



SUN HUNG KAI PROPERTIES LIMITED

*CUSTOMER FOCUS
PREMIUM BRAND
SOLID FOUNDATION*

ANNUAL REPORT 2014/15





1. Sun Hung Kai Centre in Wanchai, Hong Kong
2. The Cullinan at Kowloon Station, Hong Kong
3. International Commerce Centre at Kowloon Station, Hong Kong
4. Two International Finance Centre in Central, Hong Kong
5. One International Finance Centre in Central, Hong Kong

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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*

Corporate Information and Information for Shareholders

Corporate Information

Company Secretary

Yung Sheung-tat, Sandy

Auditor

Deloitte Touche Tohmatsu

Registered Office

45th Floor, Sun Hung Kai Centre
30 Harbour Road
Hong Kong
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Website : www.shkp.com
E-mail : shkp@shkp.com

Share Registrar

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

Solicitors

Woo, Kwan, Lee & Lo
Mayer Brown JSM
Winston Chu & Company
Clifford Chance

Principal Bankers

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking
Corporation Limited
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Mizuho Bank, Ltd.
Sumitomo Mitsui Banking Corporation
Hang Seng Bank Limited
United Overseas Bank Limited
Agricultural Bank of China Limited
Bank of Communications Co., Ltd.
OCBC Wing Hang Bank Limited

Information for Shareholders

Share Listing

The Company's shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange") and are traded over the counter in the United States in the form of American Depositary Receipts ("ADR").

Stock Code

Stock Exchange : 16
Bloomberg : 16 HK Equity
Reuters : 0016.HK
Trading Symbol for ADR : SUHJY
CUSIP : 86676H302

Investor Relations Contact

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Facsimile : (852) 2116 0597
E-mail : ir@shkp.com

Financial Calendar for 2014/15

Interim results announcement	: 27 February 2015
Interim dividend paid	: 24 March 2015
Annual results announcement	: 10 September 2015
Closure of register of members ¹	: 9 to 12 November 2015 (both days inclusive)
Annual general meeting	: 12 November 2015
Ex-dividend date for final dividend	: 16 November 2015
Closure of register of members ^{2&3}	: 18 November 2015
Final dividend payable	: 26 November 2015

Notes:

1. For the purpose of ascertaining shareholders' entitlement to attend and vote at the annual general meeting.
2. For the purpose of ascertaining shareholders' entitlement to the proposed final dividend.
3. The register of warrant holders will also be closed.

Choice of Language or Means of Receipt of Corporate Communications

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

If (i) shareholders, who have received or chosen to receive printed copies of this annual report in English or in Chinese, wish to receive the same in the other language; or (ii) shareholders, who have received or chosen to receive or are deemed to have consented to receive this annual report by electronic means, wish to receive printed copies; or (iii) shareholders for any reason have difficulty in receiving or gaining access to this annual 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.

Financial Highlights and Land Bank

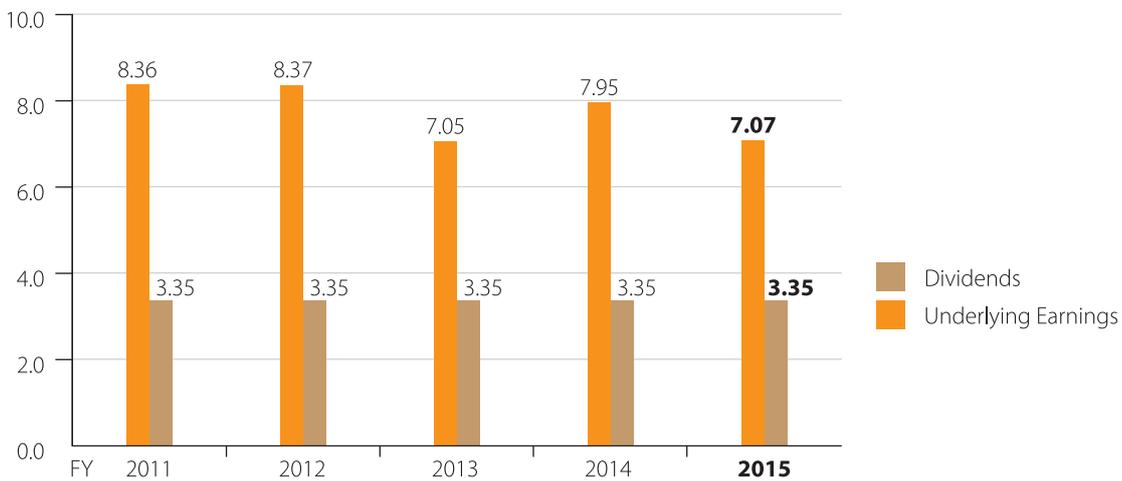
For the year ended 30 June	2015	2014	Change (%)
Financial Highlights (HK\$ million)			
Revenue	66,783	75,100	-11.1
Profit attributable to the Company's shareholders			
– Reported	31,082	33,520	-7.3
– Underlying ¹	19,825	21,415	-7.4
Gross rental income ²	19,681	18,489	+6.4
Net rental income ²	15,352	14,272	+7.6
Financial Ratios			
Net debt to shareholders' funds (%)	11.2	15.7	-4.5 ³
Dividend payout (%)	47.4	42.1	+5.3 ³
Financial Information per Share (HK\$)			
Basic earnings per share for profit attributable to the Company's shareholders			
– Reported	11.09	12.45	-10.9
– Underlying	7.07	7.95	-11.1
Dividends			
– Interim dividend	0.95	0.95	–
– Final dividend	2.40	2.40	–
– Full-year dividend	3.35	3.35	–
Shareholders' funds	156.82	152.21	+3.0
Land Bank in Hong Kong (gross floor area in million square feet)			
Properties under development ⁴	22.1	18.2	+21.4
Completed investment properties ⁵	28.7	28.7	–
Total	50.8	46.9	+8.3
Land Bank on the Mainland (gross floor area in million square feet)			
Properties under development ⁶	68.0	74.8	-9.1
Completed investment properties ⁵	11.6	9.5	+22.1
Total	79.6	84.3	-5.6

Notes:

- Underlying profit attributable to the Company's shareholders excluded the net effect of changes in the valuation of investment properties
- Including contributions from associates and joint ventures
- Change in percentage points and dividend payout based upon underlying profit
- Excluding 1.6 million square feet of gross floor area from two sites acquired after the end of the financial year and over 30 million square feet of agricultural land in terms of site area
- The Group has a 50% stake in a premium 950,000 square-foot shopping mall in Singapore in addition to property holdings in Hong Kong and on the mainland
- Lowered by 8.6 million square feet in July 2015 due to a reduced stake in a project in Foshan

Underlying Earnings and Dividends per Share

HK\$



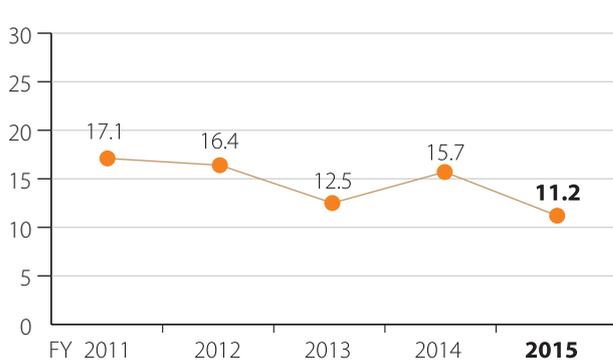
Shareholders' Funds per Share

HK\$



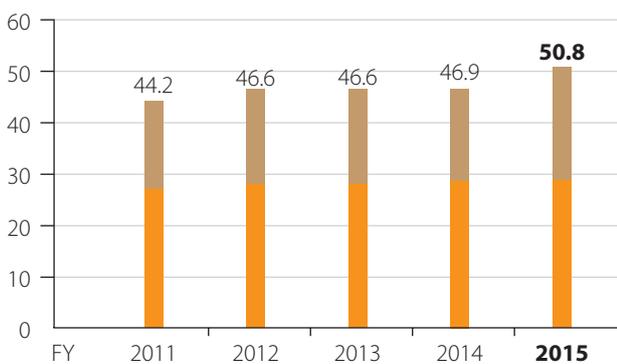
Net Debt to Shareholders' Funds Ratio

%



Land Bank in Hong Kong

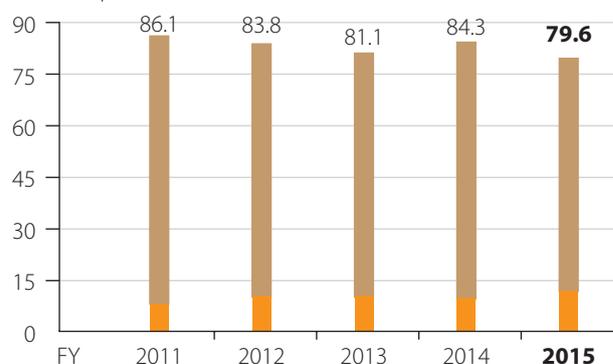
million square feet



Properties Under Development

Land Bank on the Mainland

million square feet



Completed Investment Properties

Group Financial Summary

Key Financial Information and Ratios					
Financial year	2015 HK\$	2014 HK\$	2013 HK\$	2012 HK\$	2011 HK\$
Reported earnings per share (basic)	11.09	12.45	15.28	16.63	18.71
Underlying earnings per share (basic)	7.07	7.95	7.05	8.37	8.36
Dividends per share	3.35	3.35	3.35	3.35	3.35
Shareholders' funds at book value per share	156.82	152.21	144.48	132.49	119.44
Net debt/Shareholders' funds (%)	11.2	15.7	12.5	16.4	17.1
Interest cover (times)¹	9.3	11.1	8.7	13.7	18.3
Key Consolidated Income Statement Items					
For the year ended 30 June	2015 HK\$M	2014 HK\$M	2013 HK\$M	2012 HK\$M	2011 HK\$M
Revenue	66,783	75,100	53,793	68,400	62,553
Operating profit before changes in fair value of investment properties	22,778	24,982	19,300	24,988	21,366
Operating profit after changes in fair value of investment properties	33,765	37,113	38,487	44,470	46,436
Profit attributable to the Company's shareholders	31,082	33,520	40,329	43,080	48,097
Underlying profit attributable to the Company's shareholders²	19,825	21,415	18,619	21,678	21,479
Key Consolidated Statement of Financial Position Items					
As at 30 June	2015 HK\$M	2014 HK\$M	2013 HK\$M	2012 HK\$M	2011 HK\$M
Investment properties and fixed assets	334,826	303,016	281,637	252,458	230,759
Associates and joint ventures	56,975	53,589	53,534	49,515	41,935
Other financial assets and loans	4,030	3,527	4,176	4,109	3,637
Intangible assets	4,090	4,539	4,937	4,699	5,049
Net current assets	146,456	145,822	117,295	114,862	93,017
Non-current liabilities	(89,559)	(90,804)	(71,050)	(74,684)	(62,202)
Net assets	456,818	419,689	390,529	350,959	312,195
Share capital	68,451	53,464	1,335	1,308	1,285
Share premium³	–	–	46,880	40,782	36,451
Reserves	382,575	361,319	337,697	304,469	269,229
Shareholders' funds	451,026	414,783	385,912	346,559	306,965
Non-controlling interests	5,792	4,906	4,617	4,400	5,230
Total Equity	456,818	419,689	390,529	350,959	312,195

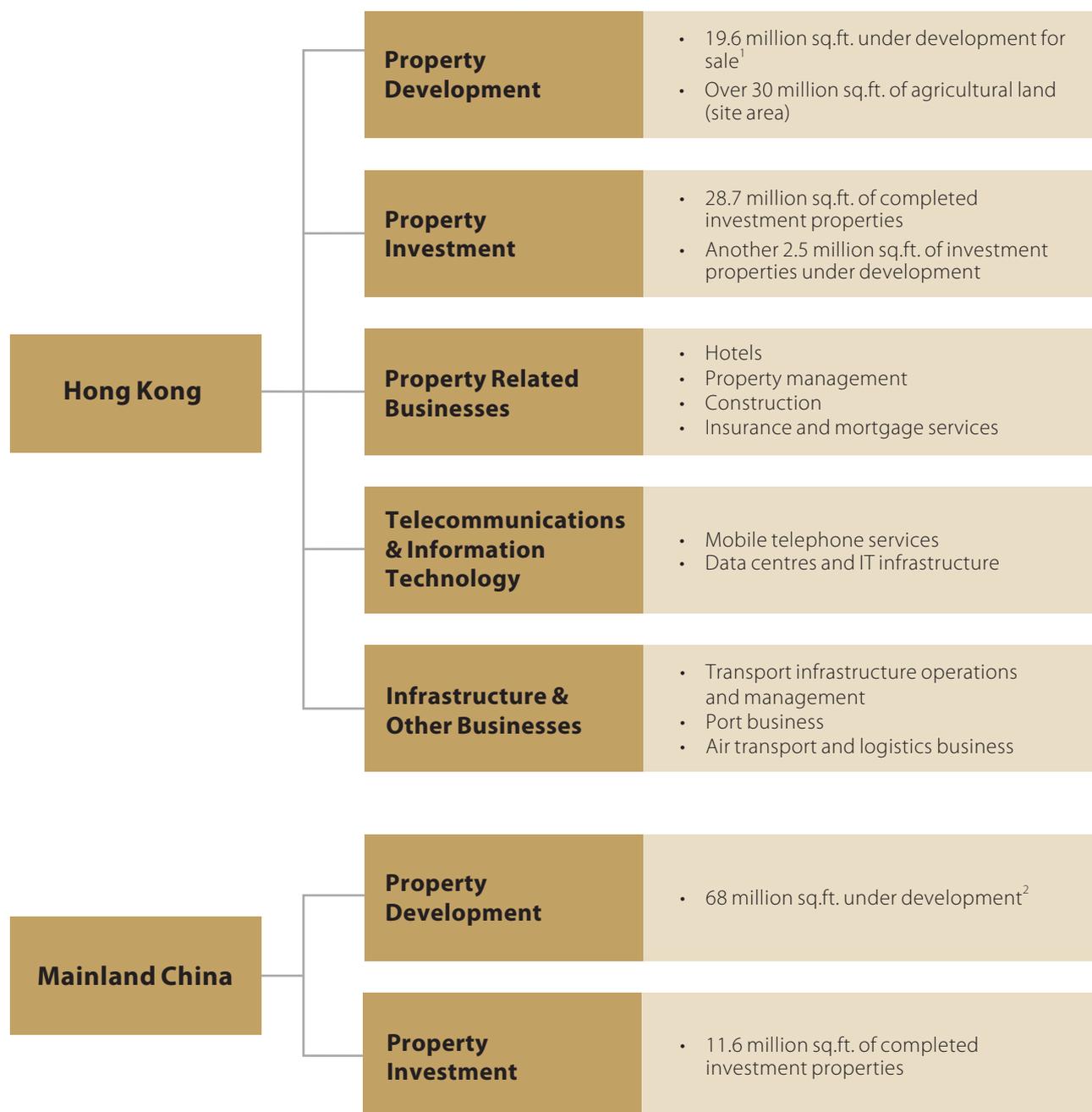
Notes:

1. Interest cover represents operating profit before changes in fair value of investment properties divided by net interest expenses before notional non-cash interest accretion and capitalization.
2. Underlying profit attributable to the Company's shareholders excluded the net effect of changes in the valuation of investment properties.
3. Effective on 3 March 2014, the amount standing to the credit of the share premium account has become part of the Company's share capital in accordance with the requirements of the Hong Kong Companies Ordinance (Cap. 622).

Business Structure

Sun Hung Kai Properties

As at 30 June 2015



Notes:

1. Excluding 1.6 million square feet of gross floor area from two sites acquired after the end of the financial year
2. Lowered by 8.6 million square feet in July 2015 due to a reduced stake in a project in Foshan

The Group's principal subsidiaries and joint venture companies are listed on pages 201 to 208

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 year ended 30 June 2015, excluding the effect of fair-value changes on investment properties, amounted to HK\$19,825 million, compared to HK\$21,415 million last year. Underlying earnings per share were HK\$7.07, compared to HK\$7.95 last year.

Reported profit and reported earnings per share attributable to the Company's shareholders were HK\$31,082 million and HK\$11.09 respectively, compared to HK\$33,520 million and HK\$12.45 last year. The reported profit included an increase in fair value of investment properties net of deferred taxation and non-controlling interests of HK\$12,350 million, compared to HK\$12,838 million last year.

Dividend

The directors have recommended the payment of a final dividend of HK\$2.40 per share for the year ended 30 June 2015. The dividend will be payable on 26 November 2015. Together with the interim dividend of HK\$0.95 per share, the dividend for the full year will be HK\$3.35 per share, the same as last year.

Business Review

Property Sales and Rental Income

Property Sales

Revenue from property sales for the year under review as recorded in the financial statements, including revenue from joint-venture projects, was HK\$21,704 million, generating a profit of HK\$7,332 million for the Group as compared to HK\$10,511 million for last year. Contracted sales in attributable terms for the year, which mainly reflected bookings in subsequent years, were impressively strong, amounting to over HK\$37,500 million. Contracted sales since July 2015 have reached about HK\$6,000 million.

Rental Income

The Group's rental portfolio continued to deliver satisfactory performance for the year under review. Rental income from both Hong Kong and the mainland grew steadily, driven by higher rents for new leases and renewals. Gross rental income, including contributions from joint-venture projects, rose 6% year-on-year to HK\$19,681 million while net rental income increased 8% year-on-year to HK\$15,352 million.



● 50 Stanley Village Road in Island South offers sweeping views in a well-established luxury residential neighbourhood



- Twelve Peaks houses on The Peak feature premium quality materials and elegant design

Property Business — Hong Kong

Land Bank

In the year under review, the Group stayed active in the land market and acquired six sites through public tenders. These sites, with a combined gross floor area of 4.9 million square feet, are at strategic locations and will be utilized mostly for developing large-scale residential projects that offer economies of scale. The majority of the units to be built will be of small-to-medium sizes. Site details are shown in the following table.

Driven by active land acquisitions, the Group's land bank has been expanding in recent years. As at the end of June 2015, the Group's total land bank in Hong Kong amounted to 50.8 million square feet, comprising 28.7 million square feet of completed investment properties and 22.1 million square feet of properties under development. The Group also held over 30 million square feet in terms of site area of agricultural land spanning throughout the New Territories. These sites are mostly located along existing or planned railway lines and under various stages of land use conversions.

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
Tin Wing Station Development	Residential/Shops	Joint venture	982,000
Tai Po Town Lot No. 225	Residential	100	901,000
Tuen Mun Town Lot No. 515	Residential	100	476,000
Tuen Mun Town Lot No. 539	Residential/Shops	100	307,000
Total			4,925,000

Chairman's Statement

After the end of the financial year, the Group continued to capitalize on land acquisition opportunities in Hong Kong and successfully bid for the tenders for developing two additional sites. In July, the Group acquired a site in Ma Tau Kok close to an MTR station currently under construction with a total gross floor area of about 105,000 square feet. In the following month, the development right for another site above the MTR Yuen Long Station with a total gross floor area of 1.5 million square feet was acquired. This development will provide nearly 1,900 residential units and about 107,000 square feet of retail space, bringing much synergy as an integral part of the Group's YOHO Mall. A substantial portion of these two developments will offer residential units of mainly small-to-medium sizes. With these two new acquisitions, the Group's total land bank in Hong Kong has been increased to 52.4 million square feet.

Property Development

Sales in the primary market stayed robust with active new launches by developers, while transactions in the secondary market were affected by further tightening of mortgage financing by the authority in late February this year and the recent stock market volatility. Interest rates stayed at a low level, despite anticipations for a modest increase in US interest rates beginning later this year. This low interest rate environment, together with positive demographic trends and sustained income growth, continued to underpin demand, particularly for the segment of small- to medium-sized units.



- The high-end Ultima residences will boast open views along with its proximity to a future MTR station planned to be the interchange for the Shatin to Central Link and the Kwun Tong Line Extension



- The Group's developments by MTR Yuen Long Station form a lively new community

The Group continues to strengthen its market position, underpinned by its active new project launches. During the year, the Group offered a wide range of products for sale and generated a favourable response from the market. Residential projects comprising mainly small- to medium-sized units, including The Wings IIIA and The Wings IIIB in Tseung Kwan O, and the first phase of Century Link in Tung Chung, have been over 95% sold. Luxury projects were also well received, including Deauville in Tsuen Wan West, a new batch of units of The Cullinan at Airport Express Kowloon Station, and the houses at Twelve Peaks and 50 Stanley Village Road on Hong Kong Island. Offices at W50 in Wong Chuk Hang were virtually sold out shortly after the project was put up for sale in July last year. All these have contributed to the strong contracted sales of nearly HK\$32,000 million in Hong Kong for the year. The initial batches of Ultima in Ho Man Tin were put onto the market in June this year. With an average price of about HK\$40 million for each unit sold, the development generated sales of about HK\$4,500 million from June to August.

An indispensable part of the Group's corporate culture is the pursuit of excellence. Over the years, it has earned a reputation for quality products and services, which enables it to command a price premium in the market. Apart from premium materials and fine finishes, the Group is also recognized for its expertise in integrating the design and master layout of its projects with the surrounding environment. These value enhancement endeavours, together with better construction cost management, have helped support the margins of development projects.

During the year, the Group completed more than one million square feet of properties in Hong Kong, of which 900,000 square feet were residential.

Project	Location	Usage	Attributable	
			Group's Interest (%)	Gross Floor Area (square feet)
Park Vista Phase 1	18 Castle Peak Road, Tam Mi, Yuen Long	Residential/Shops	100	780,000
Mount One	39 Luen Hing Street, Fanling	Residential/Shops	100	140,000
W50	50 Wong Chuk Hang Road	Office	100	120,000
Total				1,040,000

Property Investment

Supported by a sizable portfolio of investment properties with over 28.7 million square feet of gross floor area, the Group's rental business in Hong Kong delivered a healthy performance during the year. Gross rental income, including contributions from joint-venture projects, rose by 7% to HK\$15,675 million, mainly driven by positive rental reversions and higher rents for new leases. Overall occupancy also remained high at around 95%.



- The retail portion of YOHO Midtown recently opened as part of YOHO Mall, soon to be the largest retail hub in northwest New Territories, offers premium shopping in tune with a new urban lifestyle

Retail portfolio

With an extensive network of shopping malls, the Group now owns over ten million square feet of retail space in Hong Kong. This quality and diversified portfolio continued to reinforce the Group's leading position in the retail leasing market and supported its rental income growth. Overall tenant sales growth at major shopping malls outperformed the Hong Kong retail market, with positive rental reversions and high occupancy.

With a primary focus on serving local customers, the Group's regional malls in diversified locations have built up a solid customer base over the years and continued to benefit from the growth in domestic consumption. Such renowned malls as APM, IFC Mall, New Town Plaza, Tai Po Mega Mall, Landmark North, East Point City and V City sustained their satisfactory performance. Tenant mix refinements were carried out to better meet the needs of the neighborhoods. Additional trendy fashion and lifestyle brands as well as popular eateries were introduced to enhance overall shopping experience for customers.

Chairman's Statement

The Group has made considerable efforts to enhance the asset quality of the existing malls to maintain their competitiveness. This commitment to premium quality is well demonstrated by the renovation and reconfiguration of the Grand Century Place mall in Mong Kok, which was renamed MOKO. With the completion of its renovation in August this year, the mall has introduced various international brands and restaurants that are either new to the district or to the city. The new layouts with themed floors and additional escalators have drawn higher traffic flows and offered customers greater convenience. The mall is now fully let and has recorded significant rental income growth.

Renovations at other malls are also progressing well. To capitalize on opportunities arising from Kowloon East, APM is currently implementing various upgrading works, including the conversion of over 150,000 square feet of office space into retail use as well as an extensive greening project at the podium garden. Metroplaza is a shopping hub for its neighbouring area, serving locals and the nearby office workforce. Its renovation work, commenced late last year to enhance its market positioning, covers floor layout reconfiguration, indoor decor enhancement, as well as additional greening at the outdoor piazza. Tenant mix will also be further refined with the introduction of international trendy brands.



- ICC at Kowloon Station continues to attract noted corporations seeking a prestigious address and top facilities

The Group's retail portfolio will be further bolstered with the addition of new projects in the pipeline. To be opened in phases, YOHO Mall, comprising Sun Yuen Long Centre, the retail portions of YOHO Midtown and Grand YOHO as well as the retail space of the recently acquired site above MTR Yuen Long Station, covers an area of about 1.1 million square feet. The retail space of YOHO Midtown has opened recently. Renovation of the adjacent Sun Yuen Long Centre will also be completed in late 2015. These two parts, which are fully let, will provide a retail space of over 500,000 square feet and house over 200 shops, including a variety of international eateries, some of which are entering northwest New Territories for the first time. The 470,000-square-foot retail space under Grand YOHO is scheduled to open in 2017. The site above MTR Yuen Long Station will provide an additional 107,000 square feet of retail area. YOHO Mall will feature leisure elements including 120,000 square feet of green space and an outdoor piazza to offer customers a relaxing shopping environment. Upon its full completion, YOHO Mall will represent the largest shopping destination in northwest New Territories, comparable to New Town Plaza in the east.

Following YOHO Mall, other upcoming additions to the Group's retail network will include PopWalk in Tseung Kwan O and Harbour North in North Point. To be developed in phases, PopWalk, beneath the Group's residential projects near MTR Tseung Kwan O Station, will have a total of over 240,000 square feet of retail space. Given its proximity and easy access to the MTR station and nearby properties, PopWalk is well positioned to capture the rising demand for shopping, entertainment and leisure in the expanding community. The first phase of PopWalk, with around 66,000 square feet of retail space, is scheduled to open in the second quarter of 2016 and the market response to pre-leasing has been encouraging.

Meanwhile, Harbour North situated right next to MTR North Point Station will house over 140,000 square feet of retail space with a diverse mix of tenants, targeting residents and people working in the neighborhood as well as tourists. With a glamorous facade spanning 270 metres on Java Road, high quality tenants will be attracted and will help turn the street into a prosperous retail avenue. In addition, customers can enjoy al fresco dining along the 410-metre waterfront promenade with a panoramic view of Victoria Harbour. The project will be developed in two phases and is expected to further enhance the Group's rental income in the medium term. Apart from this, a premium shopping mall atop MTR Nam Cheong Station is also under development. Served by an extensive network, the mall will provide 300,000 square feet of retail space for residents in the vicinity and from the densely populated West Kowloon.

Office portfolio

During the year under review, modest rental growth and low vacancy rates were seen for grade-A offices in most areas of Hong Kong.

Situated in prime locations of various districts, the Group's ten-million-square-foot office space generated promising results for the year. Occupancy levels remained high, and steady growth in rental income was recorded. The Group's premium offices, located mainly along railway lines with quality buildings and professional property management, have always been the preferred choices for multinational corporations.

Leasing demand for premium office space in Central has been solid during the year amid limited new supply while occupancies at the world-renowned International Finance Centre (IFC) further picked up to almost fully let. As a prestigious address for international financial institutions in Hong Kong, IFC also saw strong demand from mainland financial institutions.

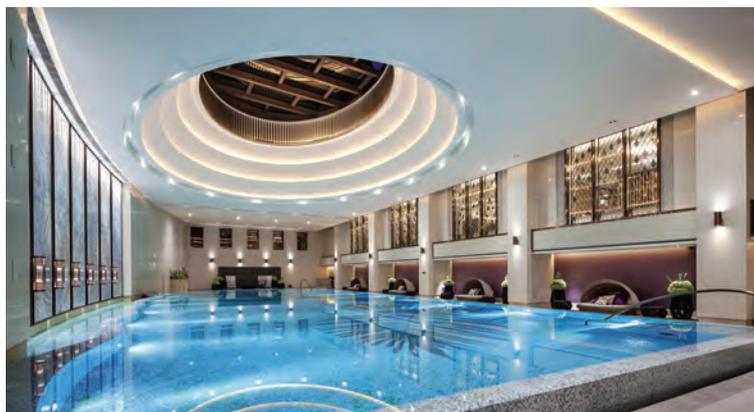
International Commerce Centre (ICC), above Airport Express Kowloon Station and next to the future Guangzhou-Shenzhen-Hong Kong Express Rail Link terminus, offers tenants unparalleled convenience. Rising demand from major financial institutions, including those from the mainland, has enabled spot rent at ICC to remain high. Strong rental reversions on new leases and renewals were recorded during the year.



- The integrated IFC complex highly regarded in the city consists of two world-class office towers and a high-end shopping mall

The Group's office portfolio in other areas also performed well. With robust demand from both multinationals and local enterprises, occupancy of the Group's Millennium City cluster remained high, and positive rental reversions were achieved for the year. Other premium office space such as Sun Hung Kai Centre in Wan Chai, Grand Central Plaza in Sha Tin, and Metroplaza in Kwai Fong continued to attract quality tenants from diverse sectors with high occupancies during the year.

Chairman's Statement



- A unique design and fine materials make Shanghai Arch one of the city's most elite residences

Property Business — Mainland

Land Bank

As at the end of June 2015, the Group's total land bank on the mainland amounted to 79.6 million square feet with about 68 million square feet of properties under development, over 60% of which will be high-end residences or serviced apartments. The remaining portion is earmarked for development into premium offices, shopping malls and hotels. In addition, the Group held 11.6 million square feet of completed investment properties, comprising mainly premium offices and shopping centres at prime locations in first-tier cities, including Shanghai, Beijing and Guangzhou.

In July this year, the Group reduced its stake from 80% to 50% in Oriental Bund, a large-scale integrated development in Foshan in Guangdong, with the aim of reallocating more resources, in particular human resources, to other projects in first-tier cities, including the Xujiahui Centre project in Shanghai. The Group's total land bank on the mainland stood at 71 million square feet following the disposal of related stakes. The Group will continue to seek business opportunities in first-tier cities.

Property Development

The mainland residential market was active amid a benign policy environment and growing buyer's confidence over the past few months. First-tier cities, in particular, witnessed a notable rebound in home sales with prices firming up while their land markets also entered the year on a positive note. Nevertheless, destocking remained the main theme in lower-tier cities, with relatively soft prices.

During the year, the Group achieved contracted sales of over HK\$5,800 million on the mainland in attributable terms. Major contributors included the wholly-owned Shanghai Arch in Lujiazui and Shanghai Cullinan on Middle Huaihai Road, as well as joint-venture projects Oriental Bund in Foshan and The Woodland in Zhongshan.

The Group always upholds the belief of Building Homes with Heart, and it has extended the application from Hong Kong to the mainland. The Group strives to exceed customer expectations by delivering premium products and services, and its dedication to building quality homes has been highly acclaimed by buyers.

During the period under review, a gross floor area of approximately seven million square feet was completed on the mainland. Investment properties to be kept for rental purposes accounted for 28% of the gross floor area while the rest are properties developed for sale.

Project	Location	Usage	Group's Interest (%)	Attributable Gross Floor Area (square feet)
Two ICC	288 South Shaanxi Road, Shanghai	Office	100	630,000
Hangzhou MIXC Phases 2A & B	Qianjiang New City, Hangzhou	Office/Shops	40	798,000
Foothill Residence	76 Shanhusa Road, Zhijiang, Hangzhou	Residential	40	781,000
Taihu International Community Phases 7A & B	Taihu New City, Wuxi	Residential/ Shopping Centre	40	1,177,000
Forest Hills Phases 1A & B	Linhe East Road, Tianhe, Guangzhou	Residential/Shops	70	651,000
Top Plaza	Zhujiang New Town, Guangzhou	Office	33.3	221,000
Parc Central	218 Tianhe Road, Guangzhou	Shopping Centre	50	431,000
Park Royale Phase 1B	1 Shiling Avenue East, Huadu, Guangzhou	Residential/Shops	100	1,072,000
Jovo Town Phase 2B	Shuangliu County, Chengdu	Residential	91	750,000
Sirius Phases 1B & C	Jinjiang District, Chengdu	Residential/Shops	40	429,000
Total				6,940,000



- Shanghai IFC Mall in Pudong remains a popular shopping destination in the city with its prestigious international brands and retailers

Property Investment

The Group's mainland investment property portfolio continued to expand and deliver satisfactory rental income growth. As at the end of June 2015, the completed investment property portfolio reached an attributable 11.6 million square feet, most of which is located in prime cities such as Shanghai and Beijing. For the year under review, gross rental income, including contributions from joint-venture projects, rose by 7% to HK\$3,319 million, mainly driven by positive rental reversions.

Investment properties in the pipeline, mostly located in first-tier cities, are expected to further drive growth momentum in rental income upon completion. An addition to be opened soon is the 50%-owned Parc Central, located on the bustling Tianhe Road in Guangzhou. Commanding a prime spot in the ever-busy Tianhe District, this 900,000-square-foot mall is well served by an extensive transport network and populous residential establishments in the neighborhood. The mall, offering a variety of international fashion brands and specialty restaurants, will be opened in the first half of 2016. Response to pre-leasing has been encouraging.

Guangzhou is also home to the Group's 33.3%-owned IGC (International Grand City), a one-million-square-foot mall embedded in the central business district of Zhujiang New Town. Upon opening in 2016, IGC will house prominent affordable luxury retail brands, quality eateries and popular entertainment. Adjacent to Liede metro station and surrounded by premium offices, luxury hotels and high-end residences, IGC is well positioned as a one-stop mall for executives, business travellers and local families.



- IAPM mall on Shanghai's busy Middle Huaihai Road offers the latest trendy shopping experience

Complementing the Group's strong presence in Shanghai, the construction of the iconic Shanghai ICC integrated project in Puxi was finished during the year, marked by the completion of Two ICC office tower. Occupancy at One ICC office tower remained high as reputable international corporate tenants have been attracted to the project's prime location, high quality and top-notch property management services. Leasing at Two ICC is also progressing smoothly. The trendy and luxury shopping mall, IAPM, is now fully let and brings in various international brands and fine restaurants, some of which are new to Shanghai or the mainland. Both traffic flow and tenant sales have ramped up fast since opening two years ago.

Another flagship project, Shanghai IFC in Pudong, continued to perform well. Both office towers were fully occupied, mainly due to their advantageous location in the Lujiazui Finance and Trade Zone. The top-tier luxury Shanghai IFC Mall recorded healthy growth in both footfall and tenant sales. Internal renovation and construction work on external connections with nearby buildings are ongoing, aiming to provide customers with a better shopping experience and connectivity.

Chairman's Statement

Besides Shanghai ICC and Shanghai IFC, the 100%-owned Xujiahui Centre project in Xuhui District will further bolster the Group's strong presence in Shanghai. With a total gross floor area of 7.6 million square feet, the Xujiahui Centre project will be developed into a complex consisting of premium offices, high-end shopping space and a luxury hotel. In addition to its direct linkage to Xujiahui metro station which serves as an interchange for three metro lines, footbridges will be built to connect the whole development as well as major properties in the neighbourhood. The extensive network is expected to draw a high traffic to this landmark project in Puxi. As a long-term investment, the project is expected to become a major growth driver for the Group's future rental income. Superstructure of Lot 1 located on Huashan Road is expected to be topped out by the end of 2015. Pre-leasing of its 330,000-square-foot shopping mall and 180,000-square-foot offices has already begun. Foundation works for Lot 2, which consists of 45,000 square feet of retail space and 319,000 square feet of office, have also commenced.

Located at the heart of Wangfujing, Beijing APM represents the Group's presence in the capital. Retail sales at the mall recorded healthy growth following the Group's initiatives to further boost the mall's performance through tenant mix refinements. Close to 30 new tenants were brought in during the year under review, and a new zone dedicated to affordable luxury brands will be introduced to appeal to both locals and tourists. Sun Dong An Office Tower registered high occupancy and strong rental reversions.



- Shanghai IFC is a showcase integrated development cementing the Group's presence in the city



- Construction of Shanghai ICC integrated project was finished during the year, marked by the completion of its Two ICC office tower

The Group is also developing a number of integrated investment projects at prime locations in other key cities, including the 100%-owned Nanjing IFC. This integrated project consists of over three million square feet of gross floor area, comprising quality offices, a premium shopping mall and a luxury hotel. The project is being developed in phases and its construction has been progressing well. The gradual completion of these investment projects will become one of the key drivers for the Group's rental income.



- The Ritz-Carlton Shanghai, Pudong offers an elegant interior appealing to discerning guests

Other Businesses

Hotel

Beginning in late 2014, the hotel industry in Hong Kong has been through an eventful year in the face of a number of headwinds, including a dip in visitor numbers and the strong US dollar which has eroded Hong Kong's price competitiveness.

During the period, the Group was able to sustain high full-year occupancy levels of its hotels in Hong Kong through proactively taking promotion and marketing initiatives, despite an operating environment that has become more challenging over the past few months. The four Royal Brand hotels continued to see occupancies stay at about 95% while the two hotels opened in recent years, Crowne Plaza Hong Kong Kowloon East and Holiday Inn Express Hong Kong Kowloon East, recorded further improvements in occupancies. The Group's deluxe hotels, including Four Seasons Hotel Hong Kong, The Ritz-Carlton, Hong Kong and W Hong Kong, remained among the most sought-after hotels for high-spending tourists and business travellers. Hotels in the pipeline in Hong Kong will include a waterfront hotel in North Point which will be a part of the Group's integrated project featuring the Harbour North shopping mall and high-end residences, as well as a premium hotel in Sha Tin which will be the sister project of Royal Park Hotel.

The Ritz-Carlton Shanghai, Pudong continued to register notable growth in room rate and occupancy. With its prime location, sophisticated management and growing brand recognition on the mainland, the hotel has increasingly been a top pick for corporate clients and a favoured venue for glamorous wedding events, which also gave a boost to the hotel's food and beverage business.

Telecommunications and Information Technology

SmarTone

SmarTone's net profit showed impressive increase as a result of growth in both service revenue and handset sales during the year under review. Apart from renewing its existing 3G spectrum and acquiring an additional spectrum block for future business growth, SmarTone has further enhanced its mobile broadband capacity and 4G coverage. The company will continue to focus on quality network performance, premium customer care and innovative services in order to deliver a comprehensive experience to customers. The Group remains confident in SmarTone's prospects and will continue to hold the company as a long-term investment.

SUNeVision

With its data centre as the core business, SUNeVision performed well and recorded satisfactory profit growth during the year. The new high-tier data centre in Tseung Kwan O will comprise over 470,000 square feet of gross floor area in two towers. Foundation work has been completed while the main contractor for the superstructure work was appointed in July. The development progress of the data centre is on schedule and is slated for completion in 2017. Together with the existing centres in Chai Wan, Sha Tin and Tsuen Wan, the new centre will further help SUNeVision meet market demand for quality data centre services in terms of diversified locations and reliable building facilities. Meanwhile, 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 transport and infrastructure businesses in Hong Kong performed satisfactorily for the year under review. Increasing demand for the convenience of business travel has meant a healthy performance for the Hong Kong Business Aviation Centre. Business at Route 3 (Country Park Section) continued to perform well while that of Wilson Group remained solid. Amid a relatively weak sea-freight market, the River Trade Terminal continued to strengthen its customer base and enhance its operational efficiency. The Airport Freight Forwarding Centre achieved rental income growth on the back of sustained demand for modern warehouse space.

Corporate Finance

Adhering to prudent financial management disciplines has been an important factor for the long-term success of the Group. The Group's strong financial position is reflected in its low net gearing ratio and high liquidity. As at the end of June 2015, the net debt to shareholders' funds ratio was at a low level of 11.2%, while the interest coverage ratio remained healthy at 9.3 times for the year under review.

By the end of August 2015, the Group had received cash proceeds of about HK\$14,500 million from the exercise of warrants. This served to replenish the Group's capital which was partly utilized for the land acquisition of the Xujiahui Centre project in the last financial year and to further enhance the Group's liquidity for its business development and expansion in the future.

With the strong support of the banking community, the Group has been able to procure an ample amount of unsecured bank facilities on a committed basis. In January 2015, the Group successfully self-arranged a five-year HK\$10,000 million syndicated loan facility to refinance part of its debts due, and to lengthen its maturity profile.

In recognition of its strong financial position and prudent financial discipline, the Group has been awarded the highest credit ratings among property companies in Hong Kong. Both Moody's and Standard & Poor's have affirmed the Group's A1 and A+ credit ratings respectively, with stable outlooks.

The majority of the Group's bank facilities are denominated in Hong Kong dollars, with the remaining portion mainly in US dollars and Renminbi. The Group does not have any exposure to derivatives or structured products for speculative purpose.

Corporate Governance

A commitment to high standards of corporate governance is one of the keys to the Group's continued success. The Group has a comprehensive set of mechanisms in place to ensure sound corporate governance practices.

The Board comprises 19 Directors who are respected experts from various industries with diversified expertise and experience. Seven of them are Independent Non-Executive Directors (INEDs). The Executive Committee meets regularly to set business policies and make key business decisions. Audit, Nomination and Remuneration Committees are also in place and chaired by INEDs. The Board maintains and consistently assesses the effectiveness of the internal control system by evaluating reviews performed by the Audit Committee, management and both internal and external auditors.

Maintaining effective two-way communication to promote better understanding and transparency is an important priority for the Group. During the year, the Group hosted overseas non-deal road shows in addition to regular meetings and conference calls, to keep stakeholders informed of its business strategies and latest developments. Other communication channels include annual and interim reports, press releases and formal announcements, all of which can also be found on the Company's website.

The Group's commitment to good corporate governance and quality management earned various major awards from leading financial magazines over the year, including Best Managed Company in the Real Estate/Property Sector in Asia from *Euromoney* magazine. It received recognitions for Best Investor Relations, Best Corporate Social Responsibility and Best Environmental Responsibility in Hong Kong from *Corporate Governance Asia* magazine. A Platinum Award in Financial Performance, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations was also earned from *The Asset* magazine.



- The SHKP Reading Club stages a variety of activities inspiring young people to make reading a habit and promoting holistic development

Sustainable Development

The core of the Group's sustainable development principle is to build business for the long term while taking into consideration the social, environmental and economic impact of its planning and operation. Guided by the spirit of Building Homes with Heart, the Group's approach to sustainability manifests in its commitment to providing quality products and services, and the continuous development of staff. Additionally, the Group has adopted a three-pronged approach to fulfilling its corporate social responsibility (CSR), focusing on promoting reading and holistic development, supporting healthy and sustainable living, and caring for the underprivileged.

Notable among its comprehensive CSR programmes includes the title and charity sponsorship of an international cycling event organized by the Hong Kong Tourism Board, named the Sun Hung Kai Properties Hong Kong Cyclothon. Scheduled for October 2015, the event, together with the annual SHKP Vertical Run for Charity in December, is set to bring the Group's commitment to promoting healthy living and goodwill in the community to a new level. Proceeds from both events will go to worthy causes that provide assistance to the underprivileged. Support for the Group's other community activities, including the SHKP Reading Club, the Love Nature Campaign and the Building Homes with Heart Caring Initiative, has remained strong. These programmes are making significant contributions to the communities in which the Group operates.

The Group published the 2013/14 *SHKP Sustainability Report* in accordance with the G4 reporting guidelines (the international standard of the Global Reporting Initiative) as well as the *Environmental, Social and Governance Reporting Guide* issued by The Stock Exchange of Hong Kong Limited. The report also featured a new online data management system that expanded the reporting scope on key environmental metrics.

As a successful sustainability strategy calls for resilience over time, the Group is committed to extending its tradition of creating premium customer experience through quality products. This focus is of primary importance in a market where quality-related concerns, such as the hardware of buildings and

later-stage maintenance, are key issues. The SHKP Quality Campaign, a group-wide and long-term initiative aimed at both policy and operations, helps establish the highest quality benchmarks for the Group. Through this campaign the Group became and remains the only developer offering three-year quality guarantees for newly sold residential units in Hong Kong. The Quality Raising Suggestion Scheme, which celebrated its 22nd anniversary, reinforced the Group's organizational focus on quality improvement for products and services.

The Group's view on quality extends beyond construction to comprehensive after-sales services. The property management subsidiaries Hong Yip and Kai Shing continue to offer premium customer care, while shopping malls and offices relentlessly strive to provide excellent shopping and commercial experiences. The Group's proactive approach to foster two-way communication has been successful in building long-term relationships with customers. The SHKP Club continued to build closer ties with its 350,000 members.

As a responsible employer, the Group's commitment to staff development not only contributes to the well-being of its employees but also improves their performance at work. The Group remained dedicated to offering training and development programmes to staff at all levels for continuous growth. The SHKP Quality Academy, a platform to bring in the best and brightest experts in various fields to help broaden and deepen the staff knowledge base, offers courses in diverse disciplines including architecture, construction, management and customer service.



- Experts from property handover team carefully inspect new units to ensure superior quality

Chairman's Statement



- The Group is title and charity sponsors of the international Sun Hung Kai Properties Hong Kong Cyclothon to further its healthy living initiative

Prospects

Global economic conditions in the near term are likely to be challenging in view of the latest stock market volatility, worries over decelerating economic growth in emerging markets and possible US interest rate hikes. Nevertheless, the easing of monetary policies is expected to continue in major economies including the EU, Japan and China, lending support to the global economy. Meanwhile, geopolitical risks have diminished following significant improvements in foreign affairs in certain regions of political tensions.

For the mainland, the Group remains confident about the medium- to long-term outlook of its economy and the property market, despite a slowdown in its economic momentum and equity market volatility in the short term. The central government is pushing ahead with longer-term developmental plans. The recent One Belt One Road initiative is expected to enhance China's economic cooperation with its neighbouring countries and help Chinese enterprises develop new overseas markets. Continuous state-owned enterprises reforms, the establishment of the Silk Road Infrastructure Fund and the Asian Infrastructure Investment Bank will also serve as drivers for the mainland's economic development over time.



- Different phases of The Wings serve as a catalyst to transform Tseung Kwan O South into a vibrant neighbourhood offering a metropolitan lifestyle

The Hong Kong economy is facing a challenging international financial market environment and weakening external demand in the near term, but over the medium term, the economy is expected to benefit from the mainland's favourable policies including Shanghai-Hong Kong Stock Connect and Mutual Recognition of Funds initiative. Furthermore, continuing income growth, positive demographic trends and reasonable home-mortgage repayment affordability, will also help maintain a healthy local residential market, particularly in the primary segment.

Over the past few years, the Group has been actively acquiring land in Hong Kong, and its residential production volume in attributable terms in the financial year 2015/16 will increase to over 3.8 million square feet, with a majority of the units already been pre-sold. The Group will continue to launch projects for sale when they are ready. Century Link II in Tung Chung is currently offered for sale with positive market response. In the coming months, major projects to be put onto the market in Hong Kong include Phase 1 of Grand YOHO in Yuen Long, Phase 1 of Park Vista in Yuen Long East, and residential units at Tseung Kwan O Town Lot No. 118. These projects are expected to offer satisfactory profit margins. Major mainland projects to be offered for sale will include quality office space at GCC (Guangzhou Commerce Centre) adjacent to the through-train station in Tianhe District in Guangzhou downtown, as well as a batch of new units at Shanghai Arch, Shanghai Cullinan and Oriental Bund in Foshan.

The Group will continue to strengthen the competitiveness of its rental portfolio through asset enhancement initiatives and tenant- and trade-mix refinements. The Group's future rental income is expected to achieve steady growth amid positive rental reversions, sustained high occupancies and new investment properties that are coming on stream. Over 1.7 million square feet of attributable retail space located in Hong Kong, Guangzhou and Shanghai are to be opened in the next two to three years.

In Hong Kong, the retail portion of YOHO Midtown, being part of the largest retail hub in northwest New Territories, has recently opened. Also, the first phase of PopWalk at the Group's residential enclave in Tseung Kwan O South will commence operation in the first quarter next year. Other shopping space in the pipeline will include a waterfront shopping mall, Harbour North, in North Point and a shopping centre beneath a large-scale residential development at MTR Nam Cheong Station.

On the mainland, two shopping malls in Guangzhou will be opened in 2016, namely Parc Central located in the core business centre in Guangzhou, and IGC as part of the integrated project Tianhui Plaza at Zhujiang New Town. Office towers and the shopping mall located at Lot 1 on Huashan Road of the mega Xujiahui Centre project in Shanghai is also likely to be completed in the financial year 2016/17. These, coupled with the gradual leasing of the subsequent phases of the Xujiahui Centre project, will further elevate the Group's role as a outstanding Hong Kong developer with a sizeable base of rental revenue on the mainland.

The Group will continue to strengthen its core businesses, namely property developments for sale, and investment properties for rental. With abundant cash flows supported by high asset turnover and steady growth in recurrent income, together with a robust balance sheet, healthy gearing and capital raised from the exercise of warrants, the Group is well positioned to capitalize on land acquisition opportunities, particularly in Hong Kong. A selective approach will remain for business development on the mainland with a focus on first-tier cities. The Group will also strive to maintain its leading position in the market with its prestige branding strategy of premium products and services, while putting emphasis on cost efficiency in construction work.

The Group's results for the coming financial year are expected to be encouraging, barring unforeseen circumstances.



● Parc Central in Guangzhou has remarkable architecture and is scheduled to open in 2016

Appreciation

I would like to take this opportunity to express my gratitude to my fellow directors for their guidance, to all staff for their dedication and hard work, and to all our shareholders and customers for their continued support.

Kwok Ping-luen, Raymond

Chairman & Managing Director

Hong Kong, 10 September 2015



● The mega Xujiahui Centre project in Shanghai will be a major contributor to the Group's rental income

Business Model and Strategic Direction

Business Model

The Group is one of the largest property developers and landlords in Hong Kong and it creates sustainable value for shareholders by developing premium premises in both Hong Kong and on the mainland.

Property development for sale is one of the two core elements of the Group's business, and the process is vertically integrated from land acquisition, project planning, material sourcing, construction and project management through to sales and marketing and property management. This ensures high standards in every aspect and enables the Group to better meet the demand for comfortable homes.

Property investment for rent is another core element of the Group's business. The Group has built, leased and managed a wide variety of commercial projects in both core and decentralized areas that provide premium office and retail space to tenants. The Group additionally has a portfolio of hotels, high-class serviced suites and luxury residences catering for diverse needs. The investment property portfolio also includes industrial buildings, godowns, data centres and car parking bays.

The Group's primary sources of income are property development for sale and rental income.

Core Values

The Group's core values are cornerstones of its long-term development.

- **Building Homes with Heart**
Producing premium projects and offering quality services for ideal living environment
- **Speed, Quality, Efficiency**
Earning the support and trust of all stakeholders with speed, quality and efficiency
- **Customer First**
Constantly anticipating what customers want and offering quality products and attentive services that exceed expectations
- **Continuous Learning**
Keeping up with the market and setting high standards, along with lifelong learning for greater adaptability and constantly exploring new ideas
- **Teamwork**
Nurturing a pool of talented and high-calibre employees capable of achieving objectives through harnessing the power of teamwork, collective experience and professional knowledge

Strategic Direction

The Group creates sustainable value for shareholders through the following strategies:

- Balanced sources of income
- Hong Kong focus
- Expansion on the mainland
- Prudent financial management

Balanced Sources of Income

The Group aims for balanced sources of income over the long term with equal emphasis on property development for sale and property investment. This strategy offers a balance between steady cash flow and fast asset turnover.

The property investment portfolio generates a steadily growing income stream for the Group's shareholders. Constant monitoring and refining of existing investment properties, asset enhancement initiatives and tenant mix refinements are keys to maintaining the Group's leading position in the leasing market.

Property development serves as another growth engine for the Group over the long term and offers fast asset turnover, as well as enhances liquidity and capital utilization. The Group makes efforts to ensure outstanding quality and services to command premium pricing.

Hong Kong Focus

The Group has been part of Hong Kong for decades and has built a trusted reputation and premium brand name over the years. The Group is confident in Hong Kong's prospects and its position as a global financial centre, and as gateway to the world for the mainland.



● The Executive Committee (from left): Kwong Chun, Patrick Chan, Eric Chow, Victor Lui, Allen Fung, Raymond Kwok, Eric Tung, Mike Wong, Sandy Yung, Adam Kwok and Jimmy Wong

The Group adds new sites to its Hong Kong land bank through tenders, auctions and other means from time to time. Prime sites with attractive investment potential are its main targets. The belief in Building Homes with Heart makes it the developer that customers prefer. Continual delivery of outstanding products and services are part of the Group's core strategies. These efforts have been well received by the market throughout the years, giving the Group a strong recognition of its premium brand. The Group will continue to strengthen its premium brand by adhering to its core strategies.

Expansion on the Mainland

The Group is positive about the long-term outlook for the mainland and will continue to expand its business there. The mainland offers ample investment opportunities, and the Group has a selective and focused strategy with key cities being its major focal points. It has built upon its stellar reputation, experienced team, commitment to quality and customer focus while developing high-quality projects. The Group will continue to focus on building and enhancing its premium brand on the mainland.

Prudent Financial Management

A strong financial position is central to the Group's success. Prudent financial management ensures the Group's healthy growth and allows it to invest in attractive projects when opportunities arise.

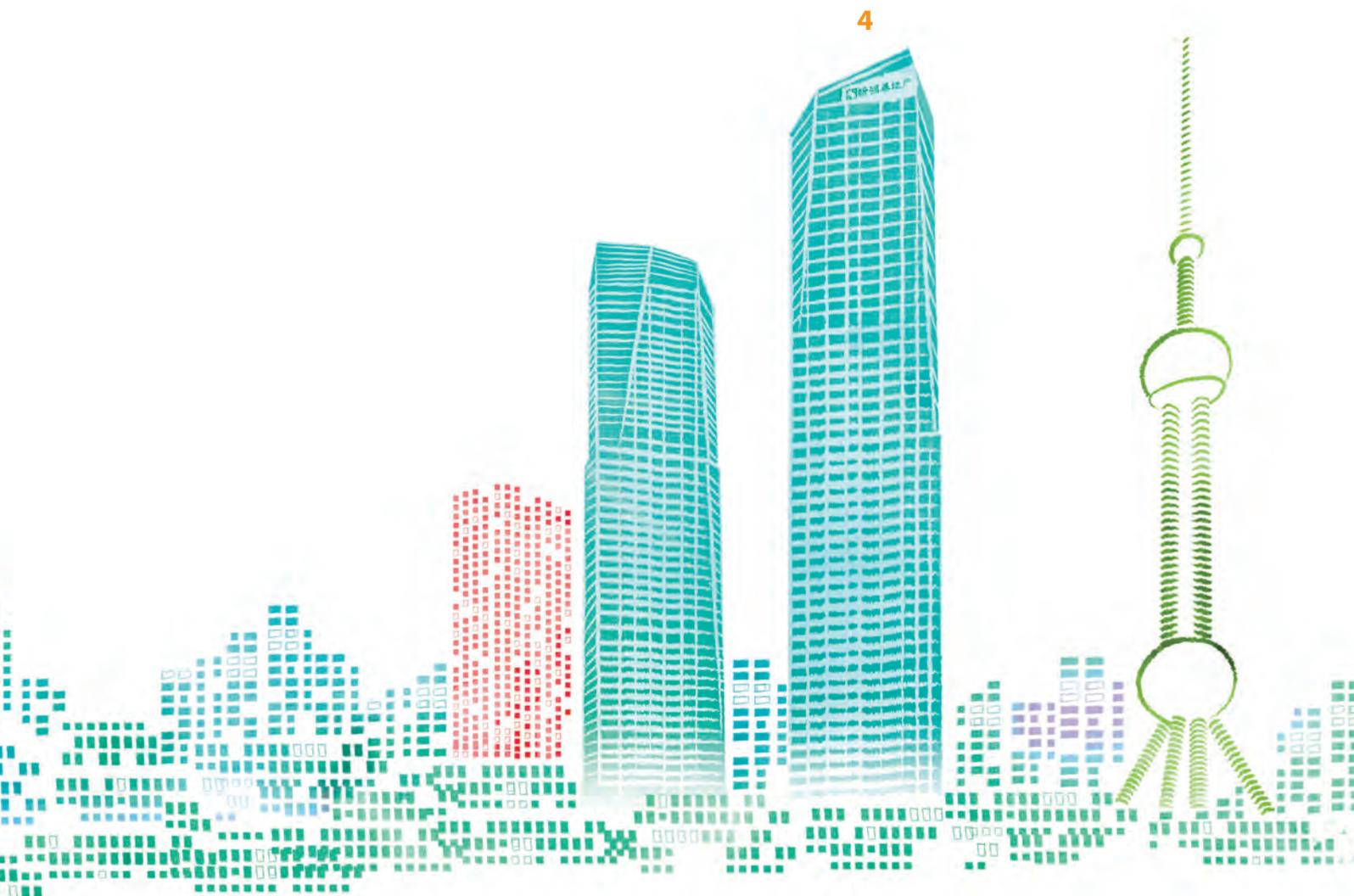
The Group always maintains its gearing at a reasonable level and pays close attention to liquidity management, which guarantees the adequacy of financial resources for the Group's daily operations and strategic investments.

The Group intends to strengthen its financial position by diversifying sources of funding. High credit ratings also give the Group an advantage in tapping debt capital markets.

The Group maintains excellent banking relationships and is able to obtain abundant banking facilities for business needs.



Review of Operations



1. Two International Finance Centre (Two IFC) in Central, Hong Kong
2. One International Finance Centre (One IFC) in Central, Hong Kong
3. International Commerce Centre (ICC) at Kowloon Station, Hong Kong
4. Shanghai IFC

Hong Kong Property Business

Highlights

- Six sites were acquired during the year under review, bringing the total gross floor area of the development land bank to 22.1 million square feet by 30 June 2015
- A million square feet of properties were completed, most of which were residential units and offices for sale
- Contracted sales reached nearly HK\$32,000 million
- Net rental income rose 8% to HK\$12,299 million, generated from 28.7 million square feet of quality investment properties

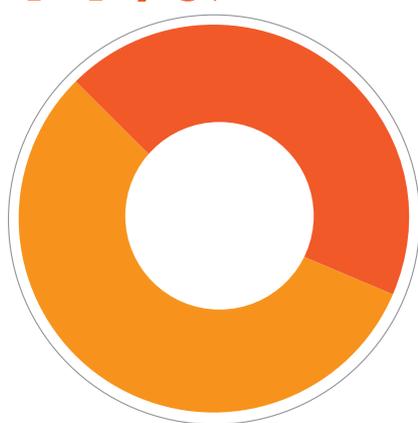
Land Bank

Hong Kong Land Bank Composition

(50.8 million square feet of attributable gross floor area as at 30 June 2015)

Properties Under Development
22.1 million sq.ft.

44%

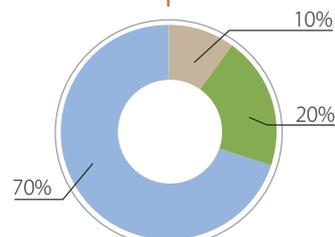
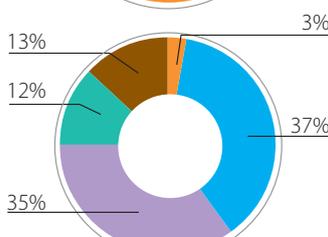
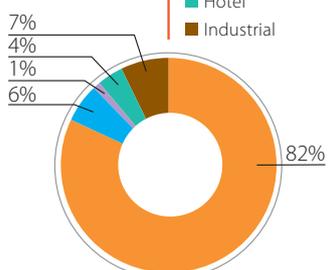


By Usage

- Residential
- Shopping Centre/Shops
- Office
- Hotel
- Industrial

By Region

- Hong Kong Island
- Kowloon
- New Territories



Completed Investment Properties
28.7 million sq.ft.

56%

By Usage

- Residential
- Shopping Centre/Shops
- Office
- Hotel
- Industrial

By Region

- Hong Kong Island
- Kowloon
- New Territories

Capitalizing on increased opportunities for land acquisitions in Hong Kong, the Group added six sites to its land bank during the year. With an aggregate gross floor area of 4.9 million square feet, the new sites are mainly designated for residential developments of mostly small- to medium-sized units. The majority of the sites are for large-scale developments with a gross floor area of around a million square feet or above, including the two low-density residential sites next to the Hong Kong Wetland Park, the development atop Light Rail Tin Wing Station and the Pak Shek Kok project. The inherent conditions of the respective sites have enabled flexible designs and master layout plans, allowing for substantial room for economies of scale and value enhancement. Details of the new sites are shown in the Chairman's Statement on page 9.

As at the end of June 2015, the Group's land bank in Hong Kong amounted to a gross floor area of 50.8 million square feet. Over 40%, or 22.1 million square feet, were properties under development, comprising 19.6 million square feet of properties for sale and 2.5 million square feet for investment. About 18 million square feet of the properties for sale will be developed into residential premises throughout the territory and the rest will be premium offices and industrial premises. Of the properties to be retained for investment, about half

will be developed into premium retail premises, including several major shopping malls along the railway lines. In addition, the Group held over 30 million square feet of agricultural land in terms of site area that are in various stages of land use conversions and are located primarily along existing or planned railway lines in the New Territories.

As at the end of June 2015, the Group also owned 28.7 million square feet of completed investment properties. Accounting for over half of the Group's land bank in Hong Kong, this sizable portfolio contributes a steadily growing stream of rental income. The portfolio is well diversified in terms of usage and location, with 37% comprised of premium shopping malls and retail space and 35% quality office buildings. Over 70% of these offices are located in major urban business hubs including Central, Wan Chai, West Kowloon and Kowloon East.

The Group's land bank in Hong Kong as at 30 June 2015, by attributable gross floor area, was as follows:

	Attributable Gross Floor Area (million square feet)			Total
	Development for Sale	Development for Investment	Completed Investment Properties	
By Usage				
Residential	18.0	–	0.9	18.9
Shopping Centre/Shops	0.1	1.3	10.7	12.1
Office	0.3	–	10.0	10.3
Hotel	–	0.8	3.5	4.3
Industrial ⁽¹⁾	1.2	0.4	3.6	5.2
Total	19.6	2.5	28.7	50.8
By Region				
Hong Kong Island	1.6	0.5	6.3	8.4
Kowloon	4.1	0.5	10.7	15.3
New Territories	13.9	1.5	11.7	27.1
Total	19.6	2.5	28.7	50.8

⁽¹⁾ Including industrial/office premises, godowns and data centres

The Group won respective tenders for developing a residential-cum-commercial project in Yuen Long and another one in Ma Tau Kok after the end of the financial year. The Yuen Long Station Development atop MTR Yuen Long Station will provide close to 1,900 residential units with a gross floor area of about 1.4 million square feet plus 107,000 square feet of retail space, creating much synergy with the Group's YOHO developments in the

neighbourhood. The project in Ma Tau Kok has a total gross floor area of about 105,000 square feet. A substantial portion of the residential units in these two projects will be small- to medium-sized apartments. These latest acquisitions have brought the Group's total land bank in Hong Kong to 52.4 million square feet.



Hong Kong Property Business Property Development



2

3

1. Century Link, Tung Chung
2. Ultima, Ho Man Tin
3. Twelve Peaks, The Peak

Property Development

With growing land acquisition opportunities in Hong Kong, the Group has over the past few years continued to expand its development land bank, which is sufficient to meet its development needs over the next five years. Inclusive of the Yuen Long Station and Ma Tau Kok development projects acquired in the third quarter of 2015, the Group now has 23.7 million square feet of properties under development in Hong Kong. Production volume is expected to increase, with planned average annual residential completions exceeding three million square feet for the next three financial years.

The Group holds a significant market share and offers a wide range of products in Hong Kong's property sales market. In recent years, greater emphasis has been put on the production of small- to medium-sized units to meet increasing market demand for such properties. Other than optimizing the flat mix, the Group's experienced team of professionals is also dedicated to crafting designs and layouts that can best integrate projects with the environment, bringing greatest values to its customers and users.

Contracted sales in Hong Kong were impressive during the year, with total sales reaching nearly HK\$32,000 million. Major residential projects sold included The Wings IIIA and IIIB in Tseung Kwan O, the first phase of Century Link in Tung Chung and a new batch of units of The Cullinan at Airport Express Kowloon Station, as well as several houses at Twelve Peaks and 50 Stanley Village Road on Hong Kong Island. The Group also continued to dispose of selected premium office premises. Market response to W50 in Wong Chuk Hang was highly encouraging with all office space sold soon after it was put onto the market. In the coming year, the Group will continue to launch new projects for sale when ready.

Major Projects under Development

The Group's projects that are under development spread across different strategic locations throughout the territory, with several projects in Tseung Kwan O and a strong presence in Yuen Long. Meanwhile, the Group is also developing a number of prime projects in urban Kowloon and Hong Kong Island. Below are descriptions of the major projects.

Hong Kong Island

Inland Lot No. 9027, North Point

(100% owned)

Site area	: 252,000 square feet
Gross floor area	: 578,000 square feet (residential) 144,000 square feet (retail)
Approximate number of units	: 700
Expected date of occupation permit	: from first half of 2017, in phases

Inland Lot No. 9020, North Point

(100% owned)

Site area	: 58,000 square feet
Gross floor area	: 388,000 square feet (hotel)
Expected date of occupation permit	: second half of 2017

Located along the waterfront and near MTR North Point Station, the two sites are being developed into a residential and retail project as well as a premium hotel, to be connected by a seaside promenade.



- Two sites on the North Point waterfront will be transformed into an integrated development incorporating luxury residences, a high-end shopping mall and a premium hotel

The 700,000-square-foot residential and retail project at Inland Lot No. 9027 will consist of nine residential towers, providing some 700 apartments that range from studios to four-bedroom units. With a wide harbour frontage, most units in the development will face Victoria Harbour and over half of them will be studios or one-bedroom units. Foundation work for the first phase of the project, covering over 300,000 square feet of gross floor area, has been finished and superstructure work is expected to be completed in the first half of 2017. The project's retail portion, Harbour North, will provide over 140,000 square feet of retail space, the details of which are covered on page 47.

On the adjacent site at Inland Lot No. 9020, a premium hotel with close to 700 rooms and a full range of amenities, including sea view retail shops, rooftop restaurants and a swimming pool, is under development. Construction of the basement is in progress and superstructure works will soon commence.

Kowloon

Ultima

Kowloon Inland Lot No.11175, Ho Man Tin

(100% owned)

Site area	: 174,000 square feet
Gross floor area	: 869,000 square feet (residential)
Approximate number of units	: 530
Expected date of occupation permit	: from second half of 2015, in phases

Located at Fat Kwong Street in Ho Man Tin, Ultima is close to the MTR station in the neighbourhood currently under construction. This station is planned to be the interchange for the Shatin to Central Link and the Kwun Tong Line Extension. Being constructed in two phases, the development will consist of seven town houses and about 520 apartments, many of which will enjoy a Victoria Harbour view. Phase one of the development, comprising town houses and around 250 apartments, is already near completion. The initial batches of units in the first phase went onto the market in June of this year and have been well received. Superstructure work for the second phase is also under way and is expected to be completed in the first half of 2016.

New Kowloon Inland Lot No. 6333 (Nam Cheong Station Development)

(Joint venture)

Site area	: 497,000 square feet
Gross floor area	: 2.3 million square feet (residential) : 298,000 square feet (retail)
Approximate number of units	: 3,400
Expected date of occupation permit	: from late 2017, in phases

Sitting atop MTR Nam Cheong Station that links the Tung Chung and West Rail lines, this development, to be developed in phases, will be comprised of 3,400 units of diverse flat mix and a 298,000-square-foot shopping mall. There will be seven 40- to 44-storey apartment towers and seven relatively low-rise residential blocks of four or nine storeys. Around 80% of the units are studios and one- to two-bedroom apartments. Construction of the first 2,200 units has proceeded to the superstructure stage and is expected to be completed by the end of 2017, while the premium shopping mall is scheduled for completion in 2018. For further details about the mall, please refer to page 47.



- The Nam Cheong Station Development, an integrated project to be developed in phases, comprises premium residential units and a shopping mall

Property Development

New Territories East

The Wings IIIA

Tseung Kwan O Town Lot No. 113

(100% owned)

Site area	: 144,000 square feet
Gross floor area	: 721,000 square feet (residential) 72,000 square feet (retail)
Approximate number of units	: 960
Expected date of occupation permit	: first half of 2016

The Wings IIIB

Tseung Kwan O Town Lot No. 114

(100% owned)

Site area	: 47,000 square feet
Gross floor area	: 234,000 square feet (residential) 24,000 square feet (retail)
Approximate number of units	: 320
Expected date of occupation permit	: second half of 2016



- The Wings IIIA and IIIB will boost synergies among the Group's developments in the area

Tseung Kwan O Town Lot No. 118

(100% owned)

Site area	: 161,000 square feet
Gross floor area	: 483,000 square feet (residential) 80,000 square feet (retail)
Approximate number of units	: 630
Expected date of occupation permit	: second half of 2017

These three developments are located in the increasingly mature community in Tseung Kwan O South, which spans from the MTR station in the north to the planned waterfront park in the south. The Wings IIIA and IIIB together will provide close to 1,300 units in five residential towers of 29 to 30 storeys. Scheduled for completion in 2016, over 95% of the units were already pre-sold during the year under review.

Another project under construction at Tseung Kwan O Town Lot No. 118, scheduled for completion by late 2017, is expected to be launched for sale in the coming year. This project, located near the coast, has a lower development density, comprising seven residential towers of 9 to 16 storeys with a wide range of flat types. While about half of the units will be of one- to two-bedroom configurations, it will also offer over 60 specialty units and several town houses.

The retail portions of the Group's developments in the area will form PopWalk, a new cluster of leisure and shopping amenities along the central avenue leading to the waterfront. Please refer to page 47 for further details.

LOHAS Park Package 4, Tseung Kwan O

(Joint venture)

Site area	: 140,000 square feet
Gross floor area	: 1.3 million square feet (residential)
Approximate number of units	: 2,200
Expected date of occupation permit	: after 2018

As part of the residential vicinity around MTR LOHAS Park Station in Tseung Kwan O, this development will consist of four residential towers on the southern coast of the neighbourhood. The design and flat mix of this project has been revised in order to provide more small- to medium-sized units. According to the latest plan, the number of units has been increased from 1,600 to 2,200. Foundation works are under way and expected to be completed by the end of this year.

Tai Po Town Lot No. 225

(100% owned)

Site area	: 250,000 square feet
Gross floor area	: 901,000 square feet (residential)
Approximate number of units	: 1,500
Expected date of occupation permit	: after 2018

Located close to a public transport terminus and a waterfront promenade, this site near Science Park, bought in March of this year, will be developed into ten residential towers, providing some 1,500 units ranging from one- to four-bedroom apartments. Some units on upper storeys will have a sea view overlooking Tolo Harbour. Foundation works are expected to begin soon.

New Territories West

Park Vista (second phase)

Lot 1927 in DD 107, Yuen Long

(100% owned)

Site area	: 1.9 million square feet (entire development)
Gross floor area	: 1.5 million square feet (residential)
Approximate units	: 2,100
Expected date of occupation permit	: second half of 2016

The entire development of Park Vista, formerly known as Acappella, in Yuen Long East will incorporate 31 residential blocks of 11 to 16 storeys containing over 3,000 units. The first phase of over 700,000 square feet of residential premises and 30,000 square feet of retail space was completed in June of this year. Construction of the superstructure for the remaining 1.5 million square feet of residential floor area in the second phase has been proceeding well, with completion planned for the second half of 2016. The majority of the units in both phases will be one- to two-bedroom apartments.



- The second phase of Park Vista currently under development together with the newly completed phase 1 will strengthen the Group's development cluster in Yuen Long East

Property Development



- Grand YOHO, a development providing around 2,500 residential units upon completion of various phases, together with the Yuen Long Station Development will add greater synergy to the Group's projects in the area

Grand YOHO

Yuen Long Town Lot No. 507

(100% owned)

Site area	: 410,000 square feet
Gross floor area	: 1.8 million square feet (residential) 471,000 square feet (retail)
Approximate units	: 2,500
Expected date of occupation permit	: from first half of 2016, in phases

Grand YOHO is the Group's third major development under the popular brand series of YOHO. With a footbridge connection to MTR Yuen Long Station and in close proximity to a bus terminus, this development will provide 1.8 million square feet of premium residential flats and some 470,000 square feet of retail space. The first phase of the project, which includes four residential blocks providing some 1,100 flats and a shopping mall, is scheduled for completion in the first half of 2016. About half of the apartments will be two-bedroom units, with the rest being three- to four-bedroom units. The second phase, comprising over 800 units in three residential towers, is expected to be completed in late 2016. The retail portion of the development will be linked with those at Sun Yuen Long Centre, YOHO Midtown and the recently acquired Yuen Long Station Development to form the grand YOHO Mall, a new regional shopping and entertainment hub in northwest New Territories. For further information on YOHO Mall, please refer to pages 46 and 47.

Yuen Long Town Lot No. 510

(Yuen Long Station Development)

(Joint venture)

Site area	: 418,000 square feet
Gross floor area	: 1.4 million square feet (residential) 107,000 square feet (retail)
Approximate number of units	: 1,900
Expected date of occupation permit	: after 2018

The Group successfully bid for the tender for developing a project above MTR Yuen Long Station in August of this year. This project, with a strategic location at a transportation hub in northwest New Territories, will provide close to 1,900 residential units of primarily small-to-medium sizes in six residential towers. Four towers will be built on the northern site while the southern site will house the other two blocks. Apart from this, the scale of YOHO Mall will be further expanded with the addition of the project's 107,000 square feet of retail space, bringing about considerable synergies to the Group's developments in the vicinity. This project should further bolster the Group's business expansion in the increasingly vibrant community of Yuen Long.

Tin Shui Wai Town Lot No. 33 and No. 34

(100% owned)

Site area	: 1.5 million square feet
Gross floor area	: 2.2 million square feet (residential) 20,000 square feet (retail)
Approximate number of units	: 3,800
Expected date of occupation permit	: after 2018



- Tin Shui Wai Town Lots No. 33 and No. 34 will capitalize on the area's relatively low density and prime location with close proximity to the Hong Kong Wetland Park

The two sites bought from tender bids in July 2014, have a combined gross floor area of over two million square feet bordering the Hong Kong Wetland Park. Capitalizing on the relatively low development density and unique location of these two sites, the design of the project will feature ample greenery areas and a stepped height building profile descending towards the Wetland Park. Over 3,800 residential units are planned to be built, including a number of town houses, while the majority of which will be of small-to-medium sizes.

Tin Shui Wai Town Lot No. 23 (Tin Wing Station Development)

(Joint venture)

Site area	: 196,000 square feet
Gross floor area	: 980,000 square feet (residential) 2,000 square feet (retail)
Approximate number of units	: 2,000
Expected date of occupation permit	: after 2018

Located above Light Rail Tin Wing Station at the centre of Tin Shui Wai, the development is close to a greenery park and will have footbridge connections to a bus terminus nearby. About 2,000 units are planned on the site, the majority of which will be small- to medium-sized apartments. Site preparation and migration works of the existing platforms of the Light Rail are under way.

Century Link Tung Chung Town Lot No. 36

(100% owned)

Site area	: 273,000 square feet
Gross floor area	: 1.4 million square feet (residential) 27,000 square feet (retail)
Approximate number of units	: 2,300
Expected date of occupation permit	: first half of 2016, in two phases

Century Link is a new development in Tung Chung comprising over 2,000 residential units in three apartment blocks of two storeys and five blocks of 27- to 29-storey towers. Most of the units will be small-to-medium sized, with over 70% being one-to two-bedroom apartments. To be completed in two phases in the first half of 2016, the first phase of the development is comprised of about 820,000 square feet with approximately 1,400 units in three towers. These units went onto the market in early 2015 and have been virtually sold out. The second phase will have a total floor area of 547,000 square feet comprising about 900 units in two towers closer to the waterfront. Launched for sale in batches since early September this year, over 95% of the units were sold within a month.



- As one of the major developments in Tung Chung New Town, Century Link will help turn the area into a fast-growing district in the territory

Property Development

Major Projects Under Development in Hong Kong by Year of Completion

Location	Project Name	Group's Interest (%)
Scheduled Completion in Financial Year 2015/16		
Yuen Long Town Lot No. 507 Phase 1	Grand YOHO	100
Tung Chung Town Lot No. 36 Phase 1	Century Link	100
Tseung Kwan O Town Lot No. 113	The Wings IIIA	100
68 Belcher's Street, Kennedy Town	Imperial Kennedy	92
Kowloon Inland Lot No. 11175, Ho Man Tin Phases 1 & 2	Ultima	100
Tung Chung Town Lot No. 36 Phase 2	Century Link II	100
Year Total:		
Scheduled Completion in Financial Year 2016/17		
Inland Lot No. 9027, North Point Phase 1		100
Tseung Kwan O Town Lot No. 114	The Wings IIIB	100
Lot 1927 in DD 107, Yuen Long Phase 2		100
Yuen Long Town Lot No. 507 Phase 2		100
Sha Tin Town Lot No. 566		100
680 Castle Peak Road, Cheung Sha Wan		100
Year Total:		
Scheduled Completion in Financial Year 2017/18		
Nam Cheong Station Development Phases 1A & B		JV
Tseung Kwan O Town Lot No. 118		100
1–3 Church Lane, Shau Kei Wan		92
Tuen Mun Town Lot No. 509		100
97 Belcher's Street, Kennedy Town		92
38 Western Street, Sai Ying Pun	King's Hill	92
Yuen Long Town Lot No. 528	Twin Regency	100
Inland Lot No. 8963, Stubbs Road		100
23 Babington Path, Mid-Levels West		82.8
Tung Chung Town Lot No. 11		20
Kwun Tong Inland Lot No. 174		64.3
Inland Lot No. 9020, North Point		100
Sha Tin Town Lot No. 248		100
Tseung Kwan O Town Lot No.122		74
Year Total:		
Major Projects Scheduled for Completion in Financial Year 2018/19 or Beyond		
Yuen Long Station Development		JV
Tin Shui Wai Town Lot No. 33		100
Tin Shui Wai Town Lot No. 34		100
Tin Wing Station Development		JV
Inland Lot No. 9027, North Point Phase 2		100
Tuen Mun Town Lot No. 539		100
Pak Tai Street / San Shan Road Project		JV
LOHAS Park Package 4		JV
Tai Po Town Lot No. 225		100
Nam Cheong Station Development Phase 2		JV
Tuen Mun Town Lot No. 515		100
Yuen Long Town Lot No. 507 Phase 3		100
Sha Tin Town Lot No. 581		100
18-20 Caine Road, Mid-Levels West		92
195 Prince Edward Road West		100
Kwun Tong Inland Lot No. 240		50
212–214 Texaco Road, Tsuen Wan		50
Total for Major Projects to be Completed in Financial Year 2018/19 or Beyond:		

⁽¹⁾ Including data centre

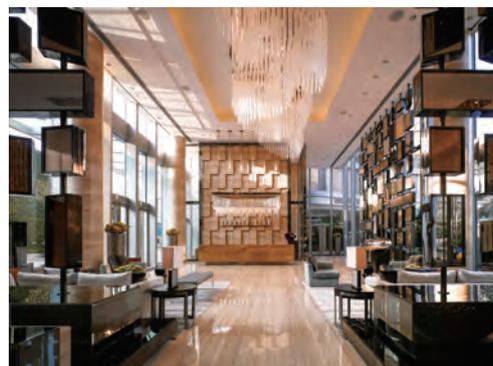
Attributable Gross Floor Area (square feet)

Residential	Shopping Centre/ Shops	Office	Hotel	Industrial ⁽¹⁾	Total
801,000	471,000	-	-	-	1,272,000
820,000	27,000	-	-	-	847,000
721,000	72,000	-	-	-	793,000
108,000	36,000	-	-	-	144,000
869,000	-	-	-	-	869,000
547,000	-	-	-	-	547,000
3,866,000	606,000	-	-	-	4,472,000

318,000	7,000	-	-	-	325,000
234,000	24,000	-	-	-	258,000
1,511,000	-	-	-	-	1,511,000
587,000	-	-	-	-	587,000
130,000	-	-	-	-	130,000
-	-	-	-	90,000	90,000
2,780,000	31,000	-	-	90,000	2,901,000

1,604,000	298,000	-	-	-	1,902,000
483,000	80,000	-	-	-	563,000
291,000	51,000	-	-	-	342,000
141,000	26,000	-	-	-	167,000
67,000	18,000	-	-	-	85,000
71,000	5,000	-	-	-	76,000
232,000	-	-	-	-	232,000
181,000	-	-	-	-	181,000
59,000	-	-	-	-	59,000
-	68,000	-	26,000	-	94,000
-	-	308,000	-	-	308,000
-	-	-	388,000	-	388,000
-	-	-	344,000	-	344,000
-	-	-	-	351,000	351,000
3,129,000	546,000	308,000	758,000	351,000	5,092,000

1,361,000	107,000	-	-	-	1,468,000
1,209,000	10,000	-	-	-	1,219,000
1,030,000	10,000	-	-	-	1,040,000
980,000	2,000	-	-	-	982,000
260,000	137,000	-	-	-	397,000
286,000	21,000	-	-	-	307,000
88,000	17,000	-	-	-	105,000
1,316,000	-	-	-	-	1,316,000
901,000	-	-	-	-	901,000
707,000	-	-	-	-	707,000
476,000	-	-	-	-	476,000
460,000	-	-	-	-	460,000
431,000	-	-	-	-	431,000
127,000	-	-	-	-	127,000
45,000	-	-	-	-	45,000
-	-	-	-	575,000	575,000
-	-	-	-	71,000	71,000
9,677,000	304,000	-	-	646,000	10,627,000



- Century Gateway offers premium living and an exceptional clubhouse



- Mount One in Fanling has been carefully planned to create a comfortable living environment



- The Seafrost in Tsuen Wan West takes in magnificent sea view that accentuates the natural beauty of serenity

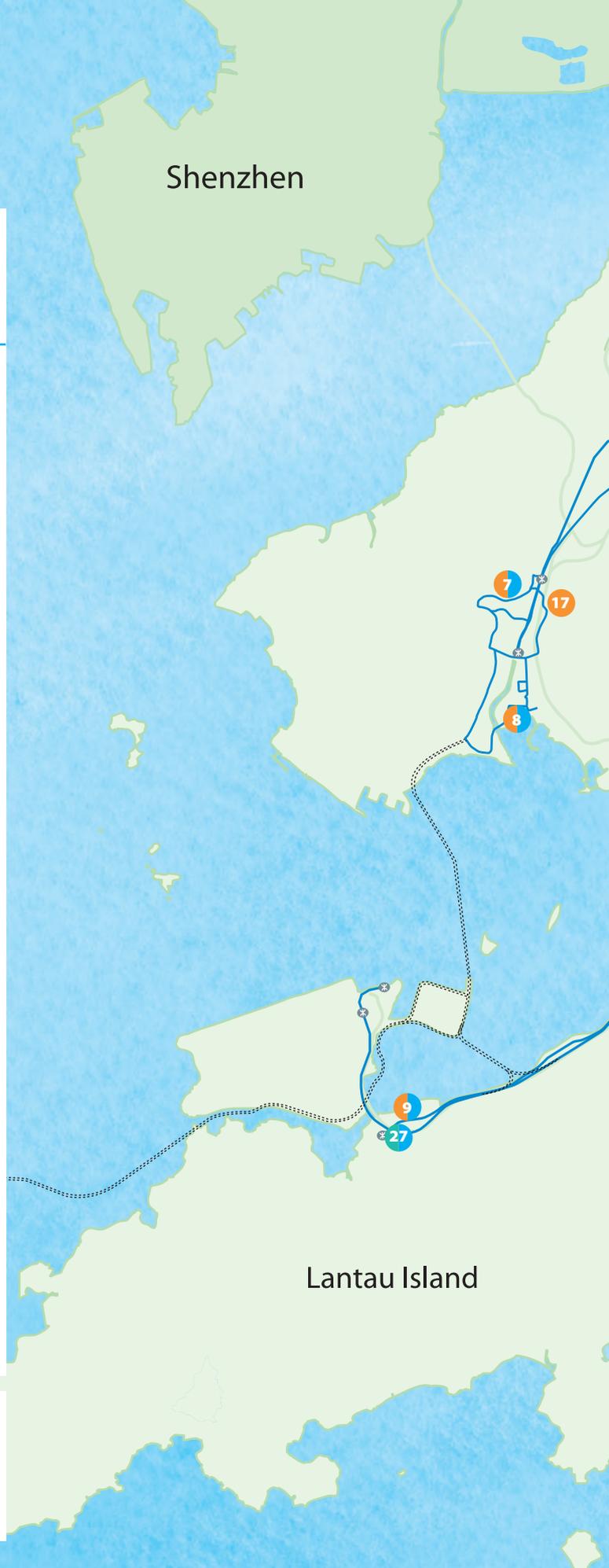
Property Development

Major Properties Under Development in Hong Kong

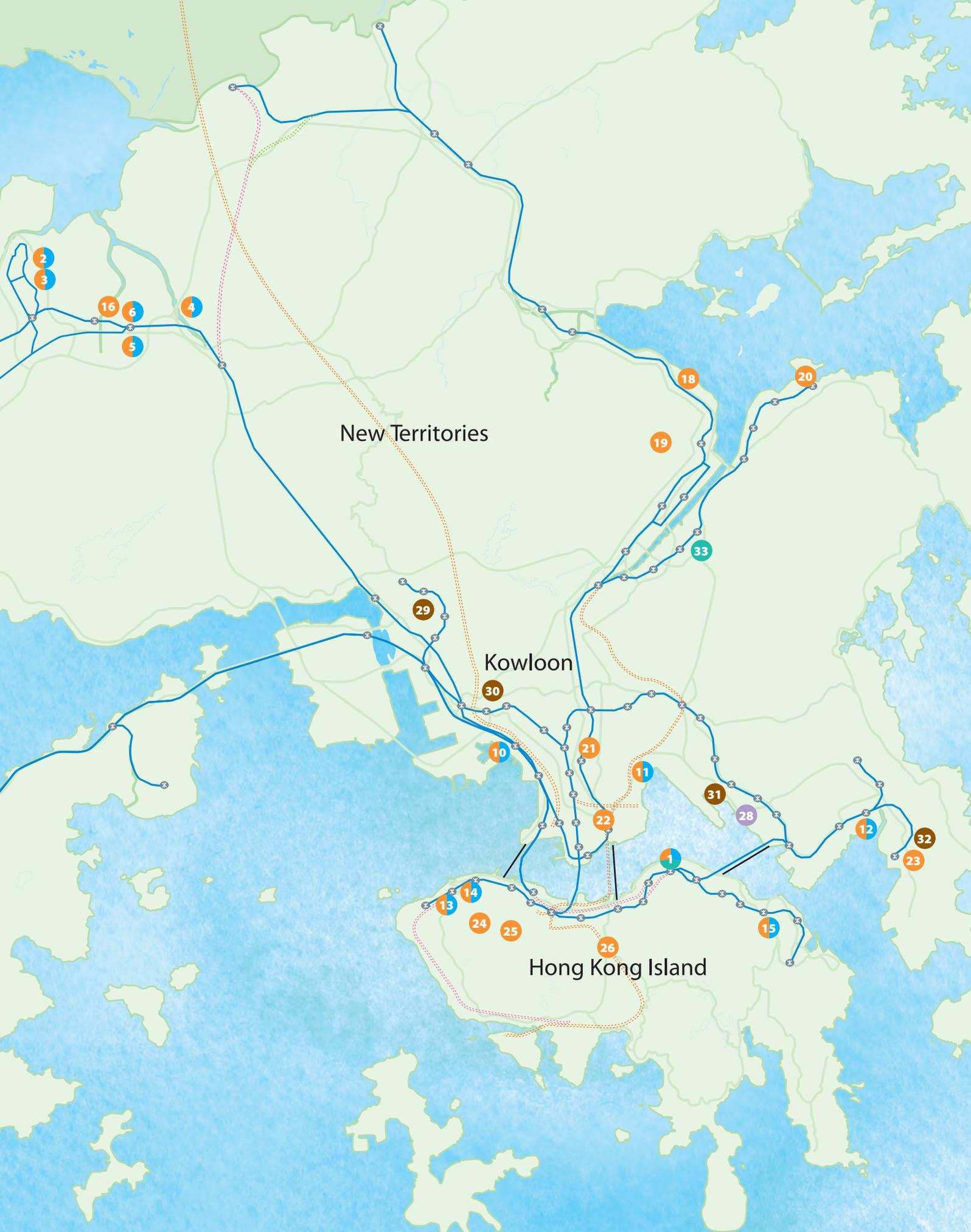
- Residential ● Shopping Centre/Shops ● Office
- Industrial ● Hotel

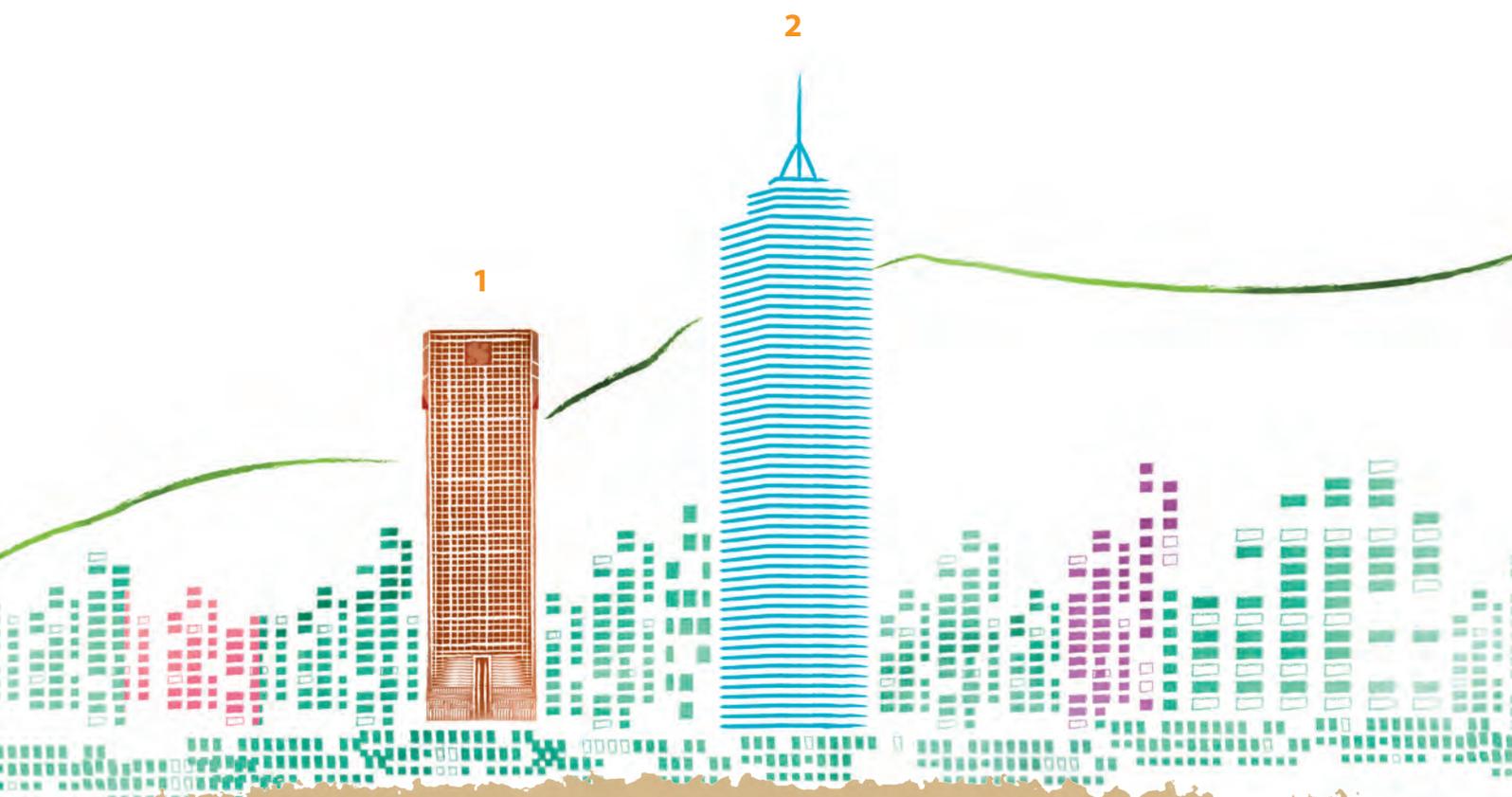
- | | | |
|----|-----|---|
| 1 | ●●● | Inland Lot Nos. 9027 and 9020, North Point |
| 2 | ●● | Tin Shui Wai Town Lot Nos. 33 and 34 |
| 3 | ●● | Tin Wing Station Development |
| 4 | ●● | Park Vista |
| 5 | ●● | Grand YOHO |
| 6 | ●● | Yuen Long Station Development |
| 7 | ●● | Tuen Mun Town Lot No. 509 |
| 8 | ●● | Tuen Mun Town Lot No. 539 |
| 9 | ●● | Century Link |
| 10 | ●● | Nam Cheong Station Development |
| 11 | ●● | Pak Tai Street / San Shan Road Project |
| 12 | ●● | The Wings IIIA, The Wings IIIB and Tseung Kwan O Town Lot No. 118 |
| 13 | ●● | Imperial Kennedy and 97 Belcher's Street |
| 14 | ●● | King's Hill |
| 15 | ●● | 1-3 Church Lane |
| 16 | ● | Twin Regency |
| 17 | ● | Tuen Mun Town Lot No. 515 |
| 18 | ● | Tai Po Town Lot No. 225 |
| 19 | ● | Sha Tin Town Lot No. 566 |
| 20 | ● | Sha Tin Town Lot No. 581 |
| 21 | ● | 195 Prince Edward Road West |
| 22 | ● | Ultima |
| 23 | ● | LOHAS Park Package 4 |
| 24 | ● | 23 Babington Path |
| 25 | ● | 18-20 Caine Road |
| 26 | ● | Inland Lot No. 8963, Stubbs Road |
| 27 | ●● | Tung Chung Town Lot No. 11 |
| 28 | ● | Kwun Tong Inland Lot No. 174 |
| 29 | ● | 212-214 Texaco Road, Tsuen Wan |
| 30 | ● | 680 Castle Peak Road, Cheung Sha Wan |
| 31 | ● | Kwun Tong Inland Lot No. 240 |
| 32 | ● | Tseung Kwan O Town Lot No. 122 |
| 33 | ● | Sha Tin Town Lot No. 248 |

- | | | |
|---|---|-------|
| ⋯⋯⋯ MTR
(under construction) | ⋯⋯⋯ MTR ⁽¹⁾
(future projects) | — MTR |
| ⋯⋯⋯ Major roads
(under construction) | — Cross-Harbour Tunnel | |



⁽¹⁾ Information up to 10 September 2015





Hong Kong Property Business Property Investment



1. Sun Hung Kai Centre, Wan Chai
2. Central Plaza, Wan Chai
3. Two IFC, Central
4. One IFC, Central
5. ICC, Kowloon Station

Property Investment



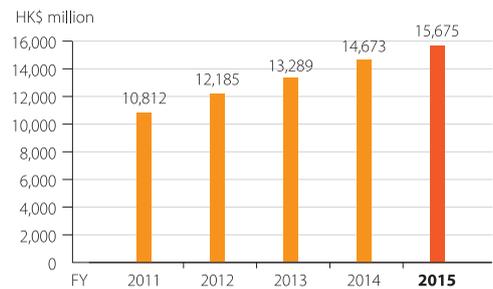
● New Town Plaza in Sha Tin attracts a multitude of shoppers with its exceptional retail experience and convenient location



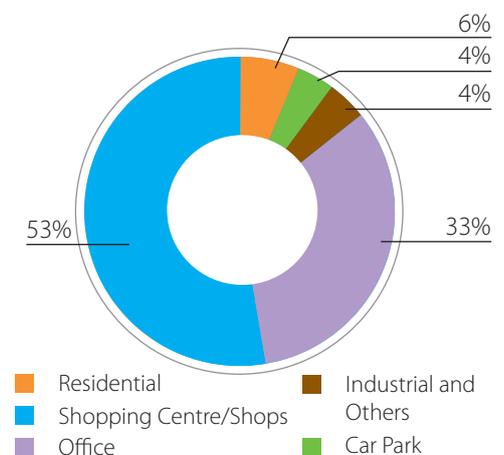
● A major renovation and reconfiguration have made MOKO in Mong Kok a shopping hotspot featuring over 200 retail outlets

During the year under review, the Group recorded a 7% increase in gross rental income to HK\$15,675 million, while net rental income grew by 8% to HK\$12,299 million, including contributions from joint-venture projects. Occupancy remained high at around 95% from a diversified investment property portfolio which the Group has developed across the territory, mostly located strategically along railway lines. To further strengthen its competitiveness and bring greater appeal to tenants and customers, the Group has made considerable efforts to enhance the value of its assets and optimize tenant mix for its investment properties.

Gross Rental Income in Hong Kong⁽¹⁾



Gross Rental Income in Hong Kong by Sector⁽¹⁾



(1) Including contributions from associates and joint ventures

Completed Investment Properties

Shopping Centres

During the year, overall occupancy and market rents of prime shopping malls in Hong Kong remained firm. Despite the decline in tourist spending, particularly on big-ticket items, local consumption continued to achieve modest growth on the back of healthy consumer confidence and continuing income growth. The Group is well positioned to benefit from the healthy growth of domestic consumption as it owns a large number of regional malls focusing on serving local customers, most of which are located along railway lines. With such an extensive network, overall tenant sales growth at major malls outperformed the market during the year. Positive rental reversions and high occupancy were also achieved for the Group's retail portfolio, with a gross rental income of around HK\$5,500 million generated from its top ten malls.

As a flagship regional mall serving a large population in New Territories East, New Town Plaza is conveniently located near MTR Sha Tin Station. During the year, the mall registered high occupancy with robust rental reversions and tenant sales growth. With distinctive promotional events and tenant mix refinements, the mall has consistently attracted large crowds of shoppers. Renowned brands from around the globe, along with popular restaurants, were recruited to give a fresh impetus to the retail hub. The Group is currently considering a renovation plan to further bolster its competitive edge.

With some 600,000 square feet of retail space, Tai Po Mega Mall has been well established as the largest shopping landmark in northeast New Territories. Occupancy of the mall remained high and positive rental reversions were recorded during the year. Appealing elements, including a modern Japanese

department store as well as a Korean cosmetics gallery, have been put in place while more international lifestyle brands will be brought in to further reinforce the mall's leading status in the region. Improvement works to strengthen its competitiveness are progressing well.

During the year under review, Landmark North in northern New Territories recorded persistently high traffic and satisfactory growth in retail sales with the introduction of more international cosmetics and skincare brands. The mall was virtually fully leased with satisfactory rental reversions supported by regular trade mix refinements to boost its market position.

Located in the western part of the New Territories, V City at MTR Tuen Mun Station appeals to young locals and tourists alike who constitute a solid customer base. The regional shopping destination was fully leased during the year, drawing in sustained high traffic. The brand mix of the mall will continue to be optimized with the introduction of more international fashion and cosmetic labels.



- APM in Kowloon East stands out as a trend-setting shopping centre with an array of popular events and changing tenant mix



- Landmark North appeals to both locals and tourists with high footfalls

Property Investment



- IFC Mall has established its position as the top shopping spot in the Central business district

Metroplaza, next to MTR Kwai Fong Station, is currently going through a major renovation which is scheduled for completion in the fourth quarter of 2017. The redesigned layout, complemented by a new lifestyle store and a wider selection of top beauty and skincare labels, among others, will help rejuvenate the mall and further attract footfalls. The facade of the mall will also be upgraded to enhance its image and draw more attention from shoppers. Meanwhile, continual tenant mix refinement has strengthened its position as a one-stop shopping hub targeting office workers and local residents in the neighbourhood.

Going to the east of the territory, APM, as the trend-setting shopping mall in Kowloon East, enjoys direct access to MTR Kwun Tong Station and was virtually fully leased during the year with robust rental reversions. A large-scale upgrading project is currently under way to turn over 150,000 square feet of office area into retail space in the tower where APM is situated so that the mall will be better positioned to capitalize on the Energizing Kowloon East project. In addition, an outdoor greening and facility upgrade project is being implemented to further strengthen its position as a leading flagship mall in Kowloon East.

East Point City located near MTR Hang Hau Station in Tseung Kwan O recorded increasing traffic flows, boosted by the soaring population from new private residential premises in the neighbourhood and complemented by a new membership scheme launched in January to strengthen customer loyalty. During the year, East Point City was virtually fully let with healthy rental reversions. The mall has brought in newcomers such as a Japanese lifestyle brand and popular retailers of beauty products. The mall's tenant mix will continue to be refined in order to make a fresh appeal to shoppers.

Other than a well-established regional mall network, the Group has also maintained a strong presence in traditional shopping districts such as Mong Kok and Tsim Sha Tsui.

In Mong Kok, the retail portion of Grand Century Place above MTR Mong Kok East Station was renamed MOKO during the year to recognize the mall's new identity, with its large-scale reconfiguration and renovation works completed recently. With a retail space of 720,000 square feet, MOKO is a shopping hotspot featuring over 200 brands that spread across different zones. Supported by the new layouts with themed floors and tenant mix upgrades that have successfully brought in more affordable international brands, MOKO has recorded significant rental growth.

In Tsim Sha Tsui, The Sun Arcade with a gross floor area of 205,000 square feet is located on Canton Road, an established shopping precinct for tourists. The five-level mall, which was fully let during the year, houses various stylish fashion retailers and cosmetic labels, as well as a flagship store offering a variety of luxury brands. Tenant sales were however affected by weaker tourist spending during the same period.

The IFC Mall in the heart of the central business district of Hong Kong Island is one of the highlights of the Group's retail portfolio. As part of the Group's iconic IFC complex located along the waterfront in Central and rising above the Airport Express Hong Kong Station, the IFC Mall taps into the high spending power of professionals working in the area, as well as other high-end local customers and tourists. Synergizing with first-class offices, the Four Seasons Hotel Hong Kong and Four Seasons Place within the complex, IFC Mall is a widely acclaimed shopping destination with a host of international brands and restaurants, complemented by exquisite shop design and first-rate customer service. For the year under review, the mall was virtually fully occupied and positive rental reversions were recorded while its appeal to customers was further strengthened by an increased variety of tenants.



- ICC at Kowloon Station remains the prime choice for financial institutions

Offices

During the year under review, the office leasing market in Hong Kong saw modest rental growth and low vacancies recorded in most areas. This positive environment was supported by solid demand from the financial sector, particularly mainland financial institutions.

With a well-diversified office portfolio that consists of quality buildings with large floor plates, the Group's office premises are mainly located along railway lines that are much sought after by tenants. During the year under review, occupancy of the Group's office portfolio stayed high, with sustained positive rental reversions.

The IFC integrated development offers first-class office space supported by comprehensive facilities. Rising demand from mainland investment companies seeking to establish a foothold in the financial district has further fuelled the demand for IFC office space, and higher occupancies were recorded in the twin office towers during the year.

Occupancies for Sun Hung Kai Centre and Central Plaza in Wan Chai also remained high during the year. Major multinationals and mainland investment companies showing a keen interest towards quality office space contributed to the healthy demand for the two towers.

Across Victoria Harbour, offices at ICC atop Airport Express Kowloon Station continued to benefit from its advantageous location, underpinned by its proximity to the future Guangzhou-Shenzhen-Hong Kong Express Rail Link terminus and the West Kowloon Cultural District. The integrated complex that

also houses luxury residential towers, world-class hotels including The Ritz-Carlton, Hong Kong and W Hong Kong, The HarbourView Place serviced suites, a high-end shopping mall and the Sky100 Hong Kong Observation Deck helped transform the area into a new commercial cluster. During the year under review, offices at ICC registered strong rental reversions, with growing demand from mainland financial institutions and expansion needs from existing tenants.

The Millennium City cluster continued to be the preferred business destination for tenants seeking large floor plates with quality property management. Reputable banks, financial institutions, fashion retailers and government departments are major tenants of the cluster, which helped revitalize Kwun Tong and make it a new business core in the territory. The office space recorded high occupancies and positive rental reversions during the year.

The Group's office premises in the New Territories also performed well during the year. Connected to MTR Kwai Fong Station by a covered footbridge, Metroplaza attracted a number of well-diversified tenants, including manufacturers, trading companies and government offices with occupancy staying high for the year under review. Grand Central Plaza, located next to MTR Sha Tin Station, also registered high occupancy with strong rental reversions.



- Metroplaza has a diverse range of tenants drawn by the easy access of a covered footbridge to MTR Kwai Fong Station

Property Investment



- Financial executives who appreciate premium service and facilities are the main clientele of The HarbourView Place at Kowloon Station

Residential, Serviced Suites and Others

During the year under review, the Group's luxury residential portfolio recorded satisfactory occupancy. Under its Signature Homes division, the Group owns close to one million square feet of luxury residential units for lease in prime locations, complemented by full amenities and extraordinary services that are upgraded regularly to better serve its residents.

In addition to luxury residential units, the Group offers a premium portfolio of serviced suites with an attributable 700 guest rooms. The HarbourView Place at Kowloon Station and Four Seasons Place at Hong Kong Station, the only serviced-suite hotels along the Airport Express in the territory, registered moderate rental reversions with satisfactory occupancy during the year. Both have been a popular choice for senior executives from multinational companies. Their main clientele is made up of financial executives from Europe, the United States and the mainland.

As the first stylish serviced-suite hotel in Tseung Kwan O, Vega Suites continues to be the preferred choice of accommodation for business executives working in Kowloon East and Island East and is well positioned to ride on the development of Kowloon East as a new central business district in the city. It maintained satisfactory occupancy during the year under review.



- Four Seasons Place at Hong Kong Station remains the first choice for senior executives of multinationals with its prime location

Other components of the Group's investment property portfolio include industrial buildings, godowns and car parking bays, which provided steady rental income with satisfactory occupancy during the year under review.

Investment Properties under Development

Inclusive of the two newly added projects in the third quarter of 2015, the Group had an attributable 2.6 million square feet of new investment properties under development, comprising 1.4 million square feet of retail space in prime areas while others are mainly hotels and a data centre. The Group will continue to strengthen its diversified investment portfolio by developing new quality assets in order to maintain its position as a premium landlord.

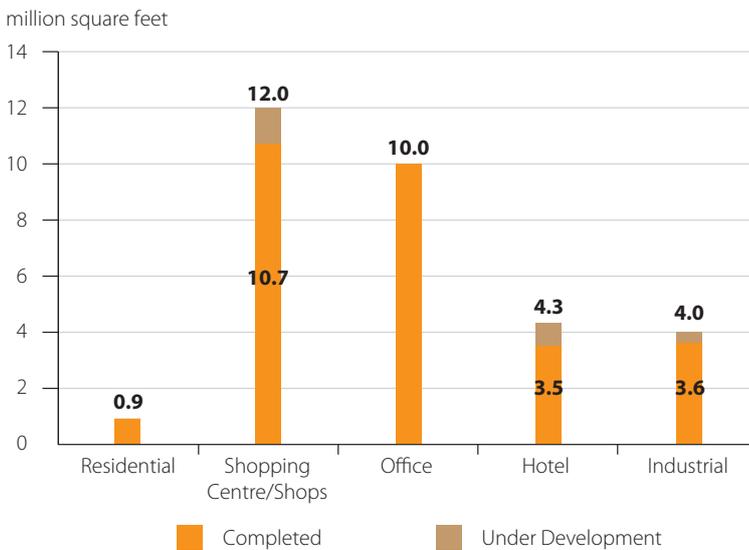
YOHO Mall, the retail component of the Group's developments in Yuen Long, will be a flagship shopping centre in northwest New Territories that offers easy access due to its close proximity to MTR Yuen Long Station. The three-level retail portion of YOHO Midtown, as part of the YOHO Mall, has opened recently. This, together with Sun Yuen Long Centre which is currently in its final stage of renovation, will feature a diverse portfolio of over 200 renowned merchants, with half of its retail space taken up by popular fashion brands. In addition, over 30 international dining outlets, most of which are new to northwest New Territories, have been introduced to provide visitors with a novel dining experience.



● Vega Suites in Tseung Kwan O attracts business executives working in Kowloon East and Island East

Scheduled to open respectively in 2017 and thereafter, the two retail areas – one of 470,000 square feet under Grand YOHO and another of nearly 110,000 square feet at the recently acquired MTR Yuen Long Station Development – will both form part of YOHO Mall. This mega mall, targeting young customers, will feature a modern design with a 30,000-square-foot outdoor gourmet promenade and a 120,000-square-foot outdoor green space as well as an outdoor piazza to offer a relaxing space for shopping and leisure. The 1.1-million-square-foot YOHO Mall will become a shopping and entertainment hub in northwest New Territories, comparable to New Town Plaza in Sha Tin.

Investment Properties: Completed and Under Development⁽¹⁾



⁽¹⁾ As at 30 June 2015

PopWalk by MTR Tseung Kwan O Station will consist of retail portions of the Group's projects spanning the locality. The mall will aim at high-spending young families with a carefully crafted tenant mix, including a variety of sea view dining outlets, a supermarket as well as lifestyle, sports and home decoration retailers. The 66,000-square-foot retail podium of The Wings II, a segment of PopWalk to be opened in the second quarter of 2016, has received encouraging market response to its pre-leasing. Layout plans of The Wings IIIA and IIIB retail spaces are in their final stages. The retail portion of Tseung Kwan O Town Lot No. 118 will also be part of PopWalk, bringing the total to over 240,000 square feet of retail space serving residents of the neighbourhood upon completion.

As the retail component of the Group's North Point waterfront project, Harbour North will be developed into a shopping hotspot featuring a modern lifestyle concept catering to the needs of local residents and office workers in the neighbourhood as well as visitors. The mall will boast a long frontage facing Victoria Harbour with an assemblage of popular eateries offering open sea views. Quality retailers will be introduced along the glamorous facade spanning 270 metres on Java Road, turning it into a prosperous shopping boulevard in the district. The project being developed in two phases will further boost the Group's rental income over the medium term.

A premium 300,000-square-foot mall above MTR Nam Cheong Station, which is the interchange between West Rail Line and Tung Chung Line, will be served by an extensive transportation network. The mall's easy accessibility will be further enhanced by an adjacent bus terminus. Given the strong demand from residential developments in the vicinity and West Kowloon's dense population, the mall is expected to become a new landmark in the district upon its completion, scheduled for 2018.

The Group constantly refines its investment property portfolio to increase the proportion of high-grade projects in prime locations while disposing of some of its non-core investment properties. It will continue to strengthen its rental portfolio with the addition of new, quality assets.

Property Investment

Major Completed Investment Properties in Hong Kong

Project	Location	Lease Expiry	Group's Interest (%)
Hong Kong Island			
One IFC	1 Harbour View Street, Central	2047	50
Two IFC & IFC Mall	8 Finance Street, Central	2047	50
Four Seasons Hotel / Four Seasons Place	8 Finance Street, Central	2047	50
Sun Hung Kai Centre	30 Harbour Road, Wan Chai	2127	100
Central Plaza	18 Harbour Road, Wan Chai	2047	50
World Trade Centre / WTC More	280 Gloucester Road, Causeway Bay	2842	100
Dynasty Court (Blocks 2 & 3)	23 Old Peak Road	2886	100
Pacific View (Blocks 2 & 3)	38 Tai Tam Road	2047	100
Chi Fu Landmark	Chi Fu Road, Pok Fu Lam	2126	100
Hillsborough Court (Block 4)	18 Old Peak Road	2884	100
Kowloon			
ICC / Sky100 Hong Kong Observation Deck	1 Austin Road West	2047	100
The Ritz-Carlton, Hong Kong / W Hong Kong / The HarbourView Place	1 Austin Road West	2047	100
Millennium City 1 ⁽¹⁾	388 Kwun Tong Road	2047	100
Millennium City 2	378 Kwun Tong Road	2047	50
Millennium City 5 / APM	418 Kwun Tong Road	2052	100
Millennium City 6	392 Kwun Tong Road	2047	100
Grand Century Place / MOKO	193 Prince Edward Road West, Mong Kok	2047	100
Royal Plaza Hotel	193 Prince Edward Road West, Mong Kok	2047	100
The Royal Garden	69 Mody Road, Tsim Sha Tsui	2127	100
Kerry Hung Kai Godown	3 Fat Tseung Street, Cheung Sha Wan	2047	50
APEC Plaza	49 Hoi Yuen Road, Kwun Tong	2047	100
Mikiki	638 Prince Edward Road East, San Po Kong	2054	100
The Sun Arcade	28 Canton Road, Tsim Sha Tsui	2047	100
Peninsula Tower	538 Castle Peak Road, Cheung Sha Wan	2047	100
Hing Wah Centre	82-84 To Kwa Wan Road	2099	100
New Tech Plaza	34 Tai Yau Street, San Po Kong	2047	100
26 Nathan Road	26 Nathan Road, Tsim Sha Tsui	2039	100
Infotech Centre	21 Hung To Road, Kwun Tong	2047	100
New Territories			
New Town Plaza I	18 Shatin Centre Street, Sha Tin	2047	100
New Town Plaza III	2-8 Shatin Centre Street, Sha Tin	2047	100
New Town Tower	10-18 Pak Hok Ting Street, Sha Tin	2047	100
Grand Central Plaza / HomeSquare	138 Shatin Rural Committee Road, Sha Tin	2047	100
Royal Park Hotel	8 Pak Hok Ting Street, Sha Tin	2047	100
Metroplaza	223 Hing Fong Road, Kwai Chung	2047	100
Crowne Plaza Hong Kong Kowloon East / Holiday Inn Express Hong Kong Kowloon East / Vega Suites	3 Tong Tak Street, Tseung Kwan O	2057	100
PopCorn	9 Tong Yin Street, Tseung Kwan O	2057	50
Tai Po Mega Mall	9 On Pong Road, Tai Po	2047	100
Tsuen Wan Plaza	5-21 Pak Tin Par Street, Tsuen Wan	2047	100
Kowloon Commerce Centre	51 Kwai Cheong Road, Kwai Chung	2047	100
Landmark North	39 Lung Sum Avenue, Sheung Shui	2047	100
Sun Hung Kai Logistics Centre	8 Wong Chuk Yeung Street, Sha Tin	2047	100
East Point City	8 Chung Wa Road, Tseung Kwan O	2047	100
Royal View Hotel	353 Castle Peak Road, Ting Kau	2047	100
V City	83 Heung Sze Wui Road, Tuen Mun	2056	100
YOHO Mall	9 Yuen Lung Street, Yuen Long	2054	100
YOHO Mall II	8 Long Yat Road, Yuen Long	2047	87.5
Park Central	9 Tong Tak Street, Tseung Kwan O	2047	57.52/25
Citygate / Novotel Citygate Hong Kong Hotel	20 Tat Tung Road / 51 Man Tung Road, Tung Chung	2047	20
Grand City Plaza	1-17 Sai Lau Kok Road, Tsuen Wan	2047	100
Yuen Long Plaza	249-251 Castle Peak Road, Yuen Long	2047	100
Advanced Technology Centre	2 Choi Fat Street, Sheung Shui	2047	100
Uptown Plaza	9 Nam Wan Road, Tai Po	2047	100
Chelsea Heights	1 Shek Pai Tau Path, Tuen Mun	2047	100

(1) Including the attributable share in areas held by SUNeVision, in which the Group has a 74.04% interest

Attributable Gross Floor Area (square feet)

Residential	Shopping Centre/ Shops	Office	Hotel	Industrial	Total
–	–	392,000	–	–	392,000
–	320,000	566,000	–	–	886,000
–	–	–	550,000	–	550,000
–	53,000	851,000	–	–	904,000
–	–	700,000	–	–	700,000
–	280,000	232,000	–	–	512,000
341,000	–	–	–	–	341,000
248,000	–	–	–	–	248,000
–	172,000	–	–	–	172,000
124,000	–	–	–	–	124,000
–	29,000	2,495,000	–	–	2,524,000
–	–	–	1,023,000	–	1,023,000
–	27,000	872,000	–	–	899,000
–	–	133,000	–	–	133,000
–	598,000	308,000	–	–	906,000
–	32,000	370,000	–	–	402,000
–	725,000	475,000	–	–	1,200,000
–	–	–	400,000	–	400,000
–	–	–	295,000	–	295,000
–	–	–	–	285,000	285,000
–	–	–	–	240,000	240,000
–	205,000	–	–	–	205,000
–	205,000	–	–	–	205,000
–	–	–	–	188,000	188,000
–	–	–	–	183,000	183,000
–	–	–	–	182,000	182,000
–	53,000	124,000	–	–	177,000
–	–	–	–	114,000	114,000
–	1,300,000	–	–	–	1,300,000
–	350,000	–	–	–	350,000
–	–	96,000	–	–	96,000
–	310,000	431,000	–	–	741,000
–	–	–	258,000	–	258,000
–	600,000	569,000	–	–	1,169,000
–	–	–	626,000	–	626,000
–	108,000	–	–	–	108,000
–	589,000	–	–	–	589,000
–	583,000	–	–	–	583,000
–	79,000	423,000	–	–	502,000
–	182,000	375,000	–	–	557,000
–	–	–	–	500,000	500,000
–	415,000	–	–	–	415,000
–	–	–	310,000	–	310,000
–	269,000	–	–	–	269,000
–	249,000	–	–	–	249,000
–	245,000	–	–	–	245,000
–	195,000	–	–	–	195,000
–	99,000	32,000	47,000	–	178,000
–	35,000	137,000	–	–	172,000
–	145,000	–	–	–	145,000
–	–	–	–	142,000	142,000
–	120,000	–	–	–	120,000
–	116,000	–	–	–	116,000



● V City at MTR Tuen Mun Station draws young locals and tourists with its eclectic mix of retailers



● Tai Po Mega Mall is well established as the largest shopping hub in the area with an appealing variety of tenants



● East Point City in Tseung Kwan O serves neighbourhood customers and capitalizes on the growing local population

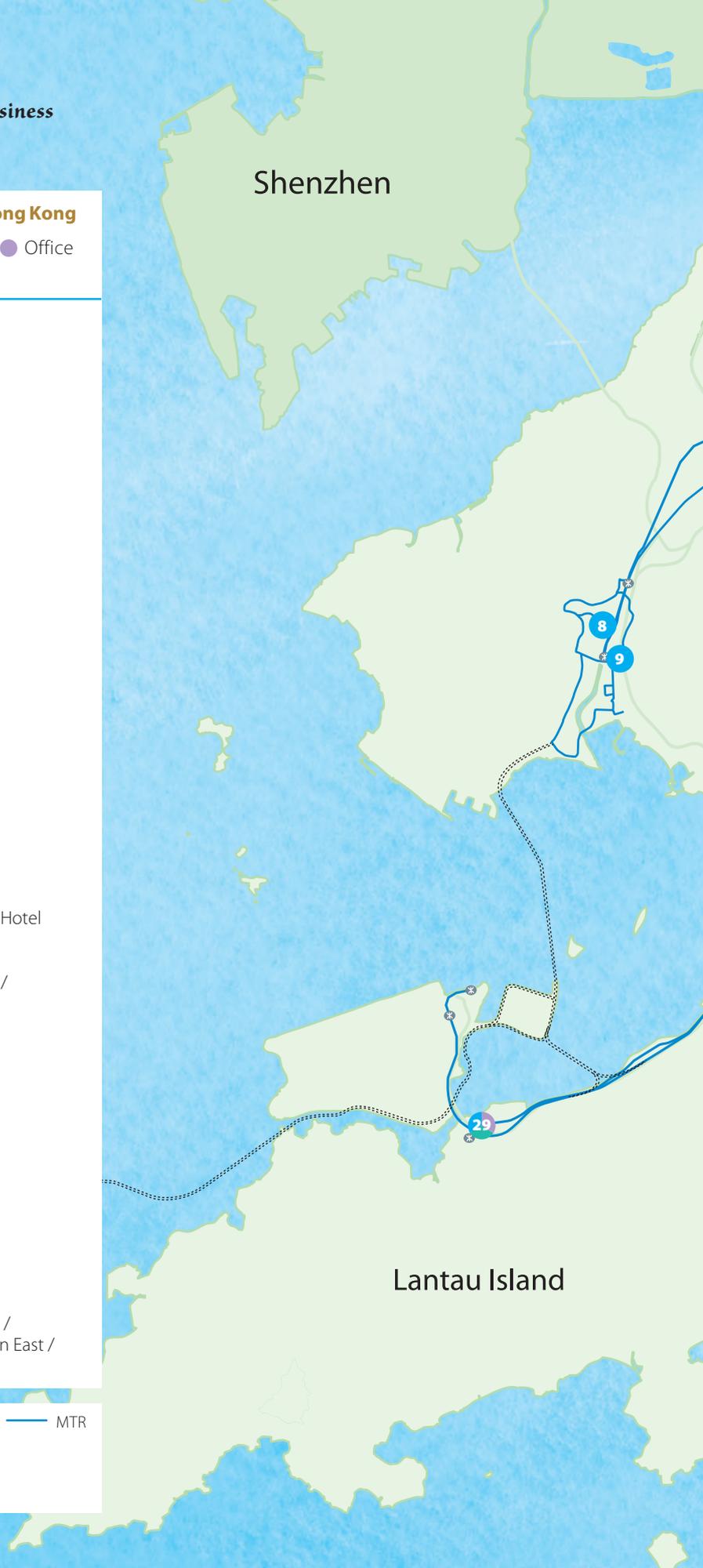
Property Investment

Major Completed Investment Properties in Hong Kong

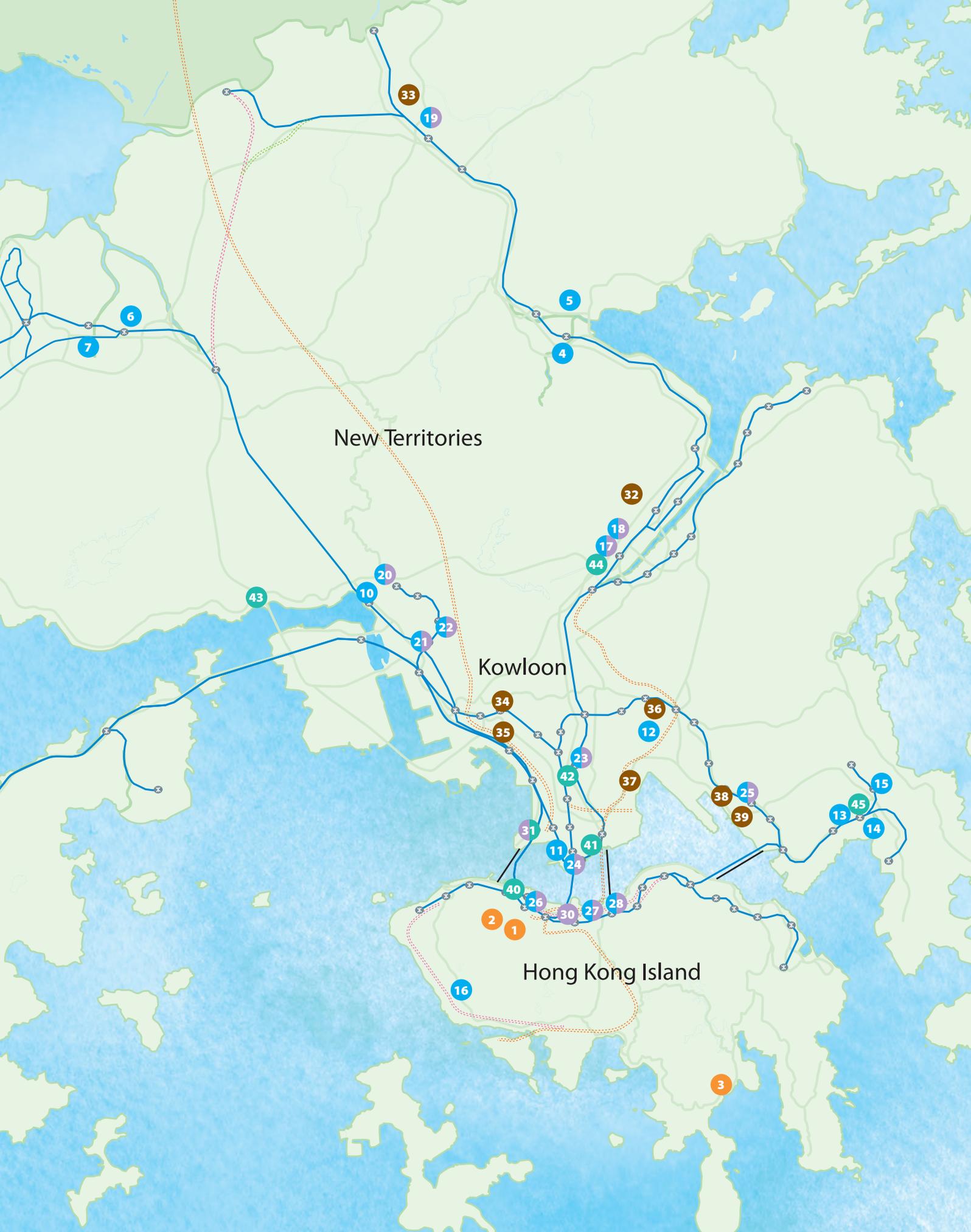
- Residential ● Shopping Centre/Shops ● Office
- Industrial ● Hotel

- | | | |
|----|-----|---|
| 1 | ● | Dynasty Court |
| 2 | ● | Hillsborough Court |
| 3 | ● | Pacific View |
| 4 | ● | Uptown Plaza |
| 5 | ● | Tai Po Mega Mall |
| 6 | ● | YOHO Mall |
| 7 | ● | Yuen Long Plaza |
| 8 | ● | Chelsea Heights |
| 9 | ● | V City |
| 10 | ● | Tsuen Wan Plaza |
| 11 | ● | The Sun Arcade |
| 12 | ● | Mikiki |
| 13 | ● | Park Central |
| 14 | ● | PopCorn |
| 15 | ● | East Point City |
| 16 | ● | Chi Fu Landmark |
| 17 | ●● | New Town Plaza / New Town Tower |
| 18 | ●● | Grand Central Plaza / HomeSquare |
| 19 | ●● | Landmark North |
| 20 | ●● | Grand City Plaza |
| 21 | ●● | Metroplaza |
| 22 | ●● | Kowloon Commerce Centre |
| 23 | ●● | Grand Century Place / MOKO |
| 24 | ●● | 26 Nathan Road |
| 25 | ●● | Millennium City Phases 1, 2, 5 & 6 / APM |
| 26 | ●● | IFC / IFC Mall |
| 27 | ●● | Sun Hung Kai Centre |
| 28 | ●● | World Trade Centre / WTC More |
| 29 | ●●● | Citygate / Novotel Citygate Hong Kong Hotel |
| 30 | ● | Central Plaza |
| 31 | ●● | ICC / The Ritz-Carlton, Hong Kong /
W Hong Kong / The HarbourView Place /
Sky100 Hong Kong Observation Deck |
| 32 | ● | Sun Hung Kai Logistics Centre |
| 33 | ● | Advanced Technology Centre |
| 34 | ● | Peninsula Tower |
| 35 | ● | Kerry Hung Kai Godown |
| 36 | ● | New Tech Plaza |
| 37 | ● | Hing Wah Centre |
| 38 | ● | Infotech Centre |
| 39 | ● | APEC Plaza |
| 40 | ● | Four Seasons Hotel Hong Kong /
Four Seasons Place |
| 41 | ● | The Royal Garden |
| 42 | ● | Royal Plaza Hotel |
| 43 | ● | Royal View Hotel |
| 44 | ● | Royal Park Hotel |
| 45 | ● | Crowne Plaza Hong Kong Kowloon East /
Holiday Inn Express Hong Kong Kowloon East /
Vega Suites |

- ⋯⋯⋯ MTR (under construction) ⋯⋯⋯ MTR⁽¹⁾ (future projects) — MTR
- ⋯⋯⋯ Major roads (under construction) — Cross-Harbour Tunnel



⁽¹⁾ Information up to 10 September 2015



New Territories

Kowloon

Hong Kong Island

Mainland Property Business

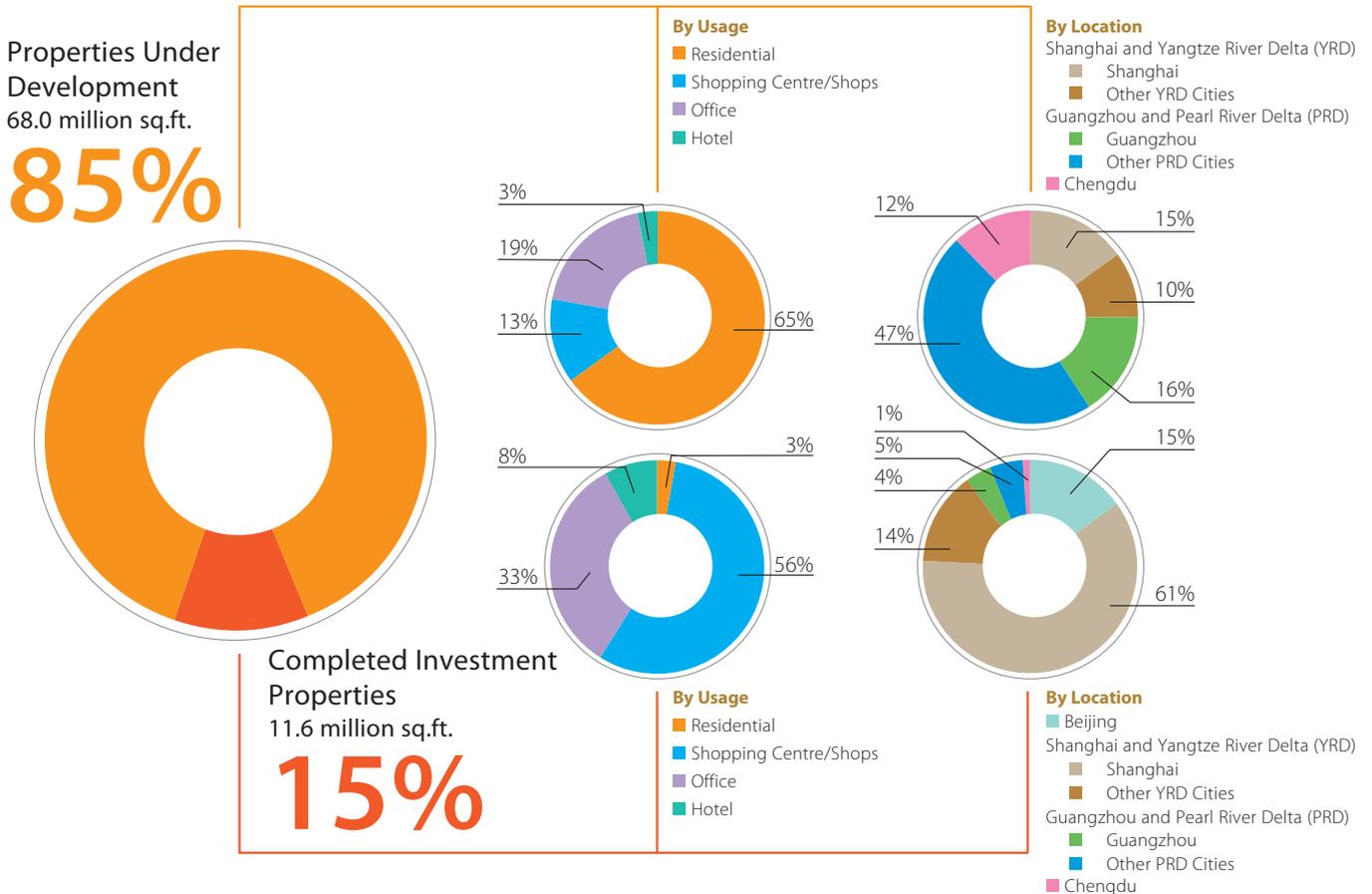
Highlights

- As at 30 June 2015, 68 million square feet of properties were under development in terms of attributable gross floor area
- An attributable 6.9 million square feet of residential and commercial properties were completed during the year
- Contracted sales of over HK\$5,800 million were achieved
- A notable growth of 10% in net rental income was obtained from an expanding rental portfolio of 11.6 million square feet
- A selective investment strategy, focusing on first-tier cities, continued to be adopted

Land Bank

Mainland Land Bank Composition

(79.6 million square feet of attributable gross floor area as at 30 June 2015)



As at the end of June 2015, the Group's total land bank on the mainland stood at 79.6 million square feet in terms of attributable gross floor area, consisting of 68 million square feet of properties under development and 11.6 million square feet of completed investment properties.

High-end residences for sale accounted for 65% of the properties under development, while 89% of the completed investment properties were quality offices and premium shopping centres in prime locations.

The Group's mainland land bank as at 30 June 2015 was as follows:

	Attributable Gross Floor Area (million square feet)		
	Under Development	Completed Investment Properties	Total
By Usage			
Residential ⁽¹⁾	44.1	0.3	44.4
Shopping Centre/Shops	9.1	6.5	15.6
Office	12.8	3.9	16.7
Hotel	2.0	0.9	2.9
Total	68.0	11.6	79.6
By Location			
Beijing	–	1.7	1.7
Shanghai and Yangtze River Delta (YRD)	17.2	8.7	25.9
<i>Shanghai</i>	10.2	7.1	17.3
<i>Other YRD cities</i>	7.0	1.6	8.6
Guangzhou and Pearl River Delta (PRD)	42.7	1.1	43.8
<i>Guangzhou</i>	10.9	0.5	11.4
<i>Other PRD cities</i>	31.8	0.6	32.4
Chengdu	8.1	0.1	8.2
Total	68.0	11.6	79.6

⁽¹⁾ Including serviced apartments

In July of this year, the Group reduced its stake from 80% to 50% in Oriental Bund, a large-scale integrated project in Foshan, Guangdong, aiming at reallocating resources, in particular human resources, to first-tier cities. Following this strategic decision, the Group held a total land bank of 71 million

square feet on the mainland. The Group will continue to seek business opportunities in first-tier cities.



Mainland Property Business Property Development



2

3

1. Forest Hills, Guangzhou
2. Shanghai Arch
3. Shanghai Cullinan

Property Development

The residential market was active in first-tier cities on the mainland with prices firming up during the past few months. The revival of buyer confidence has been underpinned by lower down payment requirements and other policy support from the central bank that continued to unfold, including interest rate cuts and liquidity injections. Meanwhile, the land market started on a positive note in 2015, rendering further support to home prices. In most lower-tier cities, however, destocking remained the main theme.

The Group remains confident about the medium- to long-term outlook of the mainland's property sector. Adhering to its selective approach to property development on the mainland, the Group has dedicated its capital and resources mainly to projects at strategic locations in key cities. The Group will further enhance its mainland investment portfolio, particularly in Shanghai and Guangzhou, while keeping adequate saleable resources in the pipeline. By the end of August 2015, the gross floor area of properties under development on the mainland amounted to 59.4 million square feet, and units of several projects in such cities as Shanghai, Guangzhou, Foshan and Zhongshan are scheduled to be put onto the market in the coming months.



- The Xujiahui Centre project, made up of four land lots with a total gross floor area of about 7.6 million square feet, will become a key landmark in Shanghai

Major Projects under Development

Shanghai & Yangtze River Delta

Xujiahui Centre Project

Xuhui, Shanghai

(100% owned)

Ideally located in the Xujiahui commercial core in Puxi, the Xujiahui Centre project is a mega integrated development adjacent to Xujiahui metro station, which is an interchange for three metro lines with heavy traffic flow.

The project, composed of four land lots totalling 7.6 million square feet of gross floor area, will be developed in phases to offer four million square feet of prime offices, shopping space of over three million square feet and a hotel.

Construction work of the project is progressing well. The basement work of about 180,000 square feet of offices and 329,000 square feet of retail space at Lot 1 on Huashan Road has already been completed. Superstructure is expected to be topped out by the end of 2015. Construction at Lot 2 on Gongcheng Road, with about 319,000 square feet of offices and about 45,000 square feet of retail space, has commenced and is scheduled for completion in 2018. Development plans for Lot 3 and Lot 4 are expected to be finalized soon. For further information on Xujiahui Centre project, please refer to page 71.

Shanghai Arch
Pu Ming Road, Lujiazui, Shanghai

(100% owned)

Located on the bank of the Huangpu River, Shanghai Arch enjoys a magnificent view of the Bund with the advantage of having convenient transport and being in close proximity to the Lujiazui business zone. With a total gross floor area of 1.7 million square feet, the meticulously designed project is made up of luxury residential units and serviced apartments.

With over 500,000 square feet of gross floor area and about 200 units, Phase 1 of the development has received favourable sales response since it was launched. Completed at the end of 2014, its building quality has been highly acclaimed by buyers.

Phase 2A of Shanghai Arch consists of luxury serviced apartments of over 200,000 square feet. Its superstructure work commenced in the first half of 2015. Phase 2B of the project, comprising four residential towers with a gross floor area of over 400,000 square feet, will provide more than 170 units. The construction work of Phase 2B will commence in late 2015.



- Shanghai Arch is highly praised by buyers for sweeping views of the Bund and high quality

TODTOWN
Minhang, Shanghai

(35% owned)

TODTOWN is a large core integrated development in Minhang District in Shanghai rising above Xinzhuang metro station which is an interchange of several existing and planned metro lines. With a total gross floor area of more than four million square feet, the project is being developed in phases, offering almost 1.9 million square feet of premium residential units and serviced apartments, a 1.4-million-square-foot-plus shopping mall, about 500,000 square feet of office space and a hotel.

Construction work of the basement in the first phase of the project has been completed, and its superstructure work is progressing smoothly. The first phase is expected to provide some 360 residential units of about 600,000 square feet.



- The Suzhou Lake Genève clubhouse features various facilities including an indoor swimming pool

Suzhou Project
Yuanqu, Suzhou

(90% owned)

With about 3.5 million square feet of gross floor area, the Suzhou project is a large-scale development slated for completion in phases beginning in the second half of 2013.

Resting on the enclave on the south bank of Jinji Lake, Lake Genève is the residential portion of the development with over 900,000 square feet of gross floor area making up more than 240 houses. To be developed in two phases, some 130 houses in the first phase were completed in 2013 and virtually sold out. Construction of the second phase is expected to begin soon.

The Suzhou project will also include the first Four Seasons Hotel in the city and the Suzhou ICC integrated complex. Construction work of the hotel is under way. The two-million-square-foot Suzhou ICC integrated complex, comprising a luxury shopping mall and premium offices, is linked to a metro station and a station on the Shanghai-Suzhou express rail and boasts convenient transportation to Shanghai and other cities.



- TODTOWN will be a large integrated development above the Xinzhuang metro station with 600,000 square feet of residential space in the first phase

Property Development

Nanjing IFC Hexi CBD, Nanjing

(100% owned)

Situated in Hexi CBD and opposite to Hexi Central Park, Nanjing IFC, formerly known as Nanjing ICC, is a large-scale integrated development sitting on top of an interchange station of two metro lines.

The project, spanning a total gross floor area of about 3.4 million square feet, will consist of two premium office buildings totalling two million square feet, a one-million-square-foot shopping mall and a hotel. Basement work has been completed with superstructure work progressing smoothly. For further information on Nanjing IFC mall, please refer to page 71.



- Nanjing IFC will contain quality offices, a premium shopping mall and a luxury hotel, spanning about 3.4 million square feet of gross floor area



- Over 90% of the premium Top Plaza office space in Tianhui Plaza is sold

Guangzhou & Pearl River Delta

Tianhui Plaza Zhujiang New Town, Guangzhou

(33.3% owned)

Tianhui Plaza is a large-scale integrated project in the central business district of Zhujiang New Town in Guangzhou, adjacent to Liede metro station. With a total gross floor area of approximately five million square feet, the project comprises The Riviera luxury serviced apartments, two office buildings, a mega shopping mall and a five-star hotel.

The Riviera offers over 500 serviced apartments with a total gross floor area of about 1.5 million square feet. These units have virtually been sold out and handed over to buyers by the end of 2013. Two quality office buildings span a total gross floor area of some two million square feet. One of the two towers, Top Plaza, of around 660,000 square feet of gross floor area, has been over 90% sold and its construction was completed in mid 2015. Another office tower of over 1.3 million square feet of gross floor area is slated for completion in financial year 2015/16 and its external facade is currently under construction. As scheduled, the approximately one-million-square-foot shopping mall to be held for leasing purpose has been named IGC (International Grand City) and will be opened in 2016. For further information on IGC mall, please refer to page 71.

Forest Hills
Tianhe, Guangzhou

(70% owned)

Forest Hills is situated in the high-end residential area of the business hub of north Tianhe District in Guangzhou. The project is next to Guangzhou East rail station, which serves as an interchange for two metro lines and terminus for the through-train service to Hong Kong. Forest Hills is comprised of about 1.6 million square feet of high-end residential units. The office portion, namely GCC (Guangzhou Commerce Centre), provides over 360,000 square feet of premium office space.

A total of 250 premium units from Phase 1A of the project, spanning about 430,000 square feet of gross floor area, were completed in 2014 and have been virtually sold out, with favourable comments on the quality. More than 260 units from Phase 1B, with about 460,000 square feet of gross floor area, were almost sold out and completed in the first half of 2015.

GCC in Phase 2A of the project has already been topped out. With the smooth progression of its construction work, completion of the office tower is expected in 2016. Phase 2B will offer about 670,000 square feet of gross floor area, or 230 residential units, for which the foundation work has already been completed.



- Forest Hills in Guangzhou features a premium clubhouse and facilities, and buyers have taken possession of Phases 1A and 1B

Park Royale
Huadu, Guangzhou

(100% owned)

Park Royale is a large-scale premium residential project on Shiling Road East in Huadu, Guangzhou, enjoying the scenic beauty of Hongxiuquan reservoir. The project will offer over eight million square feet of gross floor area and is being developed in phases.

The first phase comprises some 1,600 units, spanning an approximate total gross floor area of two million square feet. The first phase has virtually been sold out and handed over to buyers in 2013 and 2014. The second phase will deliver around 1,900 units with more than 2.2 million square feet of gross floor area. Construction of over 800 units in Phase 2A with a gross floor area of about one million square feet is progressing on schedule. The Group plans to launch a portion of the units for sale in the first half of 2016.



- Park Royale in Huadu has a tranquil living environment

Property Development



- The large Oriental Bund project in Foshan will have quality residential units with river views and full amenities

Oriental Bund Chancheng, Foshan

(50% owned)

Boasting convenient travel between downtown Foshan and Guangzhou, Oriental Bund is a large-scale project in southern Foshan with close proximity to a metro station. With about 30 million square feet of gross floor area, the project features quality residential units with river views and abundant amenities such as a central park and a more than 1.5-km long promenade in addition to quality retail, office and hotel space.

Consisting of about 1.4 million square feet of residential units and a 170,000-square-foot commercial street, Phases 1A and 1B of Oriental Bund are slated to be completed by the end of 2015. These units have received satisfactory sales response since they were put up for sale in batches beginning in 2014. Phases 1C and 1D are expected to be completed beginning 2016, providing residential units of about two million square feet of gross floor area.

The Group reduced its stake from 80% to 50% in Oriental Bund in July 2015, with the aim of reallocating resources, in particular human resources, to other projects in first-tier cities.

The Woodland Zhongshan 5 Road, Zhongshan

(Joint venture)

The Woodland, a renowned high-end residential development in Zhongshan with over five million square feet of gross floor area, is being developed in phases. More than 1,600 units comprising about three million square feet of gross floor area have been completed.

Construction of Phase 4D, containing about 800 units and totalling one million square feet of gross floor area, is progressing well with superstructure already topped out. This phase is expected to be completed in financial year 2016/17. The first batch of over 400 units received a positive response after being put up for sale in the first quarter of 2015. The remaining phases of the project are in planning stage.

Grand Waterfront Shilong, Dongguan

(100% owned)

The Group's Dongguan project is officially named Grand Waterfront. The development is in close proximity to Dongguan Station, which offers convenient transportation to Guangzhou, Shenzhen and Hong Kong. To be developed in phases, the project will provide a total gross floor area of 4.5 million square feet of premium residential units, most of which will enjoy wide river views of Dongjiang.

Phase 1 of the project is made up of six residential blocks totalling some 750 units over around one million square feet of gross floor area, which have been offered for sale in batches since July 2015. With superstructure work coming to an end and internal decoration under way, these units are expected to be completed beginning the second half of 2016.



- Grand Waterfront in Dongguan is being developed in phases and most units will enjoy sweeping river views



- Jovo Town in Chengdu is a high-quality development built with extensive greenery for a comfortable living environment

Other Cities

Jovo Town Shuangliu County, Chengdu

(91% owned)

Jovo Town is located in Chengdu's famous new national development zone Tianfu New Area and is close to an exhibition and convention centre as well as the ocean park in the city. The residential development enjoys convenient transportation, with a planned station on Metro Line 1 within walking distance. More than 4,000 high-end units will be provided in the six-million-square-foot project.

Residential units in Phase 1, which has a total gross floor area of about two million square feet, were completed in 2012 and almost sold out. Phase 2 is to be developed in three batches, and will provide over 1,500 units with a total gross floor area of around 2.5 million square feet. More than 800 premium units in Phases 2A and 2B totalling over 1.4 million square feet of gross floor area were completed by mid 2015. Phase 2C, comprising a total gross floor area of more than one million square feet housing over 700 units, has been put onto the market in batches and will be completed in the second half of 2016.

Chengdu ICC Jinjiang, Chengdu

(40% owned)

Chengdu ICC is situated in Dongda Avenue, a planned commercial and financial centre in the city adjacent to the Second Ring and Shahe River, affording a magnificent view of Tazishan Park. The project is a high-end integrated development rising above a metro station that connects an existing line and a proposed line, with easy access to the Chengdu East rail station.

The development will offer a total gross floor area of around 14 million square feet, including seven million square feet of high-end residences, four million square feet of prime offices, 1.8 million square feet of shopping space and a five-star hotel.

The first phase of Chengdu ICC, named Sirius, offers more than 900 quality residential units in six residential towers, totalling about 1.6 million square feet of gross floor area. This phase was completed and handed over to buyers in batches by mid 2015, winning customers' praise for the building quality. Construction of the second phase is progressing smoothly. The first batch of residences in this phase will provide over 500 riverside units totalling some 700,000 square feet of gross floor area.



- Sirius in Chengdu ICC boasts prime residential units and a thoughtfully designed clubhouse

Property Development

Major Projects Under Development on the Mainland by Year of Completion

Project	Project Name	City	Group's Interest (%)
Scheduled Completion in Financial Year 2015/16			
Qianjiang New City Project Phase 2C	Hangzhou MIXC	Hangzhou	40
Liede Project Phases 2B & C	Tianhui Plaza	Guangzhou	33.3
Dragon Lake Project Phase 3A	Lake Dragon	Guangzhou	60
Chancheng Project Phases 1A & B	Oriental Bund	Foshan	50
Dongda Avenue Project Phase 1D	Sirius ⁽²⁾	Chengdu	40
Year Total:			
Scheduled Completion in Financial Year 2016/17			
Xujiahui Centre Project Phase 1		Shanghai	100
Dragon Lake Project Phases 3B & 4A	Lake Dragon	Guangzhou	60
Linhe Project Phase 2A	Forest Hills	Guangzhou	70
Liede Project Phase 3	Tianhui Plaza	Guangzhou	33.3
Chancheng Project Phase 1C	Oriental Bund	Foshan	50
Zhongshan 5 Road Project Phase 4D	The Woodland	Zhongshan	JV
Shilong Project Phase 1A	Grand Waterfront	Dongguan	100
Shuangliu County Project Phase 2C	Jovo Town	Chengdu	91
Year Total:			
Scheduled Completion in Financial Year 2017/18			
Pu Ming Road Project Phases 2A & B	Shanghai Arch	Shanghai	100
Xujiahui Centre Project Phase 2		Shanghai	100
Suzhou Project Phases 2 & 3		Suzhou	90
Hexi CBD Project Phase 1	Nanjing IFC	Nanjing	100
Linhe Project Phase 2B	Forest Hills	Guangzhou	70
Shiling Project Phase 2A	Park Royale	Guangzhou	100
Chancheng Project Phase 1D	Oriental Bund	Foshan	50
Shilong Project Phase 1B	Grand Waterfront	Dongguan	100
Dongda Avenue Project Phase 2A	Chengdu ICC	Chengdu	40
Year Total:			
Major Projects Scheduled for Completion in Financial Year 2018/19 or Beyond			
Pu Ming Road Project remaining phases	Shanghai Arch	Shanghai	100
Minhang Project	TODTOWN	Shanghai	35
Xujiahui Centre Project remaining phases		Shanghai	100
Qianjiang New City Project Phase 2D	Hangzhou MIXC	Hangzhou	40
Taihu New City Project remaining phases	Taihu International Community	Wuxi	40
Suzhou Project remaining phases		Suzhou	90
Hexi CBD Project remaining phases	Nanjing IFC	Nanjing	100
Shiling Project remaining phases	Park Royale	Guangzhou	100
Dragon Lake Project remaining phases	Lake Dragon	Guangzhou	60
Chancheng Project remaining phases	Oriental Bund	Foshan	50
Zhongshan 5 Road Project remaining phases	The Woodland	Zhongshan	JV
Shilong Project remaining phases	Grand Waterfront	Dongguan	100
Shuangliu County Project remaining phases	Jovo Town	Chengdu	91
Dongda Avenue Project remaining phases	Chengdu ICC	Chengdu	40
Total for Major Projects to be Completed in Financial Year 2018/19 or Beyond:			

⁽¹⁾ Gross floor area including basement retail area; residential area including serviced apartments

⁽²⁾ Sirius (residential) is part of Chengdu ICC integrated development

Attributable Gross Floor Area (square feet)⁽¹⁾

Residential	Shopping Centre/Shops	Office	Hotel	Total
426,000	-	-	-	426,000
-	332,000	450,000	-	782,000
70,000	-	-	-	70,000
699,000	90,000	-	-	789,000
4,000	-	-	-	4,000
1,199,000	422,000	450,000	-	2,071,000

-	329,000	180,000	-	509,000
213,000	-	-	-	213,000
-	-	254,000	-	254,000
-	-	-	149,000	149,000
608,000	-	-	-	608,000
1,055,000	-	-	-	1,055,000
526,000	-	-	-	526,000
990,000	-	-	-	990,000
3,392,000	329,000	434,000	149,000	4,304,000

647,000	-	-	-	647,000
-	45,000	319,000	-	364,000
391,000	-	-	291,000	682,000
-	1,068,000	497,000	-	1,565,000
467,000	-	-	-	467,000
985,000	-	-	-	985,000
429,000	22,000	-	-	451,000
485,000	-	-	-	485,000
-	76,000	-	-	76,000
3,404,000	1,211,000	816,000	291,000	5,722,000

494,000	18,000	-	-	512,000
659,000	502,000	189,000	75,000	1,425,000
-	2,761,000	3,676,000	269,000	6,706,000
-	-	-	158,000	158,000
-	-	162,000	143,000	305,000
527,000	412,000	861,000	200,000	2,000,000
-	-	1,499,000	362,000	1,861,000
5,641,000	74,000	-	-	5,715,000
2,287,000	-	-	-	2,287,000
10,064,000	1,474,000	1,454,000	109,000	13,101,000
1,448,000	151,000	-	-	1,599,000
3,485,000	88,000	-	-	3,573,000
2,086,000	80,000	-	-	2,166,000
2,364,000	642,000	1,652,000	165,000	4,823,000
29,055,000	6,202,000	9,493,000	1,481,000	46,231,000



- The Woodland is a low-density development in Zhongshan with carefully crafted landscaping for a comfortable green environment



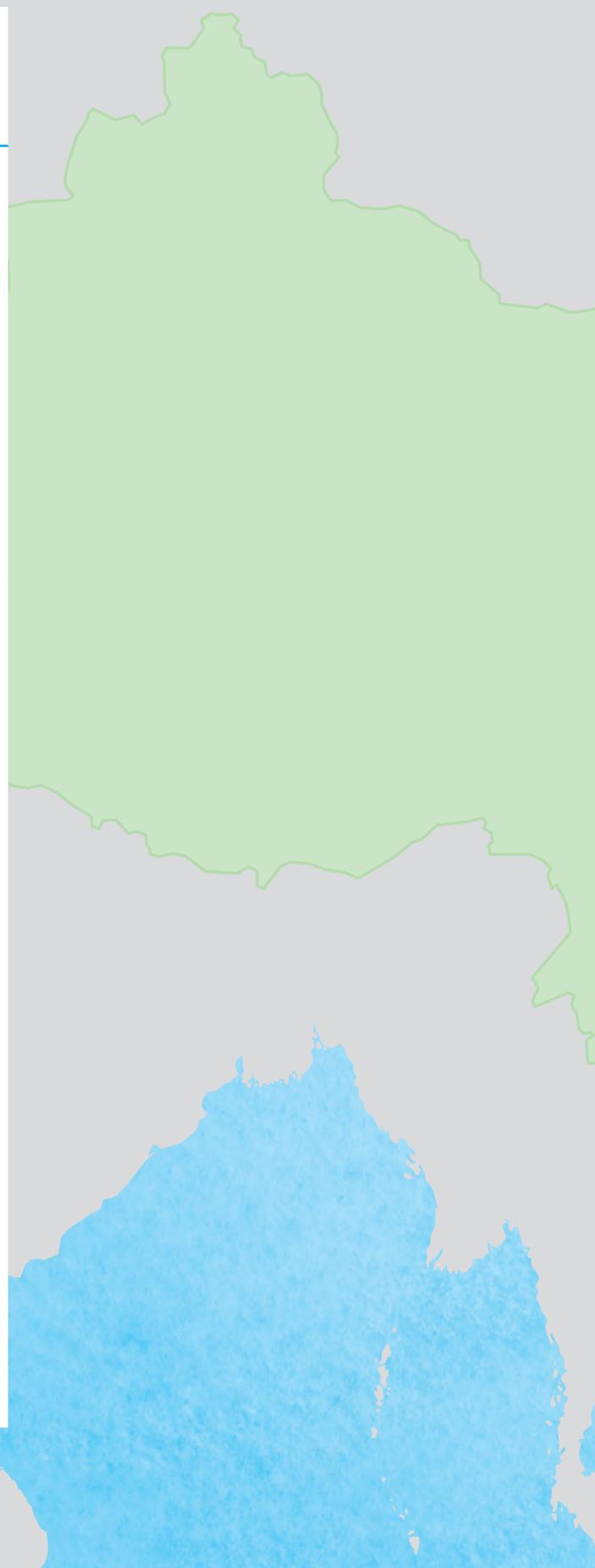
- IGC, a high-end mall in Guangzhou integrated project Tianhui Plaza, will house top-tier brands and an array of popular restaurants

Property Development

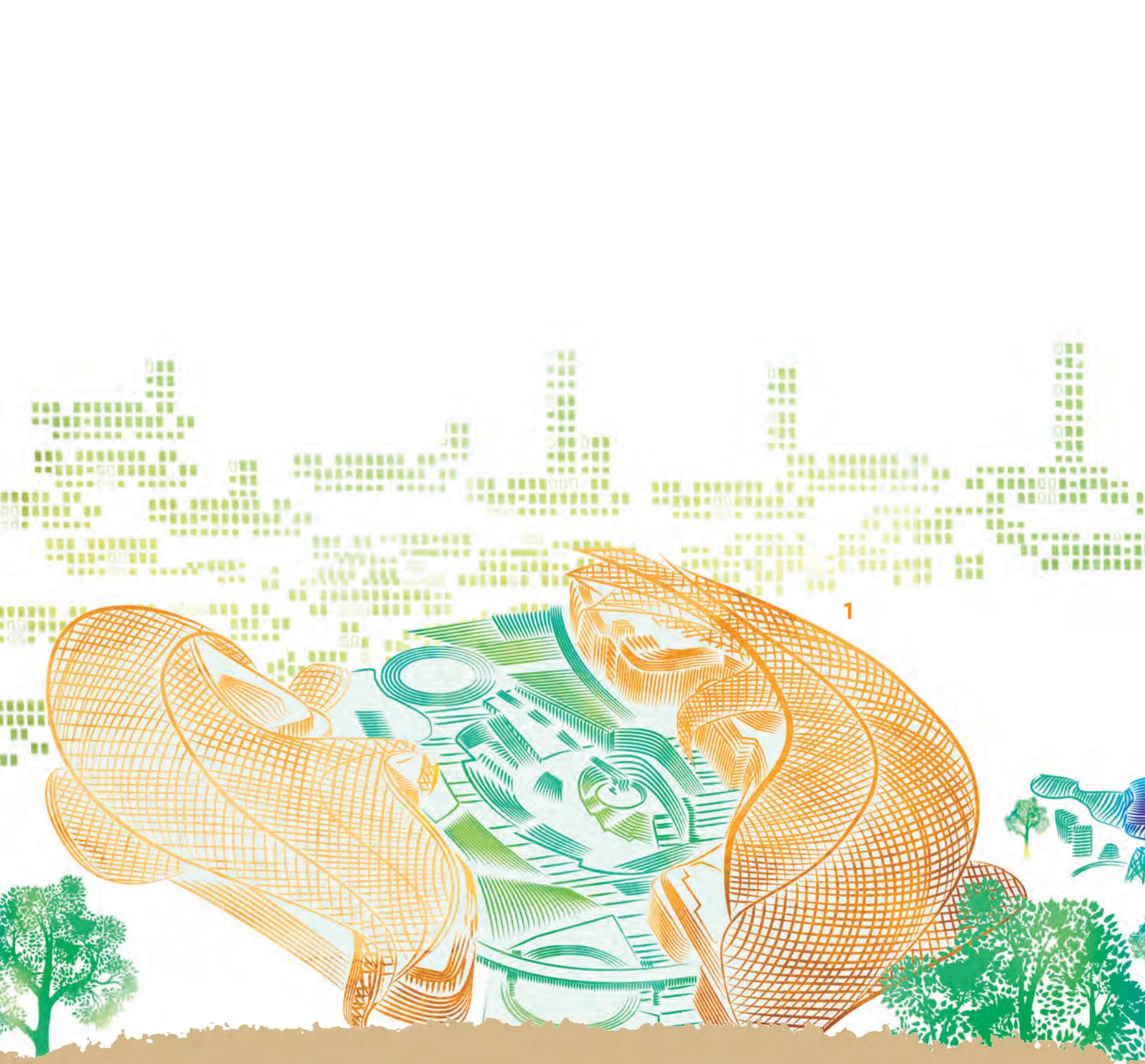
Major Mainland Projects

- Residential
- Shopping Centre/Shops
- Office
- Hotel

City	Project Name	Usage
Major Completed Properties		
Beijing	1 Beijing APM / Sun Dong An Office Tower	● ●
SHANGHAI & YANGTZE RIVER DELTA		
Shanghai	2 Arcadia	● ●
	3 Shanghai IFC / Shanghai IFC Mall / The Ritz-Carlton Shanghai, Pudong / IFC Residence	● ● ●
	4 Shanghai ICC / IAPM	● ●
	5 Shanghai Central Plaza	● ●
Hangzhou	6 Hangzhou MIXC	● ●
Wuxi	7 Wuxi MIXC	●
GUANGZHOU & PEARL RIVER DELTA		
Guangzhou	8 Parc Central	●
Foshan	9 Nanhai Plaza	●
Major Properties Under Development		
SHANGHAI & YANGTZE RIVER DELTA		
Shanghai	10 Shanghai Arch	● ●
	11 TODTOWN	● ● ● ●
	12 Xujiahui Centre Project	● ● ●
Hangzhou	13 Hangzhou MIXC	● ●
Suzhou	14 Suzhou Project	● ● ● ●
Wuxi	15 Taihu International Community	● ●
Nanjing	16 Nanjing IFC	● ● ●
GUANGZHOU & PEARL RIVER DELTA		
Guangzhou	17 Park Royale	● ●
	18 Lake Dragon	●
	19 Forest Hills	● ●
	20 Tianhui Plaza	● ● ●
Foshan	21 Oriental Bund	● ● ● ●
Dongguan	22 Grand Waterfront	● ●
Zhongshan	23 The Woodland	● ●
OTHER CITIES		
Chengdu	24 Jovo Town	● ●
	25 Chengdu ICC	● ● ● ●

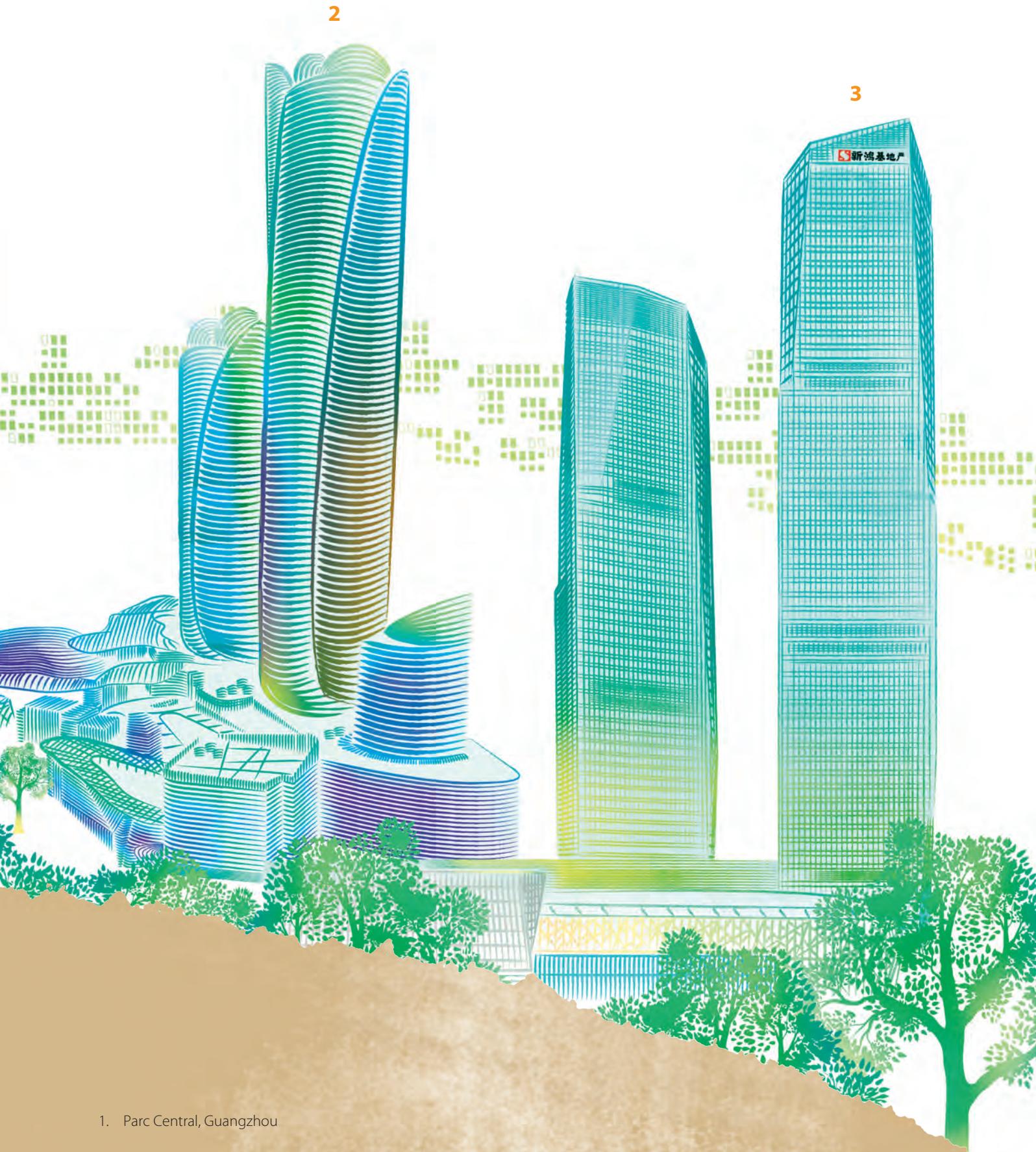






Mainland Property Business

Property Investment



2

3

1. Parc Central, Guangzhou
2. Xujiahui Centre Project, Shanghai
3. Shanghai IFC

Property Investment



- Shanghai IAPM is a shopping magnet in Puxi with chic international retailers and pleasurable shopping vibe

The Group's completed investment property portfolio on the mainland amounts to an attributable 11.6 million square feet, primarily located in prime cities such as Shanghai and Beijing. Rental income grew healthily during the year with gross rental income rising 7% to HK\$3,319 million and net rental income up 10% to HK\$2,520 million, including contributions from joint-venture developments. The growth was mainly driven by positive rental reversions.



- Latest tenant refinements at Beijing APM introduce new outlets to keep the shopping experience fresh

Completed Investment Properties Shopping Centres

The Group leverages its extensive experience in developing a large retail portfolio in Hong Kong to extend its success to the mainland.

The Group has established a strategic foothold in Shanghai, and its strong presence in this first-tier city has been further strengthened with the full completion of Shanghai ICC. As part of the Group's renowned Shanghai ICC complex that also houses two premium office towers and luxurious residences, IAPM was fully leased during the year with over 230 international trendy luxury brands. Over 50 specialty restaurants, more than half of which were newcomers to Shanghai, offer a diverse choice of cuisine to diners. The eight-level mall also boasts a 220-metre-plus Middle Huaihai Road frontage featuring duplex flagship stores of top international brands. Tenant sales growth has been encouraging since its opening. The mall continues to enhance its tenant mix by bringing in more fashionable brands, complemented by an introduction of the newest digital facilities and services to enhance its interaction with customers. With the tenants of Two ICC office tower gradually moving in, the footfall and tenant sales within the mall are expected to be further boosted.



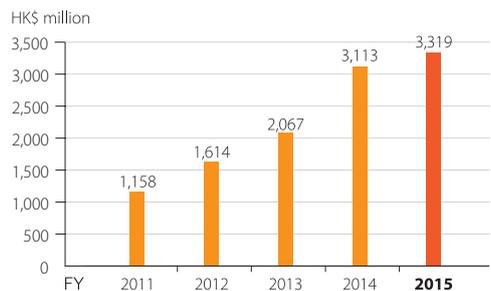
- Shanghai IFC Mall is a top-tier shopping spot remaining popular with a wide range of attractive flagship stores

Shanghai IFC Mall, a top-tier luxury shopping destination within the Group's Shanghai IFC complex at the core of the city's Lujiazui Finance and Trade Zone, fills up 1.2 million square feet of retail space with over 240 flagship stores and renowned retailers of luxury fashion, jewellery and international cuisine. Healthy retail sales growth and strong rental reversions were recorded during the year. Supported by two grade-A office towers, the IFC Residence serviced suites and The Ritz-Carlton Shanghai, Pudong, the virtually fully let mall offers a comprehensive and unique brand mix within different theme zones. In addition to the mall's direct connection to Lujiazui metro station which helps attract heavy traffic, new tunnels under construction will link it to the neighbouring buildings and provide even more convenient access for customers. Renovation projects which are slated for completion next year, including the refurbishment of the mall's facade and the outdoor area, will offer an even better shopping experience to customers. Shanghai IFC Mall will continue to optimize its brand mix and bring in new brands and restaurants to reinforce its one-stop shopping concept.

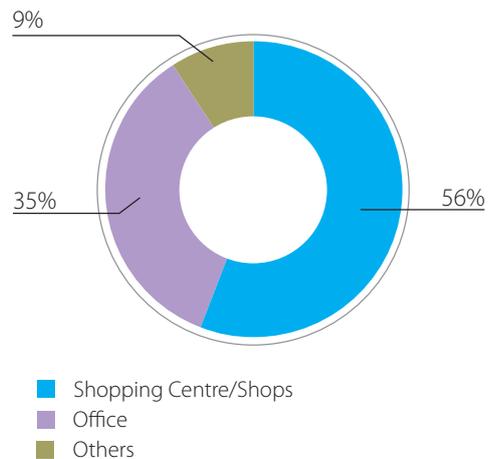
Shanghai Central Plaza, in which the Group has an 80% stake, is another premium development on Middle Huaihai Road with a shopping mall of over 130,000 square feet. A major renovation is under way to enhance the competitiveness of the mall in the busy Puxi commercial district.

Located in the prime Wangfujing shopping area and focusing on serving young local shoppers, Beijing APM mall registered healthy retail sales growth and strong rental reversions during the year. New cosmetic brands and affordable luxury retailers, along with lifestyle restaurants and eateries serving western cuisine, were introduced to further upgrade the mall's brand variety. The tenant mix has been refined to enhance shoppers' experience, while additional express escalators have been installed to facilitate traffic flow.

Gross Rental Income on the Mainland⁽¹⁾



Gross Rental Income on the Mainland by Sector⁽¹⁾



(1) Including contributions from associates and joint ventures

Review of Operations – Mainland Property Business

Property Investment

Offices

During the year under review, the grade-A office market in prime districts of Beijing and Shanghai remained stable amid slower economic growth on the mainland. The Group's office premises continued to be the preferred choice for renowned multinationals, financial institutions, professional firms and mainland companies, which were drawn in by its premium quality, outstanding service and easy access.

The integrated Shanghai ICC development in the traditional Puxi commercial district enjoys convenient access to two metro lines, with another under construction. One ICC, with 666,000 square feet of office space, houses many



- Shanghai ICC office towers are the preferred choice for leading local and overseas firms

leading multinationals, law firms and retailers of fast-moving consumer goods and registered high occupancy during the year. Leasing of the 600,000-square-foot Two ICC has been progressing satisfactorily, with the first batch of tenants moving in during the past few months.

During the year under review, the premium twin office towers of the Shanghai IFC integrated project were fully occupied and recorded high rental reversions, with rising demand following the expansion of the free trade zone. The exceptional quality of the complex attracted a number of prestigious tenants, including reputable financial institutions, banks and global consultants. Potential tenants, local financial institutions in particular, continued to show a keen interest in the premises.

Shanghai Central Plaza, covering over 450,000 square feet of office space, recorded high occupancy during the year and a phased renovation to refurbish the office lobby and public area is being planned. Occupancy of Sun Dong An Office Tower in Beijing's prime commercial district remained healthy with sustained positive rental revisions during the year.

Major Completed Investment Properties on the Mainland

Project	Location	Lease Expiry	Group's Interest (%)	Attributable Gross Floor Area (square feet)				
				Residential/ Serviced Apartments	Shopping Centre*/ Shops	Office	Hotel	Total
Beijing								
Beijing APM / Sun Dong An Office Tower	138 Wangfujing Dajie	2043	Joint Venture	–	1,036,000	458,000	–	1,494,000
Shanghai & Yangtze River Delta								
Shanghai IFC / Shanghai IFC Mall / The Ritz-Carlton Shanghai, Pudong / IFC Residence	8 Century Avenue, Lujiazui, Shanghai	2054	100	–	1,220,000	1,572,000	940,000	3,732,000
Shanghai ICC / IAPM	999 Middle Huai Hai Road, Shanghai	2056	100	–	1,307,000	1,296,000	–	2,603,000
Shanghai Central Plaza	381 Middle Huai Hai Road, Shanghai	2044	80	–	106,000	366,000	–	472,000
Arcadia	88 Guang Yuan Xi Road, Shanghai	2064	100	304,000	27,000	–	–	331,000
Hangzhou MIXC	Qianjiang New City, Hangzhou	2046	40	–	744,000	205,000	–	949,000
Wuxi MIXC	Taihu New City, Wuxi	2045	40	–	631,000	–	–	631,000
Guangzhou & Pearl River Delta								
Parc Central	218 Tianhe Road, Guangzhou	2050	50	–	431,000	–	–	431,000
Nanhai Plaza	Nanhai Avenue, Foshan	2045	100	–	640,000	–	–	640,000

* Including basement retail area



- Parc Central in Guangzhou will feature high-end retailers and speciality restaurants

Investment Properties under Development

With a number of integrated projects located in prime areas of major cities in the pipeline, the Group's property investment portfolio on the mainland will continue to grow. Certain premium properties at strategic locations that have great potential for development will be retained by the Group as long-term investments.

In Guangzhou, the 50%-owned Parc Central at the heart of Tianhe commercial business district with nearly 900,000 square feet of gross floor area features extraordinary architecture. Located close to a metro station linking two existing lines and a planned line, the four-level mall houses an assemblage of high-end shops offering international luxury brands, along with trendy fashion retailers and specialty restaurants. The mall is scheduled to open in the first half of 2016 and pre-leasing has been encouraging.

The 33.3%-owned Tianhui Plaza is an integrated project in Zhujiang New Town, the latest central business district in Guangzhou. Directly connected to Liede metro station, the project comprises an upscale one-million-square-foot shopping mall, a five-star hotel, deluxe residences and grade-A offices. Scheduled to open in 2016, pre-leasing of the mall, namely IGC, has been progressing well. Anchor tenants and other prestigious retailers of top-tier brands as well as a variety of popular restaurants, some of which are newcomers to Guangzhou, have been secured. An array of luxury goods and entertainment facilities will be offered to executives, business travellers and local residents, all under one roof.

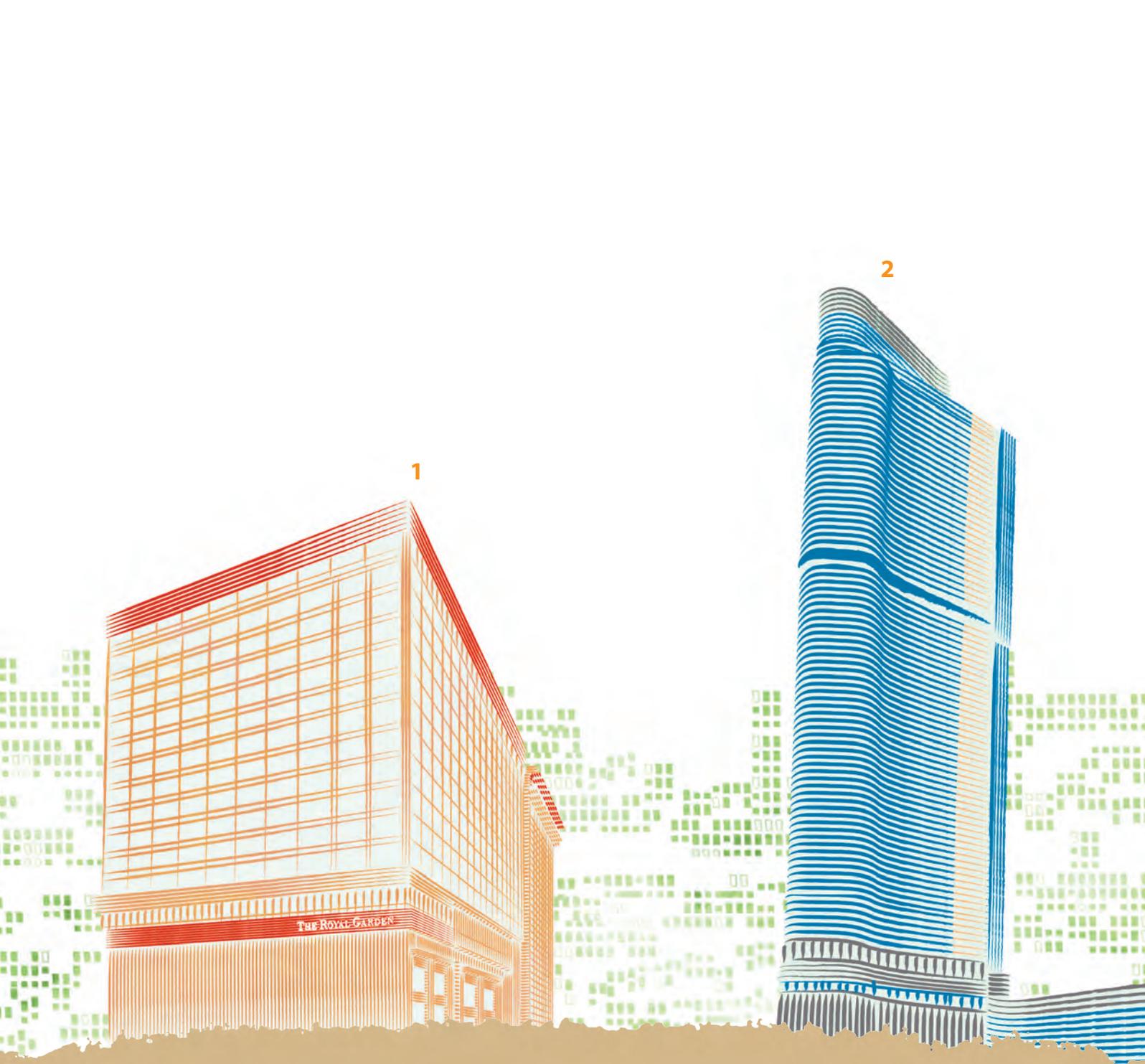
With the success of Shanghai IFC and Shanghai ICC, the Group's premium brand is becoming increasingly established in the city. Building on this strength, the Group has further expanded its Shanghai portfolio with more integrated projects in the pipeline. Located in the Xujiahui commercial core, the most prosperous part of the Xuhui District, the wholly-owned Xujiahui Centre project will be connected to Xujiahui metro station, which will include

a transit lobby offering connections to three metro lines. In addition, footbridges linking different parts of the development as well as major properties nearby will be built to boost traffic. The project, made up of four land lots with a total gross floor area of about 7.6 million square feet, will be developed into an integrated complex containing premium offices, shopping spaces and a hotel. The whole development will be held for long-term investment and is expected to become the growth driver for the Group's future rental income from the mainland. Pre-leasing of the 180,000-square-foot office tower and 329,000-square-foot shopping mall at Lot 1 has started. Its superstructure is expected to be topped out by the end of 2015. Foundation work for Lot 2, which will incorporate 319,000 square feet of offices and 45,000 square feet of retail space, has commenced.

The Group has a 35% interest in TODTOWN, an integrated project in Minhang, Shanghai that sits atop Xinzhuang metro station with close proximity to the express rail. The 1.4-million-square-foot regional mall will offer a wide selection of upmarket international brands, unique dining experience and entertainment.

Nanjing IFC will be a new commercial icon in the Hexi business core area with its distinctive external facade. It will provide a total of about 3.4 million square feet of gross floor area with quality offices, a premium shopping mall and a high-class hotel. A spacious landscaped plaza connecting to two metro lines will also be included, providing unrivalled convenient transportation. Construction of Nanjing IFC is progressing well and its mall has attracted keen interest from a number of top international brands.

The Group will continue to extend its expertise and experience in developing large-scale integrated complexes to other major mainland cities, including Suzhou and Chengdu. Upon the completion of these investment properties, the Group's mainland rental portfolio is expected to be further strengthened.



Property Related Businesses



3

1. The Royal Garden
2. Crowne Plaza Hong Kong Kowloon East and Holiday Inn Express
Hong Kong Kowloon East
3. Four Seasons Hotel Hong Kong

Review of Operations

Property Related Businesses

Hotels

For the year under review, the Group's hotels in Hong Kong maintained a high average occupancy rate, despite impacts from a deteriorating operating environment in the first half of 2015 following a promising start to the reporting period. With a few exceptions, pressure on room rates led to flat or slight single-digit declines in revenue per available room for the Group's hotels. Nevertheless, each hotel's food and beverage business continued to perform well. In the face of the challenging environment, with a slowdown in visitor arrivals and shrinking price competitiveness amid a strong US dollar in recent months, measures to improve efficiency and cost structure were taken by the Group's hotels. A series of marketing initiatives were also implemented to increase their appeal and broaden the customer base.

Four Seasons Hotel Hong Kong continued to be a market leader and one of the world's most popular hotels during the year. The *Forbes Travel Guide* renewed its five-star ratings for the hotel and its spa. With its solid foundation, the hotel is well positioned to withstand headwinds in the operating environment. Both average occupancy and gross revenue were ahead of the previous year. Its restaurants continued to offer culinary excellence that their customers appreciate. For yet another year, its Chinese restaurant Lung King Heen scored three stars and French restaurant Caprice earned two stars in the *2015 MICHELIN Guide Hong Kong & Macau*.

Building on its strength of having a panoramic view of the city from its prestigious location at the ICC, The Ritz-Carlton, Hong Kong continued to focus on service quality and received notable accolades, including five-star ratings for the hotel and its spa by the *Forbes Travel Guide* during the year. Despite a slight drop in room revenue, the hotel recorded decent growth for its food and beverage business during the year. Its Chinese restaurant Tin Lung Heen was awarded two Michelin stars for the third consecutive year while Italian restaurant Tosca earned one star for another year.



● The Four Seasons Hotel Hong Kong stands out in the up-market segment for luxury room amenities



- The Ritz-Carlton, Hong Kong perched on the upper floors of ICC offers a stunning panorama of Victoria Harbour highly appreciated by business and leisure travellers

W Hong Kong maintained a largely stable average revenue per available room for the year under review. The hotel continued to build on its solid and loyal customer base with its distinctive positioning by passionately focusing on design, music and fashion-related activities, such as its partnerships with a local music and art festival as well as other prominent fashion and design events. Revenue and profit for its banquet business grew strongly during the year. In 2014, W Hong Kong was named Best Design Hotel by *Travel and Leisure China*.

The Royal Garden maintained a high occupancy during the year despite its rooftop extension works. Scheduled for completion in the first quarter of 2016, the extension will provide 28 additional guest rooms and expanded club facilities, which is expected to drive further business growth and increase attractiveness to customers. Revenue from its food and beverage outlets saw double-digit growth and continued to earn widespread recognition. The Chinese restaurant Dong Lai Shun and the Vietnamese restaurant Le Soleil were listed in the 2015 MICHELIN Guide Hong Kong & Macau.



- The Royal Garden is expanding its business capacity with additional guest rooms



- Artistic decor embellishes W Hong Kong's distinctive positioning

Review of Operations

Property Related Businesses



- Revamped executive rooms in the Royal Park Hotel offer better service to business customers

During the year under review, the Royal Plaza Hotel continued to enhance its attentive service for customers. While the extensive refurbishment completed in early 2014 has enhanced the overall attractiveness of the hotel, the availability of spacious and homey rooms made it a popular choice for families. The hotel was recognized as Best Hotel for Families in China by TripAdvisor.

The Royal Park Hotel showed resilience amid the prevailing challenging environment, partly supported by its solid corporate client base. During the year, the hotel further strengthened its competitive edge by making refreshing modifications to its Executive Rooms to better serve the needs of business customers. The hotel was recognized with a number of awards of excellence from various high-traffic online hotel-booking platforms, reflecting its high level of customer satisfaction with visitors around the world.



- An extensive refurbishment put a modern new look on the service and dining at the Royal Plaza Hotel



- A relaxing environment and modern amenities at the Royal View Hotel

The highly competitive environment in the neighbourhood of the Royal View Hotel has affected its overall business performance. On top of various cost-saving initiatives, the hotel broadened its customer base with targeted marketing campaigns. Packages combining options including room, dining, sight-seeing activities and cross-marketing offers were launched to attract new customers seeking a resort-holiday experience. The hotel also continued to promote its wedding-banquet services and saw a rising popularity among young couples. It garnered a 'Most Like' Wedding Banquet Venue designation from *Wedding Message*.

The two hotels atop MTR Tseung Kwan O Station received TripAdvisor's 2015 Certificate of Excellence, as testaments to their popularity among travellers. The room, dining and catering businesses of Crowne Plaza Hong Kong Kowloon East continued to pick up in its third year of operation. A notable jump in occupancy contributed to a rise in revenue per available room. In addition to housing one of Hong Kong's largest pillar-free ballrooms, the hotel also offers eight meeting rooms, making it a preferred venue for local and regional meetings and conferences. Holiday Inn Express Hong Kong Kowloon East achieved steady performance in room revenue. The hotel offers quality lodging at exceptional value in view of its premium service and amenities.



● The Crowne Plaza Hong Kong Kowloon East's pillar-free ballroom is one of the city's largest and boosts its banquet business



● The Holiday Inn Express Hong Kong Kowloon East features simple, relaxing accommodation and convenient access

On the mainland, The Ritz-Carlton Shanghai, Pudong recorded persistent growth in occupancy and revenue per available room despite fierce competition. All restaurants delivered strong performances, with notable revenue growth year-on-year. As part of the renowned Shanghai IFC development, the hotel brings much synergy to the complex and was recognized as The Most Profitable Hotel in China by Horwath HTL, a large consultancy in the hotel industry.

Projects in the pipeline include the waterfront hotel in North Point, a premium hotel in Sha Tin and a boutique hotel in Tung Chung. On the mainland, the Group is developing quality hotels in several major cities as part of its integrated development complexes. Upon the completion of these new hotels, the Group's recurrent income and position in the hospitality industry, both in Hong Kong and on the mainland, is expected to be further enhanced.



● The Ritz-Carlton Shanghai, Pudong is part of the premium Shanghai IFC complex with a stellar reputation in the city

Property Related Businesses



- Attentive day-to-day care and value-added service for residents

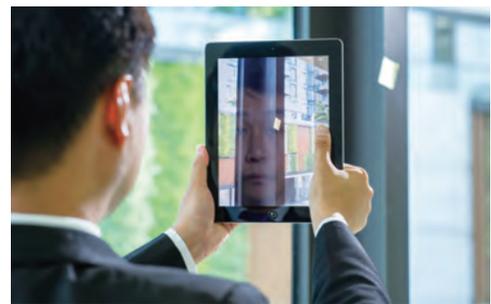
Property Management

During the year under review, the Group's property management subsidiaries continued to provide professional and quality service to its customers. Widely acknowledged by the industry, Hong Yip Service Company Limited and Kai Shing Management Services Limited have been essential contributors to the Group's premium reputation. As at the end of June 2015, the two companies together managed a total of about 260 million square feet of residential and non-residential properties in Hong Kong and on the mainland.

Undertaking a wide range of management projects in Hong Kong and on the mainland during the year, Hong Yip was appointed to manage the Group's new residential developments including Mount One, Residence 88 and Deauville, while Kai Shing assumed stewardship for One Harbour Square, Riva, The Wings II and The Seafront in Hong Kong, Shanghai Cullinan and Two ICC office tower of the Shanghai ICC complex, and Parc Central in Guangzhou, among others.



- Ever-improving clubhouse service standards



- Handover teams use technology to help owners move into their new units smoothly

Both subsidiaries have attached great importance to customer service — a vital complement to the Group's dedication to building quality homes. Attentive day-to-day customer support was offered in residential estates, covering cleaning, household maintenance, community activities and various other value-added services, and offering necessities and bonuses in a modern living environment. Following an upgrade of its mobile apps during the year, residents of estates managed by Hong Yip and Kai Shing can now enjoy easier access to the latest information of estate events and lifestyle. Both companies strive to leverage on technology to enhance the living environment and offer utmost convenience to customers. Furthermore, the two subsidiaries have continued to exceed customer expectations with effective resident communication and careful attention to sustainability.

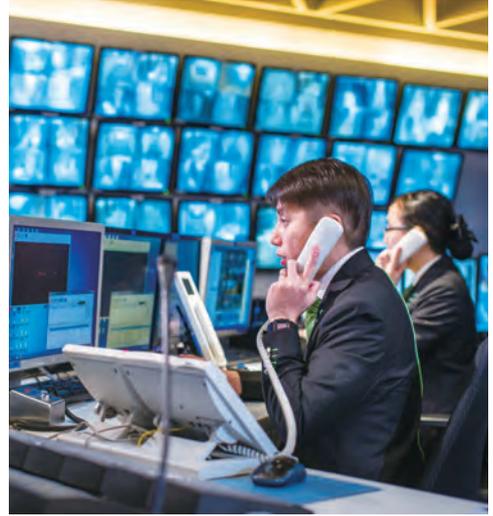


● Diligent customer service is appreciated by tenants

This pursuit of excellence is acknowledged with multiple accolades for the Group throughout the year. Consistent customer trust enjoyed by Hong Yip and Kai Shing is recognized with gold awards in property management category of the *Reader's Digest* Trusted Brand for the fourth consecutive year. All-round excellence in such areas as management services, maintenance, landscaping and innovation earned the two companies seven commendations in the Quality Property and Facility Management Award, which is jointly organized by the Hong Kong Association of Property Management Companies and the Hong Kong Institute of Surveyors.

Recognizing that exceptional management also depends on a proactive drive towards sustainability, the two subsidiaries have implemented a series of green practices in the properties. Among the initiatives is the installation of food waste disposers that can convert food residues from the Group's eating outlets to organic fertilizers to be used in the landscaping areas of its premises, as well as encouraging restaurants at its malls to implement source-separation of waste items.

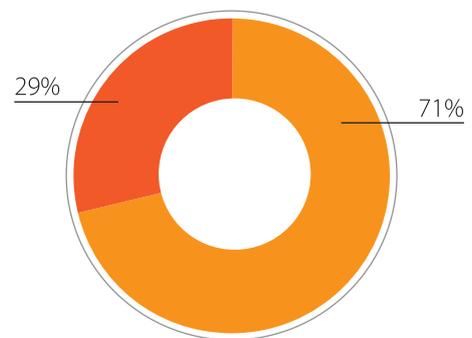
Both companies continued to work alongside customers on saving energy, which brought them various honours during the year. In the 2014 Friends of the Earth Power Smart Energy Saving Contest, Kai Shing and Hong Yip won the championship and first runner-up titles of the Biggest Units Saver Award (Property Management) respectively. Kai Shing also won a gold award in the 2014 Hong Kong Awards for Environmental Excellence in recognition of its environmental performance at Millennium City 5 — which comprises an office tower and a shopping mall.



● Professional security monitoring throughout the management portfolio

The Group's commitment to staff training and professional development has been well reflected by the awards earned by its property management subsidiaries. During the year, both won the fifth consecutive Excellence Award for Employers under the Employees Retraining Board's Manpower Development Scheme, in recognition of their effort to offer employment opportunities to the board's graduate trainees and advocate continuous learning.

Floor Area Under Hong Yip and Kai Shing by Usage



- Residential
- Non-Residential

Property Related Businesses



- Quality is a top priority in every aspect of the Group's developments

Construction

During the year under review, the construction division completed three developments, totalling 1.8 million square feet of construction floor area. Residential developments included Park Vista Phase 1 and Mount One while the commercial project, W50, was also completed during the year.

Major residential developments in progress include Imperial Kennedy, Inland Lot No. 9027 in North Point, King's Hill, 97 Belcher's Street, 23 Babington Path, Inland Lot No. 8963 at Stubbs Road, 1-3 Church Lane, Ultima, New Kowloon Inland Lot No. 6333 at Nam Cheong Station, The Wings IIIA & IIIB, Grand YOHO, Century Link, Tseung Kwan O Town Lot No. 118, Sha Tin Town Lot No. 566, Park Vista Phase 2, Twin Regency, Sha Tin Town Lot No. 581, and LOHAS Park Package 4. Major non-residential developments under construction include 680 Castle Peak Road and Kwun Tong Inland Lot No. 174. Hotel projects under development include Inland Lot No. 9020 in North Point and Sha Tin Town Lot No. 248. A number of asset enhancement works are also in progress. In addition to Hong Kong, the construction division also plays a project management role for the Group's major developments on the mainland.

To complement its activities, the division has several wholly-owned subsidiaries operating in related businesses which provide a wide range of construction-related services to the Group as well as third-party clients. Their services include the provision of electrical and fire prevention systems, construction plant and machinery as well as landscaping works. The division also supplies concrete, both to the Group and external contractors, through an associate.

Insurance and Mortgage Services

Despite intense competition, Sun Hung Kai Properties Insurance Limited maintained steady growth in turnover and profit during the year under review. The strong financial position of the company has been reaffirmed with A (Excellent) and A- (Stable) ratings respectively from A.M. Best and Standard & Poor's, reflecting its solid capital base. The company will continue to strive ahead amid the challenging business environment while maintaining its prudent underwriting principles, risk management and investment strategies.

The financial services division, comprising Hung Kai Finance Company Limited and Honour Finance Company Limited, will remain focused on mortgages, mortgage referrals and other services that support the Group's property development business. The division has maintained reasonable profitability over the years.

Review of Operations

Telecommunications and Information Technology



- SmarTone enhances customer satisfaction with new service plans and network improvements

Telecommunications

During the year under review, SmarTone Telecommunications Holdings Limited's net profit increased impressively as a result of growth in service revenue and a substantial increase in profit from handset sales. Continuing to stand out from its peers, the company developed a number of innovative services during the year. Service plans that offer customers flexibility to purchase their preferred smartphones within contract period were introduced. The company also unveiled an app that enables users to enjoy the convenience of having multiple mobile numbers on demand on one phone.

In addition to renewing its existing 3G spectrum and acquiring an additional spectrum for future business growth, SmarTone has provided additional mobile broadband capacity and further improved its 4G coverage. The company will continue to add value to their service and focus on delivering quality network performance, attentive customer care and service differentiation as a way to continue its pursuit of enhancing customer experience.

With a strong balance sheet, SmarTone has the financial flexibility to meet challenges and pursue new opportunities ahead. The Group is confident in the prospects of SmarTone and will continue to retain its stake as a long-term investment.

Information Technology

SUNeVision Holdings Ltd. continued to achieve satisfactory profit growth during the year. The core data centre business, iAdvantage, continued to perform well and constituted a major portion of the company's operation while its Super e-Technology and Super e-Network continued to focus on a range of services covering design, build and maintenance of communication system and infrastructure.



- SUNeVision provides quality high-tier data centre service in existing facilities and has new capacity to come

iAdvantage has maintained its market position as a major carrier-neutral data centre service provider in Hong Kong. With a commitment to excel in offering world-class facilities and services, iAdvantage is customers' preferred choice in the areas of data centre outsourcing, business continuity and other mission-critical operations. iAdvantage's consistent objective to provide quality and professional service enabled it to maintain a strong foothold in traditional segments such as financial services and telecommunications while extending its broad coverage for the fast-growing segment of Cloud service providers during the year.

On further development, a data centre land lot in Tseung Kwan O acquired in late 2013 is being developed into a new high-tier data centre. The new Tseung Kwan O data centre will occupy a gross floor area of over 470,000 square feet in two towers. The main contractor for its superstructure work was appointed in July following the conclusion of the foundation work. Scheduled for completion in 2017, the development of the data centre is progressing smoothly on schedule. Together with the existing centres in Chai Wan, Sha Tin and Tsuen Wan, the new centre is expected to further enhance business growth and generate better returns for shareholders while improving SUNeVision's capacity to meet customer needs in terms of diversified locations and reliable building facilities.

Review of Operations

Infrastructure and Other Businesses



- The Wilson Group remains a leading car park operator recognized for outstanding service in the industry

Transport Infrastructure Operations and Management

The Group maintained its significant role in the operation and management of Hong Kong's transport infrastructure through its wholly-owned subsidiary Wilson Group and 70%-owned Route 3 (CPS) Company Limited. It also has a 33.7% interest in the publicly listed Transport International Holdings.

Wilson Group, engaged in a variety of transport infrastructure businesses with an emphasis on the management of car parks, tunnels, bridges and toll roads, delivered solid performance for the year under review. Its major subsidiary Wilson Parking maintained its position as the local market leader operating over 330 car parks and some 100,000 parking bays. During the year, Wilson Parking was Hong Kong's first and only car park operator to have won a top Platinum honour in the *Reader's Digest* Trusted Brand Awards for three consecutive years. The company also received a number of awards as an acknowledgement of its outstanding service, including Best Car Park Operator accredited by the Hong Kong Housing Authority.

Continuing to expand its operations in car park management and parking system installation on the mainland, Wilson commenced new operations in Beijing for a major mainland property developer and now manages 36 car parks with over 30,000 parking bays on the mainland. In Macau, the company continued to leverage and build upon its reputation for service excellence to manage and operate a number of key parking contracts.

Wilson Group's transport infrastructure business has managed and maintained the Tsing Ma Control Area and Route 3 (Country Park Section) since the opening of these strategic links. During the year, it was awarded a new six-year contract for the management, operation and maintenance of the



- The Route 3 (Country Park Section) offers a safe, convenient direct link to northwest New Territories for users

Aberdeen Tunnel. Sourcing and supplying a broad range of advanced equipment, Wilson's technology division secured a contract to maintain and upgrade the Hong Kong Police Force's Digital Red Light Camera System during the year. Autotoll Limited, a company 50% owned by the Wilson Group, remained Hong Kong's market leader with more than 300,000 vehicle users for automatic toll collection and over 12,000 telematics users. During the year, Autotoll secured a number of major telematics contracts, as well as the Manual Toll Collection System contract for the Tsing Ma Control Area.

The Route 3 (CPS) Company Limited has a 30-year build-operate-transfer franchise, which runs to 2025, on the dual three-lane north-south expressway between Yuen Long and Ting Kau. The 3.8-kilometre Tai Lam Tunnel and 6.3-kilometre Tsing Long Highway is a direct link from the mainland and the northwest New Territories to the urban areas. This expressway provides an alternative route to Tuen Mun Road and the Tolo Highway and offers a more direct and safer route for commuters. Traffic remained steady during the year. The company's stringent management system earned it a comprehensive Integrated Management System accreditation covering quality, environment and safety.

The performance of the Transport International Holdings Limited's franchised bus operations has benefitted meaningfully from the fall in international fuel prices and improvements in bus operating efficiency. Nevertheless, the company continues to face challenges from the expanding railway network and general inflation.

Port Business

For the year under review, business for Hoi Kong Container Services Company Limited, a wholly-owned subsidiary of the Group, was steady. A leading midstream operator that provides cost effective container handling services for intra-Asia shipping lines, Hoi Kong operates four berths and 3.3 hectares of container yard space at a convenient location in Kwai Tsing.

The River Trade Terminal, in which the Group has a 50% interest, has recorded business growth for the year as a result of continuous cost control and improved efficiency, and increased demand for refrigerated container storage and handling of break-bulk cargo. Ideally positioned to serve as a logistics hub for the Pearl River Delta, the 65-hectare terminal located in Tuen Mun, has 3,000 metres of quay with 49 berths. It provides container handling and consolidation services as well as container freight services, break-bulk and reefer handling and storage.



- The Hong Kong Business Aviation Centre offers an efficient solution for globe-trotting executives



- Comprehensive warehouse facilities and quality office space at the Airport Freight Forwarding Centre

Air Transport and Logistics Business

Despite the uncertain global trade environment and fluctuating air-freight demand, the Airport Freight Forwarding Centre Company Limited continued to post satisfactory revenue and operating profit during the year on the back of sustained demand for modern warehouse space. A wholly-owned subsidiary of the Group, the company operates a 1.5-million-square-foot ramp-access warehouse with quality office space at Hong Kong International Airport.

The Hong Kong Business Aviation Centre Limited, in which the Group owns a 35% stake, holds the franchise to handle business aircraft flying in and out of Hong Kong. As the region's premier business gateway, it provides a highly efficient service for investors, entrepreneurs and executives. The growing recognition of business aviation as a time-saving tool has led to an increase in the number of aircraft based in Hong Kong and steady growth in flight movements throughout the year.

Waste Management

Caring for the environment has long been a central tenet of the Group's business philosophy. Through its 20% stake in Green Valley Landfill Limited, the Group has contributed significantly to an eco-friendly Hong Kong. For the year under review, business was stable for Green Valley Landfill, which is responsible for both the daily operation and long-term aftercare of the South East New Territories Landfill in Tseung Kwan O. The site covers 100 hectares and has the capacity to handle 43 million cubic metres of waste. During the year, the company signed a contract with a gas company in Hong Kong which will see landfill gas at South East New Territories Landfill turned into synthetic natural gas, and integrated into the gas supply network. Operation is expected to start in 2016.

Infrastructure and Other Businesses



- The Sky100 Hong Kong Observation Deck attracts local and international visitors with interactive installations and seasonal programmes

Sky100 Hong Kong Observation Deck

Located on the 100th floor of ICC, Sky100 Hong Kong Observation Deck has been one of the city's well-known attractions and much sought-after venue for corporate events and social functions since its opening four years ago. In 2015, Sky100 officially launched a wedding business, becoming the city's highest indoor wedding venue with panoramic views, an exceptional variety of facilities and a specialist wedding team. The response to the new business has been encouraging and the observation deck saw a double digit growth in event revenue during the year under review.

As the city's only indoor observation deck that offers a stunning 360-degree view of the territory and Victoria Harbour, Sky100 also showcases Hong Kong's transformation of culture from a fishing village to an international city. During the year, the observation deck for the second year was awarded a Certificate

of Excellence by TripAdvisor, confirming its status in the top 10% of TripAdvisor's listed attractions worldwide. It was also awarded, for the third consecutive year, the Hong Kong New Brand Award at the Prestigious Corporate Brand Awards jointly organized by The Chinese University of Hong Kong and a local newspaper.

By actively partnering with both local and international industry affiliations, Sky100 has given considerable support to the development of Hong Kong's tourism industry. It is one of the eight founding members of the Hong Kong Association of Amusement Parks and Attractions and also a member of The World Federation of Great Towers. Such exclusive memberships have helped fulfil Sky100's vision of becoming one of the world's most popular observation decks.



- The Sky100 Hong Kong Observation Deck expands capabilities with a new wedding banquet service

Corporate Finance



- Group Chairman and Managing Director Raymond Kwok (front, fourth right) and bank representatives at the syndicated loan signing

During the year, the Group has continued to uphold its prudent financial management policies and maintained a low gearing and high liquidity. As at 30 June 2015, the Group's net debt to shareholders' funds ratio stood at 11.2%. The interest coverage ratio remained healthy at 9.3 times for the year under review.

Given the Group's sound management, robust cash flows from its property sales and rental portfolio, and strong financial fundamentals, Moody's and Standard & Poor's have awarded the Group A1 and A+ ratings respectively with stable outlooks.

In January 2015, the Group self-arranged a HK\$10,000 million five-year syndicated bank loan facility on favourable terms in order to extend its debt maturity and utilize it for standby purposes. This facility received an overwhelming response, demonstrating once again the Group's recognition by the banking community, leading position in property market as well as excellent credit standing.

The Group's liquidity was further improved with the cash proceeds of about HK\$14,500 million from the exercise of warrants. The facilities and cash proceeds have lent considerable support to the Group's future business development and expansion.

Under prudent financial management discipline, the Group has not entered into any derivative or structured-product transactions for speculative purposes. There is little foreign exchange risk as the majority of its assets and financings are denominated in Hong Kong dollars. As at 30 June 2015, the Group had a net debt of about HK\$5,500 million denominated in Renminbi.

Financial Review

Review of Operating Results

Profit attributable to the Company's shareholders for the year ended 30 June 2015 was HK\$31,082 million, a decrease of HK\$2,438 million or 7.3% compared to HK\$33,520 million for the last year. The decrease in reported profit was due to lower investment property valuation surplus and profit from property sales. The Group has recognized in the consolidated profit and loss account for the year an increase of HK\$10,987 million (2014: HK\$12,131 million) in fair value of its investment properties (before related deferred taxation and non-controlling interests) and a share of an increase of HK\$2,290 million (2014: HK\$2,228 million) in fair value of investment properties held by its joint ventures and associates.

Underlying profit attributable to the Company's shareholders for the year ended 30 June 2015, excluding the net effect of fair value changes on investment properties, was HK\$19,825 million, a decrease of HK\$1,590 million or 7.4% compared to HK\$21,415 million for the last year. The decrease in underlying profit was attributable to lower profit contributions from property sales in Hong Kong.

Profit from property sales for the year, including share of profit from joint ventures and associates, amounted to HK\$7,332 million, decreased by HK\$3,179 million compared to HK\$10,511 million for the last year. Profit from property sales in Hong Kong decreased by HK\$2,997 million from HK\$7,568 million to HK\$4,571 million. The decrease reflects fewer residential development projects completed during the year. Profit for the Hong Kong projects for the year was contributed mainly by W50, One Harbour Square, Twelve Peaks, The Cullinan, Mount One and Deauville. Profit from property sales in the Mainland decreased by HK\$151 million from HK\$2,915 million to HK\$2,764 million. Profit for the Mainland projects for the year was contributed mostly by Forest Hills Phase 1A & 1B, Tianhui Plaza Phase 2A, Shanghai Arch Phase 1, Hangzhou MIXC Phase 2A & 2B and Park Royale Phase 1B. At the balance sheet date, the Group had contracted property sales of HK\$26,795 million attributable to the Group but not yet recognized, of which HK\$21,480 million was derived from the presale of residential units for Hong Kong development projects including Century Link (first phase) in Tung Chung, The Wings IIIA and IIIB in Tseung Kwan O, Ultima in Ho Man Tin and Imperial Kennedy in Hong Kong Island.

Net rental income for the year, including contributions from joint ventures and associates, increased 7.6% or HK\$1,080 million to HK\$15,352 million. The increase reflects 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\$12,299 million and HK\$2,520 million, which increased over the last year by 7.6% and 9.7%, respectively.

Smartone reported an operating profit of HK\$1,251 million, increased by HK\$462 million or 58.6% over the last year, mainly driven by higher profit contribution from handset sales business and growth in mobile service revenue.

The Group's hotel operations (including share of joint ventures) contributed an operating profit of HK\$1,293 million, increased slightly by HK\$41 million or 3.3% over the last year. The Hong Kong hotel industry is facing tough challenges in the first six months of 2015, with a visibly slowdown in tourist arrivals, weaker tourist spending and keen competition in hotel room rates. The Group will continue to adopt proactive measures to improve efficiency and optimize earnings amid the challenging operating environment.

The Group's transport infrastructure and logistics businesses (including share of joint ventures and associates) continued to improve, contributing HK\$1,445 million in operating profit, an increase of 13.1% over the last year. The Group's other businesses (including share of joint ventures), comprising mainly property management, data centre business operated by SUNeVision and department store operation, have been growing steadily with operating profit increased by 8.6% to HK\$1,573 million.

Financial Resources and Liquidity

(a) Net debt and gearing

As at 30 June 2015, the Company's shareholders' funds increased by HK\$36,243 million to HK\$451,026 million or HK\$156.8 per share from HK\$414,783 million or HK\$152.2 per share at the previous year end. The increase was contributed by underlying results for the year, revaluation gains from investment properties as well as an increase in the Company's share capital in the amount of HK\$14,987 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 30 June 2015, calculated on the basis of net debt to Company's shareholders' funds, was 11.2% compared to 15.7% as at 30 June 2014. Interest cover, measured by the ratio of operating profit to total net interest expenses including those capitalized, was 9.3 times compared to 11.1 times for the previous year.

As at 30 June 2015, the Group's gross borrowings totalled HK\$83,132 million. Net debt, after deducting bank deposits and cash of HK\$32,561 million, amounted to HK\$50,571 million, a decrease of HK\$14,632 million since 30 June 2014. The maturity profile of the Group's gross borrowings is set out as follows:

	30 June 2015 HK\$ Million	30 June 2014 HK\$ Million
Repayable:		
Within one year	10,816	9,241
After one year but within two years	17,415	10,086
After two years but within five years	29,563	30,794
After five years	25,338	33,610
Total bank and other borrowings	83,132	83,731
Bank deposits and cash	32,561	18,528
Net debt	50,571	65,203

The Group has also procured substantial undrawn committed 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 30 June 2015, about 79% of the Group's bank and other borrowings were raised through its wholly-owned finance subsidiaries and the remaining 21% 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 30 June 2015, 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 capital injection funded by the Group's equity and internally generated funds.

As at 30 June 2015, about 61% 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 39% 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 30 June 2015, 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\$181 million and currency swaps (to hedge principal repayment of foreign currency borrowings) in the aggregate notional principal amount of HK\$9,451 million.

As at 30 June 2015, about 80% of the Group's bank deposits and cash were denominated in Hong Kong dollars, 19% in Renminbi and 1% in US dollars.

Charges of Assets

As at 30 June 2015, certain bank deposits of the Group's subsidiaries in the aggregate amount of HK\$7 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\$2,877 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 30 June 2015, the Group had contingent liabilities in respect of guarantees for bank borrowings of joint ventures and other guarantees in the aggregate amount of HK\$702 million (30 June 2014: HK\$939 million).

Investor Relations

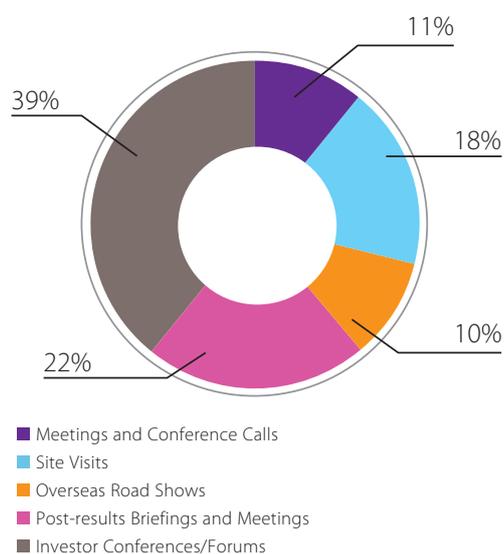
The Group maintains high standards of corporate governance in every aspect of its business and continues to enhance transparency through the timely disclosure of relevant information to the investment community and through proactively communicating with stakeholders, including both equity and fixed-income investors.

Corporate information is disseminated through annual and interim reports, periodicals, press releases and public announcements, all of which are available on the Group's website, and press conferences and analyst briefings are convened shortly after results are announced, with senior management available to answer questions.

The Group takes a proactive approach to communicating with investors, analysts and credit agencies. The management interacts with them on a regular basis through meetings and conference calls to keep them abreast of the Group's strategy, business updates, sustainability initiatives and the latest developments of Hong Kong and mainland property markets. The Group also reaches out to overseas equity and fixed-income investors by participating in international investor conferences and staging non-deal road shows to foster dialogue. To bring the investment community in line with the latest development, site visits to the Group's projects, both in Hong Kong and on the mainland, have been arranged.

The Group's efforts to provide transparency and its dedication to maintaining high standards of corporate governance over the years have earned major awards from leading financial publications.

Communications with the Investment Community in Financial Year 2014/15 ⁽¹⁾



⁽¹⁾ About 1,100 participants



● Group management at a post-results-announcement analyst briefing

Major Investor Relations Events in Financial Year 2014/15

Quarter	Event
2014	
3rd Quarter	<ul style="list-style-type: none"> Non-deal road show in the US 2013/14 annual results announcement <ul style="list-style-type: none"> Press conference Analyst briefing Post-results meetings with investors Investor forum in Hong Kong
4th Quarter	<ul style="list-style-type: none"> Non-deal road shows in Europe and the US Investor conference in Singapore
2015	
1st Quarter	<ul style="list-style-type: none"> 2014/15 interim results announcement <ul style="list-style-type: none"> Press conference Analyst briefing Post-results meetings with investors Investor conference in Hong Kong
2nd Quarter	<ul style="list-style-type: none"> Non-deal road show in Europe Investor conference in Hong Kong

Awards

Financial Year 2014/15

- Best Managed Company in the Real Estate/Property Sector in Asia, Best Office/Business Developer in Asia and Best Mixed Developer in Asia from *Euromoney* magazine
- Platinum Award for Excellence in Management and Corporate Governance from *The Asset* magazine
- Best Investor Relations, Best Investor Relations Professional, Best CSR and Best Environmental Responsibility in Hong Kong from *Corporate Governance Asia* magazine





Sustainable Development



Sustainable Development



- Comprehensive handover service ensures that homebuyers are hassle-free after moving in

The Group sees sustainability as building its business for the long term and taking into account social, environmental and economic considerations in its operation and planning. Following the Group's Building Homes with Heart philosophy, the pursuit of ever-higher quality helps garner total customer satisfaction and forge a close and long-term bond with customers. Such an accomplishment is only made possible due to a continuous learning culture within the organization to which the Group is strongly committed. Together with its effort in conserving the environment to fulfil its corporate social responsibility, the Group constantly reinforces its business viability in every dimension.

During the year under review, the fourth stand-alone sustainability report was published. The report followed the G4 reporting guidelines — the latest international standard from the Global Reporting Initiative, and also took reference from the *Environmental, Social and Governance Reporting Guide* issued by The Stock Exchange of Hong Kong Limited. This year's reporting process was vastly improved with the introduction of a new online data management system, expanding the reporting scope on key environmental metrics.



- The SHKP Quality Academy offers courses in various disciplines to reinforce staff dedication to premium quality



- Inter-departmental teams of professionals inspect new properties down to the last detail

Commitment to Quality

The Group has made relentless efforts in producing and delivering premium customer experience with superior products and excellent customer service. The SHKP Quality Campaign, a group-wide and long-term initiative established in 2013 aiming at both policy and operations, helps establish the highest benchmark for its deliverables.

The pursuit of excellence together with its proactive approach to foster two-way communication contributes to the Group's success in building long-term relationships with customers, and the close bonds are further strengthened by the extension in 2013 of the Group's quality guarantee for newly sold residential units in Hong Kong from two years to three years. To ensure that goods and services rendered by its teams are of the highest quality,



- The SHKP Club is an effective channel for the Group to engage customers and the public



- Customer Care Ambassadors offer shoppers total convenience

the SHKP Quality Academy was established as part of its Quality Campaign and brings in the best and brightest experts in various fields to broaden and deepen the staff's knowledge base.

To ensure that patrons are cared down to the last detail, professional service ambassadors at the Group's shopping malls provide attentive service and listen to customers' opinions. During the year, the seventh SHKP mall's Serving with Heart Customer Care Ambassador Election, themed Welcome Home, reinforced the idea that mall ambassadors should serve with professionalism and care to make customers feel at home.

The Group also works diligently to build sustainable, long-term relationships with tenants. Its Tenant Care Programme, launched in 2001, continues to offer seminars and workshops to retail tenants to provide them with the skills and knowledge required to stay competitive. To ensure that tenants of its commercial buildings work in pleasant environments, the Group communicates regularly with them to understand their needs.

Residents and users of the Group's premises receive premium property management service from its subsidiaries Hong Yip and Kai Shing. The two companies constantly upgrade their regular and personalized service to ensure utmost convenience in daily living. The Group has been running a Service Excellence Programme since 1999, providing extensive training to frontline staff with emphasis on teamwork and quality service.

The Group interacts with customers through various channels to enhance service quality. Established in 1996, the SHKP Club has been an effective vehicle for two-way communication between the Group and the community. As the largest property club of its kind in Hong Kong, it offers certain privileges as well as home and property-related information and services to over 350,000 members, and helps disseminate information about the Group to a wider public.

Staff Continuous Development

The Group's 37,000 employees are one of its most valuable assets and hold the key to delivering the quality level pledged. Staff development is therefore of paramount importance to the Group in order to continually raise the bar for product and service quality.

Staff development begins as soon as new recruits become a part of the family. A comprehensive orientation programme is designed for new employees to learn about the Group's mission, values and culture as well as its background and business portfolio, followed by an adaptation scheme that facilitates their integration into the working environment. The Management Trainee and Graduate Engineer programmes, launched in 2002 to boost the Group's continuity and sustainability, continue to take in high-calibre graduates from leading universities. Trainees are exposed to the Group's diverse business portfolios and offered job rotations, mentoring, study trips and other career development activities.

Structured training programmes including courses, seminars and workshops are offered to staff at all levels with the objective of grooming and unleashing their full potential, supporting organizational development and facilitating team synergies. Staff members are eligible for sponsorship for external training in job-related courses, ranging from short seminars to degree programmes up to the Master's level.

Sustainable Development



- Management trainees are exposed to the Group's diverse operations to build long-term careers

The primary focus of training for general staff is to cultivate their minds and hone job-related skills. Supervisory staff members are eligible to join a series of special programmes over a period of six months to enhance their capability to coach and interact with subordinates. Talented employees receive leadership development and executive coaching, with opportunities to attend related programmes at renowned overseas universities. Management staff members are encouraged to join workshops and seminars to appreciate the essence of contemporary leadership. These programmes echo the Group's emphasis on building cohesion among staff members from various generations.

In addition to the SHKP Quality Academy, the Group's initiatives to promote lifelong learning include a series of self-learning programmes available in the training library, together with e-learning programmes and reference materials on the company intranet.



- Staff are encouraged to join courses and seminars for continuous learning

Essential to its staff development scheme, the Group implements a structured cultural reinforcement plan to help staff members embrace its corporate culture. This includes a series of sharing sessions, with staff members coming in to talk about their experiences in demonstrating the corporate culture in the workplace.

The Group preaches work-life balance and encourages its staff to live a fuller life. Initiatives in this regard include training sessions on stress management and mental health, complemented by a lineup of interest classes, sports events and social activities, some of which are opened to family members.



- The Group stages a host of activities to help staff achieve work-life balance



- Interest classes afford staff leisure opportunities



- Green space at the Group's developments helps slow the hectic pace of life

Commitment to the Environment

The Group respects the environment and is committed to minimizing its carbon footprints through responsible use of resources, employing green building initiatives and promoting environmental awareness among employees, business partners and customers.

Procuring more durable materials and adopting more eco-friendly designs and technologies have enabled the Group to minimize the environmental impact of its buildings. The Group's efforts have paid off with its Hong Kong and mainland projects having received a total of 43 international green certifications, including recognitions under the Hong Kong Building Environmental Assessment Method (BEAM) and the Leadership in Energy and Environmental Design (LEED).

In addition to actively engaging staff to pursue its green initiatives, the Group strives to promote such an awareness among business partners by giving priorities to contractors and suppliers that follow environmentally-conscious practices. These suppliers are required to sign agreements which stipulate that relevant green standards are observed.

The Group is determined to implement green practices at its premises, with 18 developments receiving certificates, labels or merits under the Hong Kong Awards for Environmental Excellence scheme during the year. The extensive residential and commercial property portfolios have fueled the Group's efforts to promote eco-friendly living, which helps cultivate conscientiousness among building users in this area. A large number of properties under its administration have continued to participate in various energy-saving and carbon-reduction campaigns. Through proactively undertaking hardware upgrades, optimizing operations and encouraging users to adopt energy-efficient practices, the Group's premises have effectively minimized their environmental footprints.



- Beach clean-ups allow participants to put environmental awareness into practice



- Large swathes of lush greenery are hallmarks of many of the Group's residential developments

Sustainable Development



- Read to Dream is in its eighth year and sponsored 1,200 children on visits to the Hong Kong Book Fair

Corporate Social Responsibility

The Group tries its utmost to promote the well-being of the community through a three-pronged approach, namely healthy and sustainable living, reading and holistic development, and caring for the underprivileged. Adhering to a clear framework for community investment, the Group supports a wide range of worthy causes to help different groups in society and promote a caring spirit within the wider public. These persistent community efforts earned the Group another Second Top Donor honour from The Community Chest during the year.

In the area of healthy and sustainable living, the Group's annual stair-climbing contest was renamed SHKP Vertical Run for Charity to signify that the event reached a new scale in 2014. The Race to Hong Kong ICC continued to be the grand finale of the Vertical World Circuit while the new Race to Shanghai IFC became the seventh stop of the eight-race circuit. The signature charity sporting event, with proceeds going to child and youth services in Hong Kong and Shanghai, received an enthusiastic response and drew a total of over 2,400 contestants.

During the year, as an additional initiative to encourage healthy living and demonstrate goodwill in the community, the Group took on the title and charity sponsorship of an international cycling event organized by the Hong Kong Tourism Board, named Sun Hung Kai Properties Hong Kong Cyclothon. In the meantime, the Group continued to support Hong Chi Climbathon, Hike for Hospice and the Hong Kong Marathon to motivate the public to exercise for charity.

The Group has kept up its efforts to encourage the younger generation and the public to appreciate nature and help conserve the environment. Its Love Nature Campaign has sponsored a multitude of activities, including clean-ups, eco-tours, school visits, competitions and exhibitions during the year to inspire commitment to environmental protection. The clean-ups involved more than 15,000 counts of employees, their family members, SHKP volunteers, primary

school students and their parents, and collected loads of rubbish and recyclables, contributing to the renewal of the countryside and coastal regions.

The Group believes that reading enriches an individual and knowledge creates the future and promotes the development of society. The SHKP Reading Club, a platform to consolidate the Group's reading-related initiatives to inspire more people to enjoy reading and make it a habit, staged diverse activities during the year and celebrated its first anniversary. Highlights included the fifth Young Writers' Debut Competition, the eighth Read to Dream programme, which took underprivileged children to the Book Fair and gave them book allowances, regular seminars featuring celebrity guest speakers on a wide range of topics, a reading and writing workshop for students, and a series of Read Through Hong Kong cultural tours for underprivileged children and parents living in selected districts. The new Explore the World Cultural Exchange programme brought groups of underprivileged children, young volunteers and overseas teens to visit different districts in the city to learn about each other's lives and cultures through reading. With a view to extending the lifespan of books and promoting the joy of sharing books, the Club initiated the Recycle Your Read campaign this year and has collected over 10,000 books from different districts in four months.



- SHKP Vertical Run for Charity will again make up the two big events of the 2015 Vertical World Circuit: the Race to Hong Kong ICC and Race to Shanghai IFC

The Group is committed to nurturing the younger generation through providing learning opportunities and on-the-job training for graduates and subsidizing disadvantaged students to pursue university studies. It has been sponsoring the Modern Apprenticeship Programme since 2003, with veteran staff in different fields providing one-on-one coaching to underperforming secondary school graduates and sharing their work and life experiences like a companion on their life journey. More than 200 young people will have benefitted up to this year. Launched in 2014, the SHKP SDU-Trainee Programme provides learning opportunities and on-the-job training for sub-degree graduates and prepares them for future careers. Shortlisted applicants are entitled to a one-year internship. The Group's SHKP-Kwoks' Foundation continues to provide scholarship programmes both in Hong Kong and on the mainland, with over 8,200 individuals having benefitted since it was established in 2002.



- The SHKP Volunteer Team spreads care and compassion in the community

During the year, the Building Homes with Heart Caring Initiative was in its fifth year and has benefitted over 20,000 people, ranging from seniors, new immigrants and ethnic minorities to the disabled, single parents and low-income families. To promote social and cultural inclusion and goodwill in the community, the Group carried on with its Social Inclusion for the Underprivileged scheme — a guided tour programme taking housebound and underprivileged young people to Sky100 Hong Kong Observation Deck and Noah's Ark Hong Kong to broaden their horizons and encourage them to be more active and to get more involved in the community. The Group motivated its staff to participate in community service as always. During the year, the SHKP Volunteer Team put in some 120,000 hours of community service, embodying the Group's spirit of giving back to society.

In keeping with the Group's dedication to building a better Hong Kong, the SHKP Club's annual Loving Home campaign aimed at promoting domestic harmony during the year in lively ways, including comic episodes, roving exhibitions at shopping malls, interactive workshops, hiking and more. It emphasized the importance of mental health and invited professionals from different sectors to share clinical experiences on its website as a way of encouraging the public to develop a more relaxed attitude towards life.



- Young Writers' Debut Competition has helped many budding authors realize the dream of publishing their first books

Corporate Governance Report

Maintaining high standards of business ethics and corporate governance has always been one of the Group's prime tasks. It believes that conducting the Group's businesses in an open and responsible manner and following good corporate governance practices serve its long-term interests and those of its shareholders. Details of the Group's investor relations initiatives and the recognition it has received for good management and corporate governance are set out under the section headed "Investor Relations" on pages 88 and 89.

Corporate Governance Practices

Rigorous standards of corporate governance enhance the Group's accountability and transparency, earning the confidence of shareholders and the public. The Company complied with the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 30 June 2015, except that there is no separation of the roles of chairman and chief executive.

The Board of Directors of the Company (the "Board") continues to monitor and review the Company's corporate governance practices to ensure compliance.

Board of Directors

Board Composition

The Board currently has 19 Directors – eight Executive Directors, four Non-Executive Directors and seven Independent Non-Executive Directors. Further details of the current composition of the Board are set out on page 2.

The changes to the composition of the Board during the year ended 30 June 2015 were as follows:

- Mr. Kwok Ping-kwong, Thomas resigned as Chairman and Managing Director and as an Executive Director of the Company, and Mr. Kwok Kai-fai, Adam ceased to be his Alternate Director;
- Mr. Chan Kui-yuen, Thomas resigned as an Executive Director of the Company; and
- Mr. Kwok Kai-fai, Adam was appointed as an Executive Director of the Company.

All of the above changes were effective on 19 December 2014.

An updated list of Directors identifying their roles and functions (the "Directors List") is maintained on the websites of the Company and Hong Kong Exchanges and Clearing Limited ("HKEx"). Independent Non-Executive Directors are identified as such in the Directors List and all other corporate communications containing the names of the Directors.

Mr. Kwok Ping-luen, Raymond is a nephew of Mr. Kwong Chun and an uncle of Mr. Kwok Kai-fai, Adam. He is also the father of Mr. Kwok Ho-lai, Edward. In addition, Sir Po-shing Woo is the father of Mr. Woo Ka-biu, Jackson. Save as disclosed above, there are no family or other material relationships among the members of the Board.

Prior to the implementation of the code provision in the Code on board diversity in September 2013, the Company adopted a board diversity policy (the "Diversity Policy") setting out the approach to achieve diversity on the Board in June 2013. The Company is committed to equality of opportunity and does not discriminate on the grounds of race, gender, age, disability, nationality or any other factors. It also recognizes and embraces the benefits of diversity in Board members. The Company sees diversity as a wide concept and believes that diversity of Board members can be achieved through consideration of a number of factors, including but not limited to background, age, gender, culture, industry experience, skills and knowledge, educational background and other qualities. The Company takes into account these factors based on its own business model and specific needs from time to time as well as the availability of suitable candidates in the market. The Nomination Committee monitors the implementation of the Diversity Policy and reviews the same as appropriate.

The members of the Board come from a variety of different backgrounds and have a diverse range of business, financial services and professional expertise. The Company requests the Directors to disclose annually to the Company the number and nature of offices held in public companies or organizations and other significant commitments with an indication of the time involved. The Directors' biographical information is set out on pages 136 to 146 and is also available on the website of the Company.

The Board believes that the balance between Executive and Non-Executive Directors (including the Independent Non-Executive Directors) is reasonable and adequate to provide sufficient checks and balances that safeguard the interests of shareholders and the Group. Non-Executive Directors and Independent Non-Executive Directors provide the Group with diversified expertise and experience. Their views and participation in Board and committee meetings bring independent judgment and advice on issues relating to the Group's strategies, performance, conflicts of interest and management process, to ensure that the interests of shareholders are taken into account.

The Company currently has seven Independent Non-Executive Directors, representing one-third of the Board, and at least one of them has appropriate professional qualifications or accounting or related financial management expertise. The Company has received from all Independent Non-Executive Directors their confirmation of independence pursuant to the independence guidelines set out in Rule 3.13 of the Listing Rules (the "Independence Guidelines") and considers that they are independent.

Dr. Li Ka-cheung, Eric, being an Independent Non-Executive Director, has served the Company for more than nine years, and will retire by rotation and being eligible, has offered himself for re-election at the forthcoming annual general meeting of the Company (the "AGM"). The Nomination Committee considered that his long service will not affect his exercise of independent judgment and was satisfied that he has the required integrity and experience to continue fulfilling the role of an Independent Non-Executive Director. Taking into consideration the above and the confirmation on the Independence Guidelines made by Dr. Li Ka-cheung, Eric, the Board is of the view that Dr. Li Ka-cheung, Eric remains independent notwithstanding the length of his service and should be re-elected at the forthcoming AGM. In accordance with the Code, the re-election of Dr. Li Ka-cheung, Eric will be subject to a separate resolution to be approved at the forthcoming AGM.

Board Meetings

The Board meets at least four times a year, and a tentative schedule for regular Board meetings for each year is provided to Directors prior to the beginning of each calendar year. In addition, at least 14 days' notice of all regular Board meetings together with the meeting agenda is given to all Directors such that all Directors are given the opportunity to include matters for discussion in the agenda. Meeting agenda and accompanying meeting papers are sent to all relevant Directors at least three days in advance of every regular Board meeting or committee meeting. Directors may participate in meetings in person, by phone or by other communication means. Between regularly scheduled Board meetings, Directors may approve various matters by way of passing written resolutions. Additional Board meetings may be convened, if necessary.

The Company Secretary assists the Chairman in preparing the agenda for the Board meetings and ensures that all applicable rules and regulations regarding the Board meetings are followed. He also keeps detailed minutes of each Board meeting, which are available to all Directors for inspection.

During the year ended 30 June 2015, the Board discussed the overall strategies of the Group, monitored the financial and operational performance, and approved the annual and interim results of the Group. It also approved the appointment of an Executive Director, the proposal on the adoption of new articles of association of the Company (the "Articles of Association"), and other significant matters, including the publication of announcements with respect to an issuance of debt instruments by a wholly-owned subsidiary, the changes in information relating to certain Directors as required by the Listing Rules and the resignation of two Executive Directors.

Corporate Governance Report

The Board held four regular meetings and one non-regular meeting during the year under review, and the attendance records of the Directors at the Board meetings are set out below:

Directors	Meetings attended/held
Executive Directors	
Kwok Ping-luen, Raymond	4/5
Wong Chik-wing, Mike	5/5
Lui Ting, Victor	5/5
Kwok Kai-fai, Adam <i>(appointed with effect from 19 December 2014)</i>	2/2
Kwong Chun	5/5
Chan Kwok-wai, Patrick	5/5
Tung Chi-ho, Eric	5/5
Fung Yuk-lun, Allen	5/5
Kwok Ping-kwong, Thomas <i>(resigned with effect from 19 December 2014)</i>	2/2
Chan Kui-yuen, Thomas <i>(resigned with effect from 19 December 2014)</i>	2/2
Non-Executive Directors	
Lee Shau-kee	1/5
Woo Po-shing	#5/5
Kwan Cheuk-yin, William	5/5
Wong Yick-kam, Michael	4/5
Independent Non-Executive Directors	
Yip Dicky Peter	5/5
Wong Yue-chim, Richard	5/5
Li Ka-cheung, Eric	5/5
Fung Kwok-lun, William	5/5
Leung Nai-pang, Norman	5/5
Leung Kui-king, Donald	5/5
Leung Ko May-yee, Margaret	4/5

attended by his Alternate Director, Mr. Woo Ka-biu, Jackson

Directors have access to relevant and timely information, and they can ask for further information or retain independent professional advisors if necessary. They also have access to the advice and services of the Company Secretary, who is responsible for providing Directors with Board papers and related materials and ensuring that Board procedures are followed. Directors are given sufficient time for discussion at the Board meetings. Management is invited to join the Board meetings, where appropriate, to provide information to the Directors to enable the Board to make informed decisions. Where queries are raised by Directors, prompt and full responses will be given if possible.

Directors are required to declare their interests (if any) in the matters to be considered at the Board meetings in accordance with the Articles of Association. Should a potential conflict of interest involving a substantial shareholder or a Director arise, the matter will be discussed in a physical meeting, as opposed to being dealt with by written resolution. Independent Non-Executive Directors with no conflict of interest will be present at meetings dealing with such conflict issues.

The Company has arranged appropriate directors and officers liability insurance in respect of legal action against Directors. Also, each Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he or she may sustain or incur in or about the execution of the duties of his or her office or otherwise in relation thereto in accordance with the Articles of Association.

Chairman

Messrs. Kwok Ping-kwong, Thomas and Kwok Ping-luen, Raymond acted as the joint Chairmen and Managing Directors of the Company. Upon the resignation of Mr. Kwok Ping-kwong, Thomas as Chairman and Managing Director with effect from 19 December 2014, Mr. Kwok Ping-luen, Raymond remains as the Chairman and Managing Director. This is at variance with code provision A.2.1 of the Code, which provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Although the positions of Chairman and Managing Director are not separate, the powers and authorities had not been concentrated as, during the period from 1 July 2014 to 18 December 2014, the 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.

The Chairman is primarily responsible for leading the Board and ensuring that it functions effectively and smoothly. Directors are encouraged to participate actively in all Board and committee meetings of which they are members.

During the year ended 30 June 2015, the Chairman held a meeting with the Non-Executive Directors (including Independent Non-Executive Directors) without the presence of the Executive Directors.

Training and Support for Directors

Directors must keep abreast of their collective responsibilities. Prior to the commencement of the appointment, each newly appointed Director or Alternate Director would receive an induction package, which contains an overview of the Group's businesses and the statutory and regulatory obligations of a director of a listed company.

The Group also provides briefings and other training to develop and refresh the Directors' knowledge and skills. The Group continuously updates Directors on the latest developments regarding the Listing Rules and other applicable legal and regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. Circulars or guidance notes are also issued to Directors and senior executives where appropriate to ensure their awareness of best corporate governance practices.

A briefing on the new Competition Ordinance was organised for the Executive Directors in May 2015. Also, a briefing on the directors' duties and responsibilities was given to the newly-appointed Executive Director.

Corporate Governance Report

During the year ended 30 June 2015, the Directors also participated in the following trainings:

Directors	Types of training
Executive Directors	
Kwok Ping-luen, Raymond	A, B, C
Wong Chik-wing, Mike	A, B, C
Lui Ting, Victor	A, B, C
Kwok Kai-fai, Adam <i>(appointed as an Executive Director and ceased to act as an Alternate Director both with effect from 19 December 2014)</i>	A, C
Kwong Chun	A, C
Chan Kwok-wai, Patrick	A, B, C
Tung Chi-ho, Eric	A, C
Fung Yuk-lun, Allen	A, C
Kwok Ho-lai, Edward <i>(Alternate Director to Kwok Ping-luen, Raymond)</i>	A, C
Non-Executive Directors	
Lee Shau-kee	A, C
Woo Po-shing	C
Kwan Cheuk-yin, William	A, C
Wong Yick-kam, Michael	A, B, C
Woo Ka-biu, Jackson <i>(Alternate Director to Woo Po-shing)</i>	A, C
Independent Non-Executive Directors	
Yip Dicky Peter	A, B, C
Wong Yue-chim, Richard	A, B, C
Li Ka-cheung, Eric	A, C
Fung Kwok-lun, William	A, B, C
Leung Nai-pang, Norman	A, C
Leung Kui-king, Donald	C
Leung Ko May-yee, Margaret	A, B, C

A : attending seminars and/or conferences and/or forums and/or briefings

B : giving talks at seminars and/or conferences and/or forums

C : reading newspapers and journals on various topics, including corporate governance matters and directors' duties and responsibilities

Compliance with Model Code

The Company follows the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules (the "Model Code") as the codes of conduct for the Directors and the relevant employees, who are likely to possess inside information of the Group (the "Relevant Employees"), in their dealings in the Company's securities.

Before the Group's interim and annual results are announced, notifications are sent to the Directors and the Relevant Employees to remind them not to deal in the securities of the Company during the blackout periods. In response to specific enquiry by the Company, all Directors confirmed that they complied with the Model Code during the year ended 30 June 2015, 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 for the year ended 30 June 2014. Upon becoming aware of this incident, the Director concerned immediately informed HKEx in writing and filed the disclosure of notification forms in compliance with Part XV of the Securities and Futures Ordinance ("SFO").

In addition, the Company has a policy on inside information in place setting out the principles and procedures for handling and disclosing inside information of the Group for compliance with the requirements under Part XIVA of the SFO and the Listing Rules, and such policy has been communicated to the relevant senior executives of the Group.

Delegation by the Board

The Board directs and approves the Group's overall strategies. Given the diversity and volume of the Group's businesses, responsibilities for execution and daily operations are delegated to the management. The Board gives clear directions as to the management's power, and periodically reviews the delegations to the management to ensure that they are appropriate and continue to be beneficial to the Group as a whole.

The Board has delegated specific roles and responsibilities to the Executive, Remuneration, Nomination and Audit Committees. The Special Committee, which was established to mainly act as the liaison and to handle the related matters on behalf of the Company in connection with an investigation relating to certain Directors, had completed its assignments and was formally dissolved on 27 February 2015.

All the above Committees have specific terms of reference clearly defining their powers and responsibilities, and they are required by their terms of reference to report to the Board in relation to their decisions, findings or recommendations, and in certain specific situations, to seek the Board's approval before taking any action. Meetings of the Committees are convened as often as necessary and some decisions of the Committees are made by way of passing written resolutions.

Executive Committee

The Executive Committee was established in 1977 and consists of all eight Executive Directors and three full time senior executives of the Group. During the year under review, a new member joined the Executive Committee following his appointment as an Executive Director whereas two members ceased their offices following their resignations as Executive Directors. A list of the current members of the Executive Committee and their biographical information are set out on page 2 and pages 136 to 147 respectively.

The Executive Committee meets regularly, usually once every week. It is primarily responsible for formulating business policies, making decisions on key business issues and policies, facilitating the approval of certain corporate actions and exercising the powers and authority delegated by the Board in respect of matters which arise between regularly scheduled Board meetings.

The Board has delegated its responsibilities to the Executive Committee to develop, review and monitor the policies and practices on corporate governance of the Group and make recommendations to the Board, to review and monitor the Company's policies and practices on legal and regulatory compliance, to review and monitor the code of conduct and ethical behaviour applicable to the Directors and employees and the training and continuous professional development of Directors and senior management, and to review the Company's compliance with the Code and disclosures in the corporate governance report.

Corporate Governance Report

During the year ended 30 June 2015, the Executive Committee oversaw the daily business operations of the Group and made key business decisions. In addition, the Executive Committee reviewed the Company's compliance with the Code and the regulatory and statutory requirements, and the disclosure in this corporate governance report. The attendance records of the members at the Committee meetings held during the year are set out below:

Committee members	Meetings attended/held
Kwok Ping-luen, Raymond	46/46
Wong Chik-wing, Mike	42/46
Lui Ting, Victor	42/46
Kwok Kai-fai, Adam <i>(became a member on 19 December 2014)</i>	19/23
Kwong Chun	43/46
Chan Kwok-wai, Patrick	39/46
Tung Chi-ho, Eric	38/46
Fung Yuk-lun, Allen	39/46
Chow Kwok-yin, Eric	31/46
Wong Chin-wah, Jimmy	38/46
Yung Sheung-tat, Sandy	43/46
Kwok Ping-kwong, Thomas <i>(ceased to act as a member on 19 December 2014)</i>	17/23
Chan Kui-yuen, Thomas <i>(ceased to act as a member on 19 December 2014)</i>	21/23

Remuneration Committee

The Remuneration Committee was established in June 2005 and is chaired by Professor Wong Yue-chim, Richard, an Independent Non-Executive Director. Other members of the Committee are Dr. Li Ka-cheung, Eric, Mr. Kwan Cheuk-yin, William and Dr. Leung Nai-pang, Norman. All members are Non-Executive Directors and the majority of them is Independent Non-Executive Directors.

The Company has adopted the model to delegate the determination of the remuneration packages of individual Executive Directors to the Remuneration Committee. The Committee is responsible for formulating and recommending remuneration policy to the Board and reviewing and making recommendations on compensation-related issues. The fees for Directors are subject to the approval of the shareholders at the general meetings in accordance with the Articles of Association. The Committee, with the assistance of the Head of Internal Affairs, consults with the Chairman on its proposals and recommendations if necessary, and also has access to independent professional advice if necessary. The Committee is also provided with sufficient resources enabling it to perform its duties. The Remuneration Committee's specific terms of reference are posted on the websites of the Company and HKEx.

During the year ended 30 June 2015, the Remuneration Committee reviewed the Directors' fees and the emoluments of the Executive Directors as well as the remuneration package of the newly-appointed Executive Director. The Committee held a meeting during the year and the attendance records of the members at the meeting are set out below:

Committee members	Meeting attended/held
Wong Yue-chim, Richard	1/1
Li Ka-cheung, Eric	1/1
Kwan Cheuk-yin, William	1/1
Leung Nai-pang, Norman	1/1

Nomination Committee and Appointment of Directors

The Nomination Committee was established in June 2005 and is chaired by Professor Wong Yue-chim, Richard, an Independent Non-Executive Director. Other members of the Committee are Mr. Kwan Cheuk-yin, William, Mr. Yip Dicky Peter and Dr. Leung Nai-pang, Norman. All members are Non-Executive Directors and the majority of them is Independent Non-Executive Directors.

The Nomination Committee is responsible for formulating policy and making recommendations to the Board on nominations and appointment of Directors, and Board succession. The Committee develops selection procedures for candidates, and will consider different criteria including appropriate professional knowledge and industry experience, as well as consult external recruitment professionals when required. The Committee also reviews the size, structure and composition of the Board and assesses the independence of the Independent Non-Executive Directors. The Committee is provided with sufficient resources enabling it to perform its duties and it can seek independent professional advice at the Company's expense if necessary. The Nomination Committee's specific terms of reference are posted on the websites of the Company and HKEx.

During the year ended 30 June 2015, the Nomination Committee reviewed the composition of the Board and the retirement and re-election of Directors, including an Independent Non-Executive Director who has served the Company for more than nine years. The Committee held a meeting during the year and the attendance records of the members at the meeting are set out below:

Committee members	Meeting attended/held
Wong Yue-chim, Richard	1/1
Kwan Cheuk-yin, William	1/1
Yip Dicky Peter	1/1
Leung Nai-pang, Norman	1/1

All Directors have formal letters of appointment setting out the key terms of their appointments. In accordance with the Articles of Association, new Director appointed by the Board shall hold office until the next following AGM or general meeting of the Company and shall then be eligible for re-election. In addition, one-third of the Directors are required to retire from office by rotation and are eligible for re-election at each AGM and each Director should be subject to retirement by rotation at least once every three years. Non-Executive Directors (including Independent Non-Executive Directors) will be subject to a term of approximately two years commencing from the date of the AGM at which they are re-elected and expiring at the AGM to be held two years thereafter, and they shall be eligible for re-election at that AGM for a like term upon the expiry of their term of office. Also, when an Independent Non-Executive Director proposed for re-election has served the Company for more than nine years, his or her re-election will be subject to a separate resolution to be approved at the AGM.

Corporate Governance Report

Audit Committee and Accountability

The Board is responsible for presenting a balanced and clear assessment of the Group's performance and prospects. The Directors also acknowledge their responsibility for preparing the financial statements that give a true and fair view of the Group's financial position on a going-concern basis and other price-sensitive announcements and other financial disclosures. Board members are provided with monthly updates, including contracted property sales updates, projects launched, upcoming projects, leasing updates and financial position, which give the Directors a balanced and understandable assessment of the performance, position and prospects of the Group. Management provides all relevant information to the Board, giving the members sufficient explanation and information they need to discharge their responsibilities. A statement by the external auditor of the Company in respect of its reporting responsibilities is set out in the Independent Auditor's Report.

The Audit Committee was established in 1999 and is chaired by Dr. Li Ka-cheung, Eric, an Independent Non-Executive Director. Other members of the Committee are Mr. Yip Dicky Peter, Mr. Wong Yick-kam, Michael and Mr. Leung Kui-king, Donald. All members are Non-Executive Directors and the majority of them is Independent Non-Executive Directors.

No former partner of the Company's existing auditing firm acted as a member of the Audit Committee within one year from ceasing to be a partner or to have any financial interest in the auditing firm.

The duties of the Audit Committee include:

- reviewing the Group's financial statements and annual reports and accounts, and interim reports before submitting them to the Board;
- reviewing the Group's financial controls, internal control and risk management systems;
- ensuring that management has fulfilled its duty to establish and maintain an effective internal control system including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- considering major investigation findings on internal control matters;
- reviewing the internal audit programme and ensuring the internal audit function is adequately resourced and effective;
- reviewing the Group's financial and accounting policies and practices;
- reviewing the external auditor's management letter and questions raised by the external auditor to management, and management's response to such questions;
- reporting to the Board on matters relating to the Audit Committee under the Code;
- meeting with the external auditor to discuss issues regarding audit at least once a year in the absence of management; and
- reviewing the arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal controls or other matters.

The Audit Committee is provided with sufficient resources enabling it to perform its duties. The Audit Committee's specific terms of reference are posted on the websites of the Company and HKEx.

The Audit Committee held three meetings during the year ended 30 June 2015 and reviewed the interim and annual results of the Group and discussed and approved the relevant financial reports. The Committee also reviewed the Group's internal control system, risk assessment results and internal audit activities, and discussed the audit plan for the year ended 30 June 2015. Two private sessions between the Committee members and the external auditor without the presence of the management had been arranged in the aforesaid Committee meetings. The attendance records of the members at the Committee meetings are set out below:

Committee members	Meetings attended/held
Li Ka-cheung, Eric	3/3
Yip Dicky Peter	3/3
Wong Yick-kam, Michael	3/3
Leung Kui-king, Donald	3/3

There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor.

The Audit Committee monitors the audit and non-audit services rendered to the Group by the external auditor and ensures that the engagement of the external auditor in other non-audit services will not impair its audit independence or objectivity. An independence confirmation has been obtained from the external auditor which confirmed that during the course of its audit on the Company's consolidated financial statements for the year ended 30 June 2015 and thereafter to the date of the annual report, it is independent of the Group in accordance with the independence requirements of the Hong Kong Institute of Certified Public Accountants.

The fees in respect of audit and non-audit services provided to the Company and its subsidiaries by the external auditor for the year ended 30 June 2015 amounted to approximately HK\$16 million and HK\$9 million respectively. The non-audit services mainly consist of consultancy, taxation, review and other reporting services.

Internal Control

The Board has the overall responsibility for maintaining sound and effective internal control system to safeguard the Group's assets and stakeholders' interests, as well as for reviewing the effectiveness of the system. The Board assesses the effectiveness of the internal control system through the reviews performed by the Audit Committee, executive management and both internal and external auditors. The Group's internal control system was developed based on the COSO (the Committee of Sponsoring Organizations of the Treadway Commission) principles as follows:

(i) Control Environment

- demonstrates a commitment to integrity and ethical values
- the Board demonstrates independence from management and exercises oversight of the development and performance of internal control
- management establishes, with Board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives
- demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives
- holds individuals accountable for their internal control responsibilities in the pursuit of objectives

(ii) Risk Assessment

- specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives
- identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed
- considers the potential for fraud in assessing risks to the achievement of objectives
- identifies and assesses changes that could significantly impact the system of internal control

Corporate Governance Report

(iii) Control Activities

- selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels
- selects and develops general control activities over technology to support the achievement of objectives
- deploys control activities through policies that establish what is expected and procedures that put policies into place

(iv) Information and Communication

- obtains or generates and uses relevant, quality information to support the functioning of internal control
- internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control
- communicates with external parties regarding matters affecting the functioning of internal control

(v) Monitoring

- selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning
- evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the Board, as appropriate

The internal control system aims at safeguarding assets from inappropriate use, maintaining proper accounts and ensuring compliance with regulations. Management is primarily responsible for the design, implementation and maintenance of the internal controls. The system is designed to provide reasonable, but not absolute, assurance against misstatement or loss, and to manage risks of failure in the Group's operational systems.

The Group's internal control system includes a well-established organizational structure with clearly defined lines of responsibility and authority. Policies and procedures are laid down for its key business processes and business units covering project development, tendering, sales and leasing, financial reporting, human resources and computer systems.

The Group's Code of Conduct, freely accessible on the Group's intranet, is maintained and communicated to all employees for compliance. In addition, a whistleblowing policy was established for our employees to raise concerns in confidence about suspected misconducts, malpractices or fraudulent activities relating to the Group. The identity of the whistleblower will be treated with the strictest confidence.

The Board reviewed the Group's internal control system for the year ended 30 June 2015, including financial, operational and compliance controls, and risk management functions. The Board's review includes considering the internal control evaluations conducted by the Audit Committee, executive management and the internal and external auditors. The annual review also considered the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting and financial reporting function.

The Group's Internal Audit Department has been established for more than 20 years and the department has direct access to the Audit Committee. The department has rights to access all records, assets and personnel as stipulated in the Internal Audit Charter. The department follows a risk-based approach to formulate the audit plan. The risks for departments and business units are assessed using the pre-determined risk criteria. The assessment results are consolidated and ranked from an enterprise-wide perspective. The Audit Committee reviews and approves annually the audit plan, which is formulated based on the risk assessment results. Summaries of major audit findings and control weaknesses, if any, are reviewed by the Audit Committee. The department monitors the follow-up actions agreed upon in response to recommendations.

Shareholder Relations

The Board established a shareholders' communication policy setting out the principles of the Company in relation to shareholders' communications, with the objective of ensuring that its communications with the shareholders are timely, transparent, accurate and open. Information would be communicated to the shareholders mainly through the Company's corporate communications (such as interim and annual reports, announcements and circulars) and AGMs, as well as disclosure on the website of the Company.

Interim reports, annual reports and circulars are sent to the shareholders in a timely manner and are also available on the websites of the Company and HKEx. The Company's website provides shareholders with the corporate information, such as principal business activities and major property projects, the development of corporate governance and the corporate social responsibilities of the Group. For efficient communication with shareholders and in the interest of environmental protection, arrangements are made to allow shareholders to elect to receive corporate communications of the Company by electronic means through the Company's website.

Shareholders are provided with contact details of the Company, such as telephone hotline, fax number, email address and postal address, in order to enable them to make any queries that they may have with respect to the Company. They can also send their enquiries to the Board through these means. In addition, shareholders can contact the share registrar of the Company if they have any enquiries about their shareholdings and entitlements to dividend.

The Company is committed to protecting the privacy right on all personal data collected from shareholders. When collecting personal data from the shareholders, the Company will specify in the relevant documents the purpose of collection and the use of personal data etc. Contact details are also provided to the shareholders for accessing and correcting their personal data.

The AGM allows the Directors to meet and communicate with shareholders. The Company ensures that shareholders' views are communicated to the Board. The chairman of the AGM proposes separate resolutions for each substantially separate matter to be considered. Members of the Audit, Remuneration and Nomination Committees and the external auditor also attend the AGM to answer questions from shareholders. Simultaneous interpretation is provided to facilitate smooth and direct communication between shareholders and Directors.

AGM proceedings are reviewed from time to time to ensure that the Company follows good corporate governance practices. The notice of AGM is distributed to all shareholders at least 20 clear business days prior to the AGM and the accompanying circular also sets out details of each proposed resolution and other relevant information as required under the Listing Rules. The chairman of the AGM exercises his power under the Articles of Association to put each proposed resolution to the vote by way of a poll. The procedures for demanding and conducting a poll are explained at the meeting prior to the polls being taken and the share registrar of the Company acts as the scrutineer for the voting-taking at the meeting. Voting results are posted on the websites of the Company and the HKEx at least 30 minutes before the commencement of the pre-opening session on the next business day of the AGM, usually on the day of the AGM.

The 2014 AGM was held on 15 November 2014 at the Company's headquarters to transact businesses, including the adoption of audited financial statements and the approval of final dividend, re-election of Directors, re-appointment of auditor and renewal of general mandates with respect to the buy-back of shares and issue of shares, and the adoption of new Articles of Association. There was a strong participation by the shareholders at the 2014 AGM where the Directors answered various questions relating to the Company raised by the shareholders.

Corporate Governance Report

The attendance records of the Directors at the 2014 AGM are set out below:

Directors	AGM attended
Executive Directors	
Kwok Ping-luen, Raymond	✓
Wong Chik-wing, Mike	✓
Lui Ting, Victor	✓
Kwong Chun	✓
Chan Kwok-wai, Patrick	✓
Tung Chi-ho, Eric	✓
Fung Yuk-lun, Allen	✓
Kwok Ping-kwong, Thomas <i>(resigned with effect from 19 December 2014)</i>	✓
Chan Kui-yuen, Thomas <i>(resigned with effect from 19 December 2014)</i>	✓
Non-Executive Directors	
Lee Shau-kee	x
Woo Po-shing	x
Kwan Cheuk-yin, William	✓
Wong Yick-kam, Michael	✓
Independent Non-Executive Directors	
Yip Dicky Peter	✓
Wong Yue-chim, Richard	x
Li Ka-cheung, Eric	✓
Fung Kwok-lun, William	✓
Leung Nai-pang, Norman	✓
Leung Kui-king, Donald	✓
Leung Ko May-yee, Margaret	✓

Shareholder(s) holding at least 5% of the total voting rights of all the shareholders of the Company having a right to vote at general meetings can send a request to the Company to convene a general meeting pursuant to Section 566 of the Companies Ordinance. The request must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. The request must be authenticated by the relevant shareholder(s) and sent to the Company in hard copy form or in electronic form.

Besides, Section 615 of the Companies Ordinance provides that (i) shareholder(s) representing at least 2.5% of the total voting rights of all shareholders of the Company who have a right to vote on the resolution at the AGM or (ii) at least 50 shareholders who have a right to vote on the resolution at the AGM may request the Company to circulate a notice of a resolution for consideration at the AGM. Such request must identify the resolution to be moved at the AGM and must be authenticated by the relevant shareholder(s) and sent to the Company in hard copy form or in electronic form not later than six weeks before the relevant AGM or if later, when the notice of the AGM is despatched.

The latest version of the Articles of Association, where no amendment was made during the year ended 30 June 2015, is available on the websites of the Company and HKEx.

In order to bring the Articles of Association in line with the Companies Ordinance which came into force in March 2014, a special resolution will be proposed at the forthcoming AGM for the shareholders to consider and, if thought fit, approve the adoption of the new Articles of Association. Marked-up version of the proposed new Articles of Association showing the amendments is available on the Company's website, and a copy of the same is also available for inspection at the Company's registered office during normal business hours on any business day (excluding Saturday) until the date of the forthcoming AGM.

Directors' Report

The Directors present their report for the year ended 30 June 2015:

Principal Activities

The principal activity of the Company is investment holding.

The principal activities of the Group are the development of and investment in properties for sale and rent, hotel operation, telecommunications, transportation, infrastructure and logistics. Other ancillary and supporting businesses, which are described under principal subsidiaries, joint ventures and associates on pages 201 to 208, are integrated with the main business of the Group. An analysis of the Group's performance for the year by reportable and operating segments in business operation and geographical area is set out in note 2 to the consolidated financial statements.

Business Review

The business review of the Group for the year ended 30 June 2015 is set out on pages 8 to 97 and the paragraphs below.

The Residential Properties (First-hand Sales) Ordinance regulates the sales of first-hand uncompleted and completed residential properties in Hong Kong, with a view to enhancing the transparency, fairness and consumer protection of the sales of first-hand residential properties. The Group takes particular care to comply with the requirements of the Ordinance in relation to sales brochures, price lists, show flats, disclosure of transaction information, advertisements, sales arrangements, and mandatory provisions for preliminary agreement for sale and purchase and agreement for sale and purchase for the sales of first-hand residential properties, not only through established internal procedures, but also by engaging external professional advisors including architects, surveyors and solicitors in the checking of the accuracy of the information contained in the relevant documents made available to the public in connection with such sales.

In relation to human resources, the Group is committed to complying with the requirements of the Personal Data (Privacy) Ordinance, and ordinances relating to disability, sex, family status and race discrimination, as well as the Employment Ordinance, the Minimum Wage Ordinance and ordinances relating to occupational safety of employees of the Group, so as to safeguard the interests and well-being of its employees.

The Group is also committed to safeguarding the security of personal data. When collecting and processing such data, the Group complies with the Personal Data (Privacy) Ordinance and the guidelines issued by the Office of the Privacy Commissioner for Personal Data, with a view to protecting the privacy of its employees, tenants and purchasers of its properties, members of the SHKP Club and owners of properties under its management.

On the corporate level, the Group complies with the requirements under the Companies Ordinance, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Securities and Futures Ordinance (the "SFO") for, among other things, the disclosure of information and corporate governance, and the Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

Key Risk Factors

The following section lists out the key risks and uncertainties facing the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below. Besides, this Annual Report does not constitute a recommendation or an advice for anyone to invest in the securities of the Company and investors are advised to make their own judgment or consult their own investment advisors before making any investment in the securities of the Company.

Risks Pertaining to the Property Market in Hong Kong

A substantial part of the Group's property portfolio is located in Hong Kong, and a substantial part of the Group's revenue is derived in Hong Kong. As a result, the general state of the economy and the property market, legislative and regulatory changes, government policies and political conditions in Hong Kong have a significant impact on the Group's operating results and financial conditions. The government may introduce property cooling measures from time to time, which may have a significant bearing on the market and adversely affect the Group's property sales performance, and financial condition. Rental levels in Hong Kong are subject to competition arising from supply in the primary sector. In addition to the economic and market conditions mentioned above, other domestic and external economic factors including but not limited to supply and demand conditions, and stock market performance may affect the Group's property investment business.

Risks Pertaining to the Property Market on the Mainland

The Group has material interests in residential and commercial property development and property investment on the mainland and is therefore subject to the risks associated with China's property market. The Group's operations on the mainland may also be exposed to the risks of policy change, interest rate change, demand-supply imbalance, and the overall economic conditions, which may pose an adverse impact on the Group's business, financial condition or results of operations.

Operational Risks

The Group's operation is subject to a number of risk factors distinctive to property development, property investment, and property related businesses. Default on the part of our buyers, tenants and strategic business partners, and inadequacies or failures of internal processes, people and systems or other external factors may have various levels of negative impact on the results of operations. Additionally, accidents may happen despite systems and policies set up for their prevention, which may lead to financial loss, litigation, or damage in reputation.

Past Performance and Forward Looking Statements

The performance and the results of operation of the Group as set out in this Annual Report are historical in nature and past performance is not a guarantee of future performance. This Annual Report may contain forward-looking statements and opinions that involve risks and uncertainties. Actual result may also differ materially from expectations discussed in such forward-looking statements and opinions. Neither the Group nor the Directors, employees or agents of the Group assume any obligations or liabilities in the event that any of the forward-looking statements or opinions does not materialize or turns out to be incorrect.

Group Profits

Profit after taxation for the year ended 30 June 2015, including shares of results from joint ventures and associates, amounted to HK\$32,364 million (2014: HK\$34,335 million). After taking non-controlling interests into account, profit attributable to the Company's shareholders was HK\$31,082 million (2014: HK\$33,520 million).

Dividends

An interim dividend of HK\$0.95 per share (2014: HK\$0.95 per share) was paid on 24 March 2015. The Board of Directors of the Company (the "Board") has recommended a final dividend of HK\$2.40 per share (2014: HK\$2.40 per share), making a total dividend of HK\$3.35 per share for the full year ended 30 June 2015 (2014: HK\$3.35 per share).

The proposed final dividend, if approved at the forthcoming annual general meeting of the Company to be held on Thursday, 12 November 2015 (the "2015 Annual General Meeting"), will be payable on Thursday, 26 November 2015 to the shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company on Wednesday, 18 November 2015. Shares of the Company will be traded ex-dividend as from Monday, 16 November 2015.

Directors' Report

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 year ended 30 June 2015.

Shares Issued

During the year, the Company issued shares as follows:

- (i) 3,677,000 shares (2014: 17,000 shares), fully paid, were issued for the total consideration of HK\$408 million (2014: HK\$1.6 million) as a result of the exercise of share options under the share option schemes of the Company; and
- (ii) 146,902,747 shares (2014: 879,872 shares), fully paid, were issued for the total consideration of HK\$14,485 million (2014: HK\$87 million) as a result of the exercise of warrants issued by the Company.

Details of the shares issued by the Company during the year are shown in note 26 to the consolidated financial statements and on page 154.

Reserves

Movements in the reserves of the Company and the Group during the year are shown in note 28 to the consolidated financial statements and on page 154 respectively.

Fixed Assets

Movements in fixed assets during the year are shown in notes 10 and 11 to the consolidated financial statements.

Group Financial Summary

The results, assets and liabilities of the Group for the last five years are summarized on page 6.

Development and Investment Properties

Particulars of major development and investment properties in Hong Kong held by the Group are set out on pages 36 and 37, and pages 48 and 49 respectively; and particulars of major development and investment properties on the mainland held by the Group are set out on pages 62 and 63, and page 70 respectively.

Directors

The list of Directors and their biographical information are set out on page 2, and pages 136 to 146 respectively.

During the year, Mr. Kwok Ping-kwong, Thomas resigned as Chairman and Managing Director and as an Executive Director of the Company, and Mr. Kwok Kai-fai, Adam ceased to be his Alternate Director. Mr. Chan Kui-yuen, Thomas resigned as an Executive Director of the Company. In addition, Mr. Kwok Kai-fai, Adam was appointed as an Executive Director of the Company. All these changes took effect on 19 December 2014. All other Directors held office for the whole year.

In accordance with Article 95 of the Company's articles of association (the "Articles of Association"), Mr. Kwok Kai-fai, Adam, who was appointed as a Director of the Company by the Board to fill a casual vacancy, will hold office until the next following general meeting of the Company and, being eligible, has offered himself for re-election.

In addition, in accordance with Article 104(A) of the Articles of Association, Mr. Lui Ting, Victor, Dr. Li Ka-cheung, Eric, Mrs. Leung Ko May-yee, Margaret, Sir Po-shing Woo, Mr. Kwong Chun and Mr. Chan Kwok-wai, Patrick will retire from office and, being eligible, have offered themselves for re-election at the 2015 Annual General Meeting. Dr. Li Ka-cheung, Eric, an Independent Non-Executive Director, has served the Company for more than nine years. Pursuant to the Corporate Governance Code of the Listing Rules, his re-election will be subject to a separate resolution to be approved at the 2015 Annual General Meeting.

None of the above Directors proposed for re-election has a service agreement with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

The Company has received from each Independent Non-Executive Director a confirmation of his or her independence pursuant to the independence guidelines under the Listing Rules, and considers that all the Independent Non-Executive Directors are independent.

The list of directors who have served on the boards of the subsidiaries of the Company during the year and up to the date of this report is available on the Company's website at www.shkp.com under the "Corporate Governance" section.

Directors' and Chief Executives' Interests

As at 30 June 2015, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code set out in Appendix 10 to 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 30.06.2015
		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	188,743	-	-	496,514,186 ^{3&7}	496,702,929	496,702,929	17.27
	Equity Derivatives	-	-	-	-	-	-	-
						496,702,929	496,702,929	17.27
Lee Chau-kee	Shares	486,340	-	57,445,000 ⁴	-	57,931,340	57,931,340	2.01
	Equity Derivatives	-	-	-	-	-	-	-
	warrants	40,528	-	120,584 ⁴	-	161,112	161,112	0.01
						58,092,452	58,092,452	2.02
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	317,695	0.01
Lui Ting, Victor	Shares	60,000	-	-	-	60,000	60,000	0.00
	Equity Derivatives	-	-	-	-	-	-	-
	warrants	5,000	-	-	-	5,000	5,000	0.00
	share options	100,000	-	-	-	100,000	105,000	0.00
						165,000	165,000	0.00
Wong Yue-chim, Richard	Shares	-	1,000 ⁵	-	-	1,000	1,000	0.00
	Equity Derivatives	-	-	-	-	-	-	-
	warrants	-	83 ⁵	-	-	83	83	0.00
						1,083	1,083	0.00
Li Ka-cheung, Eric	Shares	-	4,028 ⁵	-	-	4,028	4,028	0.00
	Equity Derivatives	-	-	-	-	-	-	-
	warrants	-	335 ⁵	-	-	335	335	0.00
						4,363	4,363	0.00

Directors' Report

Name of Director		Number of shares and underlying shares held under equity derivatives					Sub-total	Total	% of issued voting shares as at 30.06.2015
		Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (interests of controlled corporation)	Other interests				
Fung Kwok-lun, William	Shares	220,000	9,739 ⁵	-	-	229,739	229,739	0.01	
	Equity Derivatives warrants	18,333	811 ⁵	-	-	19,144	19,144	0.00	
							248,883	0.01	
Leung Nai-pang, Norman	Shares	-	10,833 ⁵	-	-	10,833	10,833	0.00	
	Equity Derivatives	-	-	-	-	-	-	-	
							10,833	0.00	
Leung Kui-king, Donald	Shares	-	2,000 ⁵	-	-	2,000	2,000	0.00	
	Equity Derivatives	-	-	-	-	-	-	-	
							2,000	0.00	
Leung Ko May-yee, Margaret	Shares	15,372	-	-	-	15,372	15,372	0.00	
	Equity Derivatives warrants	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 warrants	15,063	-	-	-	15,063	15,063	0.00	
							197,714	0.01	
Kwok Kai-fai, Adam	Shares	9,000	-	-	621,289,747 ^{6,788}	621,298,747	621,298,747	21.61	
	Equity Derivatives share options	23,000	-	-	-	23,000	23,000	0.00	
							621,321,747	21.61	
Kwong Chun	Shares	762,722	339,358 ⁵	-	-	1,102,080	1,102,080	0.04	
	Equity Derivatives warrants	63,560	28,279 ⁵	-	-	91,839	91,839	0.00	
							1,193,919	0.04	
Chan Kwok-wai, Patrick	Shares	-	-	-	-	-	-	-	
	Equity Derivatives share options	100,000	-	-	-	100,000	100,000	0.00	
							100,000	0.00	
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	9,000	-	-	623,467,601 ^{3,788}	623,476,601	623,476,601	21.68	
	Equity Derivatives share options	23,000	-	-	-	23,000	23,000	0.00	
							623,499,601	21.68	
Woo Ka-biu, Jackson (Alternate Director to Woo Po-shing)	Shares	-	1,000 ⁵	-	-	1,000	1,000	0.00	
	Equity Derivatives	-	-	-	-	-	-	-	
							1,000	0.00	

Notes:

1. *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).*
2. *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.*
3. *Messrs. Kwok Ping-luen, Raymond and Kwok Ho-lai, Edward were deemed to be interested in 496,514,186 shares in the Company by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated between them.*
4. *Dr. Lee Shau-kee was deemed to be interested in the 57,445,000 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 70.26% 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 ("Financial Enterprise") which was wholly-owned by Shau Kee Financial Enterprises Limited ("SK Financial"). Lee Financial (Cayman) Limited ("Lee Financial") as trustee of another unit trust owned all the issued shares of SK Financial. 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 57,445,000 shares and 120,584 warrants of the Company held by Superfun and Kinnox by virtue of Part XV of the SFO.*
5. *These shares and/or warrants of the Company were held by the spouse of the Director concerned.*
6. *Mr. Kwok Kai-fai, Adam was deemed to be interested in 494,336,332 shares in the Company by virtue of him being a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO.*
7. *Of the said 496,514,186 shares and 494,336,332 shares in the Company as stated in Notes 3 and 6 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.*
8. *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.*

Directors' Report

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 30.06.2015
		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 ³	-	41,142	0.00
	Equity Derivatives	-	-	-	-	-
					41,142	0.00
Leung Ko May-yee, Margaret	Shares	1,000	2,000 ³	-	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&4}	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&4}	13,272,658	0.57
	Equity Derivatives	-	-	-	-	-
					13,272,658	0.57

Notes:

- 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. Messrs. Kwok Ping-luen, Raymond and Kwok Ho-lai, Edward were also deemed to be interested in 1,345,000 shares in SUNeVision by virtue of them being beneficiaries of a discretionary trust for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated between them.
3. These shares in SUNeVision were held by the spouse of the Director concerned.
4. 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 30.06.2015
		Corporate interests (interests of controlled corporation)	Other interests	Total	
Kwok Ping-luen, Raymond	Shares	–	4,565,544 ¹	4,565,544	0.43
	Equity Derivatives	–	–	–	–
				4,565,544	0.43
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	0.57
	Equity Derivatives	–	–	–	–
				6,057,364	0.57
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 (“Jetwin”). Triton (Cayman) Limited (“Triton”) as trustee of a unit trust owned all the issued shares of Jetwin. Victory (Cayman) Limited (“Victory”) and Triumph (Cayman) Limited (“Triumph”) as respective trustees of two discretionary trusts held units in this unit trust. The entire issued share capital of Triton, Victory and Triumph 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.

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(c) Transport International Holdings Limited ("Transport International")

Name of Director		Number of shares and underlying shares held under equity derivatives		% of issued voting shares as at 30.06.2015
		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) RoadShow Holdings Limited ("RoadShow")

Name of Director		Number of shares and underlying shares held under equity derivatives		% of issued voting shares as at 30.06.2015
		Personal interests (held as beneficial owner)	Total	
Kwok Ping-luen, Raymond	Shares	37,400 ¹	37,400	0.00
	Equity Derivatives	–	–	–
			37,400	0.00

Note:

- These shares in RoadShow were held jointly with the spouse of Mr. Kwok Ping-luen, Raymond.

(e) 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 30.06.2015	Actual shares held through corporation	Actual % of interests in issued voting shares as at 30.06.2015
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:

- 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.

(f) **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 30.06.2015
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 (commenced members' voluntary liquidation on 9 January 2015)	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 57,445,000 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 70.26% 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 which was wholly-owned by SK Financial. Lee Financial as trustee of another unit trust owned all the issued shares of SK Financial. 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 57,445,000 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 which was 50% held by Masterland Limited ("Masterland").*
3. *Dr. Lee Shau-kee was deemed to be interested in the one share held through Chico Investment Limited ("Chico").*
4. *Dr. Lee Shau-kee was deemed to be interested in the 100 shares held through Central Waterfront Property Investment Holdings Limited which was 34.21% held by Starland International Limited ("Starland").*

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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 which was wholly-owned by HK China Gas. HK China Gas was 41.51% held by Henderson Land.*
6. *Dr. Lee Shau-kee was deemed to be interested in the one share held through Starland.*
7. *Dr. Lee Shau-kee was deemed to be interested in the 100 shares held through Citiright Development Limited.*
8. *Dr. Lee Shau-kee was deemed to be interested in the one share held through E Man Construction Company Limited.*
9. *Dr. Lee Shau-kee was deemed to be interested in the one share held through Masterland.*
10. *Dr. Lee Shau-kee was deemed to be interested in the one share held through Atex Resources Limited which was wholly-owned by Mightymark Investment Limited.*
11. *Dr. Lee Shau-kee was deemed to be interested in the one share held through Citiplus Limited.*
12. *Dr. Lee Shau-kee was deemed to be interested in the 2,459 shares held through Chico.*
13. *Dr. Lee Shau-kee was deemed to be interested in the 3,050 shares held through Quickcentre Properties Limited, a wholly-owned subsidiary of Henderson (China) Investment Company Limited which in turn was wholly-owned by Andco Limited. Andco Limited was a wholly-owned subsidiary of Henderson China Holdings Limited which was wholly-owned by Brightland Enterprises Limited.*
14. *Dr. Lee Shau-kee was deemed to be interested in the one share held through Well Born Real Estate Management Limited.*
15. *Dr. Lee Shau-kee was deemed to be interested in the one share held through Benewick Limited which was wholly-owned by Dorway Investment Limited.*
16. *Dr. Lee Shau-kee was deemed to be interested in the two shares held through Mightymark Investment Limited.*
17. *Dr. Lee Shau-kee was deemed to be interested in the 300 shares held through Kenforce Investment Limited which was wholly-owned by Henderson China Properties Limited.*
18. *Dr. Lee Shau-kee was deemed to be interested in the 4,918 shares held through Billion Ventures Limited which was 50% held by Chico.*
19. *Dr. Lee Shau-kee was deemed to be interested in the one share in Topcycle Project Management Limited held through Dandy Investments Limited. Topcycle Project Management Limited was subsequently dissolved on 15 July 2015.*
20. *Masterland, Chico, Starland and companies mentioned in Notes 7, 8, 10, 11, 13 to 17 and 19 above were wholly-owned subsidiaries of Henderson Land. Dr. Lee Shau-kee was taken to be interested in Henderson Land as set out in Note 1 above.*

Save as disclosed above, as at 30 June 2015, 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.

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 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 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.

During the year ended 30 June 2015, 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 year ended 30 June 2015 were as follows:

Grantees	Date of grant	Exercise price per share (HK\$)	Exercise period ¹	Number of share options					Closing price per share (HK\$)	
				Balance as at 01.07.2014	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	Balance as at 30.06.2015		
(I) Old Scheme										
(i) Directors										
Kwok Ping-luen, Raymond	12.07.2010	111.40	12.07.2011 to 11.07.2015	100,000	-	(100,000)	-	-	115.90 ²	
Wong Chik-wing, Mike	12.07.2010	111.40	12.07.2011 to 11.07.2015	100,000	-	-	-	100,000	N/A	
Lui Ting, Victor	11.07.2012	96.15	11.07.2013 to 10.07.2017	100,000	-	-	-	100,000	N/A	
Kwong Chun	12.07.2010	111.40	12.07.2011 to 11.07.2015	40,000	-	(40,000)	-	-	125.40 ²	
Chan Kwok-wai, Patrick	11.07.2011	116.90	11.07.2012 to 10.07.2016	100,000	-	-	-	100,000	N/A	
Tung Chi-ho, Eric	12.07.2010	111.40	12.07.2011 to 11.07.2015	80,000	-	-	(80,000)	-	N/A	
Kwok Ping-kwong, Thomas <i>(resigned with effect from 19 December 2014)</i>	12.07.2010	111.40	12.07.2011 to 11.07.2015	100,000	-	-	(100,000)	N/A	N/A	
Chan Kui-yuen, Thomas <i>(resigned with effect from 19 December 2014)</i>	12.07.2010	111.40	12.07.2011 to 11.07.2015	100,000	-	-	(100,000)	N/A	N/A	
(ii) Associates of Directors	12.07.2010	111.40	12.07.2011 to 11.07.2015	144,000	-	(138,000)	-	6,000	124.77 ²	

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Grantees	Date of grant	Exercise price per share (HK\$)	Exercise period ¹	Number of share options					Closing price per share (HK\$)
				Balance as at 01.07.2014	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	Balance as at 30.06.2015	
(iii) Other employees	12.07.2010	111.40	12.07.2011 to 11.07.2015	3,248,000	–	(2,468,000)	(120,000)	660,000	125.20 ²
	11.07.2011	116.90	11.07.2012 to 10.07.2016	1,830,000	–	(546,000)	(196,000)	1,088,000	127.63 ²
	11.07.2012	96.15	11.07.2013 to 10.07.2017	1,144,000	–	(229,000)	(53,000)	862,000	123.02 ²
(II) New Scheme									
(i) Directors									
Kwok Kai-fai, Adam ³	12.07.2013	102.30	12.07.2014 to 11.07.2018	32,000	–	(9,000)	–	23,000	121.10 ²
Tung Chi-ho, Eric	11.07.2014	106.80	11.07.2015 to 10.07.2019	N/A	100,000	–	–	100,000	106.30 ⁴
Kwok Ho-lai, Edward (Alternate Director to Kwok Ping-luen, Raymond)	12.07.2013	102.30	12.07.2014 to 11.07.2018	32,000	–	(9,000)	–	23,000	115.80 ²
(ii) Other employees	12.07.2013	102.30	12.07.2014 to 11.07.2018	1,048,000	–	(138,000)	(59,000)	851,000	122.18 ²
	11.07.2014	106.80	11.07.2015 to 10.07.2019	N/A	1,006,000	–	(26,000)	980,000	106.30 ⁴
Total				8,198,000	1,106,000⁵	(3,677,000)	(734,000)	4,893,000	

Notes:

- 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.
- This represented the weighted average closing price of the shares of the Company immediately before the date on which the share options were exercised.
- 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.
- This represented the closing price of the shares of the Company immediately before the date on which the share options were granted.
- 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.
- The accounting policy adopted for the share options is set out in note 1(t) to the consolidated financial statements.

Save as disclosed above, there were no outstanding share options granted under the Old Scheme and the New Scheme during the year ended 30 June 2015.

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.

The major terms of the Old Scheme and the New Scheme (collectively the "Schemes"), in conjunction with the requirements of Chapter 17 of the Listing Rules, are as follows:

1. The purpose of the Schemes is to attract and retain the best quality personnel for the development of the Company's businesses, to provide additional incentives to the employees of the Company or any of its subsidiaries, and to promote the long term financial success of the Company by aligning the interests of the grantees to the Shareholders.
2. The participants of the Schemes are the employees of the Company or any of its subsidiaries (including any Executive Directors of the Company or any of its subsidiaries) as the Board may in its absolute discretion select.
3. The total number of shares of the Company which may be issued upon exercise of all share options to be granted under the Schemes and any other schemes of the Company must not in aggregate exceed 10% of the shares of the Company in issue on the respective dates of approval of each of the Schemes. The 10% limit may be refreshed with the approval by ordinary resolution of the Shareholders. Following the termination of the Old Scheme, no further share options can be granted under the Old Scheme.

The maximum number of shares of the Company which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the New Scheme and any other schemes of the Company must not exceed 30% of the shares of the Company in issue from time to time. As at 10 September 2015, the number of shares of the Company available for issue in respect thereof was 255,206,604 shares, representing approximately 8.87% of the issued shares of the Company.

4. The total number of shares of the Company issued and to be issued upon exercise of share options (whether exercised or outstanding) granted under the Schemes in any 12-month period to each grantee must not exceed 1% of the shares of the Company in issue.

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5. The exercise period of any share option granted under the Schemes shall be determined by the Board but such period must not exceed ten years from the date of grant of the relevant share option.
6. The Schemes do not specify any minimum holding period but the Board has the authority to determine the minimum period for which a share option in respect of some or all of the shares forming the subject of the share options must be held before it can be exercised.
7. The acceptance of an offer of the grant of the respective share options must be made within 28 days from the date of offer with a non-refundable payment of HK\$1.00 from each grantee.
8. The exercise price of a share option to subscribe for shares of the Company shall not be less than the following prices, whichever is higher:
 - the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and
 - the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.
9. The Old Scheme was terminated on 15 November 2012 and all outstanding share options granted under the Old Scheme and yet to be exercised shall remain valid. The New Scheme shall be valid and effective for a period of ten years commencing on the adoption of the New Scheme on 15 November 2012.

2. *Share option schemes of the subsidiaries*

(I) **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 year ended 30 June 2015, there were no outstanding share options under the SUNeVision Old Scheme and no share options were granted under the SUNeVision New Scheme.

The major terms of the SUNeVision New Scheme are as follows:

1. The purpose of the SUNeVision New Scheme is to attract, retain and motivate talented participants to strive for future developments and expansion of the SUNeVision group and to provide SUNeVision with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the participants and for such other purposes as the board of SUNeVision may approve from time to time.
2. The participants of the SUNeVision New Scheme include (i) any executive or non-executive directors (or any persons proposed to be appointed as such) or any employees (whether full-time or part-time) of each member of the SUNeVision group; (ii) any consultants, professional and other advisers to each member of the SUNeVision group (or persons, firms or companies proposed to be appointed for providing such services); (iii) any chief executives or substantial shareholders of SUNeVision; (iv) any associates of a director, chief executive or substantial shareholder of SUNeVision; and (v) any employees of the substantial shareholder of SUNeVision, provided that the board of SUNeVision shall have absolute discretion to determine whether or not one falls within the above categories.
3. The total number of shares of SUNeVision which may be issued upon exercise of all share options to be granted under the SUNeVision New Scheme and any other share option schemes of SUNeVision shall not in aggregate exceed 10% of the total number of shares of SUNeVision in issue as at the date of approval of the SUNeVision New Scheme by the SUNeVision Shareholders. The 10% limit may be refreshed with the approval of the SUNeVision Shareholders in general meeting. The maximum number of shares of SUNeVision which may be issued upon exercise of all outstanding options granted and yet to be exercised under the SUNeVision New Scheme and any other share option schemes of SUNeVision must not exceed 30% of the total number of shares of SUNeVision in issue from time to time (or such higher percentage as may be allowed under the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange). As at 10 September 2015, the number of shares of SUNeVision available for issue under the SUNeVision New Scheme was 232,222,953 shares, representing approximately 10% of the issued shares of SUNeVision.
4. The total number of shares of SUNeVision issued and to be issued upon exercise of the share options granted under the SUNeVision New Scheme and any other share option schemes of SUNeVision to each participant (including exercised and outstanding share options) in any 12-month period shall not exceed 1% of the total number of shares of SUNeVision in issue.
5. A share option granted under the SUNeVision New Scheme may be exercised at any time during the option period after the share option has been granted by the board of SUNeVision. A share option period is a period to be determined by the board of SUNeVision at its absolute discretion and notified by the board of SUNeVision to each grantee as being the period during which a share option may be exercised, such period shall not be longer than ten years from the date of grant of the share option.
6. Unless otherwise determined by the board of SUNeVision and specified in the offer letter at the time of the offer, there is neither any performance target that needs to be achieved by the grantee before a share option can be exercised nor any minimum period for which a share option must be held before the share option can be exercised.
7. The acceptance of an offer of the grant of the share options must be made within 28 days from the date of grant with a non-refundable payment of HK\$1.00 from the grantee.

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8. The exercise price of a share option to subscribe for shares of SUNeVision shall be at least the highest of:
 - the closing price of the shares of SUNeVision as stated in the Stock Exchange's daily quotations sheet on the date on which an offer is made to a participant, which must be a business day;
 - the average closing price of the shares of SUNeVision as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date on which an offer is made to a participant; and
 - the nominal value of the shares of SUNeVision.
9. The SUNeVision New Scheme shall be valid and effective for a period of ten years commencing on the day on which the SUNeVision New Scheme takes effect.

(II) 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.

During the year ended 30 June 2015, no share options were granted under the SmarTone Schemes. Particulars of the outstanding share options granted under the SmarTone Schemes and their movements during the year ended 30 June 2015 were as follows:

Grantees	Date of grant	Exercise price per share (HK\$)	Exercise period ¹	Number of share options				Closing price per share (HK\$)	
				Balance as at 01.07.2014	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year		Balance as at 30.06.2015
(I) SmarTone Old Scheme									
(i) Directors of SmarTone	13.06.2011	12.78	13.06.2012 to 12.06.2016	14,000,000 ²	-	(600,000)	-	13,400,000	13.49 ³
(ii) Other employees of SmarTone	13.06.2011	12.78	13.06.2012 to 12.06.2016	16,925,000 ²	-	(7,471,500)	(75,000)	9,378,500	14.70 ³
	30.09.2011	13.12	30.09.2012 to 29.09.2016	315,000	-	(315,000)	-	-	14.20 ³
	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
(II) SmarTone New Scheme									
(i) Other employees of SmarTone	30.12.2011	13.52	30.12.2012 to 29.12.2016	375,000	-	(187,500)	(75,000)	112,500	14.73 ³
	29.02.2012	16.56	01.03.2013 to 28.02.2017	300,000	-	-	(300,000)	-	N/A
Total				32,342,500	-	(8,574,000)	(600,000)	23,168,500	

Notes:

- 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.
- An employee of SmarTone who was granted 2,000,000 share options on 13 June 2011 was appointed as a director of SmarTone with effect from 2 April 2015.
- 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 year ended 30 June 2015.

The major terms of the SmarTone Schemes, in conjunction with the requirements of Chapter 17 of the Listing Rules, are as follows:

- The purpose of the SmarTone Schemes is to reward participants who have made a valuable contribution to the growth of the SmarTone group and to enable the SmarTone group to recruit and/or to retain employees who are regarded as valuable to the SmarTone group or are expected to be able to contribute to the business development of the SmarTone group.

Directors' Report

2. Any employee, agent, consultant or representative of SmarTone or any of its subsidiaries, including any director of SmarTone or any of its subsidiaries who has made valuable contribution to the growth of the SmarTone group based on his work experience, industry knowledge, performance, business connections or other relevant factors, will be eligible to participate in the SmarTone Schemes at the invitation of the directors of SmarTone.
3. SmarTone can issue share options so that the total number of shares of SmarTone that may be issued upon exercise of all share options to be granted under all the share option schemes of SmarTone does not in aggregate exceed 10% of the shares in issue on the respective dates of adoption of each of the SmarTone Schemes. In respect of the SmarTone New Scheme, SmarTone may renew this limit at any time, subject to its shareholders' approval and the issue of a circular and in accordance with the Listing Rules provided that the number of shares to be issued upon exercise of all outstanding share options of SmarTone granted and yet to be exercised under all the share option schemes of SmarTone does not exceed 30% of the shares in issue of SmarTone from time to time. As at 10 September 2015, the number of shares of SmarTone available for issue in respect thereof was 102,761,185 shares which represented approximately 9.70% of the issued shares of SmarTone.
4. The maximum entitlement for any participant is that the total number of shares of SmarTone issued and to be issued upon exercise of share options granted and to be granted in any 12-month period up to the date of the latest grant does not exceed 1% of the relevant class of shares in issue of SmarTone.
5. The exercise period of any share option granted under the SmarTone Schemes shall be determined by the board of SmarTone but such period must not exceed ten years from the date of grant of the relevant share option.
6. The SmarTone Schemes do not specify any minimum holding period before the share option can be exercised but the board of SmarTone has the authority to determine the minimum holding period when the share options are granted.
7. Acceptance of offer to grant a share option shall be sent in writing together with a remittance in favour of SmarTone of HK\$1.00 by way of consideration for the grant and must be received by the company secretary of SmarTone within 28 days from the date of the making of such offer.
8. The option price per share of SmarTone payable upon the exercise of any share option will be determined by the directors of SmarTone upon the grant of such share option. It shall be at least the highest of :
 - the average closing price of the shares of SmarTone as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the day of offer of such share option;
 - the closing price of the shares of SmarTone as stated in the Stock Exchange's daily quotations sheet on the day of offer of such share option, which must be a business day; and
 - the nominal value of a share of SmarTone.
9. The SmarTone Old Scheme was terminated on 8 December 2011 and the existing rights of the grantees under the outstanding share options granted and yet to be exercised under the SmarTone Old Scheme are not affected. The SmarTone New Scheme shall be valid and effective for a period of ten years commencing from the adoption of the SmarTone New Scheme on 2 November 2011.

Arrangement to Purchase Shares or Debentures

Other than the share option schemes as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate.

Equity-linked Agreements

Other than the share option schemes of the Company as disclosed above, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

Interests of Substantial Shareholders and Other Persons

As at 30 June 2015, 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 30.06.2015
		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 ^{2,384}	915,250,313	31.83
	Equity Derivatives warrants	–	–	14,412,131 ³	14,412,131	0.50
					929,662,444	32.33
Kwong Siu-hing	Shares	25,024	–	742,304,737 ²⁸⁴	742,329,761	25.81
	Equity Derivatives	–	–	–	–	–
					742,329,761	25.81
(II) Other persons						
Adolfa Limited ("Adolfa")	Shares	231,182,838	48,756,223	–	279,939,061 ⁴	9.73
	Equity Derivatives	–	–	–	–	–
					279,939,061	9.73
Bertana Limited ("Bertana")	Shares	231,182,838	48,756,223	–	279,939,061 ⁴⁸⁵	9.73
	Equity Derivatives	–	–	–	–	–
					279,939,061	9.73
Cyrac Limited ("Cyrac")	Shares	231,182,838	48,756,223	–	279,939,061 ⁴⁸⁶	9.73
	Equity Derivatives	–	–	–	–	–
					279,939,061	9.73
Credit Suisse Trust Limited	Shares	–	–	216,580,592 ⁷⁸⁸	216,580,592	7.53
	Equity Derivatives	–	–	–	–	–
					216,580,592	7.53

Directors' Report

		Number of shares and underlying shares held under equity derivatives			Total	% of issued voting shares as at 30.06.2015
		Personal interests (held as beneficial owner)	Corporate interests (interests of controlled corporation)	Other interests		
HSBC Trustee (Guernsey) Limited	Shares	–	–	214,397,271 ⁹	214,397,271	7.46
	Equity Derivatives	–	–	–	–	–
					214,397,271	7.46
Kwok Ping-sheung, Walter	Shares	75,000	–	194,929,751 ¹⁰	195,004,751	6.78
	Equity Derivatives					
	warrants	6,250	–	16,244,145 ¹⁰	16,250,395	0.57
					211,255,146	7.35
Thriving Talent Limited	Shares	190,691,595 ⁹	–	–	190,691,595	6.63
	Equity Derivatives	–	–	–	–	–
					190,691,595	6.63
Rosy Result Limited	Shares	189,149,595 ⁷	–	–	189,149,595	6.58
	Equity Derivatives	–	–	–	–	–
					189,149,595	6.58
Asporto Limited	Shares	172,945,576 ³	–	–	172,945,576	6.02
	Equity Derivatives					
	warrants	14,412,131 ³	–	–	14,412,131	0.50
					187,357,707	6.52

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.

7. *Credit Suisse Trust Limited was deemed to be interested in 216,575,125 shares in 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, 189,149,595 shares represented the same interests held by Rosy Result Limited and were therefore duplicated between them.*

The 216,575,125 shares in the Company as disclosed in the above paragraph 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.

8. *In addition to the deemed interests as stated in Note 7 above, Credit Suisse Trust Limited was deemed to be interested in 5,467 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 214,397,271 shares in 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, 190,691,595 shares represented the same interests held by Thriving Talent Limited and were therefore duplicated between them.*

The 214,397,271 shares in the Company as disclosed in the above paragraph 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.

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 30 June 2015, 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 30 June 2015, the Group employed close to 37,000 employees. The related employees' costs before reimbursements for the year amounted to approximately HK\$9,340 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. Details of the old and new share option schemes of the Company are set out in the section headed "Share Option Schemes".

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 which is same as that offered to other employees of the Group.

Permitted Indemnity

The Articles of Association provides that each Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he or she may sustain or incur in or about the execution of the duties of his or her office or otherwise in relation thereto. In addition, the Company has maintained appropriate directors and officers liability insurance in respect of relevant legal actions against the Directors.

Bank and Other Borrowings

Details of bank and other borrowings as at 30 June 2015 are set out in notes 21 and 23 to the consolidated financial statements.

Directors' Report

Interest Capitalized

Interest capitalized during the year amounted to HK\$339 million (2014: HK\$290 million).

Charitable Donations

HK\$70 million (2014: HK\$125 million) was donated during the year.

Directors' Interests in Competing Businesses

The interests of the Directors of the Company in competing businesses that were required to be disclosed pursuant to Rule 8.10 of the Listing Rules as informed by the relevant Directors were as follows:

Messrs. Kwok Ping-luen, Raymond, Kwok Kai-fai, Adam and Kwok Ho-lai, Edward (the Alternate Director to Mr. Kwok Ping-luen, Raymond) (collectively the "Kwok Family") maintain certain interests in businesses which consist of property developments and investments in Hong Kong and Singapore and hotel operation in Hong Kong. As such, they are regarded as being interested in such competing businesses with the Group (the "Excluded Businesses"). However, when compared with the dominance and size of operations of the Group, such Excluded Businesses are immaterial. The Kwok Family does not have property developments and investments business and hotel operation business in the Mainland China. Therefore they are not regarded as being interested in such Excluded Businesses in the Mainland China. The Group does not have (i) property developments and investments in locations other than Hong Kong, Mainland China and Singapore, and (ii) hotel operation in locations other than Hong Kong and Mainland China.

Messrs. Kwok Ping-luen, Raymond and Fung Yuk-lun, Allen are non-executive directors of Transport International. The businesses of Transport International consist of property holdings and development. In this regard, each of Messrs. Kwok Ping-luen, Raymond and Fung Yuk-lun, Allen is regarded as being interested in such Excluded Businesses.

Mr. Kwok Ping-luen, Raymond is a non-executive director of Wing Tai Properties Limited ("Wing Tai") and Mr. Kwok Ho-lai, Edward was appointed as his alternate with effect from 2 April 2015. The businesses of Wing Tai consist of property development, property investment and management, and hospitality investment and management. Therefore, each of Messrs. Kwok Ping-luen, Raymond and Kwok Ho-lai, Edward is regarded as being interested in such Excluded Businesses.

Dr. Lee Shau-kee is the chairman and managing director of Henderson Land. He is also an executive director of Henderson Investment Limited, and a non-executive director of Hong Kong Ferry (Holdings) Company Limited and Miramar Hotel and Investment Company, Limited. In addition to his directorships, Dr. Lee Shau-kee is also deemed to be a substantial shareholder of such companies by virtue of his deemed interest therein under the Listing Rules and Part XV of the SFO. The businesses of these companies principally consist of investment holding, property development and investment, hotel operation, project and property management, construction, department store operation, and provision of finance, which may be deemed to constitute the Excluded Businesses. As such, Dr. Lee Shau-kee is regarded as being interested in such Excluded Businesses. He is a Non-Executive Director of the Company and is not involved in the daily management of the Group.

Sir Po-shing Woo is a director of Henderson Development, the businesses of which principally consist of investment holding as well as property development and investment in Hong Kong. In addition, both Sir Po-shing Woo and Mr. Woo Ka-biu, Jackson hold directorships in certain companies (including the Kailey Group) and/or are entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of these companies. The businesses of these companies consist of property development and investment. Accordingly, Sir Po-shing Woo and Mr. Woo Ka-biu, Jackson are regarded as being interested in such Excluded Businesses. Sir Po-shing Woo, being a Non-Executive Director of the Company, and his alternate, Mr. Woo Ka-biu, Jackson, are not involved in the daily management of the Group.

Other than the family businesses of the Kwok Family, the above-mentioned Excluded Businesses are managed by separate companies or public listed companies with independent management and administration. In this respect, coupled with diligence of the Independent Non-Executive Directors and the Audit Committee of the Company, the Group is capable of carrying on its businesses independent of, and at arm's length from, the Excluded Businesses mentioned above.

Connected Transactions

During the period from the date of the 2013/14 annual report of the Company to the date of this report, the Company did not have any connected transactions which were subject to the reporting requirements under Chapter 14A of the Listing Rules.

Directors' Interests in Transactions, Arrangements and Contracts

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company's subsidiaries was a party and in which a Director or his or her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Management Contracts

Save for employment contracts, no other contracts, relating to the management and/or administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year.

Major Customers and Suppliers

During the year, less than 30% of the Group's sales and less than 30% of the Group's purchases were attributable to the Group's five largest customers combined and five largest suppliers combined respectively.

Auditor

The retiring auditor, Messrs. Deloitte Touche Tohmatsu, has signified its willingness to continue in office. A resolution will be proposed at the 2015 Annual General Meeting to re-appoint it and to authorize the Directors to fix its remuneration.

Audit Committee

The annual results for the year have been reviewed by the Audit Committee of the Company. The Group's consolidated financial statements have been audited by the Company's auditor, Messrs. Deloitte Touche Tohmatsu, and it has issued an unmodified opinion.

Corporate Governance

A report on the principal corporate governance practices adopted by the Company is set out on pages 98 to 111.

Sufficiency of Public Float

As at the date of this report, based on information that was publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company maintained the amount of public float as required under the Listing Rules.

This report is signed for and on behalf of the Board.

Kwok Ping-luen, Raymond

Chairman & Managing Director

Hong Kong, 10 September 2015

Directors' Biographical Information

Directors

Kwok Ping-luen, Raymond

Hon LLD, Hon DBA, MBA, MA (Cantab), JP
Chairman & Managing Director (Age: 62)

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 the Managing Director, an Executive Director and a member of the Executive Committee of the Company. He has been with the Group for 37 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 a member 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 2015, 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\$2.89 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. He continues to act as an executive director of Henderson Investment Limited after his stepping down as chairman and managing director on 1 July 2015. He has been engaged in property development in Hong Kong for more than 55 years. Dr. Lee 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 2015, Dr. Lee is entitled to receive a fee of HK\$310,000 for being the Vice Chairman of the Company.

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. 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 2015, 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\$20.38 million.

Lui Ting, Victor

BBA

Deputy Managing Director (Age: 61)

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 2015, 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\$20.62 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 was the chief representative for the Asia-Pacific Region of Institute of International Finance from July 2012 to July 2015. Mr. Yip is currently an independent non-executive director of South China Holdings Company Limited (formerly known as South China (China) Limited) and Ping An Insurance (Group) Company of China, Ltd., and an independent director of DSG International (Thailand) PLC.

Directors' Biographical Information

Mr. Yip is an elected associated member of the Chartered Institute of Bankers, London. He 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. Mr. Yip 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 2015, 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: 63)

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. 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 Great Eagle Holdings Limited, Orient Overseas (International) Limited, Pacific Century Premium Developments Limited and Link Asset Management Limited (formerly known as The Link Management Limited) as the manager of Link Real Estate Investment Trust (formerly known as The Link Real Estate Investment Trust). He retired as an independent non-executive director of CK Life Sciences Int'l., (Holdings) Inc. with effect from 15 May 2015. In addition, Professor Wong was a member of the managing board of the Kowloon-Canton Railway Corporation.

For the year ended 30 June 2015, 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.

Dr. Li Ka-cheung, Eric

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

Independent Non-Executive Director (Age: 62)

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 the 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 2015, 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 resigned as a director of the Fung Global Institute with effect from 1 July 2015. 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 2015, Dr. Fung is entitled to receive a fee of HK\$300,000 for being a Director of the Company.

Directors' Biographical Information

Dr. Leung Nai-pang, Norman

LLD, GBS, JP

Independent Non-Executive Director (Age: 75)

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. He was the executive chairman of Television Broadcasts Limited.

Dr. Leung has been active in public service for 40 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 and a council member of The Chinese University of Hong Kong.

For the year ended 30 June 2015, 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: 59)

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 2015, Mr. Leung 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.

Leung Ko May-yee, Margaret

SBS, JP

Independent Non-Executive Director (Age: 63)

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 Hong Kong Special Administrative Region, and the chairman of the executive committee of The Community Chest of Hong Kong.

For the year ended 30 June 2015, 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., FCI Arb, F.I.Mgt., FlnstD, FHKMA
Non-Executive Director (Age: 86)

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 is the father of Mr. Woo Ka-biu, Jackson.

For the year ended 30 June 2015, Sir Po-shing Woo is entitled to receive a fee of HK\$300,000 for being a Director of the Company.

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 2015, 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.

Directors' Biographical Information

Wong Yick-kam, Michael

MBA, BBA

Non-Executive Director (Age: 63)

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 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, 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 2015, 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.

Kwok Kai-fai, Adam

MBA, BSc

Executive Director (Age: 32)

Mr. Kwok has been an Executive Director of the Company since December 2014. He is also a member of the Executive Committee of the Company. 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 in 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 vice-president of The Real Estate Developers Association of Hong Kong, a member of board of directors of The Community Chest of Hong Kong, a vice-chairman of Hong Kong United Youth Association, a member of the Working Group on Transportation under Economic Development Commission of the Government of the Hong Kong Special Administrative Region and a member of board of directors of the Faculty of Business and Economics of The University of Hong Kong. He is also a member of Guangdong Provincial Committee of the Chinese People's Political Consultative Conference, a member of All-China Youth Federation and a member of Friends of Hong Kong Association Limited.

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 approximately HK\$159,000 for being a Director of the Company and other emoluments of approximately HK\$1.54 million for the period from 19 December 2014 (being the date of his appointment as a Director) to 30 June 2015.

Kwong Chun

Executive Director (Age: 86)

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 2015, 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\$5.26 million.

Chan Kwok-wai, Patrick

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

Executive Director & Chief Financial Officer (Age: 59)

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 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, deputy 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 2015, 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\$15.48 million.

Directors' Biographical Information

Tung Chi-ho, Eric

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

Executive Director (Age: 56)

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 China. He is also an executive director of SUNeVision Holdings Ltd.

For the year ended 30 June 2015, Mr. Tung is entitled to receive a fee of HK\$300,000 for being a Director of the Company. Also, he is entitled to receive other emoluments of a total of approximately HK\$16.62 million, including emoluments of HK\$42,000 for being a director of SUNeVision Holdings Ltd.

Fung Yuk-lun, Allen

BA, Ph.D.

Executive Director (Age: 47)

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. Mr. Fung is a vice chairman and a non-executive director of SUNeVision Holdings Ltd. as well as a deputy chairman and a non-executive director of SmarTone Telecommunications Holdings Limited. 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 both 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 an advisory member of the Faculty of Business and Economics at The University of Hong Kong, and a council member of Sir Edward Youde Memorial Fund.

For the year ended 30 June 2015, Mr. Fung is entitled to receive a fee of HK\$300,000 for being a Director of the Company. Also, he is entitled to receive other emoluments of a total of approximately HK\$15.50 million, including fees of HK\$32,800 and HK\$128,000 for being a vice chairman and a director of SUNeVision Holdings Ltd. as well as a deputy chairman and a director of SmarTone Telecommunications Holdings Limited respectively.

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 was appointed as an alternate director to Mr. Kwok Ping-luen, Raymond, a non-executive director of Wing Tai Properties Limited, with effect from 2 April 2015.

Mr. Kwok 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.

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. 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 shall be eligible for 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.

Directors' Biographical Information

The Directors' fees are proposed by the Board of Directors and approved by the shareholders of the Company at the annual general meeting and their other emoluments are subject to review by the Board of Directors 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.

Executive Committee

Executive Committee

All Executive Directors of the Company are members of the Executive Committee of the Company. Other members and their profiles are as follows:

Chow Kwok-yin, Eric

ACIS

Mr. Chow graduated from The Hong Kong Polytechnic University. He is a member of The Institute of Chartered Secretaries and Administrators. Mr. Chow joined the Group in 2000 and is currently responsible for sales and marketing of selected residential projects in Hong Kong and the mainland. He has been appointed as an Executive Director of Sun Hung Kai Real Estate Agency Limited since April 2005.

Wong Chin-wah, Jimmy

BSc(Est Mgt), Cert Ed, MSISV, MHKIS, MAPFM, FHIREA, RPS(GP), RPHM

Mr. Wong holds a Bachelor of Science degree in Estate Management from The University of Singapore and obtained a Certificate in Education from Singapore Teachers' Training College. He is a member of The Singapore Institute of Surveyors and Valuers, The Hong Kong Institute of Surveyors and the Association of Property and Facility Managers. He is also a fellow member of the Hong Kong Institute of Real Estate Administration and registered as a professional surveyor and housing manager. Mr. Wong joined the Group in 1989 and is mainly responsible for one of our property management businesses as well as leasing of key projects in Hong Kong, the mainland and Singapore. He has been appointed as an Executive Director of Sun Hung Kai Real Estate Agency Limited since August 2005.

Yung Sheung-tat, Sandy

BA(Law)Hons

Mr. Yung holds a Bachelor of Arts degree in Law from Middlesex University, England. He has been qualified as a solicitor in Hong Kong since 1987 and was admitted as a solicitor in England and Wales in 1991 and as an advocate and solicitor in Singapore in 1995. Mr. Yung joined the Group in 1996 and is currently the Group General Counsel and Company Secretary of the Company. He has been appointed as an Executive Director of Sun Hung Kai Real Estate Agency Limited since July 2009.

Consolidated Financial Statements

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Independent Auditor's Report



TO THE SHAREHOLDERS OF SUN HUNG KAI PROPERTIES LIMITED

(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Sun Hung Kai Properties Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 150 to 208, which comprise the consolidated statement of financial position as at 30 June 2015, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 30 June 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

10 September 2015

Consolidated Income Statement

For the year ended 30 June 2015

(Expressed in millions of Hong Kong dollars)

	Notes	2015	2014
Revenue	2(a)	66,783	75,100
Cost of sales		(38,989)	(44,989)
Gross profit		27,794	30,111
Other net income		594	1,009
Selling and marketing expenses		(3,269)	(3,761)
Administrative expenses		(2,341)	(2,377)
Operating profit before changes in fair value of investment properties	2(a)	22,778	24,982
Increase in fair value of investment properties		10,987	12,131
Operating profit after changes in fair value of investment properties		33,765	37,113
Finance costs		(2,445)	(2,308)
Finance income		265	258
Net finance costs	3	(2,180)	(2,050)
Share of results (including increase in fair value of investment properties net of deferred tax of HK\$2,174 million (2014: HK\$2,488 million)) of:			
Associates		493	426
Joint ventures		5,057	5,041
	2(a) & 9(b)	5,550	5,467
Profit before taxation	4	37,135	40,530
Taxation	7	(4,771)	(6,195)
Profit for the year	2(a)	32,364	34,335
Attributable to:			
Company's shareholders		31,082	33,520
Non-controlling interests		1,282	815
		32,364	34,335
<i>(Expressed in Hong Kong dollars)</i>			
Earnings per share based on profit attributable to the Company's shareholders (reported earnings per share)	9(a)		
Basic		\$11.09	\$12.45
Diluted		\$10.98	\$12.43
Earnings per share excluding the effects of changes in fair value of investment properties net of deferred tax (underlying earnings per share)	9(b)		
Basic		\$7.07	\$7.95
Diluted		\$7.01	\$7.94

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2015

(Expressed in millions of Hong Kong dollars)

	2015	2014
Profit for the year	32,364	34,335
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translating financial statements of foreign operations	(49)	(755)
Fair value losses on cash flow hedge	(3)	–
Available-for-sale investments		
– fair value gains/(losses)	117	(100)
– fair value gains transferred to consolidated income statement on disposal	–	(233)
– deferred tax on fair value change	–	(1)
	117	(334)
Share of other comprehensive (expenses)/income of associates and joint ventures	(358)	29
Item that will not be reclassified to profit or loss:		
Share of other comprehensive (expenses)/income of an associate	(19)	118
Other comprehensive expenses for the year	(312)	(942)
Total comprehensive income for the year	32,052	33,393
Total comprehensive income for the year attributable to:		
Company's shareholders	30,772	32,640
Non-controlling interests	1,280	753
	32,052	33,393

Consolidated Statement of Financial Position

As at 30 June 2015

(Expressed in millions of Hong Kong dollars)

	Notes	2015	2014
Non-current assets			
Investment properties	10	309,205	277,640
Fixed assets	11	25,621	25,376
Associates	12	4,018	4,044
Joint ventures	13	52,957	49,545
Loan receivables	14	820	628
Other financial assets	15	3,210	2,899
Intangible assets	16	4,090	4,539
		399,921	364,671
Current assets			
Properties for sale	17	149,750	149,409
Inventories		294	299
Debtors, prepayments and others	18	20,690	23,394
Other financial assets	19	894	747
Bank deposits and cash	20	32,561	18,528
		204,189	192,377
Current liabilities			
Bank and other borrowings	21	(10,816)	(9,241)
Trade and other payables	22	(25,690)	(25,283)
Deposits received on sales of properties		(13,904)	(5,538)
Taxation		(7,323)	(6,493)
		(57,733)	(46,555)
Net current assets			
		146,456	145,822
Total assets less current liabilities			
		546,377	510,493
Non-current liabilities			
Bank and other borrowings	23	(72,316)	(74,490)
Deferred taxation	24	(16,824)	(15,753)
Other long-term liabilities	25	(419)	(561)
		(89,559)	(90,804)
NET ASSETS			
		456,818	419,689
CAPITAL AND RESERVES			
Share capital	26	68,451	53,464
Reserves		382,575	361,319
Shareholders' funds			
		451,026	414,783
Non-controlling interests			
		5,792	4,906
TOTAL EQUITY			
		456,818	419,689

Directors:

Kwok Ping-luen, Raymond

Chan Kwok-wai, Patrick

Consolidated Statement of Cash Flows

For the year ended 30 June 2015

(Expressed in millions of Hong Kong dollars)

	Notes	2015	2014
Operating activities			
Cash generated from operations	29(a)	16,139	21
Hong Kong profits tax paid		(2,161)	(2,106)
Outside Hong Kong tax paid		(735)	(1,112)
Net cash from/(used in) operating activities		13,243	(3,197)
Investing activities			
Purchase of an associate		(33)	(1)
Purchase of other financial assets		(369)	(138)
Net repayments from associates and joint ventures		240	2,710
Additions to fixed assets		(1,694)	(3,202)
Additions to investment properties		(2,797)	(10,784)
Payment of concession assets		–	(4)
Payment of telecommunications licence fees		(193)	(183)
Net proceeds from disposal of investment properties		1,166	388
Proceeds from disposal of other financial assets		150	562
Proceeds from disposal of fixed assets		17	81
Interest received from investments		97	125
Dividends received from listed investments		70	77
Dividends received from unlisted investments		43	46
Dividends received from associates and joint ventures		2,301	2,860
Loans and advances made		(23)	(179)
Net cash used in investing activities		(1,025)	(7,642)
Financing activities			
Bank and other borrowings raised		8,525	23,118
Repayment of bank and other borrowings		(8,780)	(3,331)
Decrease in amount due to a related company		–	(500)
(Increase)/decrease in bank deposits maturing after more than three months		(12,135)	958
Interest paid		(2,688)	(2,521)
Interest received		236	259
Proceeds from issue of shares		14,893	89
Proceeds from issue of shares by a subsidiary		110	2
Payment for repurchase of shares by a subsidiary		–	(57)
(Decrease)/increase in fundings from non-controlling interests		(569)	167
Dividends paid to shareholders		(9,502)	(3,820)
Dividends paid to non-controlling interests		(436)	(511)
Net cash (used in)/from financing activities		(10,346)	13,853
Increase in cash and cash equivalents		1,872	3,014
Cash and cash equivalents at beginning of year		16,991	13,989
Effect of foreign exchange rates changes		3	(12)
Cash and cash equivalents at end of year	29(b)	18,866	16,991

Consolidated Statement of Changes in Equity

For the year ended 30 June 2015

(Expressed in millions of Hong Kong dollars)

	Attributable to Company's shareholders						Total	Non-controlling interests	Total
	Share capital	Share premium	Capital reserves	Investment revaluation reserve	Exchange reserve	Retained profits			
At 1 July 2013	1,335	46,880	902	1,469	8,163	327,163	385,912	4,617	390,529
Profit for the year	-	-	-	-	-	33,520	33,520	815	34,335
Other comprehensive (expenses)/income for the year	-	-	-	(335)	(663)	118	(880)	(62)	(942)
Total comprehensive (expenses)/income for the year	-	-	-	(335)	(663)	33,638	32,640	753	33,393
Shares issued on exercise of share options	-	2	-	-	-	-	2	-	2
Shares issued on exercise of warrants	87	-	-	-	-	-	87	-	87
Recognition of equity-settled share-based payments	-	-	10	-	-	-	10	8	18
Transfer to capital reserves arising from repurchase of its shares by a subsidiary	-	-	1	-	-	(1)	-	-	-
Final dividend paid	17	3,331	-	-	-	(6,410)	(3,062)	-	(3,062)
Transition to no-par value regime on 3 March 2014	50,213	(50,213)	-	-	-	-	-	-	-
Interim dividend paid	1,812	-	-	-	-	(2,570)	(758)	-	(758)
Adjustments relating to changes in interests in subsidiaries	-	-	(48)	-	-	-	(48)	(1)	(49)
Contribution from non-controlling interests	-	-	-	-	-	-	-	46	46
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(517)	(517)
At 30 June 2014 and 1 July 2014	53,464	-	865	1,134	7,500	351,820	414,783	4,906	419,689
Profit for the year	-	-	-	-	-	31,082	31,082	1,282	32,364
Other comprehensive (expenses)/income for the year	-	-	(3)	115	(403)	(19)	(310)	(2)	(312)
Total comprehensive (expenses)/income for the year	-	-	(3)	115	(403)	31,063	30,772	1,280	32,052
Shares issued on exercise of share options	502	-	(94)	-	-	-	408	-	408
Shares issued on exercise of warrants	14,485	-	-	-	-	-	14,485	-	14,485
Recognition of equity-settled share-based payments	-	-	12	-	-	-	12	-	12
Share options of a subsidiary lapsed	-	-	-	-	-	1	1	(1)	-
Final dividend paid	-	-	-	-	-	(6,774)	(6,774)	-	(6,774)
Interim dividend paid	-	-	-	-	-	(2,728)	(2,728)	-	(2,728)
Adjustments relating to changes in interests in subsidiaries	-	-	67	-	-	-	67	71	138
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(464)	(464)
At 30 June 2015	68,451	-	847	1,249	7,097	373,382	451,026	5,792	456,818

Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

1 Basis of Preparation and Principal Accounting Policies

a. Basis of preparation

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards and Interpretations (collectively, "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Hong Kong Companies Ordinance (Cap. 622) and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). In addition, the requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements. The consolidated financial statements are prepared under the historical cost convention except for investment properties and certain financial instruments, which are measured at fair value, as explained in the principal accounting policies set out below.

b. Changes in accounting policies

In the current year, the Group has applied, for the first time, the following amendments and interpretation 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.

Up to the date of approval for the issuance of the consolidated financial statements, the HKICPA has issued a number of new and revised standards and amendments which are not yet effective for the year. These include the following 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

Notes to the Consolidated 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 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.

c. Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Company and all its subsidiaries made up to 30 June each year and include the Group's interests in associates and joint ventures on the basis set out in note 1(g) and note 1(h) below, respectively. The financial statements of the associates and joint ventures used for this purpose are either coterminous with the financial statements of the Company or cover a year end not more than three months before the Company's year-end. The results of subsidiaries, associates and joint ventures acquired or disposed of during the year are included in the consolidated income statement from the effective dates of acquisition and to the effective dates of disposal. All material intra-group transactions and balances are eliminated on consolidation. Unrealized profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associate or joint venture.

Changes in the Group's ownership interest in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

Non-controlling interests in the net assets or liabilities consist of the amount of those interests at the date of the original business combination and their share of changes in equity since the date of the combination.

d. Revenue

Revenue derived from the Group's principal activities comprises proceeds from sale of properties (excluding proceeds on development properties sold prior to their completion which are included in deposits received on sale of properties under current liabilities), gross rental income from properties letting under operating leases, revenue from telecommunications, revenue from hotel operation, revenue from transport infrastructure and logistics and revenue derived from other business activities including property management, construction, financial services, data centre facilities and department store. It does not include the revenue of associates and joint ventures.

e. Revenue recognition

Revenue of a transaction is recognized when it is probable that the economic benefits associated with the transaction will flow to the Group and these benefits can be measured reliably, on the following bases:

(i) Property sales

Revenue from sale of properties is recognized when the significant risks and rewards of ownership of the properties are transferred to the buyers. Deposits and instalments received from purchasers prior to this stage are included in current liabilities.

(ii) Rental income

Rental income from properties letting under operating leases is recognized on a straight line basis over the lease terms.

1 Basis of Preparation and Principal Accounting Policies (cont'd)

e. Revenue recognition (cont'd)

(iii) Hotel operation

Revenue from hotel operation is recognized upon provision of services.

(iv) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(v) Construction

Revenue in respect of building construction job is recognized based on the stage of completion method measured by reference to the proportion that costs incurred to date bear to estimated total costs for the contract.

(vi) Dividend income

Dividend income from investments is recognized when the right to receive payment is established.

(vii) Use of data centre facilities

Revenue from customer use of data centre facilities is recognized ratably over the term of the agreement.

(viii) Telecommunications

Revenue from telecommunication service is recognized when the services are rendered. Revenue from sales of handsets and related accessories is recognized upon the transfer of risks and rewards of ownership.

(ix) Toll income

Toll income is recognized upon the passage of vehicles through tunnel.

(x) Department store

Revenue from sale of goods and commission income from concession and consignment sales from department store operations are recognized upon the transfer of risks and rewards of ownership of the goods.

(xi) Provision of container and cargo handling service

Revenue from the provision of container and cargo handling service is recognized when the service is rendered.

(xii) Others

Other revenue including property management service fee, car parking management fee and insurance income are recognized when the services are rendered.

f. Subsidiaries

A subsidiary is an entity controlled by the Company. The Group controls an entity when the Group has power over the entity; is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns.

Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

1 Basis of Preparation and Principal Accounting Policies (cont'd)

g. Associates

Associates are those in which the Group is in a position to exercise significant influence, but not control or joint control, over the management, including participation in the financial and operating policy decisions.

Results of associates are incorporated in the consolidated income statement to the extent of the Group's share of post-acquisition profits less losses.

Interests in associates are accounted for in the consolidated statement of financial position under the equity method and are carried at cost as adjusted for post acquisition changes in the Group's share of their results and other comprehensive income less any identified impairment loss.

h. Joint arrangements

A joint arrangement is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control.

(i) Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement in accordance with contractual arrangements.

Results of joint ventures are incorporated in the consolidated income statement to the extent of the Group's share of post-acquisition profits less losses.

Interests in joint ventures are accounted for in the consolidated statement of financial position under the equity method and are carried at cost as adjusted for post-acquisition changes in the Group's share of their results and other comprehensive income less any identified impairment loss.

(ii) Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement in accordance with contractual arrangements.

Investments in joint operations are accounted for such that each joint operator recognizes its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

1 Basis of Preparation and Principal Accounting Policies (cont'd)

i. Intangible assets

(i) Telecommunication licences

Spectrum utilization fees represent the payments for using the assigned spectrum to provide telecommunication services in Hong Kong within a specified period. The upfront payments and the present value of the annual fixed fees payable over the period are recorded as intangible assets, together with the related obligations. Amortization is provided on a straight line basis over the remaining assignment period from the date when the asset is ready for its intended use.

The difference between the discounted value and the total of the minimum annual fee payments represents the effective cost of financing and, accordingly, for the period prior to the asset being ready for its intended use, is capitalized as part of the intangible asset. Subsequent to the date when the asset is ready for its intended use, such finance costs are charged to the consolidated income statement in the year in which they are incurred.

Variable annual payments on top of the minimum annual payments, if any, are recognized in the consolidated income statement as incurred.

(ii) Goodwill

Goodwill represents the excess of the cost of acquisition over the net fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiaries, associates and joint ventures at the date of acquisition.

Goodwill is tested annually for impairment loss and carried at cost less accumulated impairment losses. Impaired losses recognized on goodwill are not reversed. Goodwill on acquisition of associates and joint ventures is included in investments in associates and joint ventures respectively.

Any excess of the Group's interest in fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognized immediately in the consolidated income statement.

On disposal of a subsidiary, associate or joint venture, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(iii) Concession assets

The Group has entered into a service concession arrangement with the HKSAR Government to participate in the development, financing, operation and maintenance of toll road infrastructures. Under the arrangement, the Group carries out the construction of toll road for the granting authority and receives in exchange a right to operate the toll road and the entitlement to toll fees collected from users of the toll road. The assets including the cost of tunnel, approach road and buildings, electrical and mechanical systems under the service concession arrangement are recorded as intangible assets. Once the underlying infrastructure of the concession arrangement is completed, the concession assets are amortized over the term of the concession on a straight line basis.

Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

1 Basis of Preparation and Principal Accounting Policies (cont'd)

j. Financial assets, financial liabilities and equity

The Group classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale investments. The classification depends on the purpose for which the financial assets were acquired and is reviewed by the management at every reporting date.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability on initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise marketable securities held for trading. At each year end date subsequent to initial recognition, these investments are measured at fair value. Changes in fair value are recognized in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are carried at amortized cost using the effective interest method less impairment loss.

(iii) Available-for-sale investments

Available-for-sale investments are non-derivatives that are either designated or not classified as any of the other categories. At each year end date subsequent to initial recognition, available-for-sale investments are measured at fair value by reference to market prices. Changes in fair value are recognized in other comprehensive income, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gains or losses previously recognized in other comprehensive income are removed from equity and recognized in profit or loss. Any impairment loss on available-for-sale investments is immediately recognized in profit or loss. Impairment loss recognized on available-for-sale equity investments will not reverse through consolidated income statement in subsequent periods.

For available-for-sale investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment loss at each year end date subsequent to initial recognition. Any impairment loss is recognized in profit or loss when there is objective evidence that the asset is impaired. Such impairment loss will not reverse in subsequent periods.

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability and an equity instrument. Financial liabilities are measured at amortized cost, using the effective interest method. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

1 Basis of Preparation and Principal Accounting Policies (cont'd)

k. *Derivative financial instruments and hedging*

The Group only enters into derivative financial instruments in order to hedge its underlying exposures. Derivative financial instruments are initially recognized at fair value on the date derivative contracts are entered into and are subsequently remeasured at their fair value.

The method of recognizing the resulting gain or loss depends on the nature of the item being hedged. The Group designates certain derivatives as hedging instruments in hedges of the fair value of a recognized asset or liability.

For fair value hedges that qualify for hedge accounting, gains or losses arising on changes in fair values of hedging instruments are recognized immediately in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. For cash flow hedges, the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the other income line item. Amounts previously recognized in other comprehensive income are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss.

At the inception of the hedging relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

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.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

l. *Properties*

(i) **Investment properties**

Investment properties are properties held for long term rental income or capital appreciation or both. These include completed properties, those under construction and properties that are being redeveloped for continuing use as investment properties.

Investment properties are carried at fair value based on valuation performed by an independent professional valuer on a market value basis related to individual properties, and separate values are not attributed to land and buildings. Changes in fair values are recognized in consolidated income statement in the period in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected to arise from its disposal. Any gain or loss on derecognition, calculated as the difference between the net disposal proceeds and the carrying amount of the property, is included in consolidated income statement in the period in which the asset is derecognized.

Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

1 Basis of Preparation and Principal Accounting Policies (cont'd)

l. Properties (cont'd)

(ii) Hotel properties

Hotel properties and their integral fixed plant used in the operation of hotel are included in fixed assets at cost less accumulated depreciation and accumulated impairment losses, if any. Any gain or loss on disposal of a hotel property is recognized in the consolidated income statement.

(iii) Properties pending/under development for sale

Properties pending/under development for sale are included in properties for sale at the lower of cost and net realizable value. Net realizable value takes into account the price ultimately expected to be realized and the anticipated costs to completion.

(iv) Stocks of completed properties for sale

Completed properties remaining unsold at year end are stated at the lower of cost and net realizable value.

Cost is determined by apportionment of the total land and development costs attributable to the unsold properties.

Net realizable value is determined by reference to sale proceeds of properties sold in the ordinary course of business less all estimated selling expenses after the year end date, or by management estimates based on prevailing market conditions.

(v) Other properties

Other properties are properties held for production or administrative purposes and are included in fixed assets at cost less accumulated depreciation and accumulated impairment losses, if any. Any gain or loss on disposal of other properties is recognized in the consolidated income statement.

m. Depreciation

(i) Hotel properties

Depreciation is provided on hotel property and on its integral fixed plant and calculated on a straight line basis to write off their costs less accumulated impairment losses over the shorter of the term of the lease and estimated useful lives at rates ranging from 0.68% to 20% per annum.

(ii) Properties under development

No depreciation is provided on properties under development.

(iii) Network equipment

Network equipment including assets and equipment of the telecommunications networks are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on a straight line basis to write off their costs over their estimated useful lives at rates ranging from 10% to 50% per annum. No depreciation is provided on network equipment under construction.

(iv) Other properties

The cost of leasehold land and construction cost of buildings thereon are depreciated on a straight line basis over the shorter of the term of the lease and their estimated useful lives.

1 Basis of Preparation and Principal Accounting Policies (cont'd)

m. Depreciation (cont'd)

(v) Other fixed assets

Other fixed assets including equipment, furniture, fixtures, vessels and vehicles are stated at cost less accumulated depreciation calculated on a straight line method to write off their costs over their estimated useful lives at rates ranging from 4% to 33.3% per annum.

n. Borrowings and borrowing costs

Borrowings are initially recognized at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost, using effective interest method. The carrying amount of hedged borrowings is adjusted for the change in fair value attributable to the hedged risk when accounting for fair value hedges set out in note 1(k) applies.

Borrowing costs are expensed as incurred, except to the extent that they are capitalized as being directly attributable to the construction or production of assets which necessarily take a substantial period of time to get ready for their intended use or sale. Capitalization of such borrowing costs begins when construction or production activities commence and ceases when the assets are substantially ready for their intended use or sale.

o. Inventories

Inventories comprising mainly building materials, hotel stocks, handsets and consumable goods are stated at the lower of cost and net realizable value. Cost is calculated on the weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

p. Translation of foreign currencies

Foreign currency transactions during the year are converted into functional currency at the market rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at closing rates of exchange ruling at the year end date. Exchange differences arising in these cases are dealt with in the consolidated income statement.

The assets and liabilities of overseas subsidiaries, associates and joint ventures expressed in their respective functional currencies are translated into Hong Kong dollars at the closing rates of exchange ruling at the year end date whereas the income statement are translated at average exchange rates for the year. Exchange differences arising on translation are recognized in other comprehensive income.

q. Deferred taxation

Deferred tax liabilities are provided in full, using the liability method, on all temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profits, while deferred tax assets are recognized to the extent that it is probable that the future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

1 Basis of Preparation and Principal Accounting Policies (cont'd)

r. *Provision*

Provisions are recognized when the Group has a present obligation as a result of past event and it is probable that an outflow of economic benefits will be required to settle that obligation and the amount of obligation can be reliably estimated.

s. *Retirement benefit costs*

The retirement benefit costs charged to the consolidated income statement represent the contributions payable in respect of the current year to the Group's defined contribution schemes and the Mandatory Provident Fund Schemes.

t. *Share-based payments*

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

At the time when the share options are exercised, the amount previously recognized in capital reserves will be transferred to share capital. When the share options are forfeited, lapsed or cancelled, after the vesting date or are still not exercised on the expiry date, the amount previously recognized in capital reserves will be transferred to retained profits.

2 Segment Information

Segment revenue and results are measured without allocation of central administration costs, other net income, net finance costs and changes 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.

(a) Segment revenue and results

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

For the year ended 30 June 2015

	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	11,067	4,446	186	125	11,253	4,571
Mainland China	6,609	1,672	3,842	1,092	10,451	2,764
Singapore	–	–	–	(3)	–	(3)
	17,676	6,118	4,028	1,214	21,704	7,332
Property rental						
Hong Kong	12,910	9,975	2,765	2,324	15,675	12,299
Mainland China	3,143	2,456	176	64	3,319	2,520
Singapore	–	–	687	533	687	533
	16,053	12,431	3,628	2,921	19,681	15,352
Hotel operation	4,136	1,058	702	235	4,838	1,293
Telecommunications	18,659	1,251	–	–	18,659	1,251
Transport infrastructure and logistics	3,549	1,137	2,870	308	6,419	1,445
Other businesses	6,710	1,501	471	72	7,181	1,573
	66,783	23,496	11,699	4,750	78,482	28,246
Other net income		594		79		673
Unallocated administrative expenses		(1,312)		–		(1,312)
Operating profit before changes in fair value of investment properties		22,778		4,829		27,607
Increase in fair value of investment properties		10,987		2,290		13,277
Operating profit after changes in fair value of investment properties		33,765		7,119		40,884
Net finance costs		(2,180)		(297)		(2,477)
Profit before taxation		31,585		6,822		38,407
Taxation						
– Group		(4,771)		–		(4,771)
– Associates		–		(45)		(45)
– Joint ventures		–		(1,227)		(1,227)
Profit for the year		26,814		5,550		32,364

Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

2 Segment Information (cont'd)

(a) Segment revenue and results (cont'd)

For the year ended 30 June 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	26,463	7,331	593	237	27,056	7,568
Mainland China	7,144	2,348	2,072	567	9,216	2,915
Singapore	–	–	58	28	58	28
	33,607	9,679	2,723	832	36,330	10,511
Property rental						
Hong Kong	12,015	9,215	2,658	2,213	14,673	11,428
Mainland China	2,962	2,198	151	100	3,113	2,298
Singapore	–	–	703	546	703	546
	14,977	11,413	3,512	2,859	18,489	14,272
Hotel operation	3,930	1,026	680	226	4,610	1,252
Telecommunications	13,244	789	–	–	13,244	789
Transport infrastructure and logistics	3,507	1,080	2,785	198	6,292	1,278
Other businesses	5,835	1,352	398	97	6,233	1,449
	75,100	25,339	10,098	4,212	85,198	29,551
Other net income		1,009		–		1,009
Unallocated administrative expenses		(1,366)		–		(1,366)
Operating profit before changes in fair value of investment properties		24,982		4,212		29,194
Increase in fair value of investment properties		12,131		2,228		14,359
Operating profit after changes in fair value of investment properties		37,113		6,440		43,553
Net finance costs		(2,050)		(289)		(2,339)
Profit before taxation		35,063		6,151		41,214
Taxation						
– Group		(6,195)		–		(6,195)
– Associates		–		(49)		(49)
– Joint ventures		–		(635)		(635)
Profit for the year		28,868		5,467		34,335

Results from property sales include selling and marketing expenses of HK\$593 million (2014: HK\$180 million) and HK\$44 million (2014: HK\$158 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.

Other businesses comprise revenue and profit derived from other activities including property management, construction, mortgage and other loan financing, data centre facilities and department store.

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

2 Segment Information (cont'd)

(b) Segment assets and liabilities

The Group's assets and liabilities by reportable and operating segments are analysed as follows:

	The Company and its subsidiaries	Associates and joint ventures	Total assets	Total liabilities
At 30 June 2015				
Property development				
Hong Kong	134,428	1,866	136,294	(17,620)
Mainland China	28,362	4,274	32,636	(5,762)
Singapore	–	135	135	–
	162,790	6,275	169,065	(23,382)
Property investment				
Hong Kong	224,977	35,151	260,128	(4,713)
Mainland China	86,282	6,375	92,657	(2,156)
Singapore	–	4,445	4,445	–
	311,259	45,971	357,230	(6,869)
Hotel operation	16,755	1,148	17,903	(481)
Telecommunications	6,711	–	6,711	(3,260)
Transport infrastructure and logistics	4,243	3,270	7,513	(576)
Other businesses	5,247	311	5,558	(3,434)
	507,005	56,975	563,980	(38,002)
Bank deposits and cash			32,561	–
Other financial assets			4,104	–
Bank and other borrowings			–	(83,132)
Unallocated corporate assets/(liabilities)			3,465	(2,011)
Taxation			–	(7,323)
Deferred taxation			–	(16,824)
Total assets/(liabilities)			604,110	(147,292)
At 30 June 2014				
Property development				
Hong Kong	117,542	1,354	118,896	(9,329)
Mainland China	47,616	3,929	51,545	(7,151)
Singapore	–	150	150	–
	165,158	5,433	170,591	(16,480)
Property investment				
Hong Kong	215,581	33,661	249,242	(3,255)
Mainland China	64,277	5,637	69,914	(1,970)
Singapore	–	4,514	4,514	–
	279,858	43,812	323,670	(5,225)
Hotel operation	16,373	1,183	17,556	(472)
Telecommunications	6,680	–	6,680	(3,214)
Transport infrastructure and logistics	4,539	2,908	7,447	(1,088)
Other businesses	5,001	253	5,254	(3,320)
	477,609	53,589	531,198	(29,799)
Bank deposits and cash			18,528	–
Other financial assets			3,646	–
Bank and other borrowings			–	(83,731)
Unallocated corporate assets/(liabilities)			3,676	(1,583)
Taxation			–	(6,493)
Deferred taxation			–	(15,753)
Total assets/(liabilities)			557,048	(137,359)

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(Expressed in millions of Hong Kong dollars)

2 Segment Information (cont'd)

(c) Other segment information

The Group's depreciation and amortization and additions to segment assets by reportable and operating segments are analysed as follows:

	Depreciation and amortization charged to consolidated income statement		Additions to segment assets	
	2015	2014	2015	2014
Property development for sale	13	14	15,971	22,887
Property investment for rental	–	–	2,950	10,952
Hotel operation	430	427	807	1,427
Telecommunications	896	829	680	935
Transport infrastructure and logistics	367	366	28	43
Other businesses	236	211	245	819
Unallocated corporate assets	30	31	10	26
	1,972	1,878	20,691	37,089

(d) Geographical information

An analysis of the Group's revenue by geographical area of principal markets is as follows:

	2015	2014
Hong Kong	55,645	63,761
Mainland China	10,280	10,585
Others	858	754
	66,783	75,100

An analysis of the Group's non-current assets by geographical location is as follows:

	2015			2014		
	The Company and its subsidiaries	Associates and joint ventures	Consolidated	The Company and its subsidiaries	Associates and joint ventures	Consolidated
Hong Kong	249,698	41,746	291,444	240,566	39,187	279,753
Mainland China	88,964	10,649	99,613	66,731	9,738	76,469
Singapore	–	4,580	4,580	–	4,664	4,664
Others	254	–	254	258	–	258
	338,916	56,975	395,891	307,555	53,589	361,144
Loan receivables			820			628
Other financial assets			3,210			2,899
Total non-current assets			399,921			364,671

3 Net Finance Costs

	2015	2014
Interest expenses	2,717	2,517
Notional non-cash interest accretion	67	81
Less: Amount capitalized	(339)	(290)
	2,445	2,308
Interest income on bank deposits	(265)	(258)
	2,180	2,050

Finance costs have been capitalized for properties under development at rates ranging from 2.44% to 7.38% (2014: 2.35% to 7.54%) per annum.

Notional non-cash interest accretion represents notional adjustments to accrete the carrying amount of asset retirement obligations and contractual obligations of telecommunications licence recognized in the consolidated statement of financial position to the present value of the estimated future cash flows expected to be required for their settlement in the future.

4 Profit before Taxation

	2015	2014
Profit before taxation is arrived at		
after charging:		
Cost of properties sold	9,836	21,648
Cost of inventories sold	13,719	8,557
Depreciation and amortization of hotel properties	343	337
Depreciation of other properties, plant and equipment	1,180	1,139
Amortization of intangible assets (included in cost of sales)	449	402
Operating lease rentals for land and buildings, assets transmission sites and leased lines	1,447	1,399
Staff costs (including directors' emoluments and retirement schemes contributions)	6,626	6,162
Share-based payments	12	18
Auditors' remuneration	22	21
Loss on disposal of financial assets at fair value through profit or loss	9	–
Impairment loss of available-for-sale investments	5	–
Loss on disposal of fixed assets	23	–
and crediting:		
Dividend income from:		
listed investments	70	77
unlisted investments	43	46
Interest income from:		
listed debt securities	62	70
unlisted debt securities	–	1
Profit on disposal of available-for-sale investments	60	238
Profit on disposal of financial assets at fair value through profit or loss	–	3
Fair value gains on financial assets at fair value through profit or loss	91	69
Profit on disposal of fixed assets	–	8

Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

5 Directors' Emoluments and Five Highest Paid Individuals

The aggregate amounts of emoluments paid and payable to directors of the Company during the year are as follows:

Name of director	Notes	Salaries, allowances and benefits		Discretionary bonuses	Retirement scheme contributions	(Note f) Share-based payments	2015 Total emoluments	2014 Total emoluments
		Fees						
Executive Directors								
Kwok Ping-kwong, Thomas	a	0.15	1.52	–	0.10	–	1.77	2.82
Kwok Ping-luen, Raymond		0.51	2.24	0.25	0.21	–	3.21	3.10
Wong Chik-wing, Mike		0.30	11.52	8.02	0.84	–	20.68	18.63
Lui Ting, Victor		0.30	9.08	10.70	0.84	0.27	21.19	19.21
Chan Kui-yuen, Thomas	a	0.14	3.90	–	0.24	–	4.28	12.44
Kwok Kai-fai, Adam	b	0.16	1.32	0.21	0.01	0.06	1.76	–
Kwong Chun		0.30	2.92	2.34	–	–	5.56	5.60
Chan Kwok-wai, Patrick		0.30	6.74	8.40	0.34	0.01	15.79	18.42
Tung Chi-ho, Eric	c	0.33	7.21	8.76	0.62	0.59	17.51	12.34
Fung Yuk-lun, Allen	d	0.46	6.15	9.00	0.19	–	15.80	3.76
Non-Executive Directors								
Lee Shau-kee		0.31	–	–	–	–	0.31	0.31
Woo Po-shing		0.30	–	–	–	–	0.30	0.30
Kwan Cheuk-yin, William		0.42	–	–	–	–	0.42	0.42
Wong Yick-kam, Michael		0.54	–	–	–	–	0.54	0.54
Kwok Ping-sheung, Walter	e	–	–	–	–	–	–	0.19
Independent Non-Executive Directors								
Yip Dicky Peter		0.60	–	–	–	–	0.60	0.60
Wong Yue-chim, Richard		0.44	–	–	–	–	0.44	0.44
Li Ka-cheung, Eric		0.88	–	–	–	–	0.88	0.88
Fung Kwok-lun, William		0.30	–	–	–	–	0.30	0.30
Leung Nai-pang, Norman		0.42	–	–	–	–	0.42	0.42
Leung Kui-king, Donald		0.54	–	–	–	–	0.54	0.54
Leung Ko May-yee, Margaret		0.30	–	–	–	–	0.30	0.30
Total 2015		8.00	52.60	47.68	3.39	0.93	112.60	101.56
Total 2014		8.02	45.31	44.27	3.06	0.90		

The above analysis included three (2014: four) individuals whose emoluments were among the five highest pay in the Group.

5 Directors' Emoluments and Five Highest Paid Individuals (cont'd)

Details of the emoluments paid to the remaining two (2014: one) individuals are:

	2015	2014
Salaries, allowances and benefits in kind	16.85	10.11
Discretionary bonuses	17.42	11.77
Retirement scheme contributions	1.63	1.00
Share-based payments (Note f)	–	2.59
	35.90	25.47

Number of employees whose emoluments fell within:

Emoluments Band		Number of employees	Number of employees
HK\$M	HK\$M		
16.0	– 16.5	1	–
19.5	– 20.0	1	–
25.0	– 25.5	–	1
		2	1

- (a) Mr. Kwok Ping-kwong, Thomas and Mr. Chan Kui-yuen, Thomas resigned as Executive Directors on 19 December 2014.
- (b) Mr. Kwok Kai-fai, Adam was appointed as an Executive Director on 19 December 2014.
- (c) Mr. Tung Chi-ho, Eric was appointed as an Executive Director on 1 December 2013. The emoluments from 1 July 2013 up to the date of appointment as an Executive Director were HK\$3.63 million. He was one of the five highest paid individuals of the Group for the year ended 30 June 2014 with total emoluments of HK\$15.97 million.
- (d) Mr. Fung Yuk-lun, Allen was appointed as an Executive Director on 1 December 2013.
- (e) Mr. Kwok Ping-sheung, Walter resigned as a Non-Executive Director on 27 January 2014.
- (f) Share-based payments are the fair values of share options granted to employees (including directors), which are determined at the date of grant and expensed over the vesting period.

6 Staff Retirement Schemes

The Group operates a number of defined contribution schemes for all qualified employees. The assets of these schemes are held separately from those of the Group in independently administered funds. Contributions to these schemes are made by both the employers and employees at rates ranging from 5% to 10% on the employees' salary.

As required by the municipal or provincial social insurance laws and regulations, the Group made contributions to the pension insurance managed by the local municipal governments in mainland China. The rates of contributions in general ranged from 10% to 21% of staff's monthly salary during the relevant period.

Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

6 Staff Retirement Schemes (cont'd)

With effect from 1 December 2000, the Group sets up an employer sponsored scheme ("MPF Scheme") for other employees. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in independently administered funds. Pursuant to the rules of the MPF Scheme, the Group and its employees are each required to make contributions to the scheme at specific rates. Contributions of the Group to the MPF Scheme are charged to consolidated income statement as incurred.

Total contributions to the retirement schemes made by the Group during the year amounted to HK\$315 million (2014: HK\$295 million). Forfeited contributions for the year of HK\$2 million (2014: HK\$2 million) were used to reduce the existing level of contributions.

7 Taxation

	2015	2014
Company and subsidiaries		
Current taxation		
Hong Kong profits tax	2,952	2,760
Under provision in prior years	5	248
	2,957	3,008
Tax outside Hong Kong	746	1,168
Over provision in prior years	–	(2)
	746	1,166
	3,703	4,174
Deferred taxation charge		
Changes in fair value of investment properties	754	1,633
Other origination and reversal of temporary differences	314	388
	1,068	2,021
	4,771	6,195

(a) Hong Kong profits tax is provided at the rate of 16.5% (2014: 16.5%) based on the estimated assessable profits for the year. Tax outside Hong Kong is calculated at the rates applicable in the relevant jurisdictions.

(b) Reconciliation between tax expenses and accounting profit at applicable tax rate:

	2015	2014
Profit before share of results of associates, joint ventures and taxation	31,585	35,063
Tax at Hong Kong profits tax rate of 16.5% (2014: 16.5%)	5,211	5,785
Effect of different tax rates of subsidiaries operating outside Hong Kong	906	1,927
Net effect of non-deductible expenses and non-taxable income	(1,523)	(1,657)
Utilization of tax losses not previously recognized	(73)	(88)
Tax losses and other temporary differences not recognized	190	(51)
Under provision in prior years	5	246
Others	55	33
Tax expenses	4,771	6,195

8 Dividends

	2015	2014
Dividends recognized as distribution during the year:		
2014 final dividend of HK\$2.40 per share based on 2,823 million shares (2014: 2013 final dividend of HK\$2.40 per share based on 2,671 million shares)	6,774	6,410
2015 interim dividend of HK\$0.95 per share based on 2,872 million shares (2014: HK\$0.95 per share based on 2,705 million shares)	2,728	2,570
	9,502	8,980

9 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\$31,082 million (2014: HK\$33,520 million).

The basic earnings per share is based on the weighted average number of shares in issue during the year of 2,803,709,401 (2014: 2,692,992,879). The diluted earnings per share is based on 2,829,858,793 (2014: 2,696,619,283) shares which is the weighted average number of shares in issue during the year plus the weighted average number of 26,149,392 (2014: 3,626,404) shares deemed to be issued at no consideration if all outstanding options and warrants had been exercised.

(b) Underlying earnings per share

For the purpose of assessing the underlying performance of the Group, basic and diluted earnings per share are additionally calculated based on the underlying profit attributable to the Company's shareholders of HK\$19,825 million (2014: HK\$21,415 million), excluding the net effect of changes in the valuation of investment properties. A reconciliation of profit is as follows:

	2015	2014
Profit attributable to the Company's shareholders as shown in the consolidated income statement	31,082	33,520
Increase in fair value of investment properties	(10,987)	(12,131)
Effect of corresponding deferred tax charges	754	1,633
Fair value gains realized on disposal of investment properties net of deferred tax		
– Subsidiaries	982	733
– Associates and joint ventures	111	–
Share of results of associates and joint ventures		
– fair value gains of investment properties	(2,290)	(2,228)
– effect of corresponding deferred tax charges/(credit)	116	(260)
	(11,314)	(12,253)
Non-controlling interests	57	148
Net effect of changes in the valuation of investment properties	(11,257)	(12,105)
Underlying profit attributable to the Company's shareholders	19,825	21,415

Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

10 Investment Properties

(a) Movement during the year

	Completed	Under development	Total
Valuation			
At 1 July 2013	237,659	21,190	258,849
Additions	1,125	9,827	10,952
Transfer upon completion	5,888	(5,888)	–
Disposals	(215)	–	(215)
Transfer to			
– properties under development	–	(854)	(854)
– properties for sale	–	(2,745)	(2,745)
– other properties	(40)	–	(40)
Exchange difference	(272)	(166)	(438)
Increase in fair value	10,480	1,651	12,131
At 30 June 2014 and 1 July 2014	254,625	23,015	277,640
Additions	675	2,275	2,950
Transfer upon completion	6,664	(6,664)	–
Disposals	(1,049)	–	(1,049)
Transfer to			
– properties for sale	–	(1)	(1)
– other properties	(31)	–	(31)
Redesignate from properties for sales	–	18,689	18,689
Exchange difference	13	7	20
Increase in fair value	10,152	835	10,987
At 30 June 2015	271,049	38,156	309,205

(b) Investment properties valuation

The Group's investment properties were valued at their fair values at 30 June 2015 and 30 June 2014 by Knight Frank Petty Limited, an independent firm of professional qualified valuers. The current use of the investment properties equates to their highest and best use.

Fair values of the Group's investment properties are categorized as Level 3 measurement in the three-level fair value hierarchy. During the year, there were no transfers between different levels within the fair value hierarchy.

The fair values of the Group's completed investment properties are derived using the income capitalization method by capitalizing the net income from the existing tenancies with due allowance for reversionary income potential at appropriate capitalization rates for individual properties. The capitalization rate adopted, which varies according to the type and class of property concerned, its location and position and the type of tenant in occupation, is derived by reference to the yields achieved from analysis of recent comparable property investment transactions and encapsulates future expectations of the investors regarding income and capital growth and perceived risks, operating costs and the quality of the property and the tenants.

10 Investment Properties (cont'd)

(b) Investment properties valuation (cont'd)

The fair value of the Group's investment properties under development are derived using the residual method. The valuation is determined by taking into account the capital value of the proposed development assuming completion as at the date of valuation and then deducting from that amount the estimated costs to complete the construction, cost of borrowing the capital to undertake the development and a margin for profit and risk. The capital value of the completed development is derived by capitalization of the projected income from the development by making reference to comparable transactions available in the relevant market.

Set out below is the significant unobservable inputs used for fair value measurements:

	Fair value		Weighted average capitalization rate	
	2015	2014	2015	2014
Completed				
Hong Kong	215,583	205,221	5.2%	5.2%
Mainland China	55,466	49,404	6.6%	6.6%
	271,049	254,625		
Under development				
Hong Kong	8,057	8,965	4.7%	4.9%
Mainland China	30,099	14,050	6.6%	6.6%
	38,156	23,015		

The fair values of the Group's investment properties are inversely related to capitalization rates, which are determined by investors' expectations about future return of property investment, rental growth and the risk profile of the properties being valued. A lower (higher) capitalization rate would imply a higher (lower) property value.

- (c) Profit on disposal of the Group's investment properties during the year amounted to HK\$117 million (2014: HK\$174 million).
- (d) Gross rental income and direct operating expenses from investment properties during the year amounted to HK\$15,449 million (2014: HK\$14,408 million) and HK\$3,459 million (2014: HK\$3,402 million) respectively.

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11 Fixed Assets

Movement during the year

	Hotel properties	Properties under development	Other properties	Network equipment	Other fixed assets	Total
Cost						
At 1 July 2013	13,057	3,234	5,677	4,926	4,376	31,270
Additions	268	1,567	35	830	573	3,273
Transfer from						
– completed investment properties	–	–	40	–	–	40
– investment properties under development	–	854	–	–	–	854
Disposals	–	–	–	(456)	(155)	(611)
Exchange difference	(9)	(22)	–	–	(1)	(32)
At 30 June 2014 and 1 July 2014	13,316	5,633	5,752	5,300	4,793	34,794
Additions	196	688	8	576	308	1,776
Transfer from completed investment properties	–	–	31	–	–	31
Reclassification	–	–	112	–	(112)	–
Disposals	–	–	–	(496)	(85)	(581)
Exchange difference	1	–	–	–	–	1
At 30 June 2015	13,513	6,321	5,903	5,380	4,904	36,021
Accumulated depreciation						
At 1 July 2013	2,273	–	1,508	2,122	2,579	8,482
Charge for the year	337	–	126	573	440	1,476
Disposals	–	–	–	(416)	(122)	(538)
Exchange difference	(1)	–	–	–	(1)	(2)
At 30 June 2014 and 1 July 2014	2,609	–	1,634	2,279	2,896	9,418
Charge for the year	343	–	130	597	453	1,523
Disposals	–	–	–	(466)	(75)	(541)
At 30 June 2015	2,952	–	1,764	2,410	3,274	10,400
Net book value at 30 June 2015	10,561	6,321	4,139	2,970	1,630	25,621
Net book value at 30 June 2014	10,707	5,633	4,118	3,021	1,897	25,376

12 Associates

	2015	2014
Unlisted shares, at cost less impairment loss	37	37
Hong Kong listed shares, at cost	618	585
Share of post-acquisition reserves	3,343	3,039
	3,998	3,661
Amounts due from associates	20	383
	4,018	4,044
Market value of Hong Kong listed shares	2,499	1,828

Amounts due from associates are unsecured, interest free and have no fixed terms of repayment and are repayable as may from time to time be agreed among the shareholders.

The Group's effective interest in the revenue, results, assets and liabilities of its associates are summarised below:

	2015	2014
Investment properties	1,081	1,109
Other non-current assets	2,719	2,634
Current assets	1,937	2,034
Current liabilities	(782)	(743)
Non-current liabilities	(957)	(1,373)
Net assets	3,998	3,661
Revenue	2,778	3,151
Fair value changes of investment properties net of related deferred tax	109	87
Profit for the year	493	426

Particulars regarding principal associates are set out in the section headed "Principal Associates" of the Annual Report 2015.

13 Joint Ventures

	2015	2014
Unlisted shares, at cost less impairment loss	3,045	3,000
Share of post-acquisition reserves	42,717	40,157
	45,762	43,157
Amounts due from joint ventures	7,195	6,388
	52,957	49,545

Amounts due from joint ventures are unsecured, interest free and have no fixed terms of repayment and are repayable as may from time to time be agreed among the shareholders except for the amounts of HK\$851 million (2014: HK\$644 million) which are interest bearing at market rates.

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(Expressed in millions of Hong Kong dollars)

13 Joint Ventures (cont'd)

The Group's effective interest in the revenue, results, assets and liabilities of its joint ventures are summarised below:

	2015	2014
Investment properties	61,647	59,371
Other non-current assets	6,296	4,209
Current assets	13,970	16,254
Current liabilities	(12,448)	(13,788)
Non-current liabilities	(23,703)	(22,889)
Net assets	45,762	43,157
Revenue	8,921	6,947
Fair value changes of investment properties net of related deferred tax	2,065	2,401
Profit for the year	5,057	5,041

Particulars regarding principal joint ventures are set out in the section headed "Principal Joint Ventures" of the Annual Report 2015.

14 Loan Receivables

	2015	2014
Loan receivables	1,039	1,016
Less: Amount due within one year included under current assets	(219)	(388)
	820	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 year end date and carry interest at rates with reference to banks' lending rates.

As at 30 June 2015, 0.4% (2014: 0.1%) of loan receivables have been overdue but not impaired, of which 65% (2014: 100%) are aged less than three months since the due dates. These relate to a number of independent customers for whom the creditworthiness, collateral and subsequent settlement after reporting date are assessed and there has not been a significant change in credit quality and the amounts are still considered recoverable.

Impairment losses in respect of loan receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against loan receivables directly. The balance and movement of the impairment allowance as at 30 June 2015 and 30 June 2014 is not significant.

15 Other Financial Assets

	2015	2014
Available-for-sale debt securities		
Listed debt securities, overseas	674	795
Listed debt securities, Hong Kong	324	155
	998	950
Available-for-sale equity securities		
Listed equity securities, overseas	648	597
Listed equity securities, Hong Kong	1,255	1,078
Unlisted equity securities	309	274
	2,212	1,949
	3,210	2,899
Market value of listed securities		
Listed overseas	1,322	1,392
Listed in Hong Kong	1,579	1,233
	2,901	2,625

16 Intangible Assets

	Concession assets	Telecommunications licences	Goodwill	Total
Cost				
At 1 July 2013	6,930	2,492	35	9,457
Additions	4	–	–	4
At 30 June 2014, 1 July 2014 and 30 June 2015	6,934	2,492	35	9,461
Accumulated amortization				
At 1 July 2013	3,856	664	–	4,520
Amortization	258	144	–	402
At 30 June 2014 and 1 July 2014	4,114	808	–	4,922
Amortization	259	190	–	449
At 30 June 2015	4,373	998	–	5,371
Net Book Value at 30 June 2015	2,561	1,494	35	4,090
Net Book Value at 30 June 2014	2,820	1,684	35	4,539

Concession assets represent cost of tunnel, approach road and buildings, electrical and mechanical systems under the service concession arrangement with the HKSAR Government to participate in the development, financing, operation and maintenance of toll road infrastructure, which have finite useful lives of 27 years, and are amortized on a straight line basis.

Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

16 Intangible Assets (cont'd)

Telecommunications licences represent the discounted value of the annual fees payable for the telecommunications licences over the licence period, which have finite useful lives ranging from 12 to 15 years, and are amortized on a straight line basis. The corresponding non-current and current portion of these contractual liabilities are recorded in other long-term liabilities and other payables respectively.

Goodwill represents the excess of the cost of acquisition over the net fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiaries. At the year end date, an impairment test was performed by comparing the carrying amount of the business with the recoverable amount.

17 Properties for Sale

	2015	2014
Stock of completed properties for sale	24,854	22,935
Properties under development for sale	82,612	59,923
Properties pending development for sale	42,284	66,551
	149,750	149,409

18 Debtors, Prepayments and Others

	Notes	2015	2014
Debtors, deposits and prepayments		16,061	17,958
Deposits for acquisition of properties		3,938	4,487
Amounts due from customers for contract works	18a	116	76
Short-term loans		219	388
Derivative financial instruments	18b	356	485
		20,690	23,394

Considerations 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\$8,748 million (2014: HK\$10,879 million), of which 87% (2014: 92%) are aged less than 60 days, 1% (2014: 1%) between 61 to 90 days and 12% (2014: 7%) more than 90 days.

As at 30 June 2015, 19% (2014: 13%) of trade debtors are past due but not impaired, of which 53% (2014: 64%) are aged less than three month since the due dates. These relate to a number of independent customers for whom there is no recent history of default and there has not been a significant change in credit quality and the amounts are still considered recoverable.

Impairment losses in respect of trade debtors are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly. The balance and movement of the impairment allowance as at 30 June 2015 and 30 June 2014 is not significant.

18 Debtors, Prepayments and Others (cont'd)

18a. Amounts due from/(to) customers for contract works

	Notes	2015	2014
Contract costs incurred plus recognized profits less recognized losses		2,740	961
Less: Progress billings		(2,628)	(887)
		112	74
Represented by:			
Due from customers included in current assets	18	116	76
Due to customers included in current liabilities	22	(4)	(2)
		112	74

18b. Derivative financial instruments

	Notes	2015		2014	
		Assets	Liabilities	Assets	Liabilities
Fair value hedges	18 & 22				
– interest rate swaps		306	–	375	–
– currency swaps		50	369	110	126
		356	369	485	126
Cash flow hedge					
– interest rate swap		–	3	–	–

At the year end date, the Group had outstanding fair value hedges in respect of fixed-to-floating interest rate swaps to hedge the fair value interest rate risk of the Group's fixed interest rate borrowings and currency swaps (to hedge principal repayment of foreign currency debt) analysed as follows:

	Notional principal amount	
	2015	2014
Fixed-to-floating interest rate swaps maturing		
Within one year	1,800	400
After one year, but within five years	1,323	2,925
After five years	900	1,098
	4,023	4,423
Currency swaps maturing		
After one year, but within five years	477	477
After five years	8,974	8,974
	9,451	9,451

Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

18 Debtors, Prepayments and Others (cont'd)

18b. Derivative financial instruments (cont'd)

The fixed-to-floating interest rate swaps converted the fixed rates to floating rates at Hong Kong Interbank Offered Rate ("HIBOR") plus a weighted average margin of 0.54% (2014: 0.55%) per annum. The currency swaps converted the foreign currency interest rates to Hong Kong dollars fixed and floating rates at effective rate of 3.94% (2014: 3.94%) and HIBOR plus weighted average margin of 1.50% (2014: 1.50%) respectively. The swaps are measured at fair value at the year end date and the decrease in fair value during the year in the amount of HK\$372 million (2014: HK\$111 million) along with the corresponding decrease in fair value of the hedged borrowings attributable to the hedged risk of the same amount has been recognized in consolidated income statement.

At the year end date, the Group had outstanding cash flow hedge in respect of floating-to-fixed interest rate swap to hedge the exposure to variability in cash flows of the Group's floating interest rate borrowing analysed as follows:

	Notional principal amount	
	2015	2014
Floating-to-fixed interest rate swap maturing After one year, but within five years	181	30

The floating-to-fixed interest rate swaps converted the floating rate to fixed rate at weighted average 4.53% (2014: 4.80%) per annum. The swaps are measured at fair value and the decrease in fair value during the year in the amount of HK\$3 million (2014: nil) are recognized in consolidated statement of comprehensive income and will be released to the consolidated income statement when the hedged forecast cash flows affect profit or loss.

19 Other Financial Assets

	2015	2014
Financial assets at fair value through profit or loss		
Listed equity securities, overseas	–	11
Listed equity securities, Hong Kong	746	665
	746	676
Available-for-sale debt securities maturing within one year		
Listed debt securities, overseas	148	16
Unlisted debt securities	–	55
	148	71
	894	747

20 Bank Deposits and Cash

Deposits with banks are interest bearing at prevailing market rates. About 80% (2014: 61%) of the Group's bank deposits and cash are denominated in Hong Kong dollars, 19% (2014: 31%) in Renminbi, 1% (2014: 7%) in US dollars, and nil (2014: 1%) in other currencies.

21 Bank and Other Borrowings

	Note	2015	2014
Unsecured bank overdrafts		119	96
Long-term bank and other borrowings due within one year	23	10,697	9,145
		10,816	9,241

22 Trade and Other Payables

	Notes	2015	2014
Creditors and accrued expenses		23,020	22,292
Amounts due to customers for contract works	18a	4	2
Amounts due to non-controlling interests		2,294	2,863
Derivative financial instruments	18b	372	126
		25,690	25,283

Included in trade and other payables of the Group are trade creditors of HK\$2,385 million (2014: HK\$2,289 million), of which 79% (2014: 78%) are aged less than 60 days, 2% (2014: 2%) between 61 to 90 days and 19% (2014: 20%) more than 90 days.

The amounts due to non-controlling interests are interest free, unsecured and have no fixed terms of repayment.

23 Bank and Other Borrowings

	2015	2014
Unsecured bank overdrafts	119	96
Long-term bank and other loans	83,013	83,635
	83,132	83,731

Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

23 Bank and Other Borrowings (cont'd)

The maturity of the Group's long-term bank and other loans are as follows:

	Note	2015	2014
Secured bank loans repayable			
Within one year		251	974
After one year, but within two years		775	280
After two years, but within five years		1,543	262
After five years		48	46
		2,617	1,562
Unsecured bank loans repayable			
Within one year		8,281	7,569
After one year, but within two years		7,595	7,570
After two years, but within five years		26,219	20,127
After five years		247	7,783
		42,342	43,049
Other unsecured loans repayable			
Within one year		2,165	602
After one year, but within two years		9,045	2,236
After two years, but within five years		1,801	10,405
After five years		25,043	25,781
		38,054	39,024
		83,013	83,635
Less: Amount due within one year included under current liabilities	21	(10,697)	(9,145)
		72,316	74,490

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

	Carrying amount		Fair value	
	2015	2014	2015	2014
Secured bank loans	2,366	588	2,366	588
Unsecured bank loans	34,062	35,480	33,905	35,389
Other unsecured loans	35,888	38,422	36,012	38,767
	72,316	74,490	72,283	74,744

- (a) As at 30 June 2015, the Group had entered into fixed-to-floating interest rate swaps in the aggregate notional amount of HK\$4,023 million (2014: HK\$4,423 million) to hedge the fair value interest rate risk of certain fixed interest rate borrowings and currency swaps in the aggregate notional amount of HK\$9,451 million (2014: HK\$9,451 million) to hedge principal repayment of foreign currency debt (see note 18b). The carrying amount of these borrowings comprises items measured at amortized cost and an element of changes in fair value attributable to the hedged risks.

23 Bank and Other Borrowings (cont'd)

- (b) Secured bank loans related to bank borrowings of the Group's subsidiaries which are secured by way of legal charges over certain of its assets and business undertakings.
- (c) The above bank loans and other loans are repayable on various dates up to May 2027 (2014: May 2027) and carry interest, after hedging where appropriate, at effective rate per annum of 2.91% (2014: 2.95%) at the year end date.
- (d) The carrying amount of the gross borrowings by currency (after currency swaps) is as follows:

	2015	2014
Hong Kong dollars	51,157	52,335
US dollars	20,251	20,140
Renminbi	11,724	11,256
	83,132	83,731

24 Deferred Taxation

The components of the carrying amount of deferred tax balances and the movements during the year are as follows:

	Accelerated tax depreciation	Revaluation of properties	Tax losses	Others	Total
At 1 July 2013	4,230	9,947	(439)	65	13,803
Charged to consolidated income statement	304	1,633	15	69	2,021
Charged to reserve	–	–	–	1	1
Exchange difference	(6)	(68)	3	(1)	(72)
At 30 June 2014 and 1 July 2014	4,528	11,512	(421)	134	15,753
Charged/(credited) to consolidated income statement	315	742	23	(12)	1,068
Exchange difference	–	3	–	–	3
At 30 June 2015	4,843	12,257	(398)	122	16,824

At the year end date, the Group has unrecognized tax losses and deductible temporary differences of HK\$4,550 million (2014: HK\$4,074 million), of which HK\$8 million (2014: HK\$8 million) of tax losses will expire at various dates up to 2019 (2014: 2019). Recognition of these unrecognized tax losses depends on future taxable profits available and losses agreed with the relevant tax authorities.

25 Other Long-Term Liabilities

	2015	2014
Asset retirement and other obligations	53	59
Contractual obligations for telecommunications licences	366	502
	419	561

Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

26 Share Capital

	2015		2014	
	Number of shares in million	Amount	Number of shares in million	Amount
Issued and fully paid:				
Ordinary shares				
At beginning of year	2,725	53,464	2,671	1,335
Issue of shares in lieu of cash for final dividend paid	–	–	33	17
Transition to no-par value regime on 3 March 2014	–	–	–	50,213
Issue of shares in lieu of cash for interim dividend paid	–	–	20	1,812
Share issued on exercise of share options	4	502	–	–
Share issued on exercise of warrants	147	14,485	1	87
At end of year	2,876	68,451	2,725	53,464

(a) Transition to no-par value regime on 3 March 2014

On 3 March 2014, the Hong Kong Companies Ordinance (Cap. 622) came into effect. The Hong Kong Companies Ordinance (Cap. 622) abolishes the concepts of nominal (par) value, share premium and authorized share capital for all shares of Hong Kong incorporated companies. Any amount received for issuing equity shares of a company and the amount standing to the credit of the share premium account have become part of share capital.

Pursuant to the adoption of the Hong Kong Companies Ordinance (Cap. 622), the balance on the share premium was transferred to share capital.

(b) 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 year ended 30 June 2015, 146,919,938 (2014: 896,583) units of Warrants had been exercised by the holders thereof and 146,902,747 (2014: 879,872) 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 30 June 2015, 77,561,710 (2014: 224,481,648) units of Warrants remained outstanding.

(c) Exercise of share options

During the year ended 30 June 2015, 3,677,000 (2014: 17,000) shares were issued on exercise of share options.

(d) 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.

On 16 April 2014, the Company issued and allotted 19,764,710 new fully paid shares in the Company at HK\$91.69 to the shareholders who elected to receive shares in the Company in lieu of cash for the 2014 interim dividends pursuant to the scrip dividend schemes announced by the Company on 19 March 2014. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

27 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. Details of share option schemes adopted by the Company and the assessment of fair value of the share options granted during the year are set out in the Directors’ Report of the Annual Report 2015.

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 under the Old Scheme during the year ended 30 June 2015 are as follows:

Date of grant	Exercise price	Exercisable period	Number of share options				
			At 1 July 2014	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	At 30 June 2015
12 July 2010	HK\$111.40	12.7.2011 to 11.7.2015	3,912,000	–	(2,746,000)	(400,000)	766,000
11 July 2011	HK\$116.90	11.7.2012 to 10.7.2016	1,930,000	–	(546,000)	(196,000)	1,188,000
11 July 2012	HK\$96.15	11.7.2013 to 10.7.2017	1,244,000	–	(229,000)	(53,000)	962,000
			7,086,000	–	(3,521,000)	(649,000)	2,916,000
Weighted average exercise prices (HK\$)			110.22	–	111.26	111.82	108.61

Movements in share options to subscribe for ordinary shares in the Company under the Old Scheme during the year ended 30 June 2014 are as follows:

Date of grant	Exercise price	Exercisable period	Number of share options				
			At 1 July 2013	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	At 30 June 2014
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	–	–	(426,000)	1,930,000
11 July 2012	HK\$96.15	11.7.2013 to 10.7.2017	1,376,000	–	(17,000)	(115,000)	1,244,000
			7,764,000	–	(17,000)	(661,000)	7,086,000
Weighted average exercise prices (HK\$)			110.37	–	96.15	112.29	110.22

- (b) Details of share options exercised
Share options exercised during the year resulted in 3,521,000 (2014: 17,000) shares being issued. The related weighted average share price at the time of exercise was HK\$126.68 (2014: HK\$103.76) per share.

Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

27 Share Option Schemes (cont'd)

The New Scheme

During the year, 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 under the New Scheme during the year ended 30 June 2015 are as follows:

Date of grant	Exercise price	Exercisable period	Number of share options				
			At 1 July 2014	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	At 30 June 2015
12 July 2013	HK\$102.30	12.7.2014 to 11.7.2018	1,112,000	–	(156,000)	(59,000)	897,000
11 July 2014	HK\$106.80	11.7.2015 to 10.7.2019	–	1,106,000	–	(26,000)	1,080,000
			1,112,000	1,106,000	(156,000)	(85,000)	1,977,000
Weighted average exercise prices (HK\$)			102.30	106.80	102.30	103.68	104.76

Movements in share options to subscribe for ordinary shares in the Company under the New Scheme during the year ended 30 June 2014 are as follows:

Date of grant	Exercise price	Exercisable period	Number of share options				
			At 1 July 2013	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	At 30 June 2014
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

- (b) Details of share options exercised
Share options exercised during the year resulted in 156,000 (2014: nil) shares being issued. The related weighted average share price at the time of exercise was HK\$123.15 (2014: nil) per share.

28 Parent Company Statement of Financial Position

	Notes	2015	2014
Non-current assets			
Subsidiaries	28(a)	30,203	30,245
Current assets			
Amounts due from subsidiaries		150,073	126,984
Debtors, prepayments and others		6	–
Bank deposits and cash		32	28
		150,111	127,012
Current liabilities			
Trade and other payables		(55)	(51)
Net current assets		150,056	126,961
NET ASSETS		180,259	157,206
CAPITAL AND RESERVES			
Share capital	26	68,451	53,464
Reserves	28(b)	111,808	103,742
SHAREHOLDERS' FUNDS		180,259	157,206

Directors:

Kwok Ping-luen, Raymond

Chan Kwok-wai, Patrick

- (a) Particulars regarding principal subsidiaries are set out in the section headed "Principal Subsidiaries" of the Annual Report 2015.

Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

28 Parent Company Statement of Financial Position (cont'd)

(b) The movement of reserves during the year are as follows:

	Share premium	Capital reserve	Retained profits	Total
At 1 July 2013	46,880	5,448	90,727	143,055
Shares issued on exercise of share options	2	–	–	2
Final dividend paid for the year ended 30 June 2013	3,331	–	(6,410)	(3,079)
Transition to no-par value regime on 3 March 2014	(50,213)	–	–	(50,213)
Recognition of equity-settled share-based payments	–	10	–	10
Profit for the year	–	–	16,537	16,537
Interim dividend paid for the year	–	–	(2,570)	(2,570)
At 30 June 2014 and 1 July 2014	–	5,458	98,284	103,742
Transfer to share capital upon shares issued on exercise of share options	–	(94)	–	(94)
Recognition of equity-settled share-based payments	–	12	–	12
Profit for the year	–	–	17,650	17,650
Final dividend paid for the year ended 30 June 2014	–	–	(6,774)	(6,774)
Interim dividend paid for the year	–	–	(2,728)	(2,728)
At 30 June 2015	–	5,376	106,432	111,808

Reserves of the Company available for distribution to equity shareholders of the Company as at 30 June 2015 amounted to HK\$106,432 million (2014: HK\$98,284 million).

29 Notes to Consolidated Statement of Cash Flows

(a) Reconciliation of operating profit to cash generated from operations

	2015	2014
Operating profit before changes in fair value of investment properties	22,778	24,982
Depreciation and amortization	1,972	1,878
Impairment of assets	5	–
Profit on disposal of investment properties	(117)	(174)
Loss/(profit) on disposal of fixed assets	23	(8)
Profit on disposal of a joint venture	(5)	–
Profit on disposal of available-for-sale investments	(60)	(238)
Dividend income from investments	(113)	(123)
Interest income	(94)	(130)
Share-based payments	12	18
Exchange difference	(58)	(29)
Operating profit before changes in working capital	24,343	26,176
(Increase)/decrease in properties for sale	(3,850)	8,073
Additions to properties pending development for sale	(15,288)	(22,869)
Decrease in inventories	5	8
Decrease/(increase) in debtors, prepayments and others	1,888	(4,087)
Increase in financial assets at fair value through profit or loss	(70)	(90)
Increase in trade and other payables	745	2,303
Increase/(decrease) in deposits received on sales of properties	8,366	(9,493)
Cash generated from operations	16,139	21

(b) Analysis of the balance of cash and cash equivalents at end of year

	2015	2014
Bank deposits and cash	32,561	18,528
Bank overdrafts	(119)	(96)
	32,442	18,432
Less: Bank deposits maturing after more than three months	(13,569)	(1,434)
Less: Pledged bank deposits	(7)	(7)
	18,866	16,991

Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

30 Joint Operations

At the year end date, the aggregate amounts of assets and liabilities recognized in the consolidated financial statements relating to the Group's interests in joint operations are as follows:

	2015	2014
Investment properties	14,305	13,559
Stocks of completed properties for sale	142	142
Properties pending development for sale	84	84
	14,531	13,785
Trade and other payables	272	242
Taxation	61	53
Deferred taxation	135	125
	468	420
Revenue	829	763
Expenses	204	208

31 Related Party Disclosures

During the year, the Group undertook various transactions with related parties. The following is a summary of significant transactions, in addition to those disclosed elsewhere in the consolidated financial statements, 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:

	Notes	Associates		Joint ventures	
		2015	2014	2015	2014
Interest income	a	–	2	35	59
Rental income	b	–	–	1	1
Rental expenses	b	1	1	49	41
Other revenue from services rendered	c	76	110	61	107
Purchase of goods and services	c	–	–	845	482

- (a) The outstanding balances with associates and joint ventures at the year end date are disclosed in notes 12 and 13 respectively.
- (b) The Group has, in the normal course of its business, entered into lease agreements to lease premises to and from related parties. The leases were entered into on normal commercial terms.
- (c) 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.
- (d) During the year ended 30 June 2014, 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 of HK\$2.27 million was paid during the year ended 30 June 2014. This was a connected transaction which fulfilled certain exemption requirements from any disclosure or other obligations contained in Chapter 14A of the Listing Rules. The amount due to a related company was fully repaid on 30 June 2014.

Emoluments to directors (being the key management personnel compensation) are disclosed in note 5.

32 Contingent Liabilities and Commitments

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

	2015	2014
(a) Capital commitments in respect of investment properties and other fixed assets		
Contracted but not provided for	2,489	645
Authorized but not contracted for	1,424	1,156
(b) The Group's share of capital commitments of joint ventures		
Contracted but not provided for	282	437
Authorized but not contracted for	527	588
(c) Guarantees given to banks and financial institutions for the borrowings of joint ventures of HK\$700 million (2014: HK\$935 million) and other guarantees of HK\$2 million (2014: HK\$4 million).		

The Group has not recognized any deferred income of the above guarantees for joint ventures as their fair value cannot be reliably measured and their transaction price was nil.

33 Operating Lease

At the year end date, the future aggregate minimum lease income receivable by the Group under non-cancellable operating leases for land and buildings is analysed as follows:

	2015	2014
Not later than one year	13,613	12,912
Later than one year but not later than five years	16,530	16,757
Later than five years	1,488	2,117
	31,631	31,786

At the year end date, the future aggregate minimum lease charges payable by the Group under non-cancellable operating leases for land and buildings, transmission sites and leased lines is analysed as follows:

	2015	2014
Not later than one year	1,045	1,027
Later than one year but not later than five years	1,401	1,340
Later than five years	883	1,067
	3,329	3,434

Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

34 Charges of Assets

At the year end date, certain bank deposits of the Group's subsidiaries in the aggregate amount of HK\$7 million (2014: HK\$7 million) have been pledged for securing guarantees issued by the banks.

At the year end date, certain assets of the Group's subsidiaries with an aggregate carrying value of HK\$2,877 million (including bank deposits and cash of HK\$233 million) (2014: HK\$7,629 million (including bank deposits and cash of HK\$166 million)) have been charged to secure its bank borrowings.

35 Critical Accounting Judgements and Estimations

In the application of the Group's accounting policies, the management of the Company is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions used in preparing the consolidated financial statements are continually evaluated based on historical experience and other factors that are considered relevant, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below:

(a) Fair value of investment properties

At each year end date, the Group's investment properties are stated at fair value based on the valuation carried out by an independent qualified professional valuer. In determining the fair value, the valuer has based on market value basis which takes into account, inter-alia, certain estimates, including open market rents, appropriate capitalization rates, reversionary income potential, redevelopment potential and comparable market transactions. The management has reviewed the valuation and is satisfied that the valuation of the Group's investment properties is reasonable.

(b) Impairment of assets

Assets including goodwill and intangible assets are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of the fair value less costs to sell and value in use. Estimating the value in use of an asset involves estimating the future cash flows expected to arise from its continuing use and from its disposal at the end of its useful life and applying the appropriate discount rate that reflects current market assessment of the time value of money and the risk specific to the asset.

(c) Income taxes

There are transactions and calculations relating to the Group's ordinary business activities for which the ultimate tax determination is uncertain and judgement is required in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

(d) Recognition of deferred tax assets

The amount of the deferred tax assets included in the consolidated financial statements of the Group is recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences and unused tax losses can be utilized. The recognition of deferred tax assets requires the Group to make judgements, based on assessment regarding future financial performance, about the amount of future taxable profits and the timing of when these will be realized.

35 Critical Accounting Judgements and Estimations (cont'd)

(e) *Assessment of useful economic lives*

Fixed assets and intangibles (other than goodwill) are depreciated or amortized over their useful economic lives. The assessment of estimated useful lives is a matter of judgement based on the experience of the Group, taking into account factors such as technological progress, changes in market demand, expected usage and physical wear and tear. Useful lives are periodically reviewed for continued appropriateness. Due to long lives of assets, changes to the estimates used can result in variations in their carrying value.

(f) *Fair value of financial instruments*

Financial instruments such as available-for-sale securities and derivative financial instruments are measured in the consolidated financial statements at fair values. The management uses its judgement in selecting the appropriate valuation technique for financial instruments that are not quoted in an active market. For derivative financial instruments such as interest rate swaps and currency swaps, assumptions are made based on inputs supported by observable market prices or rates.

36 Financial Risk Management

The Group's major financial instruments include investments, amounts due from associates and joint ventures, loan receivables, trade debtors, bank deposits and cash, trade creditors, bank and other borrowings and other long-term liabilities. Details of these financial instruments are disclosed in respective notes.

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The risks associated with these financial instruments are managed by the Group's financial management policies and practices described below:

(a) *Foreign currency risk*

Foreign currency exposure does not pose a significant risk for the Group as most of the Group's assets, operational cash flows and borrowings are mainly denominated in Hong Kong dollars. The Group aims to minimize its currency risk using forward contracts where feasible and cost effective. The Group's primary foreign currency exposures arise mainly from the property development and investment activities in Mainland China and Singapore, whose net assets are exposed to foreign currency translation risk. Where appropriate, the Group seeks to finance these investments through borrowings denominated in the relevant foreign currencies. Exchange differences arising from the translation of the net investment in these Mainland China and Singapore subsidiaries, associates and joint ventures have been dealt with in consolidated statement of comprehensive income.

The Group is also exposed to foreign currency risk in respect of its foreign currency borrowings, bank deposits and cash, mainly denominated in US dollars and Renminbi. Where appropriate, the Group may enter into currency swaps to hedge the currency risks associated with its borrowings. Foreign currency exposure of the Group's other monetary assets/liabilities is minimal.

At 30 June 2015, it is estimated that a 10% increase/decrease in exchange rate of Hong Kong dollars against all other currencies, with all other variables held constant, would increase/decrease the profit before taxation for the year by approximately HK\$1,775 million (2014: HK\$1,506 million). The other comprehensive income would be decreased/increased by HK\$82 million (2014: HK\$72 million).

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(Expressed in millions of Hong Kong dollars)

36 Financial Risk Management (cont'd)

(b) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed partly by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities, and partly, at times of interest rate uncertainty, through the use of interest rate swaps.

The Group's interest rate risks arise principally from borrowings. Borrowings raised at floating rates expose the Group to cash flow interest rate risk. Interest rate risk is managed by the Group's senior management through regular review to determine the strategy as to having the funding in floating/fixed rate mix appropriate to the Group's businesses and investments.

The Group's borrowings are principally arranged on a floating rate basis. When appropriate, interest rate swaps are used to hedge and manage its long-term interest rate exposure. Speculative derivative transactions are strictly prohibited.

As at 30 June 2015, it is estimated that an increase/a decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase the profit before taxation for the year by approximately HK\$234 million (2014: HK\$275 million).

The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the year end date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The analysis is performed on the same basis for financial year 2014.

(c) Price risk

The Group is exposed to price risk through the Group's certain available-for-sale investments and other financial assets that are measured at fair value at each year end date with reference to the quoted market prices. The Group manages its exposure by closely monitoring the price movements and the changes in market conditions that may affect the value of these investments.

As at 30 June 2015, it is estimated that an increase/a decrease of 10% in equity prices, with all other variables held constant, would increase/decrease the profit before taxation for the year and the other comprehensive income by approximately HK\$72 million and HK\$305 million, respectively (2014: HK\$61 million and HK\$270 million, respectively).

(d) Credit risk

The Group's credit risk is primarily attributable to trade debtors, loan receivables, derivative financial instruments and deposits with banks and financial institutions.

The Group's trade debtors mainly arise from sale of properties developed by the Group and rent receivables from tenants. Occasionally, long term loans are provided to purchasers of the Group's properties and carry interest at rates with reference to banks' lending rates. Regular review is carried out and stringent monitoring procedures are in place to deal with overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each year end date to ensure that adequate impairment loss is made for irrecoverable amounts.

Counterparty exposure from derivatives is managed, together with that from deposits and bank account balances, with credit limit that reflect published credit ratings and monitored on a regular basis to ensure there is no significant risk to any individual counterparty.

The Group has no significant concentration of credit risk. The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the consolidated financial statements after deducting any impairment loss. Except for the financial guarantees as set out in note 32, the Group does not provide any other guarantee which would expose the Group to material credit risk.

36 Financial Risk Management (cont'd)

(e) Liquidity risk

The Group's financial and treasury activities are centrally managed and controlled at the corporate level. The Group takes liquidity risk into consideration when deciding its sources of finances and their respective tenors. The Group aims to diversify its funding sources and minimize its refinancing risk by preventing substantial refinancing in any one period. The Group also maintains substantial undrawn committed revolving banking facilities to allow for flexibility in meeting its funding requirements.

The following tables detail the Group's remaining contractual maturity for its derivative and non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

As at 30 June 2015	Notes	Total contractual					
		Carrying amount	undiscounted cash flow	Up to 1 year	> 1 year to 2 years	> 2 years to 5 years	> 5 years
Creditors and accrued expenses	22	23,020	23,028	18,523	2,419	1,842	244
Amounts due to non-controlling interests	22	2,294	2,294	2,294	-	-	-
Bank and other borrowings	21 & 23	83,132	94,081	13,329	19,481	33,717	27,554
Other long-term liabilities	25	419	501	-	213	187	101
Derivative financial instruments	18b	372	400	(12)	152	32	228
		109,237	120,304	34,134	22,265	35,778	28,127

As at 30 June 2014	Notes	Total contractual					
		Carrying amount	undiscounted cash flow	Up to 1 year	> 1 year to 2 years	> 2 years to 5 years	> 5 years
Creditors and accrued expenses	22	22,292	22,298	18,483	2,007	1,612	196
Amounts due to non-controlling interests	22	2,863	2,863	2,325	538	-	-
Bank and other borrowings	21 & 23	83,731	97,037	11,831	12,532	35,782	36,892
Other long-term liabilities	25	561	704	-	203	338	163
Derivative financial instruments	18b	126	132	(21)	(8)	130	31
		109,573	123,034	32,618	15,272	37,862	37,282

(f) Fair values

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.

Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

36 Financial Risk Management (cont'd)

(f) Fair values (cont'd)

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 consolidated financial statements are not materially different from their fair values.

The following tables present the carrying value of financial instruments that are measured at fair value at end of reporting date, categorised 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 30 June 2015

	Level 1	Level 2	Total
Financial assets			
Available-for-sale debt securities			
Listed debt securities, overseas	822	–	822
Listed debt securities, Hong Kong	324	–	324
Available-for-sale equity securities			
Listed equity securities, overseas	648	–	648
Listed equity securities, Hong Kong	1,255	–	1,255
Unlisted equity securities	–	107	107
Financial assets at fair value through profit or loss			
Listed equity securities, Hong Kong	746	–	746
Derivative financial instruments			
Interest rate swaps	–	306	306
Currency swaps	–	50	50
	3,795	463	4,258
Financial liabilities			
Derivative financial instruments			
Interest rate swap	–	3	3
Currency swaps	–	369	369
	–	372	372

36 Financial Risk Management (cont'd)

(f) Fair values (cont'd)

As at 30 June 2014

	Level 1	Level 2	Total
Financial assets			
Available-for-sale debt securities			
Listed debt securities, overseas	811	–	811
Listed debt securities, Hong Kong	155	–	155
Unlisted debt securities	55	–	55
Available-for-sale equity securities			
Listed equity securities, overseas	597	–	597
Listed equity securities, Hong Kong	1,078	–	1,078
Unlisted equity securities	–	121	121
Financial assets at fair value through profit or loss			
Listed equity securities, overseas	11	–	11
Listed equity securities, Hong Kong	665	–	665
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

Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

37 Capital Management

The Group's objective for managing capital is to maintain a strong capital base to support the development of its business and to continue to provide returns for shareholders while maintaining a prudent level of financial leverage.

The Group actively reviews and monitors its capital structure on a regular basis to maintain a healthy net debt-to-shareholders' funds ratio. For this purpose the Group defines net debt as total borrowings less bank deposits and cash. Shareholders' funds comprise share capital and reserves attributable to the Company's shareholders as shown in the consolidated statement of financial position. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, raise new debt financing or sell assets to reduce debt.

The net debt-to-shareholders' funds ratios at the year end were as follows:

	2015	2014
Secured bank loans	2,617	1,562
Unsecured bank and other loans	80,515	82,169
Total borrowings	83,132	83,731
Less: Bank deposits and cash	(32,561)	(18,528)
Net debt	50,571	65,203
Shareholders' funds	451,026	414,783
Net debt-to-shareholders' funds ratio	11.2%	15.7%

38 Comparative Figures

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

39 Approval of the Consolidated Financial Statements

The consolidated financial statements set out on pages 150 to 208 were approved by the board of directors on 10 September 2015.

Principal Subsidiaries

The directors are of the opinion that a complete list of the particulars of all subsidiaries will be of excessive length and therefore the following list contains only the particulars of subsidiaries as at 30 June 2015 which principally affect the results or assets of the Group.

Unless otherwise stated, the following principal subsidiaries were incorporated and are operating in Hong Kong, unlisted and are indirectly held by the Company.

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Issued Share Capital/ Registered Capital* (HK\$)
SUNeVision Holdings Ltd. (Listed in Hong Kong)	2	74.04	Provision of data centre, facilities management, web applications and value added services and installation and maintenance services	232,237,133
SmarTone Telecommunications Holdings Limited (Listed in Hong Kong)	3	66.57	Mobile telephone system operation	105,668,191
Sun Hung Kai Real Estate Agency Limited	7	100	General management & agency	1,000,000
New Town (N.T.) Properties Limited	8	100	Investment holding	2,287,658,338
Hung Kai Finance Company, Limited	10	100	Registered deposit-taking company	100,000,200
Fidelity Finance Company, Limited	7	100	Finance	200
Honour Finance Company, Limited	7	100	Finance	500,000
Sun Hung Kai Properties (Financial Services) Limited	7	100	Finance	100,000
Sun Hung Kai Properties Insurance Limited	7	100	General insurance	75,000,000
Sun Hung Kai Architects and Engineers Limited	7	100	Architectural & engineering	350,000
Sanfield Building Contractors Limited		100	Building construction	40,000,000
Sanfield (Management) Limited		100	Building construction & project management	2
Everlight Engineering Company, Limited		100	Fire prevention & mechanical engineering	50,000
Aegis Engineering Company, Limited		100	Plant and machine hire	100,000
Hong Yip Service Company Limited		100	Property & facility management	100,000
Kai Shing Management Services Limited	7	100	Property & facility management	10,000
Mantegna Investment Company Limited	1	100	Property investment	2
				(Note 11) 9,999,998
Royaltelle International Limited		100	Hotel management	2
Able Smart Assets Limited	1	100	Property investment	US\$1
Access Orient Investments Limited	1	100	Property investment	US\$1
Ace Peace Limited		100	Property investment	1
Additech Ltd.	1	100	Property investment	US\$1
Advance Vision Enterprises Limited		100	Property investment	2
Airport Freight Forwarding Centre Company Limited		100	Freight forwarding centre	100
Annadale Development Limited		100	Property development and investment	2
Antanpark Limited	1	100	Property investment	US\$1
Antinio Investments Limited	1	100	Property investment	US\$1
Artsland Properties Investment Limited	1	100	Property investment	US\$1
Assured Outcome Limited	1	100	Property investment	US\$1
Barnard Enterprises Limited	1	75	Property investment	US\$100

Principal Subsidiaries

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Issued Share Capital/ Registered Capital* (HK\$)
Beauty Marble Investment Limited		100	Property investment	2
Beijing New Town Plaza Real Estate Co., Ltd.	6c	100	Property investment	US\$9,000,000*
Beijing Sun Dong An Co., Ltd.	6a	100	Property investment	US\$129,000,000*
Best Winners Limited	1	100	Property investment	US\$1
Biliboss Ltd.	1	100	Property investment	US\$1
Billion Great Investment Limited		100	Property development	2
Branhall Investments Limited	1	100	Property investment	2
		100		(Note 11) 39,999,998
Brave One Investments Limited	1	100	Property investment	US\$1
Bright Strong Limited		100	Property development and investment	2
Buratto Limited	1	100	Property investment	US\$1
Capital Mind Investments Limited	1	100	Property investment	US\$1
Charmford Holdings Limited		100	Property development	1
Cheer Kong Limited		100	Property development	2
Cheerlord Investment Ltd.	1	100	Property investment	US\$1
成都忠捷置業有限公司	6b	91	Property development	RMB213,000,000*
Choice Win (H.K.) Limited		100	Property development and investment	1
Citijoy Limited		100	Property development	2
City Lion Investment Limited	1	100	Property investment	US\$1
City Success Limited		100	Property development and investment	2
Classic Best Investments Limited	1	100	Property investment	US\$1
Connick Limited	1	100	Property investment	US\$1
Cranejoy Limited		100	Property development	350,000,000
Crown World Investment Limited		100	Property development and investment	1
Dictado Company Limited		100	Property investment	200
Digital Chance Investments Limited	1	100	Property investment	US\$1
Dipende Limited	1	100	Property investment	US\$1
Dragon Value Investments Limited	1	100	Property investment	US\$1
Ease Gold Development Limited		100	Property development and investment	2
Easywise Limited		64.3	Property development	1
Entero Company Limited	9	100	Property investment	200
Even Decade Limited	1	100	Property investment	US\$1
Ever Channel Limited		100	Property investment	2
Ever Crystal Limited		100	Property investment	1
Ever Fast Limited		100	Property development and investment	2
Evermax Development Limited		100	Property development and investment	2
Excel Elite Assets Limited	1	100	Property investment	US\$1
Excellent Chance Limited	1	100	Property investment	US\$1
Fast Commerce Global Limited	1	100	Property investment	US\$1
First Gain Assets Limited	1	100	Property investment	US\$1
Firstmax Limited		100	Property investment	2
Fit Sharp Limited	1	100	Property investment	US\$1
Forever Glory Investments Limited	1	100	Property investment	US\$1
Fortin International Limited	1	100	Property development and investment	US\$1

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Issued Share Capital/ Registered Capital* (HK\$)
Fortune Honor Limited		100	Property investment	2
Fortune Sign Global Limited	1	100	Property investment	US\$1
Fortune Yield Investment Limited		100	Property investment	2
佛山市新普房地產開發有限公司	6c	100	Property development and investment	US\$34,000,000*
佛山市新升房地產開發有限公司	6c	80	Property development	US\$70,000,000*
佛山市新鋒房地產開發有限公司	6c	80	Property development	US\$194,000,000*
佛山市新晉房地產開發有限公司	6c	80	Property development	US\$70,000,000*
佛山市新駿房地產開發有限公司	6c	80	Property development	US\$77,000,000*
佛山市新昊房地產開發有限公司	6c	80	Property development	US\$98,000,000*
佛山市新匯房地產開發有限公司	6c	80	Property development	US\$98,000,000*
佛山市新景房地產開發有限公司	6c	80	Property development	US\$77,000,000*
東莞創紀房地產開發有限公司	6c	100	Property development	US\$121,000,000*
Full Market Limited		100	Property investment	2
Garudia Limited		100	Property investment	2
Gleamland Limited	1	100	Property investment	US\$1
Golden Square Properties Enterprises Limited	1	100	Property investment	2
		100		(Note 11) 999,998
Good Assets Limited		100	Property development	1
Goodwick Limited		100	Property development and investment	1
Great Assets Global Limited	1	100	Property investment	US\$1
Group Allied Limited		100	Property development and investment	1
Guangzhou Dragon Lake Real Estate Ltd.	6c	60	Property development	604,965,400*
廣州新天房地產發展有限公司	6b	70	Property development	RMB798,000,000*
廣州市匯信房地產開發有限公司	6a	95	Property development	RMB82,000,000*
廣州市佳俊房地產開發有限公司	6c	100	Property development	RMB210,000,000*
Harbour Vantage Limited		100	Property development	2
Harrison Global Limited	1	100	Property investment	US\$1
Headmaster Assets Limited	1	100	Property investment	US\$1
Hero Town Limited	1	100	Property investment	US\$86,500,001
Herowell Limited		100	Property investment	1
Hinwood Investment Limited		100	Property development and investment	1
Hoi Kong Container Services Company Limited		100	Mid stream operator	40,000,000
Honenberg Limited		100	Property investment	2
Hong Kong Business Aviation Centre Limited		35	Business Aviation Centre	1,000,000
Hong Kong Sky Deck Limited		100	Observation deck	1
Hung Kai Finance Investment Holding Limited		100	Property investment	200
Jayan Company Limited		100	Property investment and investment holding	2
Joinyield Limited		100	Property development and investment	1
Jugada Company Limited		100	Property investment	2
Kamchatka Company Limited		100	Property investment	200
Kamsford Hong Kong Limited		100	Property investment	16,500,000
Kartasun Limited		100	Property investment	2
Kimrose Investments Ltd.	1	100	Property investment	US\$1

Principal Subsidiaries

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Issued Share Capital/ Registered Capital* (HK\$)
King Park Investment Limited		100	Property development	2
Kinstar Holdings Ltd		92	Property development	1
Kintech Investment Limited		100	Property development	1
Laboster Company Limited	7	100	Property investment	2
Lanecove Enterprise Limited	1	100	Property investment	US\$1
Lansmart Limited		100	Property development and investment	2
Large City Investments Limited	1	100	Property investment	US\$1
Lee Bit Kai Investment Company Limited	7	100	Property investment	1,000
Leverson Limited	1	100	Property investment and hotel management	US\$1
Long Kinetic Limited		100	Property investment	1
Long Tesak Company Limited		100	Property investment	100,000
Lonsale Company Limited		100	Property investment	2
Lorient Holdings Ltd.	1	100	Property investment	US\$1
Lunalite Company Limited		100	Property investment	2
Manceton Limited		100	Property investment	2
Market Century Global Limited	1	100	Property investment	US\$1
Market Talent Investments Limited	1	100	Property investment	US\$1
Masston Limited		100	Property investment	1
Maxwear Limited	1	100	Property investment	US\$1
Mighty Choice Assets Limited	1	100	Property investment	US\$1
Mindano Limited		100	Property investment	10,000
Moscova Company Limited	7	100	Property investment	200
Nixon Cleaning Company Limited		100	Cleaning service	100,000
Obvio Yip Company Limited	7	100	Property development and investment	15,000,000,000
Open Step Limited		60	Property investment	10
Oriental Way Limited		100	Hotel development	1
Pacific Earth Enterprise Limited		100	Property development	1
Pacotilla Company Limited		100	Property investment	200
Panaview Ltd.	1	100	Property development	US\$1
Partner Sino Assets Limited	1	100	Property investment	US\$1
Pawling Limited	1	100	Property investment	US\$1
Polarland Limited		100	Property development	1
Pontamell Limited	1	100	Property investment	US\$1
Potential Area Limited	1	100	Property investment	US\$1
Profit Richness Ltd.	1	100	Property investment	US\$1
Progress Success Investments Limited	1	100	Property investment	US\$1
Protasan Limited		100	Property investment	100
Rainforce Limited		100	Property development	2
Red Stand Investments Limited	1	100	Property investment	US\$1
Rinnovare Limited	1	100	Property investment	US\$1
Route 3 (CPS) Company Limited		70	Toll road operation	10,000
Score Best Investments Limited	1	100	Property investment	US\$1
Soctt Global Investments Limited	1	100	Property investment	US\$1

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Issued Share Capital/ Registered Capital* (HK\$)
Senmark Limited		100	Hotel development	2
Shanghai Central Plaza Property Co., Ltd.	6a	80	Property investment	US\$42,000,000*
Shanghai International Commerce Centre Co., Ltd.	6c	100	Property development and investment	US\$290,500,000*
Shanghai SHK International Commerce Centre Co., Ltd.	6c	100	Property development and investment	US\$90,000,000*
Shanghai SHK Weiyi Property Co., Ltd.	6c	100	Property investment	RMB1,200,000,000*
Shanghai SHK Weijing Property Co., Ltd.	6c	100	Property investment	RMB1,200,000,000*
Shanghai SHK Weizheng Property Co., Ltd.	6c	100	Property investment	RMB1,220,000,000*
Shanghai SHK Weiwang Property Co., Ltd.	6c	100	Property investment	RMB18,500,000,000*
Shanghai Xin Zhong Hui Property Co., Ltd.	6c	100	Property investment	US\$35,000,000*
Sharp Act Investments Limited	1	100	Property investment	US\$1
Shubbery Company Limited		100	Property investment	200
Shunyue Investments Limited	1	100	Property investment	US\$1
Smart Globe Limited		100	Property development	1
Smithtown Investments Limited	1	100	Property investment	US\$1
Solar Kingdom Limited		100	Property investment	2
Speed Wise Limited	7	100	Property investment	2
Speedway Assets Limited	1	100	Property investment	US\$1
Spring Bliss Investments Limited	1	100	Property investment	US\$1
Standard Top Limited		100	Property investment	2
Startrack Company Limited		100	Property investment	200
Sun Carol Company Limited		100	Property investment	200
Sun Hung Kai Development (China) Limited		100	Investment holding	20,000,000
Sun Hung Kai Development (Lujiazui I) Ltd.	6c	100	Property investment	US\$214,482,000*
Sun Hung Kai Development (Lujiazui II) Ltd.	6c	100	Property investment	US\$121,355,000*
Sun Hung Kai Development (Zhang Yang) Ltd.	6c	100	Property development and investment	US\$165,000,000*
Sun Hung Kai ICC (Nanjing) Co., Ltd.	6c	100	Property development and investment	RMB721,914,400*
Sun Hung Kai ICC (Suzhou) Co., Ltd.	6b	90	Property development and investment	RMB1,800,000,000*
Sun Hung Kai Properties (Capital Market) Limited	5,7	100	Finance	US\$10
Sun Hung Kai Properties Investment (Guangzhou) Limited	6c	100	Investment holding	US\$90,000,000*
Sun Hung Kai Secretarial Services Limited	7	100	Secretarial services	200
Sun Yuen Long Centre Management Company Limited		100	Property investment and management	(Note 12) 25,000
		75		(Note 13) 25,000
Sunfez Company Limited		100	Property investment	200
Sunrit Enterprises Limited		100	Property investment	4,000,000
Supreme Rich Investment Limited		100	Property development	1
Tainam Holdings Limited	1	100	Property investment	US\$1
Talcon Limited	1	100	Property development	US\$1
Ten Choice Development Limited		100	Property investment	2
Tenuta Limited	1	100	Property investment	US\$1
Tipro Development Limited		100	Property investment	1,000,000
Tonthai Investment Enterprises Limited	1	100	Property investment	US\$1
Town Descant Company Limited		100	Property investment	200
Transport Infrastructure Management Limited		100	Road management	70,000,000

Principal Subsidiaries

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Issued Share Capital/ Registered Capital* (HK\$)
Tsi Mai Company Limited		100	Property investment	200
Uniland Investment Enterprises Limited	1	100	Property investment	US\$1
United Way Investments Limited	4, 7	100	Owner of trade mark	US\$1
		100		(Note 11) US\$83,400
Upper Hill Company Limited	1	100	Property investment	US\$1
Vast Earn Property Corp.	1	100	Property investment	US\$2
Wai Hung Development Company Limited	7	100	Investment holding and property investment	70,000
Warrior Company Limited		100	Property investment	300
Wealth Capsule Investments Limited	1	100	Property investment	US\$1
Well Art Holdings Limited		92	Property development	1
Well Famous Enterprise Limited		100	Property investment	1
Well Logic Properties Investment Limited	1	100	Property investment	US\$1
Wellden Limited		100	Property investment	2
Wetland Park Management Service Limited		100	Property development and investment	2
Willmax Limited		100	Property investment	2
Wilson Parking (Holdings) Limited		100	Investment holding and carpark operation	1,000
Winbox Investment Limited		100	Property development and investment	1
Winner Land Enterprises Limited		100	Property investment	2
Wisecity Development Limited		100	Property development	2
Wiseland Enterprises Limited	1	100	Property development	US\$1
Wonder Charm Assets Limited	1	100	Property investment	US\$1
WTC (Club) Limited		100	Club management	200
YATA Limited		100	Department store operation	30,000,000
Zarabanda Company Limited		100	Property investment	2
Zhongshan SHKP Taoyuan Real Estate Development Co. Ltd.	6a	75	Property development	40,000,000*

- Notes:
1. Incorporated in the British Virgin Islands and operating in Hong Kong.
 2. Incorporated in the Cayman Islands and operating in Hong Kong.
 3. Incorporated in Bermuda and operating in Hong Kong.
 4. Incorporated in the British Virgin Islands.
 5. Incorporated in the Cayman Islands.
 6. Incorporated and operating in the People's Republic of China:
 - a. Co-operative joint venture enterprise
 - b. Equity joint venture enterprise
 - c. Wholly foreign owned enterprise
 7. Directly held by the Company.
 8. 11.89% directly and 88.11% indirectly held by the Company.
 9. 50% directly and 50% indirectly held by the Company.
 10. 99.9998% directly and 0.0002% indirectly held by the Company.
 11. Redeemable share.
 12. "A" share.
 13. "B" share.

Principal Joint Ventures

The directors are of the opinion that a complete list of the particulars of all joint ventures will be of excessive length and therefore the following list contains only the particulars of joint ventures as at 30 June 2015 which principally affect the results or assets of the Group.

Unless otherwise stated, the following principal joint ventures were incorporated and are operating in Hong Kong and unlisted.

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Class of Share/ Registered Capital
+ Altomatic Limited		50	Property investment	Ordinary
#+ China Resources Sun Hung Kai Properties (Hangzhou) Limited	5	40	Property development and investment	Registered capital
#+ China Resources Sun Hung Kai Properties (Wuxi) Limited	5	40	Property development	Registered capital
#+ Cheerjoy Development Limited		35	Property development	Ordinary
# Dragon Beauty International Limited		50	Property development	Ordinary
+ First Star Development Limited		50	Property development	Ordinary
+ Glorious Concrete (BVI) Limited	4	50	Manufacturer of precast	Ordinary
+ Glorious Concrete (H.K.) Limited		50	Manufacturer of ready mixed concrete	Ordinary
#+ Green Valley Landfill, Limited		20	Landfill waste disposal facility	Ordinary
#+ Guangzhou Fujing Properties Development Co., Ltd.	3	33.3	Property development	Registered capital
# 廣州宏城廣場房地產開發有限公司	6	50	Property investment	Registered capital
#+ Hangzhou Runhong Properties Limited	5	40	Property development	Registered capital
IFC Development Limited	1	50	Property investment	Ordinary
Jade Land Resources Limited		25	Property development and investment	Ordinary
# Kerry Hung Kai Warehouse (Cheung Sha Wan) Limited		50	Godown operation	Ordinary
+ Newfoundland Investment Holdings Limited	1	20	Investment holding	Ordinary
#+ Orchard Turn Holding Pte. Ltd.	2	50	Investment holding	Ordinary
+ Ranny Limited		50	Property investment	Ordinary
#+ River Trade Terminal Co. Ltd.	1	50	River trade terminal	Ordinary
#+ Senica International Limited	4	22.5	Investment holding	Ordinary
#+ Shanghai Xintian Real Estate Co., Ltd.	3	35	Property development and investment	Registered capital
Special Concept Development Limited		25	Property development and investment	Ordinary
+ Splendid Shing Limited		50	Property investment	Ordinary
#+ Star Play Development Limited		33.3	Property investment	Ordinary
#+ 祥寶投資(成都)有限公司	5	40	Property development and investment	Registered capital
Teamfield Property Limited		57.52	Property investment	Ordinary
+ Tinyau Company Limited		50	Property investment	Ordinary
+ Topcycle Development Limited		50	Property development	Ordinary
# Wolver Hollow Company Limited		50	Property investment	Ordinary
+ Xipho Development Company Limited		33.3	Property development	Ordinary

+ The financial statements of these companies have been audited by firms other than Deloitte Touche Tohmatsu.

Companies with year ends not co-terminous with that of Sun Hung Kai Properties Limited.

- Notes:
1. Incorporated in the British Virgin Islands and operating in Hong Kong.
 2. Incorporated and operating in the Republic of Singapore.
 3. Incorporated and operating in the People's Republic of China as equity joint venture enterprise.
 4. Incorporated in the British Virgin Islands.
 5. Incorporated and operating in the People's Republic of China as wholly foreign owned enterprise.
 6. Incorporated and operating in the People's Republic of China as co-operative joint venture enterprise.

Principal Associates

The directors are of the opinion that a complete list of the particulars of all associates will be of excessive length and therefore the following list contains only the particulars of associates as at 30 June 2015 which principally affect the results or assets of the Group.

Unless otherwise stated, the following principal associates were incorporated and are operating in Hong Kong and unlisted.

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Class of Share
#+ Transport International Holdings Limited (Listed in Hong Kong)	1	33.72	Public transportation	Ordinary
#+ Ranex Investments Limited		29	Property development and investment	Ordinary
#+ The Hong Kong School of Motoring Limited		30	Driving School	Ordinary
#+ Onluck Finance Limited		35.44	Finance	Ordinary
#+ Treasure Peninsula Limited		29	Finance	Ordinary

+ *The financial statements of these companies have been audited by firms other than Deloitte Touche Tohmatsu.*

Companies with year ends not co-terminous with that of Sun Hung Kai Properties Limited.

Note: 1. *Incorporated in Bermuda and operating in Hong Kong.*

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