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新鴻基有限公司
SUN HUNG KAI & CO. LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 86)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

The Board of Directors (the "Board" or the "Directors") of Sun Hung Kai & Co. Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2009 as set out below:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited Six months ended	
		30.6.2009	30.6.2008
	Notes	***HK$ Million***	*HK$ Million*
Revenue*		**1,504.2**	1,799.9
Other income		**81.5**	217.6
Total income		**1,585.7**	2,017.5
Cost of sales		**–**	(26.7)
Brokerage and commission expenses		**(94.9)**	(126.3)
Direct cost and operating expenses		**(159.3)**	(392.2)
Administrative expenses		**(430.4)**	(646.3)
Other expenses		**(335.7)**	(223.3)
Finance costs		**(53.5)**	(109.0)
		511.9	493.7
Loss on fair value change of warrants of a listed associate		**(0.3)**	(270.0)
Share of results of associates		**143.5**	358.0
Share of results of jointly controlled entities		**0.3**	–
Profit before taxation	*3*	**655.4**	581.7
Taxation	*4*	**(98.1)**	(50.7)
Profit for the period		**557.3**	531.0

		Unaudited Six months ended	
		30.6.2009	30.6.2008
	Notes	***HK$ Million***	*HK$ Million*
Profit attributable to:			
– Owners of the Company		**507.2**	462.3
– Minority interests		**50.1**	68.7
		557.3	531.0
Earnings per share	*6*		
– Basic (HK cents)		**29.5**	27.5
– Diluted (HK cents)		**N/A**	26.7

* Revenue is also the Group's turnover

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended	
	30.6.2009	30.6.2008
	HK$ Million	*HK$ Million*
Profit for the period	**557.3**	531.0
Other comprehensive income		
Available-for-sale investments		
– Net fair value changes during the period	**24.3**	(464.4)
– Reclassification adjustment to profit or loss on disposal	**(2.8)**	–
– Deferred tax	**(0.4)**	0.6
	21.1	(463.8)
Exchange differences arising on translating foreign operations	**(0.3)**	11.7
Reclassification adjustment for reserve arising from step acquisitions of subsidiaries reclassified to profit or loss on disposal	**–**	(97.4)
Share of other comprehensive income of associates	**4.7**	117.5
Other comprehensive income (expenses) for the period, net of tax	**25.5**	(432.0)
Total comprehensive income for the period	**582.8**	99.0
Total comprehensive income attributable to:		
– Owners of the Company	**532.7**	25.7
– Minority interests	**50.1**	73.3
	582.8	99.0

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**Unaudited 30.6.2009 *HK$ Million***	Audited 31.12.2008 *HK$ Million*
Non-current Assets			
Investment properties		**119.4**	129.7
Leasehold interests in land		**142.9**	134.6
Property and equipment		**120.1**	122.7
Intangible assets		**1,447.4**	1,508.0
Goodwill		**2,384.0**	2,384.0
Interest in associates		**3,842.0**	3,713.7
Interest in jointly controlled entities		**71.0**	16.8
Available-for-sale investments		**267.9**	247.7
Statutory deposits		**18.8**	18.4
Deferred tax assets		**98.4**	122.3
Loans and advances to consumer finance customers		**1,884.4**	1,743.5
Loans and receivables		**114.6**	164.2
		10,510.9	10,305.6
Current Assets			
Trade and other receivables	*7*	**6,940.2**	4,417.2
Loans and advances to consumer finance customers		**2,331.0**	2,588.4
Financial assets at fair value through profit or loss		**391.3**	295.8
Amounts due from associates		**61.0**	62.9
Amounts due from fellow subsidiaries		**0.7**	0.3
Taxation recoverable		**26.5**	29.1
Cash and cash equivalents		**1,354.6**	1,738.9
		11,105.3	9,132.6
Current Liabilities			
Bank and other borrowings due within one year		**(2,224.2)**	(184.7)
Trade and other payables	*8*	**(1,322.9)**	(1,439.6)
Financial liabilities at fair value through profit or loss		**(38.8)**	(37.3)
Amounts due to fellow subsidiaries		**(1,587.4)**	(1,590.5)
Amounts due to associates		**(8.1)**	(8.1)
Provisions		**(25.6)**	(52.8)
Taxation payable		**(104.4)**	(63.7)
		(5,311.4)	(3,376.7)
Net Current Assets		**5,793.9**	5,755.9
Total Assets less Current Liabilities		**16,304.8**	16,061.5

	Notes	**Unaudited 30.6.2009** *HK$ Million*	Audited 31.12.2008 *HK$ Million*
Capital and Reserves			
Share capital		**351.8**	343.2
Reserves		**11,699.1**	11,002.3
Equity attributable to owners of the Company		**12,050.9**	11,345.5
Minority interests		**1,648.5**	1,681.8
Total Equity		**13,699.4**	13,027.3
Non-current Liabilities			
Bonds		**500.0**	900.0
Bank and other borrowings due after one year		**1,855.2**	1,859.4
Provisions		**4.0**	14.7
Deferred tax liabilities		**246.2**	260.1
		2,605.4	3,034.2
		16,304.8	16,061.5

Notes:

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair value.

A number of new or revised Standards and Interpretations are effective for the financial year beginning on 1 January 2009. Except as described below, the same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the presentation of the Group's financial statements for the year ended 31 December 2008.

HKFRS 8 Operation Segments
(effective for annual periods beginning on or after 1 January 2009)

HKFRS 8 is a disclosure Standard that has had no impact on the designation of the Group's reportable segments, reported segment results or financial position of the Group.

HKAS 1 (revised 2007) Presentation of Financial Statements
(effective for annual period beginning on or after 1 January 2009)

HKAS 1 (revised 2007) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (revised 2007) has had no impact on the reported results or financial position of the Group.

2. **SEGMENT INFORMATION**

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 requires that operating segments be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. The adoption of HKFRS 8 had no material effect on the presentation of segment information.

The following is an analysis of the Group's revenue and results by operating segments:

	Six months ended 30 June 2009						
	Wealth management, brokerage and margin finance *HK$ Million*	**Corporate finance** *HK$ Million*	**Asset management** *HK$ Million*	**Consumer finance** *HK$ Million*	**Principal investments – Healthcare** *HK$ Million*	**Principal investments – Others** *HK$ Million*	**Total** *HK$ Million*
Revenue							
– Net profit (loss) from financial assets	**150.4**	**(6.3)**	**–**	**–**	**–**	**0.5**	**144.6**
– Other revenue	**507.3**	**64.6**	**51.4**	**737.1**	**–**	**310.1**	**1,670.5**
Less: inter-segment revenue	**(8.9)**	**(3.5)**	**(0.3)**	**–**	**–**	**(298.2)**	**(310.9)**
	648.8	**54.8**	**51.1**	**737.1**	**–**	**12.4**	**1,504.2**
Segment results	**312.3**	**23.3**	**15.6**	**118.6**	**–**	**42.1**	**511.9**
Loss on fair value change of warrants of a listed associate	**–**	**–**	**–**	**–**	**–**	**(0.3)**	**(0.3)**
	312.3	**23.3**	**15.6**	**118.6**	**–**	**41.8**	**511.6**
Share of results of associates							**143.5**
Share of results of jointly controlled entities							**0.3**
Profit before taxation							**655.4**

	Six months ended 30 June 2008						
	Wealth management, brokerage and margin finance *HK$ Million*	Corporate finance *HK$ Million*	Asset management *HK$ Million*	Consumer finance *HK$ Million*	Principal investments – Healthcare *HK$ Million*	Principal investments – Others *HK$ Million*	Total *HK$ Million*
Revenue							
– Net (loss) profit from financial assets	(118.8)	23.4	–	–	–	–	(95.4)
– Other revenue	566.9	75.0	87.0	640.8	521.3	318.0	2,209.0
Less: inter-segment revenue	(13.3)	(9.3)	(0.2)	–	–	(290.9)	(313.7)
	434.8	89.1	86.8	640.8	521.3	27.1	1,799.9
Segment results	25.3	67.3	52.1	84.8	189.4	74.8	493.7
Loss on fair value change of warrants of a listed associate	–	–	–	–	–	(270.0)	(270.0)
	25.3	67.3	52.1	84.8	189.4	(195.2)	223.7
Share of results of associates							358.0
Profit before taxation							581.7

The following is an analysis of the Group's assets by operating segments:

	30.6.2009	31.12.2008
	HK$ Million	*HK$ Million*
Wealth management, brokerage and margin finance	**7,424.6**	5,067.8
Corporate finance	**659.6**	843.2
Asset management	**128.8**	165.4
Consumer finance	**8,541.7**	8,664.3
Principal investments – Others	**762.6**	752.7
Total segment assets	**17,517.3**	15,493.4

3. PROFIT BEFORE TAXATION

	Six months ended	
	30.6.2009	30.6.2008
	HK$ Million	*HK$ Million*
Profit before taxation has been arrived at after crediting (charging):		
Dividends from listed investments	**3.0**	22.7
Dividends from unlisted investments	**3.3**	3.5
Interest income	**889.1**	820.5
Net profit (loss) on held for trading investments included in revenue		
– Net realised and unrealised profit on derivatives	**34.0**	33.4
– Net profit on dealing in leveraged foreign currencies	**1.4**	1.2
– Net profit on other dealing activities	**3.0**	7.0
– Net realised and unrealised profit (loss) on trading in equity securities	**147.6**	(72.8)
Net unrealised loss on Lehman Brothers Minibonds included in revenue	**(42.7)**	–
Net realised and unrealised profit (loss) on unlisted investment funds included in revenue	**1.3**	(64.2)
Net realised profit on disposal of investments included in other income		
– Disposal of subsidiaries	**–**	163.4
– Disposal of available-for-sale investments	**4.7**	–
Reversal of impairment loss included in other income		
– Loans and advances to consumer finance customers	**0.2**	0.1
– Loans and receivables	**25.7**	1.4
– Trade and other receivables	**12.4**	12.6
Increase in fair value of investment properties included in other income	**3.6**	6.2
Amortisation of leasehold interests in land	**(1.7)**	(1.6)
Depreciation of property and equipment	**(16.2)**	(23.9)
Amortisation of intangible assets		
– Computer software (included in administrative expenses)	**(5.4)**	(4.2)
– Other intangible assets (included in direct cost and operating expenses)	**(90.9)**	(109.8)
Net loss on disposal of equipment	**(1.9)**	(0.4)
Other expenses (see note below)	**(335.7)**	(223.3)
Interest expenses	**(52.8)**	(104.8)
Discount on acquisition of additional interest in an associate included in share of results of associates	**–**	1.4
Share of taxation of associates	**(19.4)**	(13.0)

Note: Analysis of other expenses		
Impairment loss		
– Intangible assets	**(11.0)**	(56.0)
– Interest in associates	**(2.6)**	–
– Loans and advances to consumer finance customers	**(309.6)**	(164.9)
– Trade and other receivables	**(12.5)**	(2.0)
Net exchange loss	**–**	(0.4)
	(335.7)	(223.3)

4. TAXATION

	Six months ended	
	30.6.2009	30.6.2008
	HK$ Million	*HK$ Million*
Current tax		
– Hong Kong	**85.3**	102.7
– Other jurisdictions	**2.9**	0.5
	88.2	103.2
Under provision in prior years	**0.2**	3.8
	88.4	107.0
Deferred tax		
– Current period	**9.7**	(39.1)
– Change of tax rates	**–**	(17.2)
	9.7	(56.3)
	98.1	50.7

Hong Kong profits tax is calculated at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits for the period. Taxation arising in other jurisdictions is calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in the relevant jurisdictions.

5. DIVIDEND

A dividend of HK5 cents per share with an aggregate amount of HK$87.8 million was paid to shareholders during the period as the final dividend of 2008. No dividend was paid during the first half of 2008.

Subsequent to the end of the reporting period, the Board of Directors has declared an interim dividend of HK6 cents per share (2008: HK5 cents per share) with an aggregate amount of HK$105.3 million (2008: HK$85.7 million). The interim dividend has been calculated with reference to the number of shares in issue at 2 September 2009 less the unvested shares held for the SHK Employee Ownership Scheme. The interim dividend will be paid in the form of scrip, with the shareholders being given an option to elect cash in respect of part or all of such dividend.

6. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended	
	30.6.2009	30.6.2008
	HK$ Million	*HK$ Million*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**507.2**	462.3
	Million Shares	Million Shares
Number of Shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share (after deducting shares held for the SHK Employee Ownership Scheme)	**1,718.5**	1,683.1
Effect of dilutive potential ordinary shares:		
– Warrants	**–**	48.7
– Non-vested shares for the SHK Employee Ownership Scheme	**–**	0.2
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,718.5**	1,732.0

7. TRADE AND OTHER RECEIVABLES

The aging analysis of trade receivables and secured term loans that were past due at the end of the reporting period but not impaired were as follows:

	30.6.2009	31.12.2008
	HK$ Million	*HK$ Million*
Less than 31 days	**73.6**	208.5
31 – 60 days	**2.4**	2.7
61 – 90 days	**8.1**	27.2
Over 90 days	**270.2**	16.6
	354.3	255.0
Trade and other receivables that were not past due nor impaired	**6,585.9**	4,162.2
	6,940.2	4,417.2

8. TRADE AND OTHER PAYABLES

	30.6.2009	31.12.2008
	HK$ Million	*HK$ Million*
Aging analysis of trade payables:		
Less than 31 days	**848.9**	1,102.5
31 – 60 days	**2.8**	3.7
61 – 90 days	**13.9**	2.2
Over 90 days	**9.4**	11.8
	875.0	1,120.2
Other payables	**447.9**	319.4
	1,322.9	1,439.6

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The Group, operating its financial services under the Sun Hung Kai Financial ("SHKF") brand, delivered a commendable set of results for the six months ended 30 June 2009.

During a challenging period, which was significantly impacted by the global economic downturn, the Group recorded a profit before tax of HK$655.4 million (2008: HK$581.7 million). Profit attributable to owners of the Company amounted to HK$507.2 million (2008: HK$462.3 million), and earnings per share were HK29.5 cents (2008: HK27.5 cents).

The increase in profit attributable to owners of the Company, when compared with the same period last year, reflected several principal factors. Firstly, the contribution from the Group's Consumer Finance business improved. Secondly, the Group's realised and unrealised profit arising from its short-term investments in equities, funds and other financial instruments rebounded significantly as the global financial markets began to recover. And thirdly, losses resulting from the fair value change of warrants of a listed associate lessened substantially. However, these improvements were partially offset by the Group's decreased share of profit from its associates.

The Board has declared an interim dividend of HK6 cents per share (2008: HK5 cents per share).

MARKET REVIEW

A range of fiscal and monetary stimuli implemented by governments globally began to gain traction in the first half of 2009. Fears of a protracted global recession lessened significantly, with the second quarter in particular marking a return of investor confidence. This rising optimism fuelled a sharp recovery in major global equities indices, with the S&P500 surging 38% from its low on 6 March 2009.

Hong Kong and China's benchmark indices performed even more strongly. In Hong Kong, with economic activity stronger in the second quarter, the Hang Seng Index recovered by nearly two-thirds from its low of 11,345 on 9 March 2009. Similarly, the Hang Seng China Enterprises Index soared 71% from a low of 6,404 on 3 March 2009. Market turnover in Hong Kong improved to a daily average of HK$45 billion in the first quarter, before swelling to an average of HK$71 billion in the three months to June. Continued abundant liquidity pushed the overnight Hong Kong interbank offered rate down to 0.048%.

Growth in gross domestic product ("GDP") on the mainland fell to 6.1% YOY in the first quarter of 2009, the lowest since December 1999. However, the China government's fiscal stimulus and easy monetary policy encouraged domestic activity and GDP growth picked up significantly in the second quarter of 2009. The Shanghai Stock Exchange Composite Index finished at 2,959 on 30 June 2009, up 60% from its low of 1,844.

BUSINESS REVIEW

Celebrating its 40th Anniversary in Hong Kong, the Group embarked on a series of strategic corporate initiatives during the first half of 2009, aimed at capitalising on the improving market environment. A high-profile anniversary advertising campaign and customer promotion, targeted at both new and existing customers, achieved strong results, with the Group attracting significant new business and increasing its average daily trading turnover by 85% during the campaign period.

While adhering to the prudent cost containment strategy implemented in 2008, the Group officially launched its flagship SHK Wealth Management Centre in Causeway Bay, which will form a foundation for the further expansion of the Group's wealth management platform in Hong Kong. China remained a key focus for the Group, which signed a Memorandum of Understanding ("MOU") with the Foshan Government in January to co-operate in the development of the Guangdong Financial Hi-tech Zone over the next two years. Progress was also made in building the Group's Asia Pacific presence, as highlighted by the signing of a separate MOU with Vietnam's second largest bank, the Bank for Investment and Development of Vietnam. This arrangement is the first step in a developing relationship and is consistent with the Group's long-term regional growth strategy.

Notably, the Group's voluntary repurchase of Lehman Brothers Minibond holdings from its eligible primary and secondary market customers was also completed during the first half of 2009. The Group's repurchase demonstrated leadership and generated significant goodwill among both customers and the wider Hong Kong community in the wake of the Lehman Brothers collapse in September last year.

The Group's sustained investment in its five core businesses, which include Wealth Management & Brokerage; Asset Management; Corporate Finance; Consumer Finance and Principal Investments continued to generate positive results, with various business divisions receiving several prestigious awards during the first half, and subsequently, the weeks that followed. Pleasingly, the Group received its third consecutive *FinanceAsia* 'Best Broker Hong Kong' award and its first 'Best Equity House Hong Kong' honour, along with *Asiamoney's* 'Best Broker Hong Kong 1990 – 2008' award. Earlier this year, the Group was named a 'Top 500 Global Financial Brand' by *The Banker*, part of the Financial Times Group; received its second consecutive 'Outstanding Brand Award' from *Economic Digest* and again picked up *Sing Tao Daily's* 'Excellent Services Brand Award', among others.

Wealth Management & Brokerage

The Group's integrated Wealth Management & Brokerage division posted a solid performance during the first half, with demand for financial products and services increasing in line with the recovery in investor confidence. The division's customer recruitment initiatives remained on course, with approximately 4,000 new customer accounts opened during the period under review. An on-going Customer Reactivation Programme also achieved positive results during the first half. Launched last year, the programme has generated almost HK$1 billion in new trading turnover from reactivated customers since it was implemented.

Increasing market activity during the second quarter saw the Group's securities broking and third party execution businesses post improved results following a relatively quiet first three months. Pleasingly, the Group's securities turnover, new accounts opened and client assets under custody approximately returned to last year's pre-crisis levels.

Fund raising activities both in initial public offerings ("IPOs") and secondary share placements also recovered moderately. According to Hong Kong Exchanges and Clearing Limited, 18 companies listed during the first half with HK$216.2 billion in capital raised, a figure which includes post-listing funds. The Group remained an active participant in these segments of the market, acting in more than 30 placements or sub-underwriting transactions for clients.

The Group's margin finance business remained stable on the back of improving market sentiment, particularly during the second quarter of the year. As at 30 June 2009, its margin loan book stood at HK$2,897.8 million, a slight increase when compared with HK$2,803.6 million at 30 June 2008.

The e-Business unit, which is tasked with streamlining the Group's trading platforms and providing a support framework to its online services, reported pleasing results from its self-directed internet execution business, which steadily grew both revenue and profitability across its equities and futures businesses. Work continued on a major revamp of the Group's online web portal, with the relaunch scheduled for the second half of this year. The e-Business unit will continue to enhance its infrastructure and further develop its product and service offering.

During the period under review, the Group's futures, foreign exchange and commodities platforms achieved strong results despite challenging market conditions. Following poor economic data from the U.S., gold broke through the US$1,000 per ounce mark on 20 February 2009, as risk averse investors sought protection from the global uncertainty. Oil futures, reflecting reduced demand for oil on the back of a slowing world economy, dropped to a low of US$32.7 per barrel on 20 January 2009, before recovering to US$73.38 on 30 June 2009. The second quarter also saw the U.S. dollar index decline from 89.71 to 78.38. The Group's foreign exchange trading volume more than doubled during the period under review, with its commodities and index futures volumes also growing. The Group will continue to expand its online presence as part of its broader e-business strategy.

After doubling its paid-up capital by the end of 2008, China Xin Yongan Futures Company Limited, the Group's 25% owned joint venture (75% owned by 浙江省永安期貨經紀有限公司 Zhe Jiang Province Yongan Futures Broker Company Limited) recorded a substantial increase in commission income during the first six months of 2009 when compared with the same period last year.

The Group's Research division attended approximately 130 company visits and corporate presentations; published nearly 330 equity comments and analyses; distributed almost 140 strategy, sector and company reports and conducted numerous seminars and press conferences. The team's top 5 calls for the first half of 2009 outperformed the Hang Seng Index by between 73% and 156%.

The Wealth Management division reported a solid performance during the first half. Mutual fund redemptions narrowed, while a rebound in asset prices increased the Group's mutual fund assets under management by 16%. Although revenue from mutual funds declined when compared with the first half of 2008, the division experienced promising month-on-month growth over the second quarter of 2009. This trend was also reflected in the Group's unit-linked business, which showed a significant improvement during the same period. Looking ahead, the Group's Wealth Management business remains poised for further growth as the likelihood of a prolonged global recession recedes, with funds focusing on China expected to remain a strong choice among investors.

During the last six months, the Group's Insurance division embarked on a series of initiatives aimed at streamlining its operations, enhancing its levels of customer service, fine-tuning its marketing strategy and strengthening its intra-Group business relationships in order to build its internal referral programme. As a result, the Insurance division won new business from a number of prestigious clients, and concurrently achieved a high renewal ratio in terms of existing customers. The division recorded a 3% increase in premiums handled and profit growth of 9% when compared with the first half of 2008.

Asset Management

After a difficult 2008, the performance of the Group's Asset Management division steadied during the first half of 2009, as the broader alternative investment sector rallied. Assets under management held directly and through associates remained stable for the six months ended 30 June 2009. The Group launched a new recovery-themed fund in January. Focusing on distressed global financial companies, this recovery fund will strengthen the Group's alternative investment business. The Asset Management division will seek to further extend its hedge fund platform to investors seeking to capitalise on Asia's growth story.

Corporate Finance

During the period under review, the Corporate Finance division acted as global co-ordinator, bookrunner, lead manager, co-manager or underwriter for a number of IPOs, including, among others, Chigo Holding Limited, 361 Degrees International Limited, Hing Lee (HK) Holdings Limited, Silver Base Group Holdings Limited and CT Holdings (International) Limited.

The Group also participated in several new and secondary share placements over the first half, and completed and underwrote a range of convertible notes and fund raising exercises. The companies involved included, among others, Fushan International Energy Group Limited, National Investments Fund Limited, Asia Resources Holdings Limited, PetroAsian Energy Holdings Limited and Wing Shan International Limited. The Group will continue to seek mandates for fund raising opportunities and corporate advisory services from both local and mainland enterprises.

In line with a strategy to scale back exposure to corporate loans, the Group adopted a conservative approach to its structured finance business during the first half of the year, reducing its loan book by 32% to HK$616 million.

Servicing corporate clients in Hong Kong, China, Taiwan and Japan, the Group's Institutional Sales unit continued to identify and develop new business relationships, with a particular focus on the Asia Pacific and Europe regions, while concurrently building its primary and secondary market capabilities to prepare for the next phase of growth.

Consumer Finance

With unemployment in Hong Kong reaching 5.4% in June 2009 and bankruptcy petitions rising 73% when compared with the same period last year, United Asia Finance Limited ("UAF"), a leading company in the consumer finance sector, has prudently accounted for higher impairment allowances on loans and advances to its customers. However, the negative impact from these higher impairment charges was mitigated to a certain extent by double-digit growth in interest income, spurred by higher turnover in the company's loan business. At a Group level, contributions from the Consumer Finance division improved as a result of a decrease in impairment provisions for intangible assets.

During the period, UAF added one more branch in Hong Kong and two in Shenzhen, broadening the company's network to 42 branches in Hong Kong and 14 in Shenzhen. Management will continue to strengthen the company's presence in China by expanding its network coverage, with a focus on identifying new opportunities to develop a consumer finance business in key cities across China.

Operating conditions for UAF are expected to remain challenging for some time. Accordingly, the company will maintain a cautious approach to its business to ensure loan delinquencies are minimised, while seeking to position itself for the eventual market recovery.

Principal Investments

Tian An China Investments Company Limited ("Tian An") is predominantly engaged in high-end residential and commercial property development in China, along with the provision of property management services and hotel management operations.

Revenue for the period ended 30 June 2009 was HK$240.6 million, a 14% increase when compared with the same period last year. At the same time, profit attributable to owners of Tian An was HK$365.5 million, a 62% decrease from the corresponding period. However, if the profit derived from the change in fair value of liabilities in respect of the warrants issued by Tian An of HK$757.1 million (recognised in 2008) is deducted, the profit attributable to owners of Tian An would have increased by around 80%.

As part of its economic stimulus measures, the China government directed major banks to increase lending across all sectors of the economy, which resulted in improved sentiment in the property markets. However, Tian An's management believes that the sustainability of this process is difficult to gauge, and therefore will continue to reduce its existing inventories and non-core projects. Tian An remains confident in the long-term prospects of the property market in China, and will continue to position the company to take advantage of the opportunities as they arise.

As part of its unlisted investments strategy, the Group will continue to identify and evaluate potential opportunities which offer attractive valuations. In the uncertain market conditions during the first half, the Group did not see significant attractive investment opportunities in the unlisted space. However, with the recent improvement in market sentiment, the Group expects activity to pick up in the latter part of the year.

FINANCIAL REVIEW

Financial Resources and Gearing Ratio

As of 30 June 2009, the equity attributable to owners of the Company amounted to HK$12,050.9 million, representing an increase of HK$705.4 million or approximately 6% from that of 31 December 2008. The Group continued to maintain a strong cash position and had short-term bank deposits, bank balances, treasury bills and cash amounting to HK$1,354.6 million (at 31 December 2008: HK$1,738.9 million). The Group's total bank and other borrowings, short-term loans and three-year bonds due to fellow subsidiaries amounted to HK$6,129.4 million (at 31 December 2008: HK$4,494.1 million). Of this, HK$3,774.2 million (at 31 December 2008: HK$1,734.7 million) is repayable within one year, and HK$2,355.2 million (at 31 December 2008: HK$2,759.4 million) repayable after one year.

The liquidity of the Group as demonstrated by the current ratio (current assets/current liabilities) decreased to 2.09 times as at 30 June 2009 compared to 2.70 times as at 31 December 2008.

The Group's gearing ratio (calculated on the basis of the Group's total bank and other borrowings, short-term loans and three-year bonds due to fellow subsidiaries over the equity attributable to owners of the Company) was approximately 51% at the end of the reporting period (at 31 December 2008: approximately 40%). This higher gearing ratio is a direct result of an increase in borrowings attributed to the Group's IPO margin financing business. Without this contributing factor, the Group's gearing ratio would have been 35%.

Capital Structure, Bank Borrowings and Exposure to Fluctuations in Exchange Rates

During the period ended 30 June 2009, 50.0 million shares of par value HK$0.2 each in the capital of the Company were issued for HK$294.1 million as a result of the exercise of the Company's warrants by warrant holders. The Company repurchased 7.2 million shares (which were cancelled) during the period for a total consideration (including expenses) of HK$36.7 million. The appointed trustee of the SHK Employee Ownership Scheme ("EOS") also acquired 0.5 million shares of the Company through purchases on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the awarded shares of the scheme.

Other than the three-year bonds and secured instalment loans, the Group's bank and other borrowings and short-term loans due to a fellow subsidiary were on a short-term basis and in HK dollars as at 30 June 2009. They were charged at floating interest rates. There are no known seasonal factors in the Group's borrowing profiles.

The Group is required to maintain foreign currency exposure to cater for its recurring operating activities and present and potential investment activities, meaning it will be subject to reasonable exchange rate exposure. However, the Group will closely monitor this risk exposure as required.

Material Acquisitions and Disposals of Subsidiaries, Associates and Jointly Controlled Entities

There were no material acquisitions or disposals of subsidiaries, associates or jointly controlled entities during the period.

Segment Information

Detailed segment information in respect of the Group's revenue and segment results are shown in Note 2 to the condensed consolidated financial statements.

Charges on Group Assets

Listed shares with an aggregate value of HK$2,128.3 million were pledged by subsidiaries for bank loans and overdrafts. Investment properties, buildings and interests in land of the Group with a total book value of HK$205.2 million were pledged by subsidiaries to banks for instalment loans granted to them with a total outstanding balance of HK$116.6 million as at 30 June 2009. The entire share capital of a wholly-owned subsidiary, UAF Holdings Limited, was also pledged as a share mortgage for the bonds issued by the Group.

Contingent Liabilities

(a) At the end of the reporting period, the Group had guarantees as follows:

	30.6.2009	31.12.2008
	HK$ Million	*HK$ Million*
Indemnities on banking guarantees made available to a clearing house and regulatory body	**4.5**	4.5
Other guarantees	**3.0**	3.0
	7.5	7.5

(b) In 2001 an order was made by the Hubei Province Higher People's Court in China (the "2001 Order") enforcing a CIETAC award of 19 July 2000 (the "Award") by which Sun Hung Kai Securities Limited ("SHKS") was required to pay US$3 million to Chang Zhou Power Development Company Limited (the "JVC"), a mainland PRC joint venture. SHKS had disposed of all of its beneficial interest in the JVC to SHKS' listed associate, Tian An, in 1998 and disposed of any and all interest it might hold in the registered capital of the JVC (the "Interest") to Long Prosperity Industrial Limited ("LPI") in October 2001. Subsequent to those disposals, SHKS' registered interest in the JVC in the amount of US$3 million was frozen further to the 2001 Order. SHKS is party to the following litigation relating to the JVC:

(i) On 29 February 2008, a writ of summons with general indorsement of claim was issued by Global Bridge Assets Limited ("GBA"), LPI and Walton Enterprises Limited ("WE") (the "2008 Writ") in the High Court of Hong Kong against SHKS ("HCA 317/2008"). In the 2008 Writ, (a) GBA claims against SHKS for damages for alleged breaches of a guarantee, alleged breaches of a collateral contract, for an alleged collateral warranty, and for alleged negligent and/or reckless and/or fraudulent misrepresentation; (b) LPI claims against SHKS damages for alleged breaches of a contract dated 12 October 2001;

and (c) WE claims against SHKS for the sum of US$3 million under a shareholders agreement and/or pursuant to the Award and damages for alleged wrongful breach of a shareholders agreement. GBA, LPI and WE also claim against SHKS interest on any sums or damages payable, costs, and such other relief as the Court may think fit. The 2008 Writ was served on SHKS on 29 May 2008. It is being vigorously defended. Among other things, pursuant to a 2001 deed of waiver and indemnification, LPI waived and released SHKS from any claims including any claims relating to or arising from the Interest, the JVC or any transaction related thereto, covenanted not to sue, and assumed liability for and agreed to indemnify SHKS from any and all damages, losses and expenses arising from any claims by any entity or party arising in connection with the Interest, the JVC or any transaction related thereto. While a provision has been made for legal costs, the Company does not consider it presently appropriate to make any other provision with respect to HCA 317/2008.

(ii) On 20 December 2007, a writ (the "Mainland Writ") was issued by Cheung Lai Na 張麗娜 ("Ms. Cheung") against Tian An and SHKS and was accepted by a mainland PRC court, 湖北省武漢市中級人民法院 ((2008) 武民商外初字第8號), claiming the transfer of a 28% shareholding in the JVC, and RMB19,040,000 plus interest thereon for the period from January 1999 to the end of 2007 together with related costs and expenses. Judgment was awarded by the mainland PRC court in Tian An and SHKS' favour on 27 July 2009 which judgment is currently being appealed against by Ms. Cheung. While a provision has been made for legal costs, the Company does not consider it presently appropriate to make any other provision with respect to this writ.

(iii) On 4 June 2008, a writ of summons was issued by Tian An and SHKS in the High Court of Hong Kong against Ms. Cheung (the "HK Writ"), seeking declarations that (a) Ms. Cheung is not entitled to receive or obtain the transfer of 28% or any of the shareholding in the JVC from Tian An and SHKS; (b) Ms. Cheung is not entitled to damages or compensation; (c) Hong Kong is the proper and/or the most convenient forum to determine the issue of Ms. Cheung's entitlement to any shareholding in the JVC; (d) further and alternatively, that Ms. Cheung's claim against Tian An and SHKS in respect of her entitlement to the shareholding in the JVC is scandalous, vexatious and/or frivolous; and (e) damages, interest and costs as well as further or other relief (together with related costs and expenses). The HK Writ was not served on Ms. Cheung and lapsed on 3 June 2009. A further writ of summons was issued by Tian An and SHKS in the High Court of Hong Kong against Ms. Cheung on 4 June 2009 seeking the same relief as the HK Writ. The Company does not consider it presently appropriate to make any provision with respect to this action.

MATERIAL LITIGATION UPDATE

(a) On 25 February 2009, the Market Misconduct Tribunal ("MMT") made findings and orders following the conduct of proceedings relating to dealings in May and June 2003 in the securities of QPL International Holdings Limited. The MMT's determinations of misconduct against two Group employees resulted also in adverse determinations against the Company's indirect wholly-owned subsidiaries, Sun Hung Kai Investment Services Limited ("SHKIS") and Cheeroll Limited (now known as Sun Hung Kai Strategic Capital Limited). The MMT ordered that the companies not again perpetrate any form of market misconduct, that they pay the Government's and the Securities and Futures Commission ("SFC")'s costs, and recommended that the SFC take disciplinary action against SHKIS. Both companies are presently appealing aspects of the MMT's findings and orders.

(b) On 14 October 2008, a writ of summons was issued by SHKIS in the High Court of Hong Kong against Quality Prince Limited, Allglobe Holdings Limited, the Personal Representative of the Estate of Lam Sai Wing, Chan Yam Fai Jane ("Ms. Chan") and Ng Yee Mei ("Ms. Ng"), seeking recovery of (a) the sum of HK$50,932,876.64; (b) interest; (c) legal costs; and (d) further and/or other relief. Having sold collateral for the partial recovery of amounts owing, SHKIS filed a Statement of Claim in the High Court of Hong Kong on 24 October 2008 claiming (a) the sum of HK$36,030,376.64; (b) interest; (c) legal costs; and (d) further and/or other relief. Summary judgment against all the defendants was granted by Master C Chan on 25 May 2009, but judgment with respect to Ms. Chan and Ms. Ng only was overturned on appeal by the judgment of Suffiad J dated 7 August 2009. SHKIS has sought leave to appeal that judgment to the Court of Appeal.

(c) Details of proceedings relating to Chang Zhou Power Development Company Limited, a mainland PRC joint venture, are set out in the "Contingent Liabilities" section above.

HUMAN RESOURCES

During the period under review, the Group sought to maintain its status as an "employer of choice", further developing its high quality training programmes (including Continuing Professional Training (CPT) and Continuing Professional Development (CPD) programmes) and broadening the scope of opportunities available for the personal development of its employees. Reflecting the Group's success in attracting and retaining Hong Kong's brightest talent, the Group's total headcount as at 30 June 2009 increased to 1,897 employees (including investment consultants). Staff costs (including Directors' emoluments), contributions to retirement benefit schemes and expenses recognised for the EOS amounted to approximately HK$237.3 million (for the period ended 30 June 2008: HK$368.8 million, inclusive of the staff costs of a listed subsidiary which was disposed of in the first half of 2008).

The Group operates different compensation schemes, reflecting the different roles within the organisation. For sales staff and investment consultants, the package may consist of either a base pay and commission/bonus/sales incentive, or alternatively, it may be a straight commission arrangement. For non-sales staff, compensation is comprised of either a base pay with a discretionary bonus/share-based incentive, or a straight base pay, where appropriate.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK6 cents per share (2008: HK5 cents per share) for the period under review. The interim dividend will be paid in the form of scrip, with an option to elect cash in respect of part or all of such dividend (the "Scrip Dividend Scheme"), to shareholders whose names appear on the register of members of the Company on 25 September 2009. A circular giving full details of the Scrip Dividend Scheme and the election form will be sent to shareholders as soon as practicable. The Scrip Dividend Scheme is conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the new shares of the Company to be issued. Dividend warrants and/or share certificates for the scrip shares are expected to be sent to shareholders on or around 28 October 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 23 September 2009 to 25 September 2009, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's registrar, Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 22 September 2009.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2009, the Company has applied the principles of, and complied with, the applicable code provisions, of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange, except for certain deviations which are summarised below:

(a) Code Provision A.2.1

Code provision A.2.1 of the CG Code stipulates that the roles of the chairman and chief executive officer ("CEO") should be separate and performed by different individuals. Under the current organisational structure of the Company, the functions of a CEO are performed by the Executive Chairman, Mr. Lee Seng Huang, in conjunction with another Executive Director, Mr. Joseph Tong Tang, and a senior executive, Mr. Christophe Lee Kin Ping. The Executive Chairman oversees the management of the corporate administrative functions as well as the Group's interest in its principal investment in UAF whose day-to-day management lies with its designated Managing Director. Mr. Joseph Tong Tang acts as the CEO of Wealth Management, Brokerage & Capital Markets and Asset Management is headed by Mr. Christophe Lee Kin Ping.

The Board believes that this structure spreads the workload that would otherwise be borne by an individual CEO, allowing the growing businesses of the Group to be overseen by the appropriately qualified and experienced senior executives in those fields. Furthermore, it enhances communications and speeds up the decision making process across the Company.

(b) Code Provisions B.1.3 and C.3.3

Code provisions B.1.3 and C.3.3 stipulate that the terms of reference of the remuneration committee and audit committee should include, as a minimum, those specific duties as set out in the respective code provisions.

The terms of reference of the Remuneration Committee adopted by the Company are in compliance with the code provision B.1.3, except that the Remuneration Committee should review (as opposed to determine under the code provision) and make recommendations to the Board on the remuneration packages of Executive Directors only and not senior management (as opposed to Executive Directors and senior management under the code provision).

The terms of reference of the Audit Committee adopted by the Company are in compliance with the code provision C.3.3, except that the Audit Committee should (i) recommend (as opposed to implement under the code provision) the engagement of the external auditor to supply non-audit services; (ii) scrutinise (as opposed to ensure under the code provision) whether management has discharged its duty to have an effective internal control system; and (iii) promote (as opposed to ensure under the code provision) the co-ordination between the internal and external auditors, and (iv) check (as opposed to ensure under the code provision) whether the internal audit function is adequately resourced.

The Board considers that the Remuneration Committee and the Audit Committee should continue to operate according to their respective terms of reference adopted by the Company. The Board will review the terms of reference at least once a year and make appropriate changes if considered necessary.

The reasons for the above deviations are set out in the "Corporate Governance Report" contained in the Company's annual report for the financial year ended 31 December 2008.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2009, the Company repurchased a total of 7,328,000 shares on the Stock Exchange at an aggregate consideration of HK$37,065,030. All the repurchased shares were subsequently cancelled.

Particulars of the repurchases are as follows:

Month	Number of shares repurchased	Purchase Price Highest	Purchase Price Lowest	Aggregate consideration
		(HK$)	*(HK$)*	*(HK$)*
May	6,695,000	5.30	4.84	33,888,000
June	633,000	5.22	4.83	3,177,030
	7,328,000			37,065,030

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities during the six months ended 30 June 2009.

AUDIT COMMITTEE REVIEW

The Audit Committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a general review of the unaudited condensed consolidated financial report for the six months ended 30 June 2009. In carrying out this review, the Audit Committee has relied on a review conducted by the Group's external auditors in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, and on the interim results announcement of the listed associate, as well as reports obtained from management. The Audit Committee has not undertaken detailed independent audit checks.

On behalf of the Board
Sun Hung Kai & Co. Limited
Lee Seng Huang
Executive Chairman

Hong Kong, 2 September 2009

As at the date of this announcement, the Board comprises Messrs. Lee Seng Huang (Chairman) and Joseph Tong Tang being the Executive Directors; Messrs. Abdulhakeem Abdulhussain Ali Kamkar, Fevzi Timucin Engin (also as alternate to Mr. Abdulhakeem Abdulhussain Ali Kamkar), Josefh Kamal Eskandar (alternate to Mr. Fevzi Timucin Engin), Patrick Lee Seng Wei and Ming Cheng being the Non-Executive Directors; and Messrs. David Craig Bartlett, Alan Stephen Jones, Carlisle Caldow Procter and Peter Wong Man Kong being the Independent Non-Executive Directors.