1% or HK\$559 million to HK\$7,438 million over the same period last year, mainly driven by positive rental reversions and higher rents for new leases. Net rental income from the Group's Hong Kong and Mainland rental portfolio amounted to HK\$5,955 million and HK\$1,218 million, which increased year-on-year by 7.5% and 13.5%, respectively.

Operating profit from the telecommunication segment increased by HK\$197 million or 45.7% to HK\$628 million, mainly benefited from higher profit contribution from handset sales business. The Group's hotel segment performed well. Operating profit increased by HK\$78 million or 12.1% to HK\$720 million, as sustained by improved room rates and higher occupancies. The Group's infrastructure, logistics and other businesses continued to improve, contributing a total of HK\$1,509 million in operating profit, an increase of HK\$134 million or 9.7% over the same period last year.

FINANCIAL RESOURCES AND LIQUIDITY

(a) Net debt and gearing

As at 31 December 2014, the Company's shareholders' funds increased by HK\$18,358 million to HK\$433,141 million or \$153.4 per share from HK\$414,783 million or \$152.2 per share at the previous year end. The increase was driven by underlying results for the period, revaluation gains from investment properties as well as an increase in the Company's share capital in the amount of HK\$9,672 million associated mostly with shares issued on exercise of warrants.

The Group's financial position remains strong with a low debt leverage and strong interest cover. Gearing ratio as at 31 December 2014, calculated on the basis of net debt to Company's shareholders' funds, was 13.8% compared to 15.7% at 30 June 2014. Interest cover, measured by the ratio of operating profit to total net interest expenses including those capitalized, was 8.4 times compared to 11.6 times for the previous period.

Financial Review

As at 31 December 2014, the Group's gross borrowings totalled HK\$82,777 million. Net debt, after deducting bank deposits and cash of HK\$23,119 million, amounted to HK\$59,658 million, decreased by HK\$5,545 million since 30 June 2014. The maturity profile of the Group's gross borrowings is set out as follows:

	31 December 2014	30 June 2014
	HK\$ Million	HK\$ Million
Repayable:		
Within one year	10,971	9,241
After one year but within two years	14,037	10,086
After two years but within five years	32,198	30,794
After five years	25,571	33,610
Total bank and other borrowings	82,777	83,731
Bank deposits and cash	23,119	18,528
Net debt	59,658	65,203

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 2014, about 81% of the Group's bank and other borrowings were raised through its wholly-owned finance subsidiaries and the remaining 19% 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 2014, about 62% of the Group's total borrowings were denominated in Hong Kong dollars and 24% in US dollars, all of which were raised for financing the Group's business operations in Hong Kong and the remaining 14% in Renminbi for financing the construction cost of property projects on the Mainland. All land acquisition costs for the Mainland projects are financed by equity capital injection funded by the Group's internally generated funds.

As at 31 December 2014, about 60% of the Group's total borrowings were on floating rate basis including those borrowings that were converted from fixed rate basis to floating rate basis through interest rate swaps and 40% were on fixed rate basis. The use of derivative instruments is strictly controlled and solely for management of the Group's underlying financial exposures for its core business operations. It is the Group's policy not to enter into derivative and structured product transactions for speculative purposes.

As at 31 December 2014, the Group had outstanding fair value hedges in respect of fixed-to-floating interest rate swaps in the aggregate notional principal amount of HK\$4,023 million, cash flow hedge in respect of a floating-to-fixed interest rate swap in notional principal amount of HK\$30 million and currency swaps (to hedge principal repayment of foreign currency borrowings) in the aggregate notional principal amount of HK\$9,451 million.

Financial Review

As at 31 December 2014, about 74% of the Group's bank deposits and cash were denominated in Hong Kong dollars, 24% in Renminbi and 2% in other currencies.

CHARGES OF ASSETS

As at 31 December 2014, certain bank deposits of the Group's subsidiaries in the aggregate amount of HK\$10 million, were pledged for securing guarantees issued by the banks. Additionally, certain assets of the Group's subsidiaries with an aggregate carrying value of HK\$3,889 million have been charged as security for bank borrowings. Except for the above charges, all the Group's assets are free from any encumbrances.

CONTINGENT LIABILITIES

As at 31 December 2014, the Group had contingent liabilities in respect of guarantees for bank borrowings of joint ventures and other guarantees in the aggregate amount of HK\$837 million (30 June 2014: HK\$939 million).

Other Information

DIRECTORS

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

KWOK Ping-luen, Raymond

Hon LLD, Hon DBA, MBA, MA (Cantab), 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 36 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. Mr. Kwok is the chairman and an executive director of SUNeVision Holdings Ltd. He is also the chairman and a non-executive director of 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. Mr. Kwok is the father of Mr. Kwok Ho-lai, Edward and an uncle of Mr. Kwok Kai-fai, Adam.

For the year ended 30 June 2014, Mr. Kwok is entitled to receive a fee of HK\$320,000 for being Chairman of the Company. Also, he is entitled to receive other emoluments of a total of approximately HK\$2.77 million, including fees of approximately HK\$40,000 and HK\$150,000 for being the chairman of SUNeVision Holdings Ltd. and SmarTone Telecommunications Holdings Limited respectively.

Dr. the Hon LEE Shau-kee

DBA(Hon), DSSc(Hon), LLD(Hon), GBM
Vice Chairman & Non-Executive Director (Age: 87)

Dr. Lee has been a Non-Executive Director of the Company for the last 43 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 the chairman of The Hong Kong and China Gas Company Limited as well as a non-executive director of Hong Kong Ferry (Holdings) Company Limited and Miramar Hotel and Investment Company, Limited. He was an independent non-executive director of 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.

For the year ended 30 June 2014, Dr. Lee is entitled to receive a fee of HK\$310,000 for being the Vice Chairman of the Company.

Other Information

WONG Chik-wing, Mike

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

Deputy Managing Director (Age: 59)

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 also a member of the Executive Committee of the Company. He was a member of the Special Committee of the Company which was dissolved during the year upon completion of its assignments. Mr. Wong graduated from The Hong Kong Polytechnic University with distinction and holds a Master's degree in International Real Estate. He is a fellow of the Hong Kong Institute of Surveyors and a registered professional surveyor. Also, he is an Honorary Professor in the Department of Real Estate and Construction of The University of Hong Kong, and an Adjunct Professor of the Department of Building and Real Estate of The Hong Kong Polytechnic University. In addition, he is a member of the Hong Kong Housing Society and a council member of the Construction Industry Council. He is currently responsible for project management matters of the Group's development projects.

For the year ended 30 June 2014, Mr. Wong is entitled to receive a fee of HK\$300,000 for being a Director of the Company and other emoluments of approximately HK\$18.32 million.

LUI Ting, Victor

BBA

Deputy Managing Director (Age: 60)

Mr. Lui has been an Executive Director and a Deputy Managing Director of the Company since April and July 2012 respectively. He is also a member of the Executive Committee of the Company. He joined the Group in 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.

For the year ended 30 June 2014, Mr. Lui is entitled to receive a fee of HK\$300,000 for being a Director of the Company and other emoluments of approximately HK\$18.33 million.

YIP Dicky Peter

MBA, BBS, MBE, JP

Independent Non-Executive Director (Age: 68)

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 is currently an independent non-executive director of South China (China) Limited and Ping An Insurance (Group) Company of China, Ltd., and an independent director of DSG International (Thailand) PLC.

Other Information

Mr. Yip joined the Institute of International Finance in July 2012 as chief representative for the Asia-Pacific Region. 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 the 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.

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

For the year ended 30 June 2014, Mr. Yip is entitled to receive fees of HK\$300,000 for being a Director of the Company, HK\$240,000 for being a member of the Audit Committee of the Company and HK\$60,000 for being a member of the Nomination Committee of the Company.

Professor WONG Yue-chim, Richard

SBS, JP

Independent Non-Executive Director (Age: 62)

Professor Wong has been an Independent Non-Executive Director of the Company since May 2005. He is the Chairman of both the Nomination Committee and the Remuneration Committee of the Company. He was a member of the Special Committee of the Company which was dissolved during the year upon completion of its assignments. 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. In addition, Professor Wong was a member of the managing board of the Kowloon-Canton Railway Corporation.

For the year ended 30 June 2014, Professor Wong is entitled to receive fees of HK\$300,000 for being a Director of the Company, and HK\$70,000 for being the Chairman of each of the Nomination Committee and the Remuneration Committee of the Company.

Other Information

Dr. LI Ka-cheung, Eric

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

Independent Non-Executive Director (Age: 61)

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 and RoadShow Holdings Limited. He was an independent non-executive director of Bank of Communications Co., Ltd.

Dr. Li is a member of The 12th National Committee of Chinese People's Political Consultative Conference. He was a former member of the Legislative Council of Hong Kong, the chairman of its Public Accounts Committee, a past president of the Hong Kong Institute of Certified Public Accountants and a former convenor-cum-member of the Financial Reporting Review Panel.

For the year ended 30 June 2014, Dr. Li is entitled to receive fees of HK\$300,000 for being a Director of the Company, HK\$280,000 for being the Chairman of the Audit Committee of the Company and HK\$60,000 for being a member of the Remuneration Committee of the Company. Also, he is entitled to receive 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.

Dr. FUNG Kwok-lun, William

SBS, OBE, JP

Independent Non-Executive Director (Age: 66)

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

Dr. Fung is the group chairman of Li & Fung Limited, chairman and non-executive director of Global Brands Group Holding Limited, and a non-executive director of Convenience Retail Asia Limited and Trinity Limited, all within the Fung Group. He is a director of the Fung Global Institute, an independent non-profit think-tank based in Hong Kong. Dr. Fung is also an independent non-executive director of VTech Holdings Limited, Shui On Land Limited, The Hongkong and Shanghai Hotels, Limited and 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 (1994-1996), the Hong Kong Exporters' Association (1989-1991) and the Hong Kong Committee for Pacific Economic Cooperation (1993-2002). He has been awarded the Silver Bauhinia Star by the Government of the Hong Kong Special Administrative Region in 2008.

For the year ended 30 June 2014, Dr. Fung is entitled to receive a fee of HK\$300,000 for being a Director of the Company.

Other Information

Dr. LEUNG Nai-pang, Norman

LLD, GBS, JP

Independent Non-Executive Director (Age: 74)

Dr. Leung has been an Independent Non-Executive Director of the Company since July 2012. He is also a member of both the Nomination Committee and the Remuneration Committee of the Company. Dr. Leung is the chairman and an independent non-executive director of Transport International Holdings Limited. On 1 January 2015, he retired from the position of the executive chairman of Television Broadcasts 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 the Pro-Chancellor of City University of Hong Kong.

For the year ended 30 June 2014, Dr. Leung is entitled to receive fees of HK\$300,000 for being a Director of the Company, and HK\$60,000 for being a member of each of the Nomination Committee and the Remuneration Committee of the Company.

LEUNG Kui-king, Donald

BSc

Independent Non-Executive Director (Age: 58)

Mr. Leung has been an Independent Non-Executive Director of the Company since July 2012. He is also a member of the Audit Committee of the Company. 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.

For the year ended 30 June 2014, Mr. Leung is entitled to receive fees of HK\$300,000 for being a Director of the Company and HK\$240,000 for being a member of the Audit Committee of the Company.

Other Information

LEUNG KO May-yee, Margaret

SBS, JP

Independent Non-Executive Director (Age: 62)

Mrs. Leung has been an Independent Non-Executive Director of the Company since March 2013. She holds a Bachelor's degree in Economics, Accounting and Business Administration from The University of Hong Kong. She was the vice-chairman and the chief executive of Hang Seng Bank Limited, the chairman of Hang Seng Bank (China) Limited, a director of various subsidiaries of Hang Seng Bank Limited, a director of The Hongkong and Shanghai Banking Corporation Limited and the Group General Manager of HSBC Holdings plc prior to her retirement from the HSBC group in June 2012.

Mrs. Leung is currently the deputy chairman, managing director and an executive director of Chong Hing Bank Limited. She is also an independent non-executive director of First Pacific Company Limited, Li & Fung Limited, Hong Kong Exchanges and Clearing Limited, QBE Insurance Group Limited and China Construction Bank Corporation. She was an independent non-executive director of Swire Pacific Limited and Hutchison Whampoa Limited.

Mrs. Leung is a member of the board of directors and the finance committee of the Hospital Authority, and a Steward of The Hong Kong Jockey Club. She is also a council member, the treasurer and the chairman of the finance committee and a member of the human resources policy committee of The University of Hong Kong. Mrs. Leung was the chairman of the board of governors of Hang Seng Management College and Hang Seng School of Commerce, a court member of the Hong Kong Baptist University, and a member of the advisory board and the chairman of the investment committee of the Hong Kong Export Credit Insurance Corporation from 2005 to 2010. She was also a member of the Greater Pearl River Delta Business Council, the advisory committee of the Securities and Futures Commission, the Banking Review Tribunal, the Independent Commission on Remuneration for Members of the Executive Council and the Legislature, and Officials under the Political Appointment System of the HKSAR, and the chairman of the executive committee of The Community Chest of Hong Kong.

For the year ended 30 June 2014, Mrs. Leung is entitled to receive a fee of HK\$300,000 for being a Director of the Company.

Sir Po-shing WOO

Hon.LLD., FCIArb, F.I.Mgt., FlntD, FHKMA

Non-Executive Director (Age: 85)

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. He was a non-executive director of Henderson Land Development Company Limited. He is the father of Mr. Woo Ka-biu, Jackson.

For the year ended 30 June 2014, Sir Po-shing Woo is entitled to receive a fee of HK\$300,000 for being a Director of the Company.

Other Information

KWAN Cheuk-yin, William

LLB

Non-Executive Director (Age: 80)

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 52 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, adviser of Air Activities Development Fund Committee, elected member of Scout Counsel of Hong Kong, chairman of Scout Association of Hong Kong Leadership Training Institute Foundation Management Committee, 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.

For the year ended 30 June 2014, Mr. Kwan is entitled to receive fees of HK\$300,000 for being a Director of the Company, and HK\$60,000 for being a member of each of the Nomination Committee and the Remuneration Committee of the Company.

WONG Yick-kam, Michael

MBA, BBA

Non-Executive Director (Age: 62)

Mr. Wong has been a Non-Executive Director of the Company since January 2010. He is also a member of the Audit Committee of the Company. He was the Chairman of the Special Committee of the Company which was dissolved during the year upon completion of its assignments. 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. After his retirement, Mr. Wong served as the Group Principal Advisor until December 2013. He obtained his Bachelor of Business Administration and Master of Business Administration degrees from The Chinese University of Hong Kong.

Mr. Wong was the chairman of the Hong Kong Youth Hostels Association and is now a member of the Association's Executive Committee. He is also a member of the Government of the Hong Kong Special Administrative Region's Steering Committee on Child Development Fund, the Steering Committee on Promotion of Electric Vehicles, the Social Welfare Advisory Committee, the Steering Committee of the Pilot Green Transport Fund, and the 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 deputy chairman of the Council of The Open University of Hong Kong.

For the year ended 30 June 2014, Mr. Wong is entitled to receive fees of HK\$300,000 and HK\$240,000 for being a Director and a member of the Audit Committee of the Company respectively.

Other Information

KWOK Kai-fai, Adam

MBA, BSc

Executive Director (Age: 31)

Mr. Kwok was appointed as an Executive Director of the Company with effect from 19 December 2014. He is also a member of the Executive Committee of the Company. Prior to the above appointment, Mr. Kwok acted as an Alternate Director to Mr. Kwok Ping-kwong, Thomas from July 2012 until the resignation of Mr. Kwok Ping-kwong, Thomas as Chairman and Managing Director of the Company with effect from 19 December 2014. 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 has substantial experience in corporate finance. He was the project director taking charge of certain key residential and commercial projects of the Group in Hong Kong and the Pearl River Delta region. Since April 2013, he has taken up the overall responsibilities for the property business in Southern China.

In addition, Mr. Kwok is a member of Guangdong Provincial Committee of the Chinese People's Political Consultative Conference, a director of China Overseas Friendship Association, a member of Friends of Hong Kong Association Limited and the honorary vice-chairman of Hong Kong United Youth Association.

Mr. Kwok is a nephew of Mr. 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. Mr. Kwok is a cousin of Mr. Kwok Ho-lai, Edward.

Mr. Kwok is entitled to receive a fee of HK\$300,000 per annum for being a Director of the Company and other projected emoluments of approximately HK\$2.18 million per annum.

KWONG Chun

Executive Director (Age: 85)

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 Mr. 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.

For the year ended 30 June 2014, Mr. Kwong is entitled to receive a fee of HK\$300,000 for being a Director of the Company and other emoluments of approximately HK\$5.29 million.

Other Information

CHAN Kwok-wai, Patrick

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

Executive Director & Chief Financial Officer (Age: 58)

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 an 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 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 board of directors of The Community Chest of Hong Kong, a vice chairman of the General Committee and chairman of the Corporate Governance Affairs 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 also a member of the Investment Committee of the Foundation of Tsinghua University Centre for Advanced Study Co. Ltd.

For the year ended 30 June 2014, Mr. Chan is entitled to receive a fee of HK\$300,000 for being a Director of the Company and other emoluments of approximately HK\$17.85 million.

TUNG Chi-ho, Eric

BA(AS)Hons, BArch, HKIA, Registered Architect, Authorized Person (List of Architects)

Executive Director (Age: 55)

Mr. Tung has been an Executive Director of the Company since December 2013. He is also a member of the Executive Committee of the Company. Mr. Tung holds a Bachelor of Arts degree in Architectural Studies and a Bachelor of Architecture degree from The University of Hong Kong. He is a member of The Hong Kong Institute of Architects and a Registered Architect. Mr. Tung joined the Group in 1987 and has progressed through the ranks with increasing project management, sales and marketing responsibilities for a number of signature projects of the Group in Hong Kong, Singapore and the mainland. He is also an executive director of SUNeVision Holdings Ltd.

Mr. Tung is entitled to receive a fee of approximately HK\$174,247 for being a Director of the Company for the period from 1 December 2013 (being the date of his appointment) to 30 June 2014. Also, he is entitled to receive other emoluments of a total of approximately HK\$15.79 million, including emoluments of HK\$42,000 for being a director of SUNeVision Holdings Ltd. for the year ended 30 June 2014.

Other Information

FUNG Yuk-lun, Allen

BA, Ph.D.

Executive Director (Age: 46)

Mr. Fung has been an Executive Director of the Company since December 2013. He is also a member of the Executive Committee of the Company and the chief executive officer of the Group's non-property related portfolio investments. Mr. Fung obtained an undergraduate degree (Modern History) from Oxford University and holds a doctoral degree in History and East Asian Languages from Harvard University. He was a recipient of a Guggenheim Fellowship in 1996. Mr. Fung was a Teaching Fellow at Harvard University in 1993-1994 and a visiting Assistant Professor of History at Brown University in 1996-1997. In addition to his role of being a non-executive director, Mr. Fung took up the positions as a vice chairman of SUNeVision Holdings Ltd. and a deputy chairman of SmarTone Telecommunications Holdings Limited with effect from 19 December 2014. He is also a non-executive director of Transport International Holdings Limited and RoadShow Holdings Limited.

Mr. Fung joined McKinsey & Company ("McKinsey"), a global management consulting company, in 1997. He primarily served clients in China and Hong Kong, and also served institutions in Europe and Southeast Asia. Mr. Fung was the co-leader of the infrastructure practice for McKinsey. He was the managing partner of McKinsey Hong Kong from 2004 to 2010. In 2011, he became a director of McKinsey globally, being the first Hong Kong Chinese to become a director in McKinsey's history. He was also the head of recruiting for the Asia region in McKinsey.

Mr. Fung is the chairman of the Hong Kong Society for the Protection of Children, a council member of The Hong Kong Federation of Youth Groups and The Hong Kong Management Association, and a member of the executive committee of The Hong Kong Council of Social Service. He is also an advisory member of the Faculty of Business and Economics at The University of Hong Kong.

Mr. Fung is entitled to receive a fee of approximately HK\$174,247 for being a Director of the Company for the period from 1 December 2013 (being the date of his appointment) to 30 June 2014. Also, he is entitled to receive other emoluments of a total of approximately HK\$3.59 million, including fees of HK\$14,900 and HK\$60,000 for being a director of SUNeVision Holdings Ltd. and SmarTone Telecommunications Holdings Limited respectively for the year ended 30 June 2014.

KWOK Ho-lai, Edward

BA

Alternate Director to KWOK Ping-luen, Raymond (Age: 34)

Mr. Kwok has been an Alternate Director to Mr. Kwok Ping-luen, Raymond since 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. Kwok worked in a major international audit firm.

Mr. Kwok is a son of Mr. 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. Mr. Kwok is a cousin of Mr. Kwok Kai-fai, Adam.

Other Information

WOO Ka-biu, Jackson

MA (Oxon)

Alternate Director to Sir Po-shing WOO (Age: 52)

Mr. Woo has been an Alternate Director to Sir Po-shing Woo since 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 as well as a China-Appointed Attesting Officer appointed by the Ministry of Justice, PRC. Mr. Woo is a director of Kailey group of companies, the chief executive officer of Challenge Capital Management Limited, chairman (international) of Guantao Law Firm and a consultant of its associated firm, Messrs. Peter C. Wong, Chow & Chow. He had previously been a director of N M Rothschild & Sons (Hong Kong) Limited and then a partner of Ashurst Hong Kong. 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. He was an alternate director to Sir Po-shing Woo who was a non-executive director of Henderson Land Development Company Limited. 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, all the Directors and Alternate Directors did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas, and do not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

All the Directors and Alternate 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 and re-election at the general meeting or the annual general meeting of the Company. For the Non-Executive Directors (including the Independent Non-Executive Directors), they will be 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 of the Company 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. 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.

Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 31 December 2014, 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 (the "SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (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 and underlying shares held under equity derivatives					Sub-total	Total	% of issued voting shares as at 31.12.2014
		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-luen, Raymond	Shares	88,743	-	-	487,079,119 ³⁸⁶	487,167,862	487,167,862	17.25	
	Equity Derivatives								
	warrants	-	-	-	9,435,067 ³	9,435,067			
	share options	100,000	-	-	-	100,000	9,535,067	0.34	
						496,702,929	17.59		
Lee Shau-kee	Shares	486,340	-	35,187,000 ⁴	-	35,673,340	35,673,340	1.26	
	Equity Derivatives								
	warrants	40,528	-	120,584 ⁴	-	161,112	161,112	0.01	
						35,834,452	1.27		
Wong Chik-wing, Mike	Shares	217,695	-	-	-	217,695	217,695	0.01	
	Equity Derivatives								
	share options	100,000	-	-	-	100,000	100,000	0.00	
						317,695	0.01		
Lui Ting, Victor	Shares	60,000	-	-	-	60,000	60,000	0.00	
	Equity Derivatives								
	warrants	5,000	-	-	-	5,000			
	share options	100,000	-	-	-	100,000	105,000	0.00	
						165,000	0.00		
Wong Yue-chim, Richard	Shares	-	1,000	-	-	1,000	1,000	0.00	
	Equity Derivatives								
	warrants	-	83	-	-	83	83	0.00	
						1,083	0.00		
Li Ka-cheung, Eric	Shares	-	4,028	-	-	4,028	4,028	0.00	
	Equity Derivatives								
	warrants	-	335	-	-	335	335	0.00	
						4,363	0.00		

Other Information

		Number of shares and underlying shares held under equity derivatives						
Name of Director		Personal	Family	Corporate	Other	Sub-total	Total	% of issued voting shares as at 31.12.2014
		interests (held as beneficial owner)	interests (interests of spouse or child under 18)	interests (interests of controlled corporation)				
Fung Kwok-lun, William	Shares	220,000	9,739	-	-	229,739	229,739	0.01
	Equity Derivatives <i>warrants</i>	18,333	811	-	-	19,144	19,144	0.00
							248,883	0.01
Leung Nai-pang, Norman	Shares	-	10,833	-	-	10,833	10,833	0.00
	Equity Derivatives	-	-	-	-	-	-	-
							10,833	0.00
Leung Kui-king, Donald	Shares	-	2,000	-	-	2,000	2,000	0.00
	Equity Derivatives <i>warrants</i>	-	166	-	-	166	166	0.00
							2,166	0.00
Leung Ko May-yee, Margaret	Shares	15,372	-	-	-	15,372	15,372	0.00
	Equity Derivatives <i>warrants</i>	1,268	-	-	-	1,268	1,268	0.00
							16,640	0.00
Woo Po-shing	Shares	1,540,913	-	-	-	1,540,913	1,540,913	0.05
	Equity Derivatives	-	-	-	-	-	-	-
							1,540,913	0.05
Wong Yick-kam, Michael	Shares	182,651	-	-	-	182,651	182,651	0.01
	Equity Derivatives <i>warrants</i>	15,063	-	-	-	15,063	15,063	0.00
							197,714	0.01
Kwok Kai-fai, Adam	Shares	-	-	-	611,708,378 ^{5,6&7}	611,708,378	611,708,378	21.67
	Equity Derivatives <i>warrants</i>	-	-	-	8,818,369 ⁵	8,818,369	8,818,369	0.31
	<i>share options</i>	32,000	-	-	-	32,000	8,850,369	0.31
						620,558,747	21.98	
Kwong Chun	Shares	762,722	339,358	-	-	1,102,080	1,102,080	0.04
	Equity Derivatives <i>warrants</i>	63,560	28,279	-	-	91,839	91,839	0.00
	<i>share options</i>	40,000	-	-	-	40,000	131,839	0.00
						1,233,919	0.04	
Chan Kwok-wai, Patrick	Shares	-	-	-	-	-	-	-
	Equity Derivatives <i>share options</i>	100,000	-	-	-	100,000	100,000	0.00
							100,000	0.00

Other Information

		Number of shares and underlying shares held under equity derivatives							% of issued voting shares as at 31.12.2014
Name of Director		Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (interests of controlled corporation)	Other interests	Sub-total	Total		
Tung Chi-ho, Eric	Shares	-	-	-	-	-	-	-	
	Equity Derivatives								
	share options	100,000	-	-	-	100,000	100,000	0.00	
							100,000	0.00	
Kwok Ho-lai, Edward (Alternate Director to Kwok Ping-luen, Raymond)	Shares	-	-	-	614,032,534 ^{3,6&7}	614,032,534	614,032,534	21.75	
	Equity Derivatives								
	warrants	-	-	-	9,435,067 ³	9,435,067			
	share options	32,000	-	-	-	32,000	9,467,067	0.33	
							623,499,601	22.08	
Woo Ka-biu, Jackson (Alternate Director to Woo Po-shing)	Shares	-	1,000	-	-	1,000	1,000	0.00	
	Equity Derivatives	-	-	-	-	-	-	-	
							1,000	0.00	

Notes:

- The warrants issued by the Company are regarded for the time being as listed physically settled equity derivatives. Each warrant entitles the holder thereof to subscribe at any time during the period from 23 April 2014 to 22 April 2016 (both days inclusive) for one fully paid new share in the Company at an initial subscription price of HK\$98.60 per new share (subject to adjustment).
- The share options granted by the Company are regarded for the time being as unlisted physically settled equity derivatives. Details of the share options are set out in the section headed "Share Option Schemes" below.
- Messrs. Kwok Ping-luen, Raymond and Kwok Ho-lai, Edward were deemed to be interested in 487,079,119 shares and 9,435,067 warrants of the Company by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such shares and warrants represented the same interests and were therefore duplicated between them.
- Dr. Lee Shau-kee was deemed to be interested in the 35,187,000 shares and 120,584 warrants of the Company held through Superfun Enterprises Limited ("Superfun") and Kinnox Investment Limited ("Kinnox"). Superfun was wholly-owned by The Hong Kong and China Gas Company Limited ("HK China Gas") which was 41.51% held by Henderson Land Development Company Limited ("Henderson Land"). Henderson Land was taken to be 68.88% held by Henderson Development Limited ("Henderson Development"). Hopkins (Cayman) Limited ("Hopkins") as trustee of a unit trust owned all the issued ordinary shares of Henderson Development. Rimmer (Cayman) Limited ("Rimmer") and Riddick (Cayman) Limited ("Riddick") as respective trustees of two discretionary trusts held units in this unit trust. Kinnox was wholly-owned by Financial Enterprise Investments Limited which was wholly-owned by Shau Kee Financial Enterprises Limited ("SKFE"). Lee Financial (Cayman) Limited ("Lee Financial") as trustee of another unit trust owned all the issued shares of SKFE. Leeworld (Cayman) Limited ("Leeworld") and Leesons (Cayman) Limited ("Leesons") as respective trustees of another two discretionary trusts held units in this unit trust. The entire issued share capital of Hopkins, Rimmer, Riddick, Lee Financial, Leeworld and Leesons were owned by Dr. Lee Shau-kee. He was taken to be interested in the 35,187,000 shares and 120,584 warrants of the Company held by Superfun and Kinnox by virtue of Part XV of the SFO.
- Mr. Kwok Kai-fai, Adam was deemed to be interested in 484,754,963 shares and 8,818,369 warrants of the Company by virtue of him being a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO.

Other Information

6. Of the said 487,079,119 shares and 484,754,963 shares in the Company as stated in Notes 3 and 5 above respectively, Messrs. Kwok Ping-luen, Raymond, Kwok Kai-fai, Adam and Kwok Ho-lai, Edward were deemed to be interested in 48,756,223 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.
7. Messrs. Kwok Kai-fai, Adam and Kwok Ho-lai, Edward were also deemed to be interested in 126,953,415 shares in the Company by virtue of them being beneficiaries of a discretionary trust for the benefit of the sons of Mr. Kwok Ping-sheung, Walter, of Mr. Kwok Ping-kwong, Thomas and of Mr. 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.

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 and underlying shares held under equity derivatives			Total	% of issued voting shares as at 31.12.2014
		Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Other interests		
Kwok Ping-luen, Raymond	Shares	–	–	3,485,000 ^{1&2}	3,485,000	0.15
	Equity Derivatives	–	–	–	–	–
					3,485,000	0.15
Wong Chik-wing, Mike	Shares	218,000	–	–	218,000	0.01
	Equity Derivatives	–	–	–	–	–
					218,000	0.01
Lui Ting, Victor	Shares	356	–	–	356	0.00
	Equity Derivatives	–	–	–	–	–
					356	0.00
Leung Nai-pang, Norman	Shares	41,000	142	–	41,142	0.00
	Equity Derivatives	–	–	–	–	–
					41,142	0.00
Leung Ko May-yee, Margaret	Shares	1,000	2,000	–	3,000	0.00
	Equity Derivatives	–	–	–	–	–
					3,000	0.00
Wong Yick-kam, Michael	Shares	200,000	–	–	200,000	0.01
	Equity Derivatives	–	–	–	–	–
					200,000	0.01
Kwok Kai-fai, Adam	Shares	–	–	11,927,658 ^{1&3}	11,927,658	0.51
	Equity Derivatives	–	–	–	–	–
					11,927,658	0.51
Kwong Chun	Shares	600,000	–	–	600,000	0.03
	Equity Derivatives	–	–	–	–	–
					600,000	0.03
Kwok Ho-lai, Edward (Alternate Director to Kwok Ping-luen, Raymond)	Shares	–	–	13,272,658 ^{1,2&3}	13,272,658	0.57
	Equity Derivatives	–	–	–	–	–
					13,272,658	0.57

Other Information

Notes:

1. Messrs. 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.
2. In addition to the deemed interests as stated in Note 1 above, Messrs. Kwok Ping-luen, Raymond and Kwok Ho-lai, Edward were 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.
3. Messrs. Kwok Kai-fai, Adam and Kwok Ho-lai, Edward were 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 Mr. Kwok Ping-sheung, Walter, of Mr. Kwok Ping-kwong, Thomas and of Mr. 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.

(b) SmarTone Telecommunications Holdings Limited (“SmarTone”)

Name of Director		Number of shares and underlying shares held under equity derivatives			% of issued voting shares as at 31.12.2014
		Corporate interests (interests of controlled corporation)	Other interests	Total	
Kwok Ping-luen, Raymond	Shares	–	4,565,544 ¹	4,565,544	0.44
	Equity Derivatives	–	–	–	–
				4,565,544	0.44
Lee Shau-kee	Shares	546,000 ²	–	546,000	0.05
	Equity Derivatives	–	–	–	–
				546,000	0.05
Kwok Kai-fai, Adam	Shares	–	6,057,364 ³	6,057,364	0.58
	Equity Derivatives	–	–	–	–
				6,057,364	0.58
Kwok Ho-lai, Edward (Alternate Director to Kwok Ping-luen, Raymond)	Shares	–	10,622,908 ^{1&3}	10,622,908	1.01
	Equity Derivatives	–	–	–	–
				10,622,908	1.01

Notes:

1. Messrs. Kwok Ping-luen, Raymond and Kwok Ho-lai, Edward were deemed to be interested in 4,565,544 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. Dr. Lee Shau-kee was deemed to be interested in 546,000 shares in SmarTone held through Good Treasure Limited (“Good Treasure”). Good Treasure was wholly-owned by Financial Enterprise Group Limited, which was a wholly-owned subsidiary of Furnline Limited. Furnline Limited was wholly-owned by Jetwin International Limited, a wholly-owned subsidiary of Triton (Cayman) Limited (“Triton”). The entire issued share capital of Triton, Victory (Cayman) Limited and Triumph (Cayman) Limited were owned by Dr. Lee Shau-kee. He was taken to be interested in the 546,000 shares in SmarTone held by Good Treasure by virtue of Part XV of the SFO.
3. Messrs. Kwok Kai-fai, Adam and Kwok Ho-lai, Edward were deemed to be interested in 6,057,364 shares in SmarTone by virtue of them being beneficiaries of a discretionary trust for the benefit of the sons of Mr. Kwok Ping-sheung, Walter, of Mr. Kwok Ping-kwong, Thomas and of Mr. 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

(c) **Transport International Holdings Limited**

Name of Director		Number of shares and underlying shares held under equity derivatives		% of issued voting shares as at 31.12.2014
		Personal interests (held as beneficial owner)	Total	
Kwok Ping-luen, Raymond	Shares	393,350	393,350	0.10
	Equity Derivatives	–	–	–
			393,350	0.10

(d) **Each of Messrs. 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 issued voting shares held through corporation as at 31.12.2014	Actual shares held through corporation	Actual % of interests in issued voting shares as at 31.12.2014
Splendid Kai Limited	2,500	25.00	1,500 ¹	15.00
Hung Carom Company Limited	25	25.00	15 ¹	15.00
Tinyau Company Limited	1	50.00	1 ¹	50.00
Open Step Limited	8	80.00	4 ¹	40.00

Note:

1. Messrs. 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 issued voting shares as at 31.12.2014
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
System Link Development Limited	2 ¹⁶	50.00
Tartar Investments Limited	300 ¹⁷	30.00
Teamfield Property Limited	4,918 ¹⁸	49.18
Topcycle Development Limited	1 ¹⁹	50.00
Topcycle Project Management Limited	1 ¹⁹	50.00
World Space Investment Limited	4,918 ¹⁸	49.18

Notes:

1. Dr. Lee Shau-kee was deemed to be interested in the 35,187,000 shares and 120,584 warrants of the Company held through Superfun and Kinnox. Superfun was wholly-owned by HK China Gas which was 41.51% held by Henderson Land. Henderson Land was taken to be 68.88% held by Henderson Development. Hopkins as trustee of a unit trust owned all the issued ordinary shares of Henderson Development. Rimmer and Riddick as respective trustees of two discretionary trusts held units in this unit trust. Kinnox was wholly-owned by Financial Enterprise Investments Limited which was wholly-owned by SKFE. Lee Financial as trustee of another unit trust owned all the issued shares of SKFE. Leeworld and Leesons as respective trustees of another two discretionary trusts held units in this unit trust. The entire issued share capital of Hopkins, Rimmer, Riddick, Lee Financial, Leeworld and Leesons were owned by Dr. Lee Shau-kee. He was taken to be interested in the 35,187,000 shares and 120,584 warrants of the Company held by Superfun and Kinnox by virtue of Part XV of the SFO.
2. Dr. Lee Shau-kee was deemed to be interested in the two shares held through Everise (H.K.) Limited. This corporation was 50% held by Masterland Limited, a wholly-owned subsidiary of Henderson Land. Dr. Lee Shau-kee was taken to be interested in Henderson Land as set out in Note 1.
3. Dr. Lee Shau-kee was deemed to be interested in the one share held through Chico Investment Limited ("Chico"). This corporation was wholly-owned by Henderson Land. Dr. Lee Shau-kee was taken to be interested in Henderson Land as set out in Note 1.

Other Information

4. *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.*
5. *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 41.51% held by Henderson Land. Dr. Lee Shau-kee was taken to be interested in Henderson Land as set out in Note 1.*
6. *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.*
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 ("Mightymark"), 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 two shares held through Mightymark, 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 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.*

Other Information

18. *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.*
19. *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 2014, 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. In response to specific enquiry by the Company, all Directors confirmed that they complied with the Model Code during the six months ended 31 December 2014, except that due to inadvertent oversight, the spouse of an Independent Non-Executive Director had, on 22 August 2014, disposed of 3,000 shares and 250 warrants of the Company during the 60-day period prior to the publication of the Company's annual results. Upon becoming aware of this incident, the Director concerned immediately informed Hong Kong Exchanges and Clearing Limited in writing and filed the disclosure of notification forms in compliance with Part XV of the SFO. The Company from time to time reminds its Directors of their obligations under the Model Code.

SHARE OPTION SCHEMES

1. Share option schemes of the Company

On 5 December 2002, the Company adopted a share option scheme (the "Old Scheme"). Under the Old Scheme, the Board of Directors of the Company (the "Board") shall be entitled at any time within ten years commencing on 5 December 2002 to make an offer for the grant of a share option to any employee as the Board may in its absolute discretion select. Due to the expiry of the Old Scheme on 5 December 2012 and 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 passed an ordinary resolution to approve the adoption of a new share option scheme (the "New Scheme") and the termination of the Old Scheme.

Following the termination of the Old Scheme, 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.

Other Information

During the six months ended 31 December 2014, the Company granted 1,232,000 share options under the New Scheme on 11 July 2014. Particulars of the outstanding share options granted under the Old Scheme and the New Scheme and their movements during the six months ended 31 December 2014 were as follows:

Grantees	Date of grant	Exercise price per share (HK\$)	Exercise period ¹	Number of share options				Balance as at 31.12.2014	Closing price per share (HK\$)
				Balance as at 01.07.2014	Granted during the period	Exercised during the period	Cancelled/Lapsed during the period		
(I) Directors									
Kwok Ping-luen, Raymond	12.07.2010 ²	111.40	12.07.2011 to 11.07.2015	100,000	–	–	–	100,000	N/A
Wong Chik-wing, Mike	12.07.2010 ²	111.40	12.07.2011 to 11.07.2015	100,000	–	–	–	100,000	N/A
Lui Ting, Victor	11.07.2012 ²	96.15	11.07.2013 to 10.07.2017	100,000	–	–	–	100,000	N/A
Kwok Kai-fai, Adam ⁴	12.07.2013 ³	102.30	12.07.2014 to 11.07.2018	32,000	–	–	–	32,000	N/A
Kwong Chun	12.07.2010 ²	111.40	12.07.2011 to 11.07.2015	40,000	–	–	–	40,000	N/A
Chan Kwok-wai, Patrick	11.07.2011 ²	116.90	11.07.2012 to 10.07.2016	100,000	–	–	–	100,000	N/A
Tung Chi-ho, Eric	12.07.2010 ²	111.40	12.07.2011 to 11.07.2015	80,000	–	–	(80,000)	–	N/A
	11.07.2014 ³	106.80	11.07.2015 to 10.07.2019	N/A	100,000	–	–	100,000	106.30 ⁵
Kwok Ho-lai, Edward (Alternate Director to Kwok Ping-luen, Raymond)	12.07.2013 ³	102.30	12.07.2014 to 11.07.2018	32,000	–	–	–	32,000	N/A
Kwok Ping-kwong, Thomas (resigned with effect from 19 December 2014)	12.07.2010 ²	111.40	12.07.2011 to 11.07.2015	100,000	–	–	(100,000)	N/A	N/A
Chan Kui-yuen, Thomas (resigned with effect from 19 December 2014)	12.07.2010 ²	111.40	12.07.2011 to 11.07.2015	100,000	–	–	(100,000)	N/A	N/A
(II) Associates of Directors	12.07.2010 ²	111.40	12.07.2011 to 11.07.2015	144,000	–	–	–	144,000	N/A
(III) Other employees	12.07.2010 ²	111.40	12.07.2011 to 11.07.2015	3,248,000	–	(120,000)	(120,000)	3,008,000	116.04 ⁶
	11.07.2011 ²	116.90	11.07.2012 to 10.07.2016	1,830,000	–	(48,000)	(196,000)	1,586,000	118.20 ⁶
	11.07.2012 ²	96.15	11.07.2013 to 10.07.2017	1,144,000	–	(61,000)	(48,000)	1,035,000	114.62 ⁶
	12.07.2013 ³	102.30	12.07.2014 to 11.07.2018	1,048,000	–	(25,000)	(52,000)	971,000	110.61 ⁶
	11.07.2014 ³	106.80	11.07.2015 to 10.07.2019	N/A	1,006,000	–	–	1,006,000	106.30 ⁵
Total				8,198,000	1,106,000 ⁷	(254,000)	(696,000)	8,354,000	

Other Information

Notes:

1. *The share options can be exercised up to 30% of the grant from the first anniversary of the date of grant, up to 60% of the grant from the second anniversary of the date of grant, and in whole or in part of the grant from the third anniversary of the date of grant.*
2. *These share options were granted under the Old Scheme.*
3. *These share options were granted under the New Scheme.*
4. *Mr. Kwok Kai-fai, Adam ceased to act as an Alternate Director and was appointed as an Executive Director of the Company both with effect from 19 December 2014.*
5. *This represented the closing price of the shares of the Company immediately before the date on which the share options were granted.*
6. *This represented the weighted average closing price of the shares of the Company immediately before the date on which the share options were exercised.*
7. *The Company granted 1,232,000 share options under the New Scheme on 11 July 2014 and subsequently 1,106,000 share options were accepted by the grantees.*
8. *The accounting policy adopted for the share options is set out in note 1(t) to the financial statements for the year ended 30 June 2014 contained in the 2013/14 Annual Report of the Company.*

Save as disclosed above, there were no outstanding share options granted under the Old Scheme and the New Scheme during the six months ended 31 December 2014.

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 2014 under the New Scheme amounting to approximately HK\$12,906,432 was estimated based on the following variables and assumptions:

Risk free interest rate	1.37% ¹
Expected volatility	15.68% ²
Expected dividend	3.15% 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 2014.*
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

On 3 December 2002, SUNeVision adopted a share option scheme which became effective on 5 December 2002 (the "SUNeVision Old Scheme").

At the extraordinary general meeting of SUNeVision held on 1 November 2011, an ordinary resolution was passed by the shareholders of SUNeVision (the "SUNeVision Shareholders") for approving the adoption of a new share option scheme (the "SUNeVision Proposed Scheme") in contemplation of the transfer of listing of the shares in SUNeVision to the Main Board of the Stock Exchange then proposed and the termination of the SUNeVision Old Scheme when the SUNeVision Proposed Scheme became effective. On 10 June 2012, SUNeVision announced that since SUNeVision did not proceed with the application for the transfer of listing of its shares, not all the conditions to which the SUNeVision Proposed Scheme was subject were fulfilled and the SUNeVision Proposed Scheme therefore did not take effect. Consequently, the SUNeVision Proposed Scheme can no longer be implemented as originally contemplated and no share options have been and will be granted under the SUNeVision Proposed Scheme.

Due to the expiry of the SUNeVision Old Scheme on 3 December 2012, the SUNeVision Shareholders approved the adoption of a new share option scheme (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 Shareholders at the annual general meeting of the Company held on 15 November 2012. No share options can be granted under the SUNeVision Old Scheme upon its termination.

During the six months ended 31 December 2014, there were no outstanding share options under the SUNeVision Old Scheme and 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 2014, no share options were granted under the SmarTone New Scheme. Particulars of the outstanding share options granted under the SmarTone Schemes and their movements during the six months ended 31 December 2014 were as follows:

Grantees	Date of grant	Exercise price per share (HK\$)	Exercise Period ¹	Number of share options				Balance as at 31.12.2014	Closing price per share (HK\$)
				Balance as at 01.07.2014	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period		
SmarTone Old Scheme									
(I) Directors of SmarTone	13.06.2011	12.78	13.06.2012 to 12.06.2016	12,000,000	-	-	-	12,000,000	N/A
(II) Other employees of SmarTone	13.06.2011	12.78	13.06.2012 to 12.06.2016	18,925,000	-	(52,500)	(75,000)	18,797,500	12.80 ²
	30.09.2011	13.12	30.09.2012 to 29.09.2016	315,000	-	-	-	315,000	N/A
	31.10.2011	14.96	31.10.2012 to 30.10.2016	150,000	-	-	(150,000)	-	N/A
	30.11.2011	13.02	30.11.2012 to 29.11.2016	277,500	-	-	-	277,500	N/A
SmarTone New Scheme									
(III) Other employees of SmarTone	30.12.2011	13.52	30.12.2012 to 29.12.2016	375,000	-	-	(75,000)	300,000	N/A
	29.02.2012	16.56	01.03.2013 to 28.02.2017	300,000	-	-	(300,000)	-	N/A
Total				32,342,500	-	(52,500)	(600,000)	31,690,000	

Notes:

1. The share options can be exercised up to one-third of the grant from the first anniversary of the date of grant, up to two-thirds of the grant from the second anniversary of the date of grant, and in whole or in part of the grant from the third anniversary of the date of grant.
2. This represented the weighted average closing price of the shares of SmarTone immediately before the date on which the share options were exercised.

Save as disclosed above, there were no outstanding share options granted under the SmarTone Schemes during the six months ended 31 December 2014.

Other Information

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 31 December 2014, 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, or which were notified to the Company, were as follows:

		Number of shares and underlying shares held under equity derivatives			Total	% of issued voting shares as at 31.12.2014
		Personal interests (held as beneficial owner)	Corporate interests (interests of controlled corporation)	Other interests		
(I) Substantial shareholders						
HSBC Trustee (C.I.) Limited	Shares	–	–	915,250,313 ^{2,3&4}	915,250,313	32.42
	Equity Derivatives warrants	–	–	14,412,131 ³	14,412,131	0.51
					929,662,444	32.93
Kwong Siu-hing	Shares	25,024	–	742,304,737 ^{2&4}	742,329,761	26.29
	Equity Derivatives	–	–	–	–	–
					742,329,761	26.29
(II) Other persons						
Adolfa Limited (“Adolfa”)	Shares	231,182,838	48,756,223	–	279,939,061 ⁴	9.92
	Equity Derivatives	–	–	–	–	–
					279,939,061	9.92
Bertana Limited (“Bertana”)	Shares	231,182,838	48,756,223	–	279,939,061 ^{4&5}	9.92
	Equity Derivatives	–	–	–	–	–
					279,939,061	9.92
Cyrac Limited (“Cyrac”)	Shares	231,182,838	48,756,223	–	279,939,061 ^{4&6}	9.92
	Equity Derivatives	–	–	–	–	–
					279,939,061	9.92
Credit Suisse Trust Limited	Shares	–	–	207,180,321 ^{7&8}	207,180,321	7.34
	Equity Derivatives warrants	–	–	9,435,067 ⁷	9,435,067	0.33
					216,615,388	7.67
HSBC Trustee (Guernsey) Limited	Shares	–	–	204,815,902 ⁹	204,815,902	7.25
	Equity Derivatives warrants	–	–	8,818,369 ⁹	8,818,369	0.32
					213,634,271	7.57
Kwok Ping-sheung, Walter	Shares	75,000	–	194,929,751 ¹⁰	195,004,751	6.91
	Equity Derivatives warrants	6,250	–	16,244,145 ¹⁰	16,250,395	0.57
					211,255,146	7.48
Thriving Talent Limited	Shares	182,916,464 ⁹	–	–	182,916,464	6.48
	Equity Derivatives warrants	7,012,131 ⁹	–	–	7,012,131	0.25
					189,928,595	6.73

Other Information

		Number of shares and underlying shares held under equity derivatives				Total	% of issued voting shares as at 31.12.2014
		Personal interests (held as beneficial owner)	Corporate interests (interests of controlled corporation)	Other interests			
Rosy Result Limited	Shares	179,714,528 ⁷	–	–	179,714,528	6.37	
	Equity Derivatives warrants	9,435,067 ⁷	–	–	9,435,067	0.33	
					189,149,595	6.70	
Asporto Limited	Shares	172,945,576 ³	–	–	172,945,576	6.13	
	Equity Derivatives warrants	14,412,131 ³	–	–	14,412,131	0.51	
					187,357,707	6.64	

Notes:

- The warrants issued by the Company are regarded for the time being as listed physically settled equity derivatives. Each warrant entitles the holder thereof to subscribe at any time during the period from 23 April 2014 to 22 April 2016 (both days inclusive) for one fully paid new share in the Company at an initial subscription price of HK\$98.60 per new share (subject to adjustment).
- Madam Kwong Siu-hing was deemed to be interested in 742,304,737 shares in the Company by virtue of her being a founder and a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO. These shares formed part of the shares in the Company in which HSBC Trustee (C.I.) Limited was deemed to be interested by virtue of it being the trustee of certain discretionary trusts and were therefore duplicated between these two substantial shareholders.
- In addition to the deemed interests as stated in Note 2 above, HSBC Trustee (C.I.) Limited was deemed to be interested in 172,945,576 shares and 14,412,131 warrants of the Company by virtue of it being the trustee of a discretionary trust for the purpose of Part XV of the SFO. These shares and warrants represented the same interests held by Asporto Limited and were therefore duplicated between them.
- Of the respective shares in the Company held by Adolfa, Bertana and Cyric, 48,756,223 shares were held through corporations of which each of Adolfa, Bertana and Cyric was interested in one-third of the entire issued shares. These 48,756,223 shares represented the same interests and were therefore duplicated amongst these companies. Further, the respective shares held by Adolfa, Bertana and Cyric formed part of the shares in the Company in which each of Madam Kwong Siu-hing and HSBC Trustee (C.I.) Limited was deemed to be interested.
- These shares were the same shares in the Company included in "other interests" of Mr. Kwok Kai-fai, Adam as disclosed in the table under the section headed "Directors' and Chief Executives' Interests" above, and were therefore duplicated with them.
- These shares were the same shares in the Company included in "other interests" of Messrs. Kwok Ping-luen, Raymond and Kwok Ho-lai, Edward as disclosed in the table under the section headed "Directors' and Chief Executives' Interests" above, and were therefore duplicated with them.
- Credit Suisse Trust Limited was deemed to be interested in 207,140,058 shares and 9,435,067 warrants of the Company by virtue of it being the trustee of a discretionary trust for the purpose of Part XV of the SFO. Of these shares and warrants, 179,714,528 shares and 9,435,067 warrants represented the same interests held by Rosy Result Limited and were therefore duplicated between them.

The 207,140,058 shares and 9,435,067 warrants of the Company as disclosed in the above paragraph were the same shares and warrants of the Company included in "other interests" of Messrs. Kwok Ping-luen, Raymond and Kwok Ho-lai, Edward as disclosed in the table under the section headed "Directors' and Chief Executives' Interests" above, and were therefore duplicated with them.

Other Information

8. *In addition to the deemed interests as stated in Note 7 above, Credit Suisse Trust Limited was deemed to be interested in 40,263 shares in the Company by virtue of it being the trustee of certain discretionary trusts for the purpose of Part XV of the SFO.*
9. *HSBC Trustee (Guernsey) Limited was deemed to be interested in 204,815,902 shares and 8,818,369 warrants of the Company by virtue of it being the trustee of a discretionary trust for the purpose of Part XV of the SFO. Of these shares and warrants, 182,916,464 shares and 7,012,131 warrants represented the same interests held by Thriving Talent Limited and were therefore duplicated between them.*

The 204,815,902 shares and 8,818,369 warrants of the Company as disclosed in the above paragraph were the same shares and warrants of the Company included in "other interests" of Mr. Kwok Kai-fai, Adam as disclosed in the table under the section headed "Directors' and Chief Executives' Interests" above, and were therefore duplicated with them.

10. *Mr. Kwok Ping-sheung, Walter was deemed to be interested in 194,929,751 shares and 16,244,145 warrants of the Company by virtue of him being a founder and/or a beneficiary of a discretionary trust for the purpose of Part XV of the SFO.*

Save as disclosed above, as at 31 December 2014, there were no any 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, or which were notified to the Company.

EMOLUMENT POLICY AND LONG-TERM INCENTIVE SCHEMES OF THE GROUP

As at 31 December 2014, the Group employed more than 37,000 employees. The related employees' costs before reimbursements for the six months ended 31 December 2014 amounted to approximately HK\$4,622 million. Compensation for the Group is made with reference to the market as well as individual performance and contributions. Extensive use of bonuses to link performance with reward is adopted. The Group also provides a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits, and both internal and external training appropriate to individual needs. A share option scheme is in place to provide appropriate long-term incentive to the key staff of the Group.

BASIS OF DETERMINING EMOLUMENT TO DIRECTORS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2014.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK\$0.95 per share (2013: HK\$0.95 per share) for the six months ended 31 December 2014 to the Shareholders whose names appear on the register of members of the Company (the "Register of Members") on Monday, 16 March 2015. The interim dividend will be payable in cash on Tuesday, 24 March 2015.

Other Information

CLOSURE OF REGISTERS OF MEMBERS AND WARRANTHOLDERS

For the purpose of ascertaining Shareholders' entitlement to the interim dividend, the Register of Members and the register of warrant holders of the Company will be closed on Monday, 16 March 2015, during which no transfer of shares or warrants (including the allotment of shares upon exercise of the subscription rights thereof) will be registered. In order to establish entitlements to the interim dividend,

- (i) in the case of Shareholders, all transfer documents accompanied by the relevant share certificates (together the "Share Transfer Documents") must be lodged for registration with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited ("Computershare"), not later than 4:30 p.m. on Friday, 13 March 2015; and
- (ii) in the case of warrant holders of the Company (the "Warrant holders"), all subscription forms accompanied by the relevant warrant certificates and exercise moneys (together the "Warrant Exercise Documents") must be lodged for registration with Computershare, which also acts as the registrar maintaining the register of warrant holders of the Company, not later than 4:30 p.m. on Monday, 9 March 2015.

The address of Computershare for lodging the Share Transfer Documents and the Warrant Exercise Documents is Shop Nos. 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The interim results for the six months ended 31 December 2014 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 16 of this 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 2014, 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 there is no separation of the roles of chairman and chief executive as required under Code Provision A.2.1. However, the powers and authorities had not been concentrated as, during the period from 1 July 2014 to 18 December 2014, responsibilities were shared by two individuals, namely the then 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 four Non-Executive Directors and seven Independent Non-Executive Directors on the Board offering their experience, expertise, independent advice and views from different perspectives. The Board is therefore of the view that there are adequate balance of power and safeguards in place.

By order of the Board

Yung Sheung-tat, Sandy

Company Secretary

Hong Kong, 27 February 2015