新鴻基地產發展有限公司
Sun Hung Kai Properties Limited

(Incorporated in Hong Kong with limited liability)
(Stock Code: 16)

2017 / 18 Annual Results

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 2018, excluding the effect of fair-value changes on investment properties, amounted to HK$30,398 million, compared to HK$25,965 million last year. Underlying earnings per share were HK$10.49, compared to HK$8.97 last year.

Reported profit and reported earnings per share attributable to the Company's shareholders were HK$49,951 million and HK$17.24 respectively, compared to HK$41,782 million and HK$14.43 last year. The reported profit included an increase in fair value of investment properties net of deferred taxation and non-controlling interests of HK$19,988 million, compared to HK$16,851 million last year.

DIVIDEND

The directors have recommended the payment of a final dividend of HK$3.45 per share for the year ended 30 June 2018. The dividend will be payable on 22 November 2018. Together with the interim dividend of HK$1.20 per share, the dividend for the full year will be HK$4.65 per share, an increase of 13.4% from 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, amounted to HK$41,943 million. Profit generated from property sales was HK$16,261 million, as compared to HK$11,917 million in the last financial year. The Group achieved contracted sales of about HK$46,000 million for the year in attributable terms. Contracted sales since July 2018 have exceeded HK$27,000 million in attributable terms.

Rental Income

Gross rental income, including contributions from joint-venture projects, rose 8% year-on-year to HK$23,682 million while net rental income increased by 9% year-on-year to HK$18,647 million. This healthy performance was attributable to continuing positive rental reversions and contributions from new rental properties.

Property Business – Hong Kong

Land Bank

During the year, the Group added five projects to its land bank through different means with a total gross floor area of about 6.8 million square feet in attributable terms. This includes the Shap Sz Heung project, which arose from the conversion of agricultural land. The acquisition of a premium site in Kai Tak City Centre in May this year represents another major project for the Group. With direct access to the future MTR Kai Tak Station, the site will be developed into a landmark residential and commercial complex. The commercial portion and part of the residential floor area will be retained for rental purpose. Details of the additions are shown in the table below.

Location	**Usage**	**Group's Interest** (%)	**Attributable Gross Floor Area** (square feet)
Tai Po Town Lot No. 157, Shap Sz Heung	Residential/ Shopping Centre	100	4,788,000
New Kowloon Inland Lot No. 6568, Kai Tak	Residential/ Shopping Centre	100	1,328,000
New Kowloon Inland Lot No. 6550, West Kowloon	Hotel	100	374,000
Tsuen Wan Town Lot No. 428*	Industrial	74	149,000
222-228 Wan Chai Road	Office	92	121,000
Total			**6,760,000**

** This site was acquired by SUNeVision and will be used for its business expansion*

As at the end of June 2018, the new acquisitions increased the Group's land bank in Hong Kong from 51.8 million square feet a year ago to 56.5 million square feet of attributable gross floor area, of which 22.7 million square feet were properties under development. In an effort to sustain its high level of annual property completion in Hong Kong, the Group will continue to acquire land through different means, including active land use conversions of its agricultural land, which amounted to about 32 million square feet in terms of site area, into buildable land.

Property Development

The primary residential market in Hong Kong has remained active in recent months. During the year, the Group achieved impressive contracted sales of about HK$41,600 million in attributable terms in Hong Kong. Major contributors included Wings at Sea and Wings at Sea II in Tseung Kwan O, Cullinan West II in West Kowloon, PARK YOHO Genova in Yuen Long, St. Barths in Ma On Shan, Mount Regency in Tuen Mun and Victoria Harbour on North Point harbourfront.

As always, the Group is committed to providing top-quality homes and superior services that exceed customer expectations. In this regard, new technology is being employed to enhance customer satisfaction and raise cost-effectiveness. Reinforcing its competitiveness and premium brand, the Group's pioneering initiative in offering a first-three-year warranty for homebuyers continued to be widely acclaimed in the market.

During the year, seven projects were completed totalling nearly 3.7 million square feet of attributable gross floor area, of which about 2.6 million square feet are residential units. Projects completed are detailed in the following table.

Project	**Location**	**Usage**	**Group's Interest** (%)	**Attributable Gross Floor Area** (square feet)
Cullinan West / Cullinan West II / V Walk	28 Sham Mong Road, West Kowloon	Residential/ Shopping Centre	JV	1,939,000
Ocean Wings / Ocean PopWalk	28 Tong Chun Street, Tseung Kwan O	Residential/ Shopping Centre	100	563,000
Hotel VIC	1 North Point Estate Lane, North Point	Hotel	100	388,000
PARK YOHO Milano	18 Castle Peak Road Tam Mi, Yuen Long	Residential	100	345,000
Two Harbour Square	180 Wai Yip Street, Kwun Tong	Office	64.3	308,000
The Kennedy on Belcher's	97 Belcher's Street, Island West	Residential/ Shops	92	85,000
Babington Hill	23 Babington Path, Mid-levels West	Residential	82.8	55,000
Total				**3,683,000**

Property Investment

The Group owns a broadly diversified portfolio of 31 million square feet of quality properties for investment in Hong Kong. For the year under review, this portfolio generated gross rental income, including contributions from joint-venture projects, of HK$18,506 million, up 6% from last financial year. The increase is primarily attributed to higher rents and contributions from new rental properties. Overall occupancy remained at a consistently high level of around 95%.

Retail portfolio

Stemming from the favourable retail environment and the ingenuity of its retail strategies and management expertise, the Group achieved positive rental reversions with high occupancies from its quality retail space of about 12 million square feet. During the year, retail sales growth at the Group's major shopping malls, particularly The Sun Arcade, outperformed the market.

The Group's proactive asset enhancement initiatives continued to strengthen its leading position. Space at New Town Plaza in Sha Tin under its recently-completed first phase of renovation achieved higher rents following its refurbishment. The newly opened Movie Town, the largest cinema in the New Territories, features the latest in cinema technologies and enriches the mall's experiential offerings. The second phase of the renovation will commence by the end of 2018. At Metroplaza in Kwai Fong, the latest addition of an organic farm in the mall introduced a fresh shopping experience for local families. The Group's other prime shopping malls, including IFC Mall, APM, V City and Landmark North, continued to record high occupancies with positive rental reversions.

Following the extension of YOHO Mall I opened in July 2017, V Walk and Harbour North will become the Group's two most prominent retail projects in the pipeline. Comprising about 300,000 square feet of gross floor area, V Walk atop MTR Nam Cheong Station is poised to benefit from its superior transport connectivity, complemented by a rising population in the neighbourhood. The mall is planned to open in mid 2019. Harbour North and the retail outlets at Hotel VIC will add a combined total of 212,000 square feet of retail space. Targeted to open in late 2018, the 67,000-square-foot retail outlets at Hotel VIC will house a wide variety of specialty eateries. The 145,000-square-foot Harbour North will be opened in phases with 7,000 square feet of street-level shops in its first phase scheduled to open in early 2019. This retail cluster will become a leisure and shopping destination on Island East, further elevating the prestigious status of the Group's residential development, Victoria Harbour.

By effectively applying innovation and technology, the Group constantly expands its connections with its customers through digital channels. The newly launched mobile app 'SHKP Malls App' will have two major upgrades in the next six months including the extension of a coverage to 25 major malls in a single platform and the introduction of an Integrated Loyalty Program for the Group's major malls, offering customers a smart and attractive shopping environment with real-time information.

Office portfolio

The office-leasing market remained favourable. During the year, the Group's premium office portfolio continued to achieve steady rental income growth and high occupancy. IFC, the most sought-after office location for leading and international financial institutions, was nearly fully let with higher rents achieved. Across the harbour, ICC also performed remarkably well. As the only top-quality office tower to date that is close to the Guangzhou-Shenzhen-Hong Kong Express Rail Link (Hong Kong Section) terminus, ICC is poised to benefit from growing cross-border businesses.

Covering a broad tenant base, the Millennium City cluster also registered a high occupancy of 97%. The vibrancy of the cluster will be further bolstered upon the completion of the joint-venture office-cum-retail project, 98 How Ming Street development.

The Group's other quality offices, including Central Plaza in Wan Chai and Grand Central Plaza in Sha Tin, also performed well with high occupancy. Looking ahead, the Group's more than 10 million square feet of office space is expected to capitalize the future growth brought about by rapid development in the Greater Bay Area.

Property Business – Mainland

Land Bank

During the year, the Group acquired a commercial site in Nansha Free Trade Zone, Guangzhou with approximately 435,000 square feet of gross floor area. Including this recently acquired site, the Group held an attributable 64.5 million square feet of total land bank on the mainland as at 30 June 2018, of which 50.7 million square feet were properties under development. About 60% of the properties under development will be developed into quality residential units. The Group will continue with a selective and focused approach to seeking investment opportunities in major mainland cities.

Property Development

The mainland residential market was in consolidation mode amid stabilization policies on the housing market. In first-tier and major second-tier cities, supply and transaction volumes continued to be subdued while home prices remained stable in general. In the longer term, the measures are expected to reduce risks and facilitate sustainable development in the housing market.

The Group recorded attributable contracted sales of about RMB3,600 million on the mainland during the year under review. This was mainly attributed to positive sales responses to the wholly-owned development Grand Waterfront, Dongguan as well as a few joint-venture projects in southern China, including Top Plaza in Zhujiang New Town, Guangzhou and Oriental Bund in Foshan.

During the year, the Group completed four residential projects on the mainland, providing a total of 2.3 million square feet of quality living space in attributable terms. The premium building quality and design of these units have been widely acclaimed by buyers. Projects completed are shown in the following table.

Project	**Location**	**Usage**	**Group's Interest** (%)	**Attributable Gross Floor Area** (square feet)
Park Royale Phase 2A	Huadu, Guangzhou	Residential	100	985,000
Oriental Bund Phases 1D & 2A	Chancheng, Foshan	Residential/ Shops	50	587,000
Forest Hills Phase 2B	Tianhe, Guangzhou	Residential	70	467,000
The Arch · Chengdu (Chengdu ICC Phase 2A)	Jinjiang, Chengdu	Residential	40	277,000
Total				**2,316,000**

Property Investment

For the year under review, the Group's gross rental income arising from mainland properties, including contributions from joint-venture projects, rose 11% to RMB3,701 million. Such increases were mainly driven by positive rental reversions and contributions from new rental properties.

The Group continued to build up its property investment portfolio in prime locations across major mainland cities. International Trade City (ITC) in the heart of the Xujiahui commercial hub in Shanghai, totalling 7.6 million square feet of gross floor area, achieved its first milestone with the completion of One ITC in 2017. Noted multinational corporations have already moved into the 170,000-square-foot office towers at One ITC, including a co-working space provider. Pre-leasing of the 340,000-square-foot mall in the same phase is coming along well with keen interest from luxury brands and popular restaurants. The mall is scheduled to open by mid 2019.

Spanning 320,000 square feet of gross floor area, the office tower in Phase 2 of ITC has been completed and fully leased while response to the leasing of the 43,000-square-foot retail space is favourable. Meanwhile, construction of the remaining phases has also been progressing as planned. Of these, the landmark complex featuring two grade-A office towers, including a 370-metre skyscraper, a 2.5-million-square-foot mall and a luxury hotel, will become a much sought-after centre stage for both multinationals and top-tier luxury retailers. Upon its full completion, this signature project will mirror the success of Shanghai IFC and Shanghai ICC and open up a new chapter in the office and retail landscape on the mainland.

Construction of the 3.4-million-square-foot Nanjing IFC in Hexi CBD, another of the Group's integrated landmark developments, is on schedule and the entire project is set for completion by 2020. The superstructure of the first tower, comprising 500,000 square feet of office space, has been completed. The one-million-square-foot-plus mall in the podium is expected to become a prominent shopping destination for luxury and stylish merchandise. Many global brands and multinational corporations have expressed keen interest in taking space in the premium Nanjing IFC. Such rental properties in the pipeline are expected to fuel the Group's rental growth in the medium-to-long term.

Over the years, the Group has successfully established a strong footprint in first-tier cities on the mainland, including Shanghai, Guangzhou and Beijing. Shanghai ICC offices and the Group's attributable office space at Shanghai IFC recorded high occupancies with healthy rental growth, given their sophisticated specifications, state-of-the-art facilities and prime locations in the city. The luxury Shanghai IFC Mall saw continuous growth in tenant sales and positive rental reversions, attracting locals and tourists alike to enjoy exceptional shopping experience. Setting a new trend for shoppers, the IAPM mall within the Shanghai ICC complex offered fashionable luxury brands and ample digital conveniences for shoppers. Respectable growth in rents was recorded during the year.

The two joint-venture malls in downtown Guangzhou have been performing satisfactorily with tenant sales ramping up fast. IGC has further enhanced its affordable luxury cluster while Parc Central has introduced a number of international labels that are new to Guangzhou to further elevate its competitiveness. Beijing APM recorded healthy rental reversions and successfully created a new cluster of sportswear retailers to further appeal to young shoppers.

Other Businesses

Hotels

The Group's hotel portfolio performed well during the year. Deluxe hotels, including Four Seasons Hotel Hong Kong, registered healthy growth in average room rates while the Group's other premium hotels also delivered satisfactory results with the Royal brand hotels achieving an overall average occupancy of over 95%.

Hotel VIC, part of the Group's integrated development on North Point waterfront, launched its soft opening in July this year. The hotel's retail outlets will offer more dining choices in the vicinity and are expected to open in late 2018. The stylish hotel, with its breathtaking sea views and attentive services, will further elevate the status of the integrated development as one of the most prestigious neighbourhoods on Island East. During the year, the Group acquired a high-quality hotel site on West Kowloon waterfront with spectacular harbour views. Another new premium hotel in Sha Tin, a sister project of Royal Park Hotel, is scheduled to open in mid 2019.

On the mainland, The Ritz-Carlton Shanghai, Pudong showed steady performance and maintained its leading position in the market, despite increasing competition in the city. The Four Seasons Hotel in Suzhou is currently under development.

Telecommunications and Information Technology

SmarTone

Despite the immensely competitive market during the year under review, SmarTone achieved a 16% year-on-year growth in customer base and a reduction in average postpaid churn rate to a low level. The core postpaid business remained resilient and delivered a mild growth in underlying service revenue net of handset subsidy amortization, while its enterprise solutions business continued to deliver strong growth. The company's net profit was affected by the weakness in the prepaid segment and higher costs, including spectrum fee amortization. The Group remains confident of SmarTone's prospects and will continue to hold the company as a long-term investment.

SUNeVision

SUNeVision sustained healthy growth during the year, driven by its core business in data centre operations. The company completed the transfer of listing to the Main Board of The Stock Exchange of Hong Kong Limited in January 2018, firmly establishing itself as a leading player in the region. The newly built MEGA Plus data centre in Tseung Kwan O has commenced operations, and a new site was acquired in Tsuen Wan in January 2018, further fueling the company's growth. Together with MEGA-i and MEGA Two, SUNeVision's diversified portfolio of data centres will continue to meet the growing needs of customers.

Infrastructure and Other Businesses

The Group's infrastructure and transport businesses in Hong Kong provided a steady recurring income. Wilson Group achieved favourable results during the period, while traffic on the Route 3 (Country Park Section) remained steady. Business at the Hong Kong Business Aviation Centre continued to be supported by good demand, while availability in flight slots has improved through collaborative efforts by the different parties involved. The Airport Freight Forwarding Centre delivered healthy business growth. The performance of the River Trade Terminal remained steady. YATA has grown and remains focused on being a market leader for unique Japanese merchandise and experience. Three new stores were opened during the year, and the remodeling of the flagship store in Sha Tin is progressing well.

Corporate Finance

The Group has always subscribed to prudent financial policies, a pre-requisite for its long-term success. The Group's continuous efforts to stick to this principle are evidenced by its low net gearing ratio and high liquidity. As at the end of June 2018, the net debt to shareholders' funds recorded a low 12.1%, whilst the interest coverage ratio achieved a robust 17.6 times. The Group's strong balance sheet and abundant liquidity will enable it to weather challenges from external uncertainties.

The Group has consistently been the best credit-ratings achiever among property companies in Hong Kong. Both Moody's and Standard & Poor's have reaffirmed the Group's A1 and A+ credit ratings respectively, with stable outlooks.

The Group has developed a close rapport with the banking community. In March 2018, it arranged a HK$21,000 million 5-year syndicated loan to early refinance part of its debts due and to lengthen its maturity profile. The working capital of the Group's projects on the mainland, which is mainly financed in local currency, has been hedged naturally against movements in the Renminbi.

Corporate Governance

The Group is committed to maintaining high standards of corporate governance in all aspects of its business. It has an effective Board overseeing the Executive, the Remuneration, the Nomination, and the Audit and Risk Management Committees to ensure proper reporting, adequate internal controls and timely release of relevant information in place for protecting and promoting the best interests of the Company and its shareholders. An additional Independent Non-Executive Director has been appointed with effect from 1 March 2018, which further strengthened the Board.

The Group takes a proactive approach to maintaining effective two-way communication with multiple stakeholders through frequent meetings, large-scale investor conferences and overseas non-deal roadshows. Over the years, the Group has earned various major awards from leading financial publications including *Euromoney* and *The Asset* in recognition of its quality management and commitment to good corporate governance.

Sustainable Development

With a view to creating long-term value for customers and other stakeholders, the Group places great emphasis on sustainable development. The Group distinguishes itself as a leading property developer through its commitment to quality and its premium branding strategy. With a strong learning culture, the Group encourages staff to stay ahead of market developments, especially in applying technological innovations and digital applications to many of its businesses – notably in shopping malls, property management and in the area of building design and construction – which benefit customers, residents and tenants alike.

Underscoring its commitment to environmental protection, the Group employs green technologies and green building practices to exemplify its causes. At the community level, the Group has launched a ‘Nature Rescue’ mobile application through its Love Nature Campaign, providing an easy-to-use platform to encourage the community to engage in beach and countryside clean-up activities.

Echoing the Government’s city-wide reading promotion campaign launched in early 2018, the SHKP Reading Club has added new dimensions to encourage reading among the youth. The Group has also continued to promote ‘exercise for good’ through the annual SHKP Vertical Run for Charity and the Sun Hung Kai Properties Hong Kong Cyclothon. To further promote cycling among the youth, the Group has recently sponsored the establishment of the Sun Hung Kai Properties Cycling Academy to provide professional track cycling training for secondary students, especially for the underprivileged ones.

To support career development among young people, especially in the area of technology start-ups, the Group has taken part in a Government-initiated space-sharing scheme by providing the Federation of Hong Kong Industries with free fitted offices, following similar support for the Hong Kong X-Tech Startup Platform established in 2015.

On the mainland, the Group through the SHKP-Kwoks’ Foundation has been active in education and poverty alleviation work. The Foundation has to date offered scholarships to close to 10,000 underprivileged students in undergraduate and post-graduate studies. It recently donated a major sum to VIVA China Children’s Cancer Foundation and Shanghai Soong Ching Ling Foundation to support medical research in enhancing the cure rate of childhood acute lymphoblastic leukemia.

PROSPECTS

Global economic growth is likely to continue although headwinds, including trade wars, reversals of quantitative easing as well as emerging markets volatilities, should undermine growth momentum. Proactive policy responses on the mainland should alleviate economic downside risks arising from trade issues and enable stable growth in the country. Despite pressures from external uncertainty, the Hong Kong economy is expected to show continued expansion in the coming year on the back of the soon-to-be-commencing cross-border transport connectivity and the Greater Bay Area development.

The performance of the property markets in Hong Kong and major cities on the mainland is expected to vary. While end-user housing demand remains robust in first-tier mainland cities, stabilization measures will continue to contain speculative activity. In Hong Kong, despite anticipated interest rate hikes, household income gains and wealth accumulation, as well as solid demographic factors, will continue to underpin end-user demand for residential properties, while external uncertainty and government measures recently introduced are likely to pose new challenges in the first-hand market. The Group will take more proactive steps to overcome all these challenges.

The Group will continue to seek land acquisition opportunities that provide satisfactory returns both in Hong Kong and major mainland cities. Over the next nine months, major new projects to be offered for sale in Hong Kong will include PARK YOHO Napoli in Yuen Long, the second phase of Mount Regency in Tuen Mun, Pak Tai Street Project in Kowloon City and a commercial project in Sha Tin. In addition, the Group will continue to sell those launched residential projects including units at Victoria Harbour and Babington Hill. The Group is confident of being able to achieve, on average, a medium-term annual target of HK$40,000 million from property sales in Hong Kong. On the mainland, the Group will also launch new quality apartments, including the wholly-owned Grand Waterfront in Dongguan and a joint-venture project TODTOWN in Shanghai.

The Group's existing investment portfolio is expected to perform well with satisfactory rental growth in the year ahead. This will be bolstered by broader footprints in Hong Kong and particularly on the mainland. New additions in the pipeline will include 98 How Ming Street in Hong Kong, Nanjing IFC and a mega project, ITC in Shanghai. With the gradual completion of these landmark projects over the next five to six years, the Group's already strong recurrent income base is expected to rise to new levels. V Walk in West Kowloon, Hong Kong and the grand luxury mall at One ITC in Shanghai are scheduled to open next year, underpinning the Group's rental growth starting from financial year 2019/20.

The Group will continue to excel and stay at the forefront of the market against a rapidly changing and challenging business environment. New technologies will be deployed to further enhance the Group's competitiveness. With a strong commitment to its customer-focused approach, the Group will keep on offering premium-quality properties and services, further strengthening its brand recognition and creating additional value for stakeholders, including shareholders, homebuyers and tenants. Guided by its core operating philosophy and fuelled by ongoing and dedicated efforts, the Group is highly confident of being able to accomplish sustainable business growth over time.

Barring unforeseen circumstances, the Group expects its results to be satisfactory for the coming financial year.

APPRECIATION

Mr. Fan Hung-ling, Henry was appointed as an Independent Non-Executive Director of the Company effective 1 March 2018. His extensive experience in the business sector will be a valuable asset for the Group's long-term development.

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, 13 September 2018

ANNOUNCEMENT

The Board of Directors of Sun Hung Kai Properties Limited announces the following audited consolidated figures for the Group for the year ended 30 June 2018 with comparative figures for 2017:-

Consolidated Income Statement
For the year ended 30 June 2018
(Expressed in millions of Hong Kong dollars)

	Notes	2018	2017
Revenue	**2(a)**	**85,644**	78,207
Cost of sales		**(43,752)**	(42,433)
Gross profit		**41,892**	35,774
Other net income		**1,156**	927
Selling and marketing expenses		**(4,937)**	(4,708)
Administrative expenses		**(2,658)**	(2,467)
Operating profit before changes in fair value of investment properties	**2(a)**	**35,453**	29,526
Increase in fair value of investment properties		**15,772**	13,810
Operating profit after changes in fair value of investment properties		**51,225**	43,336
Finance costs		**(1,985)**	(1,987)
Finance income		**368**	278
Net finance costs	**3**	**(1,617)**	(1,709)
Share of results (including increase in fair value of investment properties net of deferred tax of HK$6,081 million (2017: HK$4,238 million)) of:			
Associates		**612**	428
Joint ventures		**9,136**	7,170
	2(a) & 6(b)	**9,748**	7,598
Profit before taxation	**4**	**59,356**	49,225
Taxation	**5**	**(8,402)**	(6,750)
Profit for the year	**2(a)**	**50,954**	42,475
Attributable to:			
Company's shareholders		**49,951**	41,782
Perpetual capital securities holders		**174**	18
Non-controlling interests		**829**	675
		50,954	42,475

(Expressed in Hong Kong dollars)

Earnings per share based on profit attributable to the Company's shareholders (reported earnings per share)	**6(a)**		
Basic		**$17.24**	$14.43
Diluted		**$17.24**	$14.43
Earnings per share excluding the effects of changes in fair value of investment properties net of deferred tax (underlying earnings per share)	**6(b)**		
Basic		**$10.49**	$8.97
Diluted		**$10.49**	$8.97

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2018
(Expressed in millions of Hong Kong dollars)

	2018	2017
Profit for the year	**50,954**	42,475
Items that may be reclassified subsequently to profit or loss:		
Translation difference on foreign operations	**2,127**	(926)
Cash flow hedge fair value losses transferred to consolidated income statement	**-**	2
Available-for-sale investments		
- fair value gains recognized during the year	**427**	227
- fair value gains transferred to consolidated income statement on disposal	**(1)**	(35)
	426	192
Share of other comprehensive income/(loss) of associates and joint ventures	**441**	(274)
Item that will not be reclassified to profit or loss:		
Share of other comprehensive income of an associate	**225**	43
Other comprehensive income/(loss) for the year	**3,219**	(963)
Total comprehensive income for the year	**54,173**	41,512
Total comprehensive income for the year attributable to:		
Company's shareholders	**53,109**	40,854
Perpetual capital securities holders	**174**	18
Non-controlling interests	**890**	640
	54,173	41,512

Consolidated Statement of Financial Position
As at 30 June 2018
(Expressed in millions of Hong Kong dollars)

	Notes	2018	2017
Non-current assets			
Investment properties		**369,477**	337,980
Fixed assets		**34,587**	26,977
Associates		**5,570**	4,724
Joint ventures		**66,197**	59,117
Loan receivables		**6,013**	4,981
Other financial assets		**3,384**	3,375
Intangible assets		**4,976**	5,524
		490,204	442,678
Current assets			
Properties for sale		**177,367**	146,409
Inventories		**440**	444
Debtors, prepayments and others	**7**	**20,521**	17,813
Other financial assets		**859**	798
Bank deposits and cash		**26,095**	31,274
		225,282	196,738
Current liabilities			
Bank and other borrowings		**(12,646)**	(5,390)
Trade and other payables	**8**	**(31,008)**	(26,908)
Deposits received on sales of properties		**(12,230)**	(10,458)
Taxation		**(10,551)**	(8,216)
		(66,435)	(50,972)
Net current assets		**158,847**	145,766
Total assets less current liabilities		**649,051**	588,444
Non-current liabilities			
Bank and other borrowings		**(78,788)**	(61,936)
Deferred taxation		**(21,660)**	(18,930)
Other long-term liabilities		**(171)**	(215)
		(100,619)	(81,081)
NET ASSETS		**548,432**	507,363
CAPITAL AND RESERVES			
Share capital		**70,612**	70,516
Reserves		**468,486**	427,699
Shareholders' funds		**539,098**	498,215
Perpetual capital securities		**3,887**	3,910
Non-controlling interests		**5,447**	5,238
TOTAL EQUITY		**548,432**	507,363

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 financial information relating to the years ended 30 June 2018 and 2017 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those consolidated financial statements. The Company has delivered the consolidated financial statements for the year ended 30 June 2017 to the Registrar of Companies and will deliver the consolidated financial statements for the year ended 30 June 2018 in due course. The Company's auditor has reported on the consolidated financial statements for both years. The auditor's reports were unqualified.

The consolidated financial statements have been prepared in accordance with all applicable 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"). 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.

(b) Standards adopted during the year ended 30 June 2018

There were no new standards adopted in the current year. However, during the year, the Group has applied a number of amendments to HKFRSs which had no significant impact on the Group's financial statements.

(c) Future accounting developments

The HKICPA has issued a number of new standards and amendments which are not effective for the financial year ended 30 June 2018 and which have not been adopted in the Group's financial statements. Key changes of new standards that are relevant to the Group are summarized as follows:

HKFRS 9 Financial Instruments
(effective for year ending 30 June 2019)

HKFRS 9 prescribes the rules for classifying and measuring financial assets and liabilities, measuring impairment allowances for financial assets and hedge accounting; it replaces HKAS 39 Financial Instruments : Recognition and Measurement.

HKFRS 9 introduces a new classification and measurement methodology, which requires financial assets to be measured at either amortized cost or fair value according to their contractual cash flow characteristics and the business model under which they are held; a new impairment model, which requires the use of an expected credit loss approach for measuring the impairment allowances for financial assets based on expected losses rather than on incurred losses; and a reformed model for hedge accounting with enhanced disclosures about risk management activities. The classification and measurement of financial liabilities will remain generally the same as in HKAS 39.

The Group has assessed the impact of adopting HKFRS 9 and expects no significant change to the measurement basis arising from the new classification and measurement requirements and that the impairment allowances calculated using the expected loss model will have no material impact on the Group's financial statements.

HKFRS 15 Revenue from Contracts with Customers
(effective for year ending 30 June 2019)

HKFRS 15 sets out requirements for revenue recognition from contracts with customers replacing the existing revenue standards, HKAS 18 Revenue and HKAS 11 Construction Contracts. The core principle is to recognize revenue upon the transfer of control of goods or services to customers at an amount that reflects the consideration expected to be received.

On transition to HKFRS 15, the Group will adopt the cumulative catch-up method and elect the practical expedient by applying the new requirements retrospectively only to those contracts that are not considered completed contracts under the existing revenue standards before 1 July 2018. Cumulative effect, if any, of initially applying the standard will be recognized as an adjustment to the opening retained earnings at 1 July 2018 and comparatives are not restated.

The Group has assessed the impact of HKFRS 15 and expects that the transition impact upon the initial adoption of the standard will be insignificant.

HKFRS 16 Leases
(effective for year ending 30 June 2020)

HKFRS 16 requires lessees to recognize most leases on the balance sheet to reflect the rights to use the leased assets and the associated obligations for lease payments. The leased assets will be amortized over the term of the leases and the lease liabilities measured at amortized cost with the corresponding depreciation charges and interest cost to be recognized in the income statement. Lessor accounting will remain largely unchanged.

The Group is in the process of analyzing the transitional approaches and practical expedients available and does not currently expect the standard to have a material impact on the Group's financial statements.

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 2018

	The Company and its subsidiaries		Associates and joint ventures			
	Revenue	**Results**	**Share of revenue**	**Share of results**	**Combined revenue**	**Consolidated results**
Property sales						
Hong Kong	**35,699**	**13,914**	**26**	**22**	**35,725**	**13,936**
Mainland China	**4,096**	**1,428**	**2,099**	**886**	**6,195**	**2,314**
Singapore	**-**	**-**	**23**	**11**	**23**	**11**
	39,795	**15,342**	**2,148**	**919**	**41,943**	**16,261**
Property rental						
Hong Kong	**15,494**	**12,026**	**3,012**	**2,523**	**18,506**	**14,549**
Mainland China	**3,917**	**3,196**	**540**	**338**	**4,457**	**3,534**
Singapore	**-**	**-**	**719**	**564**	**719**	**564**
	19,411	**15,222**	**4,271**	**3,425**	**23,682**	**18,647**
Hotel operation	**4,438**	**1,227**	**895**	**243**	**5,333**	**1,470**
Telecommunications	**9,988**	**847**	**-**	**-**	**9,988**	**847**
Transport infrastructure and logistics	**4,009**	**1,379**	**3,382**	**409**	**7,391**	**1,788**
Other businesses	**8,003**	**1,786**	**357**	**67**	**8,360**	**1,853**
	85,644	**35,803**	**11,053**	**5,063**	**96,697**	**40,866**
Other net income		**1,156**		**157**		**1,313**
Unallocated administrative expenses		**(1,506)**		**-**		**(1,506)**
Operating profit before changes in fair value of investment properties		**35,453**		**5,220**		**40,673**
Increase in fair value of investment properties		**15,772**		**6,252**		**22,024**
Operating profit after changes in fair value of investment properties		**51,225**		**11,472**		**62,697**
Net finance costs		**(1,617)**		**(475)**		**(2,092)**
Profit before taxation		**49,608**		**10,997**		**60,605**
Taxation						
- Group		**(8,402)**		**-**		**(8,402)**
- Associates		**-**		**(60)**		**(60)**
- Joint ventures		**-**		**(1,189)**		**(1,189)**
Profit for the year		**41,206**		**9,748**		**50,954**

For the year ended 30 June 2017

	The Company and its subsidiaries		Associates and joint ventures			
	Revenue	Results	Share of revenue	Share of results	Combined revenue	Consolidated results
Property sales						
Hong Kong	30,224	9,909	37	27	30,261	9,936
Mainland China	5,738	1,177	2,566	773	8,304	1,950
Singapore	-	-	64	31	64	31
	35,962	11,086	2,667	831	38,629	11,917
Property rental						
Hong Kong	14,555	11,264	2,884	2,413	17,439	13,677
Mainland China	3,415	2,756	374	196	3,789	2,952
Singapore	-	-	669	513	669	513
	17,970	14,020	3,927	3,122	21,897	17,142
Hotel operation	4,166	1,108	730	217	4,896	1,325
Telecommunications	8,715	928	-	-	8,715	928
Transport infrastructure and logistics	3,860	1,230	3,191	424	7,051	1,654
Other businesses	7,534	1,629	418	95	7,952	1,724
	78,207	30,001	10,933	4,689	89,140	34,690
Other net income		927		-		927
Unallocated administrative expenses		(1,402)		-		(1,402)
Operating profit before changes in fair value of investment properties		29,526		4,689		34,215
Increase in fair value of investment properties		13,810		4,395		18,205
Operating profit after changes in fair value of investment properties		43,336		9,084		52,420
Net finance costs		(1,709)		(387)		(2,096)
Profit before taxation		41,627		8,697		50,324
Taxation						
- Group		(6,750)		-		(6,750)
- Associates		-		(62)		(62)
- Joint ventures		-		(1,037)		(1,037)
Profit for the year		34,877		7,598		42,475

Results from property sales include selling and marketing expenses of HK$770 million (2017: HK$735 million) and HK$181 million (2017: HK$48 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.

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

Other net income includes mainly profit on disposal of investments, net gain on disposal of investment properties and net investment income from financial assets.

(b) Geographical information

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

	2018	2017
Hong Kong	**76,283**	68,060
Mainland China	**8,647**	9,747
Others	**714**	400
	85,644	78,207

3. Net Finance Costs

	2018	2017
Interest expenses	**2,383**	2,352
Notional non-cash interest accretion	**23**	32
Less : Amount capitalized	**(421)**	(397)
	1,985	1,987
Interest income on bank deposits	**(368)**	(278)
	1,617	1,709

4. Profit before Taxation

	2018	2017
Profit before taxation is arrived at		
after charging:		
Cost of properties sold	**21,205**	21,756
Cost of inventories sold	**6,001**	4,531
Depreciation and amortization	**1,463**	1,425
Amortization of intangible assets (included in cost of sales)	**544**	514
Impairment of intangible assets	**4**	3
Operating lease rentals for land and buildings, transmission sites and leased lines	**1,647**	1,615
Staff costs (including directors' emoluments and retirement schemes contributions)	**7,881**	7,455
Share-based payments	**3**	8
Auditors' remuneration	**23**	22
Fair value losses on financial assets at fair value through profit or loss	**-**	53
Loss on disposal of fixed assets	**16**	5
and crediting:		
Dividend income from listed and unlisted investments	**178**	131
Interest income from debt securities	**77**	94
Profit on disposal of available-for-sale investments	**4**	82
Profit on disposal of financial assets at fair value through profit or loss	**30**	22
Fair value gains on financial assets at fair value through profit or loss	**68**	-

5. Taxation

	2018	2017
Current taxation		
Hong Kong profits tax	**4,612**	3,728
(Over)/under provision in prior years	**(98)**	19
	4,514	3,747
Tax outside Hong Kong	**1,555**	1,344
(Over)/under provision in prior years	**(4)**	9
	1,551	1,353
	6,065	5,100
Deferred taxation charge		
Changes in fair value of investment properties	**1,783**	1,134
Other origination and reversal of temporary differences	**554**	516
	2,337	1,650
	8,402	6,750

Hong Kong profits tax is provided at the rate of 16.5% (2017: 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.

6. Earnings per Share

(a) Reported earnings per share

The calculations of basic and diluted earnings per share are based on the Group's profit attributable to the Company's shareholders of HK$49,951 million (2017: HK$41,782 million).

The basic earnings per share is based on the weighted average number of shares in issue during the year of 2,896,750,825 (2017: 2,895,499,978) shares. The diluted earnings per share is based on 2,896,919,542 (2017: 2,895,669,589) shares which is the weighted average number of shares in issue during the year plus the weighted average number of 168,717 (2017: 169,611) shares deemed to be issued at no consideration if all outstanding options had been exercised.

(b) Underlying earnings per share

For the purpose of assessing the underlying performance of the Group, basic and diluted earnings per share are additionally calculated based on the underlying profit attributable to the Company's shareholders of HK$30,398 million (2017: HK$25,965 million), excluding the net effect of changes in the valuation of investment properties. A reconciliation of profit is as follows:

	2018	2017
Profit attributable to the Company's shareholders as shown in the consolidated income statement	**49,951**	41,782
Increase in fair value of investment properties		
Subsidiaries	**(15,772)**	(13,810)
Associates	**(90)**	(22)
Joint ventures	**(6,162)**	(4,373)
Effect of corresponding deferred tax charges		
Subsidiaries	**1,783**	1,134
Joint ventures	**171**	157
Non-controlling interests	**82**	63
Unrealized fair value gains of investment properties net of deferred tax	**(19,988)**	(16,851)
Fair value gains realized on disposal of investment properties net of deferred tax	**435**	1,034
Net effect of changes in fair value of investment properties	**(19,553)**	(15,817)
Underlying profit attributable to the Company's shareholders	**30,398**	25,965

7. Debtors, Prepayments and Others

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$11,196 million (2017: HK$9,376 million), of which 91% (2017: 88%) are aged less than 60 days, 1% (2017: 2%) between 61 to 90 days and 8% (2017: 10%) more than 90 days.

8. Trade and Other Payables

Included in trade and other payables of the Group are trade creditors of HK$2,837 million (2017: HK$2,320 million), of which 73% (2017: 67%) are aged less than 60 days, 2% (2017: 5%) between 61 to 90 days and 25% (2017: 28%) more than 90 days.

FINANCIAL REVIEW

Review of Operating Results

Profit attributable to the Company's shareholders for the year ended 30 June 2018 was HK$49,951 million, increased by HK$8,169 million or 19.6% compared to HK$41,782 million for the previous year. The reported profit included revaluation gains on investment properties (net of deferred taxation and non-controlling interests) of HK$19,988 million (2017: HK$16,851 million).

Underlying profit attributable to the Company's shareholders for the year ended 30 June 2018, excluding the net effect of changes in fair value of investment properties, was HK$30,398 million, increased by HK$4,433 million or 17.1% compared to HK$25,965 million for the previous year. The increase was largely driven by higher contributions from property sales and rental income.

Profit from property sales for the year, including share of joint ventures, was HK$16,261 million, increased by HK$4,344 million or 36.5% compared to HK$11,917 million for the previous year. Property sales in Hong Kong recorded both revenue growth and higher profit margins for the year, and delivered a profit of HK$13,936 million, an increase of HK$4,000 million or 40.3% over the last year, with contributions attributed mostly to sales of residential units in Cullinan West, Cullinan West II, Ocean Wings and PARK YOHO Genova. As for the Mainland, profit from property sales was HK$2,314 million and was mainly derived from residential units sold in Forest Hills Phase 2B, Park Royale Phase 2A, Jovo Town and Shanghai Arch as well as office units sold in Top Plaza East Tower. At the year end date, the Group had contracted property sales of HK$34 billion not yet recognized as revenue, of which HK$29.3 billion was derived from the pre-sale of Hong Kong development projects including Wings at Sea, Wings at Sea II, Lime Gala, St. Barths, Eight Regency, Mount Regency and Victoria Harbour and HK$4.7 billion from pre-sale of development projects in the Mainland. Since 1 July 2018, the Group has launched a number of residential projects for sales and pre-sales in Hong Kong and on the Mainland, with units worth over HK$27 billion having been sold. Including the sales secured at the year end date, cumulative value of the Group's properties sold but not yet recognized by now has exceeded HK$61 billion. Profit contribution from these sales is expected when the relevant projects are completed and revenue is recognized.

Net rental income for the year, including share of joint ventures and associates, increased by HK$1,505 million or 8.8% to HK$18,647 million, driven mainly by positive rental reversions and contributions from new investment properties. Net rental income from the Group's Hong Kong and Mainland rental portfolios amounted to HK$14,549 million and HK$3,534 million respectively, which correspond to year-on-year increase of 6.4% and 19.7%.

Hotel operations of the Group (including share of joint ventures) reported an operating profit of HK$1,470 million for the year, an increase of HK$145 million or 10.9% over the last year, driven mainly by growth in achieved room rates.

SmarTone reported an operating profit of HK$847 million for the year, decreased by HK$81 million or 8.7% over the previous year mainly due to decline in service revenue amid intense market competition and higher spectrum costs.

The Group's transport infrastructure and logistics businesses (including share of joint ventures and associates) continued to deliver satisfactory results and contributed a total of HK$1,788 million in operating profit for the year, representing an increase of HK$134 million or 8.1% over the previous year.

The Group's other businesses (including share of joint ventures and associates), mainly comprising property management, data center business of SUNeVision, and department store operation, performed satisfactorily with operating profit increased by HK$129 million or 7.5% to HK$1,853 million for the year.

Financial Resources and Liquidity

(a) Capital management, net debt and gearing

The Group has always maintained a strong capital base and sufficient financial resources to support business development and growth. The Group regularly reviews and manages its capital structure to ensure that it remains financially sound, so that the Group can continue to provide returns to shareholders while keeping financial leverage at a prudent level.

The Group's balance sheet further strengthened, with total shareholders' equity increased over the financial year by HK$40,883 million to HK$539,098 million or HK$186.1 per share as at 30 June 2018. The increase represented mainly the total comprehensive income for the year attributable to the Company's shareholders, as reduced by dividends paid.

The Group's strong financial strength allows it to continue raising long-term financing at competitive rates, thus reducing the overall cost of capital. The Group's financial position remains sound with a low debt leverage and high interest cover. Gearing ratio as at 30 June 2018, calculated on the basis of net debt to shareholders' funds of the Company, was 12.1% compared to 7.2% a year ago. Interest cover, measured by the ratio of operating profit to total net interest expenses including those capitalized, was 17.6 times compared to 14.2 times for the previous year. During the year, the Group paid land premiums in total sums of HK$45 billion for land acquisitions, including a residential site in Shap Sz Heung, a residential and commercial development in Kai Tak City Centre, and a waterfront hotel site in West Kowloon.

As at 30 June 2018, the Group's gross borrowings totalled HK$91,434 million. Net debt, after deducting bank deposits and cash of HK$26,095 million, amounted to HK$65,339 million, representing an increase of HK$29,287 million since 30 June 2017. The maturity profile of the Group's gross borrowings is set out as follows:

	30 June 2018	30 June 2017
	HK$ Million	*HK$ Million*
Repayable:		
Within one year	**12,646**	5,390
After one year but within two years	**9,716**	10,311
After two years but within five years	**60,081**	39,040
After five years	**8,991**	12,585
Total bank and other borrowings	**91,434**	67,326
Bank deposits and cash	**26,095**	31,274
Net debt	**65,339**	36,052

The Group has also procured substantial undrawn committed banking facilities, most of which are arranged on a medium to long term basis, to help minimize refinancing risk and strengthen the Group's financing flexibility. The Group regularly reviews its liquidity and financing requirements to ensure that available financial resources are sufficient to cover its financing needs. The Group issued senior guaranteed perpetual capital securities of US$500 million in May 2017, which are redeemable on or after 23 May 2020 at the option of the Group. The issuance has further broadened the Group's sources of long-term funding and strengthened its capital structure.

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 and is well positioned to take advantage of investment opportunities when they arise.

(b) Treasury policies

The Group adopts a prudent policy in cash and debt management. The entire Group's financing and treasury activities are centrally managed and controlled at the corporate level. As at 30 June 2018, about 80% of the Group's bank and other borrowings were raised through its wholly-owned finance subsidiaries and the remaining 20% through its operating subsidiaries.

The Group's foreign exchange exposure was small given both its large asset base and operational cash flow are primarily denominated in Hong Kong dollars, which is the Group's presentation currency. The Group may borrow in foreign currencies to finance its operations in Hong Kong, which exposes the Group to currency risk. When appropriate, the Group may enter into currency swaps to hedge the currency risks associated with these borrowings. As at 30 June 2018, about 74% of the Group's total borrowings were denominated in Hong Kong dollars (after currency swaps) and 12% in US dollars, these were raised for financing the Group's business operations in Hong Kong while the remaining 14% were in Renminbi and for financing the construction cost of property projects in the Mainland. The Group is exposed to currency translation risk arising from translating the financial statements of foreign subsidiaries and joint ventures, which are mostly in Mainland China. Land acquisition costs for the Mainland projects are principally financed by capital injection funded by the Group's equity and internally generated funds. On-going business operations in the Mainland are financed through internal resources and borrowings in Renminbi as natural hedges to minimize the Group's exposure to exchange rate risk. The Group has not entered into foreign currency derivatives to hedge the translation risk exposure of its net investments in Mainland China. As at 30 June 2018, approximately 19% of the Group's net assets were denominated in Renminbi. During the year, the translation of foreign operations into the Group's presentation currency has resulted in an increase of HK$2.5 billion in the exchange reserve recorded under shareholders' equity.

The Group has insignificant currency risk exposure associated with certain monetary assets and liabilities denominated in foreign currencies. Where feasible and cost effective, the Group may enter into foreign exchange contracts to reduce the currency risk.

The Group maintained an appropriate combination of fixed and floating rate borrowings to mitigate interest rate risk. As at 30 June 2018, about 68% 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 32% were on fixed rate basis.

As at 30 June 2018, the Group has entered into certain interest rate swaps, currency swaps and forward foreign exchange contracts in the aggregate notional amount of HK$15,645 million to manage its interest rate risk and currency risk exposures. The use of derivative instruments is strictly controlled and solely for managing 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 2018, about 45% of the Group's bank deposits and cash were denominated in Hong Kong dollars, 44% in Renminbi, and 11% in US dollars. The Renminbi deposits were held by the Mainland subsidiaries for meeting the funding needs of their Mainland projects.

Charges of Assets

As at 30 June 2018, certain bank deposits of the Group's subsidiaries in the aggregate amount of HK$5 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$1,929 million have been charged as security for bank borrowings. Except for the aforementioned charges, all the Group's assets are free from any encumbrances.

Contingent Liabilities

As at 30 June 2018, the Group had contingent liabilities in respect of guarantees for bank borrowings of certain joint ventures and other guarantees in the aggregate amount of HK$1,317 million (30 June 2017: HK$1,504 million).

EMOLUMENT POLICY AND LONG-TERM INCENTIVE SCHEMES OF THE GROUP

As at 30 June 2018, the Group employed close to 37,500 employees. The related employees' costs before reimbursements for the year amounted to approximately HK$11,036 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" of the Annual Report.

BASIS OF DETERMINING EMOLUMENT TO DIRECTORS

The same remuneration philosophy also applies 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 the same as that offered to other employees of the Group.

DIVIDEND

The Board of Directors of the Company (the "Board") has decided to recommend the payment of a final dividend of HK$3.45 per share (2017: HK$3.00 per share) for the year ended 30 June 2018. Including the interim dividend of HK$1.20 per share paid on 22 March 2018, the total dividend for the year ended 30 June 2018 amounts to HK$4.65 per share (2017: HK$4.10 per share).

The proposed final dividend, if approved at the forthcoming annual general meeting of the Company (the "2018 Annual General Meeting"), will be payable on Thursday, 22 November 2018 to the shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company on Wednesday, 14 November 2018. Shares of the Company will be traded ex-dividend as from Monday, 12 November 2018.

ANNUAL GENERAL MEETING

The 2018 Annual General Meeting will be held on Thursday, 8 November 2018 and the Notice of the 2018 Annual General Meeting will be published and despatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

(1) For the purpose of ascertaining Shareholders' entitlement to attend and vote at the 2018 Annual General Meeting, the register of members of the Company will be closed from Monday, 5 November 2018 to Thursday, 8 November 2018, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2018 Annual General Meeting, Shareholders must lodge all transfer documents accompanied by the relevant share certificates (together the "Share Transfer Documents") for registration not later than 4:30 p.m. on Friday, 2 November 2018.

(2) For the purpose of ascertaining Shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed on Wednesday, 14 November 2018, during which no transfer of shares will be registered. In order to establish entitlements to the proposed final dividend, Shareholders must lodge the Share Transfer Documents for registration not later than 4:30 p.m. on Tuesday, 13 November 2018.

(3) The Share Transfer Documents shall be lodged for registration with Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2018.

AUDIT AND RISK MANAGEMENT COMMITTEE

The annual results for the year ended 30 June 2018 have been reviewed by the Audit and Risk Management 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.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 30 June 2018, the Company has complied with the code provisions (the "Code Provisions") of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, except that there is no separation of the roles of chairman and chief executive as required under Code Provision A.2.1. However, the powers and authorities have not been concentrated as all major decisions have been made in consultation with the Board and appropriate Board committees, as well as top management. In addition, there are three Non-Executive Directors and eight 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.

ANNUAL REPORT

The 2017/18 annual report containing all the financial and other related information of the Company required by the Listing Rules will be published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.shkp.com, and printed copies will be sent to the Shareholders before the end of October 2018.

By order of the Board
YUNG Sheung-tat, Sandy
Company Secretary

Hong Kong, 13 September 2018

As at the date hereof, the Board comprises eight Executive Directors, being KWOK Ping-luen, Raymond (Chairman and Managing Director)(KWOK Ho-lai, Edward being his Alternate Director), WONG Chik-wing, Mike (Deputy Managing Director), LUI Ting, Victor (Deputy Managing Director), KWOK Kai-fai, Adam, KWOK Kai-wang, Christopher, KWONG Chun, TUNG Chi-ho, Eric and FUNG Yuk-lun, Allen; three Non-Executive Directors, being LEE Shau-kee (Vice Chairman), WOO Po-shing (WOO Ka-biu, Jackson being his Alternate Director) and KWAN Cheuk-yin, William; and eight Independent Non-Executive Directors, being 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 and FAN Hung-ling, Henry.