



信和置業有限公司
Sino Land Company Limited

2010-2011 INTERIM REPORT

二零一零至二零一一年度
中期報告書



THE HERMITAGE
帝峯·皇殿

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Shareholders who have chosen to receive the Corporate Communications using electronic means through the Company’s website and who for any reason have difficulty in receiving or gaining access to the Interim Report posted on the Company’s website will promptly upon request be sent the Interim Report in printed form free of charge.

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CONTENTS

CORPORATE INFORMATION	3
CHAIRMAN'S STATEMENT	4
CONDENSED CONSOLIDATED INCOME STATEMENT	15
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	16
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	17
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	18
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	19
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	20
CLOSURE OF REGISTER OF MEMBERS	32
PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES	32
DIRECTORS' INTERESTS	33
SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS	35
DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES	37
DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES	37
COMPLIANCE COMMITTEE	39
AUDIT COMMITTEE	39
REMUNERATION COMMITTEE	39
CODES FOR DEALING IN THE COMPANY'S SECURITIES	40
COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES	40
REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION	41

CORPORATE INFORMATION

Board of Directors

Robert Ng Chee Siong, Chairman
Ronald Joseph Arculli, GBM, CVO, GBS, OBE, JP#
Allan Zeman, GBS, JP*
Adrian David Li Man-kiu, JP*
Fu Yuning*
Wong Cho Bau, JP* (*appointed on 1st March, 2011*)
Yu Wai Wai
Thomas Tang Wing Yung
Daryl Ng Win Kong
Ringo Chan Wing Kwong
Sunny Yeung Kwong

(# Non-Executive Director)

(* Independent Non-Executive Directors)

Audit Committee

Adrian David Li Man-kiu, JP, Chairman
Allan Zeman, GBS, JP
Fu Yuning

Remuneration Committee

Daryl Ng Win Kong, Chairman
Allan Zeman, GBS, JP
Adrian David Li Man-kiu, JP

Authorized Representatives

Robert Ng Chee Siong
Thomas Tang Wing Yung

Secretary

Eric Ip Sai Kwong

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants, Hong Kong

Solicitors

Baker & McKenzie
Clifford Chance
Woo, Kwan, Lee & Lo

Shareholders' Calendar

Closure of Register of Members	23rd March, 2011 to 25th March, 2011 (both dates inclusive)
Last Date for lodging scrip dividend election forms	15th April, 2011 4:30 p.m.
Interim Dividend Payable	HK10 cents per share 28th April, 2011

Principal Bankers

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
DBS Bank Ltd., Hong Kong Branch
The Bank of East Asia, Limited
Hang Seng Bank Limited
Bangkok Bank Public Company Limited
Industrial and Commercial Bank of China (Asia) Limited
Sumitomo Mitsui Banking Corporation
Bank of Communications, Hong Kong Branch
Mizuho Corporate Bank, Ltd.
Wing Lung Bank Limited

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Email : info@sino.com

Registrars

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Fax : (852) 2861 1465
Email : sinoland83-ecom@hk.tricorglobal.com

Listing Information

Stock Code	83
American Depositary Receipt	
CUSIP Number	829344308
Trading Symbol	SNOLY
ADR to Ordinary Share Ratio	1:5
Listing	Level One (OTC)
Depository Bank	The Bank of New York 101 Barclay Street, 22nd Floor – West, New York, NY 10286, U.S.A.

CHAIRMAN'S STATEMENT

I am pleased to present my interim report to shareholders.

INTERIM RESULTS

The Group's unaudited net profit attributable to shareholders for the six months ended 31st December, 2010 (Interim Period) increased to HK\$5,343.0 million, representing an increase of 61.9% compared with HK\$3,300.1 million in the previous period. Excluding revaluation gain on investment properties net of deferred tax of HK\$2,908.9 million, the underlying net profit from operations was HK\$2,434.1 million for the Interim Period (2009: HK\$2,033.8 million). Earnings per share for the period was 107.39 cents, representing an increase of 57.3% from 68.25 cents in the corresponding period in 2009.

The turnover of the Group for the Interim Period was HK\$2,562.4 million (2009: HK\$4,418.7 million). As the Group owns 50% interest in The Hermitage residential project in West Kowloon, the significant earnings derived from the sales of the units were booked under the share of results of associates.

The unaudited results for the Interim Period have been reviewed by the Company's auditors, Deloitte Touche Tohmatsu and they reflect the adoption of all Hong Kong Financial Reporting Standards applicable to the Group that are effective for the accounting period.

DIVIDEND

The Directors have declared an interim dividend of 10 cents per share payable on 28th April, 2011 to those shareholders whose names shall appear on the Register of Members of the Company on 25th March, 2011.

The interim dividend will be payable in cash but shareholders will be given the option of electing to receive the interim dividend in the form of new shares in lieu of cash in respect of part or all of such dividend. The new shares to be issued pursuant to the scrip dividend scheme are subject to their listing being granted by the Listing Committee of The Stock Exchange of Hong Kong Limited.

A circular containing details of the scrip dividend scheme will be despatched to shareholders together with the form of election for scrip dividend on or about 30th March, 2011. It is expected that the interim dividend warrants and share certificates will be despatched to shareholders on or about 28th April, 2011.

CHAIRMAN'S STATEMENT (Continued)

BUSINESS REVIEW

(1) Sales Activities

Total revenue from property sales for the Interim Period, including property sales of associates attributable to the Group, was HK\$6,908.8 million, representing an increase of 127.3% when compared with the same corresponding period previous year (2009: HK\$3,039.2 million). The revenue from property sales comprises mainly the sales of residential units in The Hermitage (at associate level) completed during the Interim Period as well as projects (at subsidiary level) completed in previous financial years and these projects included The Palazzo, The Balmoral, Goodwood Park, Lake Silver, One New York, The Dynasty, Vision City and Vista. As of to date, approximately 95.4% of the total number of residential units in The Hermitage have been sold whilst approximately 96.1%, 29.1%, 61.5%, 98.5% and 96.2% of the total number of residential units in The Palazzo, The Balmoral, Goodwood Park, Lake Silver and One New York have been sold respectively, and all of the remaining residential units in The Dynasty, Vision City and Vista have been sold. Contributions from property sales, including property sales of associates attributable to the Group, was HK\$2,151.2 million, representing an increase of 60.5% when compared with the same corresponding period previous year (2009: HK\$1,339.8 million). The Group will continue to seek for good opportunities to roll out new projects in order to enhance shareholders' value.

During the Interim Period, the Group completed three projects with a total attributable gross floor area of over one million square feet. Details of the completed projects are presented in the table below:

	<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> <i>(Square feet)</i>
1.	The Hermitage, 1 Hoi Wang Road, South West Kowloon, Hong Kong	Residential/ Retail	50%	534,344
2.	Sino International Plaza 137 Wu Xi Lu, Fuzhou, PRC	Commercial	100%	499,158
3.	Maison Rosé 270 Cheung Sha Wan Road, Kowloon, Hong Kong	Residential/ Retail	100%	39,120
				<hr/> <u>1,072,622</u>

CHAIRMAN'S STATEMENT (Continued)

BUSINESS REVIEW (Continued)

(2) Land Bank

As at 31st December, 2010, the Group has a land bank of approximately 40.9 million square feet of attributable gross floor area comprising a balanced portfolio of properties of which 64.2% is residential; 24.0% commercial; 5.2% industrial; 3.6% car parks and 3.0% hotels. In terms of breakdown of the land bank by status, 28.3 million square feet consist of properties under development, 11.5 million square feet of properties for investment/own use and 1.1 million square feet of properties held for sale. The Group will continue to selectively replenish its land bank, both in Hong Kong and Mainland China, to optimise its earnings potential.

During the Interim Period, the Group was awarded the development rights of a site from Urban Renewal Authority of Hong Kong mainly for residential development. Details of site are as follows:

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> (Square feet)
KIL11200, Fuk Tsun Street/Pine Street, Tai Kok Tsui, West Kowloon, Hong Kong	Residential/ Commercial	Joint Venture	54,251
			<hr/>
			54,251

CHAIRMAN'S STATEMENT (Continued)

BUSINESS REVIEW (Continued)

(3) Property Development

The Group expects to complete a total of two projects with an attributable gross floor area of approximately 201,200 square feet in the second half of the financial year ending 30th June, 2011. Details of the projects are as follows:

	<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> <i>(Square feet)</i>
1.	18 Kowloon East, 18 Wang Chiu Road, Kowloon Bay, Hong Kong	Commercial	50%	174,376
2.	KIL11181, Baker Court, Hung Hom, Kowloon, Hong Kong	Residential/ Retail	Joint Venture	26,824
				<hr/>
				201,200

Subsequent to the Interim Period, the Group obtained the Occupation Permit for the commercial project 18 Kowloon East in Kowloon Bay from the Building Authority of the HKSAR Government in January 2011.

The Group will continuously improve its developments and services by applying stringent quality control, and environmentally friendly features and facilities to enhance the lifestyles of residents and tenants. Management is also mindful of environmental sustainability in terms of project development. Efforts to reduce carbon emissions, use more sustainable materials, apply energy efficient designs and layouts as well as employ environmentally friendly fixture and fittings are highly encouraged and pursued.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS REVIEW *(Continued)*

(4) Rental Activities

As at 31st December, 2010, the Group has approximately 11.5 million square feet of attributable gross floor area of completed properties for investment/own use. Of this portfolio, commercial developments (retail and office) account for 64.6%, industrial developments 14.1%, car parks 12.6%, hotels 6.2%, and residential 2.5%. The Group expects to complete a total of approximately 2.3 million square feet of attributable gross floor area of investment properties in the next few years. These new investment properties will further increase the Group's recurrent income base.

The Group's gross rental revenue, including attributable share from associates, increased by 10.0% to HK\$1,293.1 million for the Interim Period compared with HK\$1,175.1 million in the previous interim period. The increase in rental income was mainly due to an overall improvement in the business environment that benefited the retail, office and industrial sectors of the Group's rental portfolio.

Hong Kong retail sales have grown strongly in both value and volume since the last quarter of 2009 and the trend is positive. Retail businesses in Hong Kong have enjoyed robust sales, and benefited from increasing employment, a more positive economic outlook, rising wages, higher consumer confidence, record number of visitor arrivals and increasing visitor purchasing power arising from the appreciation of the Renminbi and other major Asian currencies as well as the growing popularity and acceptance of the Renminbi in Hong Kong.

Demand for office space has gained momentum since the second half of last year. As economic conditions stabilise, companies have begun hiring. The number of overseas and Mainland China companies setting up or expanding in Hong Kong is on the rise. Hong Kong's record number of initial public offerings and fund-raising activities have also directly benefited a wide spectrum of industries. All these factors are driving the demand for office space. Occupancy for the Group's office buildings is improving and the outlook for office sector is positive. Supported by growth in the retail sector and the rising demand for office accommodation, demand for industrial space is also increasing. The occupancy of the Group's industrial properties has also picked up.

During the Interim Period, the Group completed two properties for investment purposes, namely Sino International Plaza in Fuzhou in Mainland China and Olympian City New Phase in West Kowloon, Hong Kong. The progress of the leasing of these two projects has been well and a high occupancy for both of the projects has been achieved. The Group's rental contributions will be further enhanced by the completion of these two projects.

Sino International Plaza is located in the central business district of Fuzhou city, the capital city of Fujian Province. Conveniently accessible through an extensive transportation network, the development is in a desirable location for local and multinational firms. A number of local attractions, namely Hot Spring Park, West Lake Park and Fujian Museum are also within the catchment area. The development, which provides approximately 499,000 square feet of commercial space, features environmentally friendly architectural characteristics.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS REVIEW *(Continued)*

(4) **Rental Activities** *(Continued)*

Olympian City New Phase is the shopping mall of the development of The Hermitage and it is adjacent to the Central Park residence which was also developed by the Group. Olympian City New Phase has a total of approximately 120,000 square feet of retail space. Combining the existing Olympian City shopping malls, the total gross floor area of over 700,000 square feet accommodates an attractive trade mix that provides a wide spectrum of shopper choice. The two covered footbridges extending from Olympian City New Phase, one connecting to the existing Olympian City shopping mall and the other one to Mongkok area, will enhance the accessibility of the entire shopping malls generating more shoppers' flow. The Group strives to ensure its malls are a favourite family destination by providing a pleasant environment and an exciting programme of special events and entertainment that add up to an enjoyable shopping experience.

Ongoing asset enhancement initiatives are integral to the Group's programme of raising asset quality, property values and rental revenues. These initiatives include developing effective marketing and promotional events, raising service quality, reconfiguring the layouts of premises to meet tenant needs and ensuring the right tenant mix. Such improvements enrich the customer shopping experience and support our tenants with a sustained flow of shoppers, all of which bring more business and enhance the value of the Group.

(5) **Hotels**

The Fullerton Hotel Singapore and The Fullerton Bay Hotel

Singapore visitor arrivals increased significantly in 2010 with the total number of arrivals reaching 11.6 million, up from 9.6 million in 2009, representing an annual increase of approximately 20.8%. The MICE (Meetings, Incentives, Conventions and Exhibitions) sector continued to play a prominent role. Leisure travel was further boosted by existing and new attractions. Singapore is poised for more excitement with new attractions and infrastructure expected in 2011, such as the ArtScience Museum, Gardens by the Bay and an International Cruise Terminal.

The Group owns and operates two 5-star hotels in Singapore. The Fullerton Hotel Singapore (The Fullerton) and The Fullerton Bay Hotel. The Fullerton has been in operations for over 10 years and The Fullerton Bay Hotel opened in July 2010.

The Fullerton Bay Hotel is a six-storey 5-star hotel located along the Marina Bay waterfront and in the Central Business District. Its prime location along the waterfront makes the hotel well-poised to be the vantage point of choice to enjoy activities in the marina. The hotel is a short walk from the Raffles Place Mass Rapid Transit and close to One Fullerton and Merlion Park. Adjoining the historical landing point for early settlers Clifford Pier, and the Customs House, The Fullerton Bay Hotel celebrates Singapore's modernity and the site's rich heritage. The hotel offers 100 guest rooms, which include five individually-themed suites and a presidential suite, each with panoramic marina views, private balconies and sun decks.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS REVIEW *(Continued)*

(5) Hotels *(Continued)*

The Fullerton Hotel Singapore and The Fullerton Bay Hotel (Continued)

Both hotels benefited from the growth in Singapore's visitor arrivals. The average room rate and occupancy for The Fullerton reflected a good improvement over the previous period. The operating statistics for The Fullerton Bay Hotel for the Interim Period were encouraging and positive.

During the Interim Period, The Fullerton received a number of awards from respected organisations and publications in recognition of its service quality.

Conrad Hong Kong

Visitor arrivals in Hong Kong grew strongly reaching a record high of 36.0 million for 2010, up from 29.5 million in 2009, representing an increase of approximately 22.0% year-on-year. The results were achieved from a broad-based growth across all markets. Apart from Mainland Chinese visitors, who continued to be the major contributor to the total number of visitor arrivals, the number of visitors from the United States, Europe and Japan improved over the previous period and the number of visitors from the Middle East, Singapore, Russia and South Korea showed double-digit growth.

The financial results of Conrad Hong Kong, in which the Group has 30% interest, showed a good improvement in overall business during the Interim Period when compared with the previous interim period, with both average room rate and occupancy increasing favourably. Conrad Hong Kong received a number of awards from respected organisations and publications in recognition of its service quality during the Interim Period.

New Hotel

The conversion of part of the retail area of One SilverSea project in West Kowloon into a boutique hotel with approximately 32 guest rooms is in progress. Renovation work for the guest rooms has commenced and is expected to be completed before the end of 2011. Together with the other three 5-star hotels mentioned above, the earnings contributions from the Group's hotel business will be further enhanced.

(6) Mainland China Business

The economy of Mainland China experienced robust growth in 2010, recording a GDP growth of 10.3%, with improving employment, financial conditions remaining stable and liquidity staying healthy. Ongoing economic growth in Mainland China has progressively increased the number of middle to high-income earners and created tremendous wealth, the positive effect of which has filtered through the economy, translating into strong purchasing power. Together with appreciating Renminbi, increased purchasing power has expanded in the domestic economy and overseas, driving domestic consumption, supporting the globalisation of Chinese enterprises and eventually advancing technology, management expertise and human capital for the benefit of China's economy as a whole.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS REVIEW *(Continued)*

(6) Mainland China Business *(Continued)*

The Central Government has made committed efforts in terms of policy, planning, and implementation to reduce disparities in wealth distribution and regional growth. These economic objectives are conducive to establishing a more healthy development of Mainland China's property market, managing residential property prices to sustainable levels, and encouraging wider home ownership and facilitating residential rental markets. As Mainland China's housing market evolves, the Central Government's housing measures represent a strong foundation for further growth. All these measures will ultimately improve livelihoods and promote a more balanced distribution of wealth in China over the long term.

The Group has strengthened its platform in Mainland China for further growth in recent years after successfully completing and selling a number of residential projects, namely One HoneyLake in Shenzhen, Chengdu International Community in Chengdu, Greenfields in Guangzhou as well as Beverly Garden, Colonnades Court and Park Place in Xiamen. The Group's interest in Raffles City Shanghai, comprising office and retail space in the central business area of Shanghai's Huangpu District, is the stepping stone for the Group to establish its presence in this important city and financial centre. The Group's track record represents a history of good execution ability for property development and investment in Mainland China.

As at 31st December, 2010, the Group's land bank in Mainland China totalled 25.2 million square feet and these projects are in Shanghai, Chengdu, Chongqing, Zhangzhou, Guangzhou, Xiamen, Fuzhou and Shenzhen. Of this, 24.3 million square feet are currently under development and the remaining is completed properties for investment and sale. Approximately 90.0% of the development land bank in Mainland China is for residential developments, the remaining is for commercial and hotel developments. All the projects are situated in cities with good economic and demographic fundamentals. This year, the Group has set another milestone as all the projects in Mainland China have started construction. Developments in Chengdu, Chongqing and Zhangzhou will be completed by phases throughout the next few years when profit contributions from these projects will be realised.

The Group continues to exercise a focused and selective approach to land bank replenishment and property development in Mainland China that can deliver good shareholder value. The majority of its developments are residential properties, which are built for sale. Commercial portions of sites are retained mainly for investment purposes. As management considers Mainland China an important market for the Group to grow in the medium to long term, it has been actively seeking attractive sites in cities with strong economic fundamentals. The Group will capitalise on its strengths it has established in Hong Kong and Singapore to execute its property development business in Mainland China and position its products and services as the preferred choice. The Group's proven strategy of building quality properties and providing professional after-sales property management services are key to achieving customer satisfaction and we are committed to doing the same for projects in Mainland China.

Other than the matters mentioned above, there has been no material change from the information published in the report and accounts for the financial year ended 30th June, 2010.

CHAIRMAN'S STATEMENT *(Continued)*

FINANCE

As at 31st December, 2010, the Group's gearing was 10.8%, expressed as a percentage of bank and other borrowings net of cash and bank balances over shareholders' equity. The decrease in gearing compared with that of 21.5% as at 30th June, 2010 was mainly due to good sales and a share placement of 305 million new ordinary shares at HK\$16.85 per share on 9th November, 2010. Of the total borrowings, 30.2% was repayable within one year, 17.9% repayable between one and two years and 51.9% repayable between two and five years. The Group's borrowings are subject to floating interest rates. The Group, including the attributable share of its associates, had cash resources of approximately HK\$19,062.1 million as at 31st December, 2010, comprising cash on hand of approximately HK\$7,632.0 million together with committed undrawn facilities of approximately HK\$11,430.1 million. All the cash on hand are deposited with banks of high credit ratings. Total assets and shareholders' funds of the Group were HK\$101,661.8 million and HK\$75,671.6 million respectively.

Other than the above mentioned, there was no material change in foreign currency borrowings and the capital structure of the Group for the Interim Period. Foreign exchange exposure has been prudently kept at a minimal level. The Group has maintained a prudent and sound financial management policy and has not entered into any transaction relating to derivatives and/or any other form of accumulators, swap transactions and options.

CORPORATE GOVERNANCE

The Group places great importance on corporate integrity, business ethics and good governance. With the objective of practicing good corporate governance, the Group has formed Audit, Compliance and Remuneration Committees. The Group is committed to maintaining corporate transparency as well as good communications with investors and shareholders. The Group disseminates information about new developments through various channels, such as non-deal roadshows, investor conferences, results briefings, site visits and its corporate website.

CUSTOMER SERVICE

The Group reaffirms its commitment to building quality projects. In keeping with its mission to enhance customer satisfaction, the Group will wherever possible ensure that attractive design concepts and features, which are also environmentally friendly, are integral elements of its developments. Management maintains regular reviews of its properties so that improvements can be made on a continuous basis. This helps to build our reputation for the highest standards of quality and service.

Delivering high-quality customer service has long been one of the Group's key business objectives. During the Interim Period, the Group's Sino Property Services received a number of awards from the HKSAR Government and other respected organisations in recognition of its quality of service, management capability, contributions to the community and charitable services, and the promotion of environmental protection. The Group will continue to make improvements in its quality of service to ensure customer satisfaction.

CHAIRMAN'S STATEMENT *(Continued)*

CORPORATE SOCIAL RESPONSIBILITY

As a committed corporate citizen, the Group has been actively involved in a range of community programmes, voluntary services, initiatives to promote environmental protection, art and cultural events, and staff welfare activities. Over the years, the Group has actively sponsored and participated in a wide array of charitable fund raising activities and it has been a longstanding supporter of a number of organisations serving the community and of charitable nature. In recognition of the Group's efforts in supporting voluntary community service, the Hong Kong Council of Social Service awarded the Group with a '5 Years Plus Caring Company Logo' for 2010/2011.

The Group recognises its role in protecting the environment. Efforts have constantly been made through various means to reduce wastage, decrease carbon emission, make use of sustainable materials and encourage recycling materials. On the property management side, environmental protection initiatives have been extended to a number of areas including landscaping and increasing the awareness of the residents and customers for protecting environment and nature conservation. Further, in response to the trend towards electric vehicles, electric vehicle chargers have been installed at some of the Group's carparks and this project will be reviewed and expanded to cover more carparks.

Believing that art and culture enrich the quality of life and promote creativity, the Group has operated the 'Art in Hong Kong' programme since 2006 to provide opportunities for local and international artists to display and promote their work, bringing art into people's daily lives and enhancing public appreciation of various types of art. The Group has also transformed its properties into public galleries and provides professional assistance that spans curatorial support, publicity, exhibition design and artwork installation. The programme also organises a wide range of educational activities to enhance people's understanding of art. In 2009, in recognition of its contribution to the development of local arts, the Hong Kong Arts Development Council honoured the Group's 'Art in Hong Kong' with the 'Award for Arts Sponsorship' for the second consecutive year, and the 'Award for Arts Promotion' for the first time.

PROSPECTS

The global recovery proceeded during 2010 with world economic conditions recording an improving trend in the second half of the year. With the United States' second round of quantitative easing and emerging economies growing strongly, the multiplying effects of fiscal and monetary efforts appear to be steering the global economy back onto a growth track.

Mainland China is an important market for the Group and a key driver for global economic growth. The nation's economic strength will drive household income. Demand for housing is set to grow, propelled by high savings rates, low home ownership, a strong urge to improve living conditions and the desire to own property both as storage of wealth and as an inflation hedge. Housing has always been a major policy item on the Central Government's agenda. Guided by sound principles, China's property market will continue to present opportunities.

CHAIRMAN'S STATEMENT *(Continued)*

PROSPECTS *(Continued)*

Building on the success of the Eleventh Five-Year Plan, the Twelfth Five-Year Plan to be announced in March this year will ensure continuity in building a stronger, more resilient economy able to withstand the impact of external factors. The evolution of China's economy to a more advanced stage heralds an exciting era. The Plan is expected to develop a modern industrial system, improve the management of state-owned enterprises, and broaden domestic consumption to maintain the momentum for sustainable economic growth. Other objectives include achieving a balance between investment, consumption and export, as well as between urban and rural areas, building an environmentally friendly society, improving livelihoods and continuing its open door policy.

During the year, the HKSAR Government implemented a number of housing measures, covering a very broad area of the housing sector in Hong Kong and catering for the needs of different income groups. These measures are very specific, including home-buyer protection measures, and are effective to build a more sustainable framework for Hong Kong's property market. The housing policy announced in the October 2010 Policy Address provides a roadmap for balancing the demand and supply of both public and private housing. The introduction of additional stamp duties will set a minimum holding period for property investors, facilitating the residential rental market. The revision of different levels of loan-to-value ratios will ensure a healthy mortgage lending business. All these measures will stabilise the growth of residential property prices and ensure a more healthy property market.

As Hong Kong's property market is fundamentally sound, demand for housing continues to grow. With GDP rising over the past five consecutive quarters, improved employment prospects, good affordability, low mortgage rates, favourable rental yields on residential properties, increasing marriages and births, better quality housing with environmentally-friendly features, the outlook of Hong Kong property market is positive.

With a further improvement in the global economic situation, the Group continues to be well positioned to seek business opportunities. Management will strive to optimise earnings, improve the quality of products and services, and enhance customer lifestyles, which will ultimately lead to better served customers. In respect of property development and property management, the Group will incorporate more environmentally friendly elements and initiatives in projects. Further, as the Group is in a strong financial position, management will continue to deliver value for shareholders. The Group will maintain a policy of selectively and continuously replenishing its land bank both in Hong Kong and China, which will enable it to strengthen earnings and profitability.

STAFF AND MANAGEMENT

On behalf of the Board, I take this opportunity to express my sincere appreciation to all staff for their commitment, dedication and continuing support. I would also like to express my gratitude to my fellow Directors for their guidance and wise counsel.

Robert NG Chee Siong
Chairman

Hong Kong, 25th February, 2011

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31st December, 2010

		Six months ended	
		31st December, 2010	31st December, 2009
		<i>HK\$</i>	<i>HK\$</i>
<i>Notes</i>		(Unaudited)	(Unaudited)
Turnover	3	2,562,408,439	4,418,721,900
Cost of sales		(353,983,882)	(1,446,708,244)
Direct expenses		(706,458,406)	(615,537,104)
		1,501,966,151	2,356,476,552
Other income		59,982,858	125,161,408
Increase in fair value of investment properties	11	2,755,572,990	1,279,972,185
Increase in fair value of trading securities		196,651,174	52,423,611
Administrative expenses		(490,575,029)	(319,053,146)
Finance income	4	82,081,661	75,509,372
Finance costs	5	(91,742,999)	(74,912,920)
Finance costs net of finance income		(9,661,338)	596,452
Share of results of associates	6	2,350,610,821	414,309,048
Profit before taxation	7	6,364,547,627	3,909,886,110
Income tax expense	8	(863,688,197)	(569,838,167)
Profit for the period		<u>5,500,859,430</u>	<u>3,340,047,943</u>
Profit for the period attributable to:			
Owners of the Company		5,343,128,646	3,300,149,532
Non-controlling interests		157,730,784	39,898,411
		<u>5,500,859,430</u>	<u>3,340,047,943</u>
Earnings per share	10		
Basic (<i>HK cents</i>)		<u>107.39 cents</u>	<u>68.25 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31st December, 2010

	Six months ended	
	31st December, 2010 HK\$ (Unaudited)	31st December, 2009 HK\$ (Unaudited)
Profit for the period	5,500,859,430	3,340,047,943
Other comprehensive income		
Gain on fair value change of available-for-sale investments	162,588,941	210,753,415
Exchange difference arising on translation of foreign operation to the Group's presentation currency	391,244,219	60,313,097
Other comprehensive income for the period	553,833,160	271,066,512
Total comprehensive income for the period	6,054,692,590	3,611,114,455
Total comprehensive income attributable to:		
Owners of the Company	5,896,961,806	3,571,216,044
Non-controlling interests	157,730,784	39,898,411
	6,054,692,590	3,611,114,455

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2010

	Notes	31st December, 2010 HK\$ (Unaudited)	30th June, 2010 HK\$ (Audited)
Non-current assets			
Investment properties	11	44,227,159,101	41,327,376,460
Hotel properties		1,539,413,181	1,416,100,684
Property, plant and equipment	12	177,627,285	161,330,767
Prepaid lease payments – non-current		1,214,740,791	1,123,367,152
Interests in associates	13	9,947,581,893	7,712,435,078
Interests in a jointly controlled entity	14	61,495,064	70,251,382
Available-for-sale investments		1,272,602,214	1,101,523,039
Advances to associates		9,384,778,251	11,472,718,600
Advance to a jointly controlled entity		1,635,673,501	1,599,853,118
Advances to investee companies		15,765,131	17,632,820
Long-term loans receivable		35,540,426	43,899,373
		69,512,376,838	66,046,488,473
Current assets			
Properties under development		22,193,198,176	20,800,713,801
Stocks of completed properties		1,773,863,527	1,932,395,194
Hotel inventories		25,770,459	22,630,641
Prepaid lease payments – current		18,921,550	17,363,023
Trading securities		953,812,777	757,177,330
Amounts due from associates		25,699,363	86,757,552
Accounts and other receivables	15	734,055,879	1,007,551,835
Current portion of long-term loans receivable		1,013,087	1,619,111
Taxation recoverable		275,945	109,982,603
Restricted bank deposits		360,560,410	372,604,974
Time deposits, bank balances and cash		6,062,285,421	4,494,666,421
		32,149,456,594	29,603,462,485
Current liabilities			
Accounts and other payables	16	3,404,660,332	3,501,332,465
Amounts due to associates		269,138,394	592,285,885
Taxation payable		548,093,868	932,549,050
Current portion of long-term bank borrowings	17	162,307,764	212,636,143
Bank loans	17		
– secured		4,241,969,053	4,314,363,282
– unsecured		–	200,000,000
Financial guarantee contracts – current		5,063,064	7,222,665
		8,631,232,475	9,760,389,490
Net current assets		23,518,224,119	19,843,072,995
Total assets less current liabilities		93,030,600,957	85,889,561,468
Capital and reserves			
Share capital	18	5,260,064,872	4,902,690,690
Share premium and reserves		70,411,557,603	60,412,367,380
Equity attributable to owners of the Company		75,671,622,475	65,315,058,070
Non-controlling interests		535,798,963	378,678,205
Total equity		76,207,421,438	65,693,736,275
Non-current liabilities			
Long-term bank borrowings – due after one year	17	10,179,050,457	14,201,468,430
Financial guarantee contracts – non-current		3,386	1,646,817
Deferred taxation		3,941,628,335	3,455,680,365
Advances from associates		2,292,910,252	2,130,277,184
Advances from non-controlling interests		409,587,089	406,752,397
		16,823,179,519	20,195,825,193
		93,030,600,957	85,889,561,468

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31st December, 2010

	Share capital HK\$	Share premium HK\$	Capital redemption reserve HK\$	Investment revaluation reserve HK\$	Exchange reserve HK\$	Retained profits HK\$	Attributable to owners of the Company HK\$	Non- controlling interests HK\$	Total HK\$
At 1st July, 2009 (audited)	4,839,469,538	21,170,277,150	467,708,000	218,651,025	424,331,275	32,881,458,592	60,001,895,580	296,130,462	60,298,026,042
Profit for the period	-	-	-	-	-	3,300,149,532	3,300,149,532	39,898,411	3,340,047,943
Other comprehensive income for the period	-	-	-	210,753,415	60,313,097	-	271,066,512	-	271,066,512
Total comprehensive income for the period	-	-	-	210,753,415	60,313,097	3,300,149,532	3,571,216,044	39,898,411	3,611,114,455
Shares issued in lieu of cash dividend	75,962,242	-	-	-	-	-	75,962,242	-	75,962,242
Premium on issue of shares upon scrip dividend	-	1,026,401,825	-	-	-	-	1,026,401,825	-	1,026,401,825
Share issue expenses	-	(30,000)	-	-	-	-	(30,000)	-	(30,000)
Cancellation upon repurchase of own shares	(26,300,000)	-	26,300,000	-	-	(378,551,286)	(378,551,286)	-	(378,551,286)
Acquisition of subsidiaries	-	-	-	-	-	-	-	117	117
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(24,000,000)	(24,000,000)
Final dividend declared and paid- 2009	-	-	-	-	-	(1,445,407,061)	(1,445,407,061)	-	(1,445,407,061)
At 31st December, 2009 (unaudited)	4,889,131,780	22,196,648,975	494,008,000	429,404,440	484,644,372	34,357,649,777	62,851,487,344	312,028,990	63,163,516,334
At 1st July, 2010 (audited)	4,902,690,690	22,489,548,719	501,906,000	305,992,054	561,441,801	36,553,478,806	65,315,058,070	378,678,205	65,693,736,275
Profit for the period	-	-	-	-	-	5,343,128,646	5,343,128,646	157,730,784	5,500,859,430
Other comprehensive income for the period	-	-	-	162,588,941	391,244,219	-	553,833,160	-	553,833,160
Total comprehensive income for the period	-	-	-	162,588,941	391,244,219	5,343,128,646	5,896,961,806	157,730,784	6,054,692,590
Issue of shares by placement	305,000,000	4,834,250,000	-	-	-	-	5,139,250,000	-	5,139,250,000
Shares issued in lieu of cash dividend	54,074,182	-	-	-	-	-	54,074,182	-	54,074,182
Premium on issue of shares upon scrip dividend	-	832,742,415	-	-	-	-	832,742,415	-	832,742,415
Share issue expenses	-	(72,073,890)	-	-	-	-	(72,073,890)	-	(72,073,890)
Cancellation upon repurchase of own shares	(1,700,000)	-	1,700,000	-	-	(24,092,901)	(24,092,901)	-	(24,092,901)
Non-controlling interest written off upon deregistration of a subsidiary	-	-	-	-	-	-	-	(610,026)	(610,026)
Final dividend declared and paid – 2010	-	-	-	-	-	(1,470,297,207)	(1,470,297,207)	-	(1,470,297,207)
At 31st December, 2010 (unaudited)	5,260,064,872	28,084,467,244	503,606,000	468,580,995	952,686,020	40,402,217,344	75,671,622,475	535,798,963	76,207,421,438

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31st December, 2010

	Six months ended	
	31st December, 2010 <i>HK\$</i> (Unaudited)	31st December, 2009 <i>HK\$</i> (Unaudited)
Net cash (used in) from operating activities	(395,478,539)	7,894,784,232
Net cash from (used in) investing activities		
Repayment from (advances to) associates	2,218,432,694	(168,926,256)
Additions to property, plant and equipment	(28,741,454)	(11,327,871)
Advance to a jointly controlled entity	(27,100,000)	(1,643,575,000)
Acquisition of assets and liabilities through acquisition of subsidiary	21 –	(573,693,868)
Dividend received from associates	135,207,198	51,369,129
Other investing activities	3,424,972	(262,158,474)
	2,301,223,410	(2,608,312,340)
Net cash used in financing activities		
Proceeds from issue of shares	5,139,250,000	–
New borrowings raised	474,188,369	373,335,015
Repayment of borrowings	(5,010,050,000)	(7,426,031,500)
Dividend paid	(583,480,610)	(343,042,994)
Dividend paid to non-controlling interests	–	(24,000,000)
Interest paid	(142,742,869)	(58,616,027)
(Repayment to) advances from associates	(166,927,998)	31,803,723
Repurchase of own shares	(24,092,901)	(378,551,286)
Share issue expenses paid	(72,073,890)	(30,000)
Other financing activities	(5,861,095)	13,960,453
	(391,790,994)	(7,811,172,616)
Net increase (decrease) in cash and cash equivalents	1,513,953,877	(2,524,700,724)
Cash and cash equivalents at the beginning of the period	4,494,666,421	7,798,166,967
Effect of foreign exchange rate changes	53,665,123	8,695,161
Cash and cash equivalents at the end of the period	6,062,285,421	5,282,161,404
Analysis of the balances of cash and cash equivalents:		
Time deposits, bank balances and cash	6,062,285,421	5,282,161,404

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31st December, 2010

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 30th June, 2010 except for the application of the following new and revised Standards or Interpretations (“new and revised HKFRSs”) issued by the HKICPA and applied by the Group in the current period.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 in relation to the amendments to HKFRS 3 (as revised in 2008), HKAS 1, HKAS 27 and HKAS 28
HKAS 32 (Amendment)	Classification of Right Issues
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The application of these new and revised HKFRSs has had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Improvements to HKFRSs 2009

As part of *Improvements to HKFRSs* issued in 2009, HKAS 17 *Leases* has been amended in relation to the classification of leasehold land. The amendments are effective from 1st July, 2010. Before the amendments to HKAS 17, lessees were required to classify leasehold land as operating leases and to present them as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 does not affect the classification of the Group’s leasehold land.

Improvements to HKFRSs 2010

As part of *Improvements to HKFRSs* issued in 2010, HKAS 1 *Presentation of Financial Statements* has clarified that an entity may present the analysis of other comprehensive income by item either in the consolidated statement of changes in equity or in notes to the consolidated financial statements. The amendments will be effective from 1st January, 2011 with earlier application permitted. The Group has applied the amendments in advance of their effective dates (annual periods beginning on or after 1st January, 2011). The amendments have been applied retrospectively such that items of other comprehensive income are presented as one single line item in the consolidated statement of changes in equity.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2010

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

The Group has not early adopted the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2010 except for the amendments to HKFRS 3 (as revised in 2008), HKAS 1, HKAS 27 and HKAS 28 ¹
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets ²
HKAS 24 (Revised)	Related Party Disclosures ³
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters ⁴
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets ⁴
HKFRS 9	Financial Instruments ⁵
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement ³

¹ Amendments that are effective for annual periods beginning on or after 1st January, 2011

² Effective for annual periods beginning on or after 1st January, 2012

³ Effective for annual periods beginning on or after 1st January, 2011

⁴ Effective for annual periods beginning on or after 1st July, 2011

⁵ Effective for annual periods beginning on or after 1st January, 2013

Amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets* was issued in December 2010 and will be effective from 1st January, 2012, with earlier application permitted. Before the amendments to HKAS 12, deferred tax liability has been recognised for investment properties carried at fair value on the basis that the carrying amounts of investment properties would be recovered through use. The deferred tax arising from the revaluation of the properties as at 30th June, 2010 amounted to HK\$3,125,924,240. The amendments include a rebuttable presumption that investment properties carried at fair value will be recovered through sale. The Directors anticipated that the application of the amendments to HKAS 12, if adopted, might have a material impact on the current or prior periods as certain investment properties of the Group will be recovered through sale. The Group is in the process of assessing the impact from the application of the amendments.

HKFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition. Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

HKFRS 9 is effective for annual periods beginning on or after 1st January, 2013, with earlier application permitted. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The Directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the consolidated financial statements of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2010

3. SEGMENT INFORMATION

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

Six months ended 31st December, 2010

	The Company and its subsidiaries		Associates		Total	
	Segment revenue HK\$	Segment results HK\$	Share of revenue HK\$	Share of results HK\$	Segment revenue HK\$	Segment results HK\$
Property						
Property sales	780,774,752	360,060,170	6,128,060,082	1,791,184,358	6,908,834,834	2,151,244,528
Property rental	1,049,102,662	856,285,983	249,684,387	225,811,777	1,298,787,049	1,082,097,760
	<u>1,829,877,414</u>	<u>1,216,346,153</u>	<u>6,377,744,469</u>	<u>2,016,996,135</u>	<u>8,207,621,883</u>	<u>3,233,342,288</u>
Property management and other services	377,668,648	93,054,487	32,004,327	3,479,811	409,672,975	96,534,298
Hotel operations	328,918,006	166,992,110	105,615,600	44,579,100	434,533,606	211,571,210
Investments in securities	25,458,518	25,087,548	1,950	1,950	25,460,468	25,089,498
Financing	485,853	485,853	82,907	71,119	568,760	556,972
	<u>2,562,408,439</u>	<u>1,501,966,151</u>	<u>6,515,449,253</u>	<u>2,065,128,115</u>	<u>9,077,857,692</u>	<u>3,567,094,266</u>

Six months ended 31st December, 2009

	The Company and its subsidiaries		Associates		Total	
	Segment revenue HK\$	Segment results HK\$	Share of revenue HK\$	Share of results HK\$	Segment revenue HK\$	Segment results HK\$
Property						
Property sales	2,902,590,169	1,320,247,204	136,686,788	19,622,552	3,039,276,957	1,339,869,756
Property rental	934,503,122	800,638,531	246,609,916	231,388,323	1,181,113,038	1,032,026,854
	<u>3,837,093,291</u>	<u>2,120,885,735</u>	<u>383,296,704</u>	<u>251,010,875</u>	<u>4,220,389,995</u>	<u>2,371,896,610</u>
Property management and other services	337,115,488	95,332,401	31,577,372	4,290,776	368,692,860	99,623,177
Hotel operations	217,310,637	113,408,317	94,173,300	40,080,600	311,483,937	153,488,917
Investments in securities	26,377,647	26,025,262	1,950	1,950	26,379,597	26,027,212
Financing	824,837	824,837	74,161	59,643	898,998	884,480
	<u>4,418,721,900</u>	<u>2,356,476,552</u>	<u>509,123,487</u>	<u>295,443,844</u>	<u>4,927,845,387</u>	<u>2,651,920,396</u>

Segment results represent the profit earned by each segment without allocation of other income, administrative expenses, changes in fair value of investment properties and trading securities and finance costs net of finance income. The profit earned by each segment also includes the share of results from the Group's associates without allocation of other income, administrative expenses, change in fair value of investment properties, finance costs net of finance income and income tax expense. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment. Certain segment information in the prior period has been reclassified to conform with the change in the internal reports.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2010

3. SEGMENT INFORMATION (Continued)

Reconciliation of profit before taxation

	Six months ended	
	31st December, 2010 HK\$	31st December, 2009 HK\$
Segment profit	3,567,094,266	2,651,920,396
Other income	59,982,858	125,161,408
Administrative expenses	(490,575,029)	(319,053,146)
Increase in fair value of investment properties	2,755,572,990	1,279,972,185
Increase in fair value of trading securities	196,651,174	52,423,611
Finance costs net of finance income	(9,661,338)	596,452
Results shared from associates		
– Other income	24,707,115	4,327,644
– Administrative expenses	(47,013,272)	(50,226,351)
– Increase in fair value of investment properties	887,817,612	283,819,520
– Finance costs net of finance income	(72,804,140)	(21,725,747)
– Income tax expense	(507,224,609)	(97,329,862)
	285,482,706	118,865,204
Profit before taxation	6,364,547,627	3,909,886,110

During the six months ended 31st December, 2010, inter-segment sales of HK\$37,005,340 (six months ended 31st December, 2009: HK\$14,290,454) were eliminated within property management and other services segment. Inter-segment sales were charged at cost plus margin basis as agreed between both parties.

4. FINANCE INCOME

	Six months ended	
	31st December, 2010 HK\$	31st December, 2009 HK\$
Interest income on:		
advances to associates	14,359,126	18,153,375
advances to investee companies	428,306	434,071
bank deposits	17,210,228	15,913,125
Imputed interest income on non-current interest-free		
advances to associates	46,280,969	37,198,148
Financial guarantee income	3,803,032	3,810,653
	82,081,661	75,509,372

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 31st December, 2010

5. FINANCE COSTS

	Six months ended	
	31st December, 2010 <i>HK\$</i>	31st December, 2009 <i>HK\$</i>
Interest on bank borrowings wholly repayable within five years	97,054,334	53,437,397
Imputed interest expense on non-current interest-free advances from associates	6,413,575	15,396,955
Loan facility arrangement fees and finance charges	29,321,090	18,321,860
	<u>132,788,999</u>	<u>87,156,212</u>
Less: Amounts capitalised to properties under development	<u>(41,046,000)</u>	<u>(12,243,292)</u>
	<u>91,742,999</u>	<u>74,912,920</u>

6. SHARE OF RESULTS OF ASSOCIATES

Share of results of associates included the Group's share of increase in fair value of investment properties of the associates of HK\$887,817,612 (*six months ended 31st December, 2009: HK\$283,819,520*).

7. PROFIT BEFORE TAXATION

	Six months ended	
	31st December, 2010 <i>HK\$</i>	31st December, 2009 <i>HK\$</i>
Profit before taxation has been arrived at after charging (crediting):		
Release of prepaid lease payments (included in administrative expenses)	9,071,145	2,502,146
Cost of properties sold recognised as cost of sales	335,920,367	1,443,664,780
Cost of hotel inventories recognised as direct expenses	44,261,865	31,149,869
Depreciation of owner-operated hotel properties	10,248,103	5,041,096
Depreciation of property, plant and equipment	22,002,812	13,393,338
Recognition (reversal) of provision for doubtful trade receivables	504,498	(80,698,230)
(Gain) loss on disposal of property, plant and equipment	<u>(516,841)</u>	<u>134</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2010

8. INCOME TAX EXPENSE

	Six months ended	
	31st December, 2010 HK\$	31st December, 2009 HK\$
The charge comprises:		
Taxation attributable to the Company and its subsidiaries		
Hong Kong Profits Tax	360,058,847	263,511,892
Other jurisdictions	19,093,809	46,112,816
	<u>379,152,656</u>	<u>309,624,708</u>
Deferred taxation	484,535,541	260,213,459
	<u>863,688,197</u>	<u>569,838,167</u>

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 16.5% (six months ended 31st December, 2009: 16.5%).

Taxes on profits assessable in Singapore and elsewhere are recognised based on management's best estimate of the weighted average annual income tax rates prevailing in the countries and the regions in which the Group operates. The estimated average annual tax rate used is 17% (six months ended 31st December, 2009: 17%).

Deferred taxation is attributable to the change in fair value of investment properties and other temporary differences.

The Inland Revenue Department ("IRD") initiated tax inquiries for the years of assessment 1995/96 to 2003/04 on a wholly-owned subsidiary, Sing-Ho Finance Company Limited ("Sing-Ho Finance"). Notices of assessment for additional tax in an aggregate sum of approximately HK\$596,992,000 were issued to Sing-Ho Finance for the years under review and objections were properly lodged with the IRD by Sing-Ho Finance. The IRD agreed to hold over the tax claim subject to the purchase of tax reserve certificates (the "TRC") of approximately HK\$109,940,000 for those years of assessments. These TRC were purchased by the Group in prior years. During the current interim period, the Directors of the Company have determined that, based on the available evidence collated so far, provisions for tax payable in respect of the assessments of approximately HK\$208,000,000 and for the estimated interest payable on additional tax of approximately HK\$110,000,000 should be made by the Group. The Directors of the Company consider that such provisions are appropriate having taken into account the current circumstances. The provisions for additional tax payable and the estimated interest payable are included in the current income tax expense and administrative expenses respectively. The Directors of the Company are also of the opinion that the payment of any additional tax other than the tax provided is not probable and, therefore, no further tax provision has been made.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2010

9. DIVIDEND PAID

	Six months ended	
	31st December, 2010 HK\$	31st December, 2009 HK\$
Final dividend paid for the year ended 30th June, 2010 of HK30 cents (<i>six months ended 31st December, 2009:</i> <i>HK30 cents for year ended 30th June, 2009</i>) per share, with a scrip dividend option	1,470,297,207	1,445,407,061

Subsequent to the end of the reporting period, the Directors of the Company determined that an interim dividend for the six months ended 31st December, 2010 of HK10 cents (*six months ended 31st December, 2009: HK10 cents*) per share would be paid to the shareholders of the Company whose names appear in the Register of Members on 25th March, 2011.

10. EARNINGS PER SHARE

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

	Six months ended	
	31st December, 2010 HK\$	31st December, 2009 HK\$
Earnings for the purpose of basic earnings per share	5,343,128,646	3,300,149,532
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	4,975,384,647	4,835,260,641

11. INVESTMENT PROPERTIES

The Group's investment properties at 31st December, 2010 and 30th June, 2010 were fair-valued by Knight Frank Petty Limited, independent valuers not connected with the Group. The valuation was determined by reference to market evidence of recent transaction prices for similar properties and/or on the basis of discounted cash flow projections based on estimates of future rental income from properties using current market rentals and yields as inputs. During the six months ended 31st December, 2010, the Group acquired investment properties of Nil (*six months ended 31st December, 2009: HK\$567,316,401*) through acquisition of subsidiary and incurred renovation cost on investment properties of HK\$29,802,105 (*six months ended 31st December, 2009: HK\$18,277,258*).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2010

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31st December, 2010, additions to property, plant and equipment amounted to HK\$28,741,454 (six months ended 31st December, 2009: HK\$11,327,871).

13. INTERESTS IN ASSOCIATES

	31st December, 2010 HK\$	30th June, 2010 HK\$
Interests in associates:		
Unlisted shares, at cost	2,179,766,703	2,059,212,918
Share of post-acquisition profits and other comprehensive income, net of dividends received	7,767,815,190	5,653,222,160
	<u>9,947,581,893</u>	<u>7,712,435,078</u>

Included in the cost of investment in associates is goodwill of HK\$142,498,716 (30th June, 2010: HK\$142,498,716) arising on acquisitions of associates in prior years.

The IRD initiated tax inquiries in respect of the deductions on certain loan interest and related expenses for the years of assessment 1994/95 to 2003/04 on a wholly-owned subsidiary, Murdoch Investments Inc. (“MII”), of the Group’s associate, Erleigh Investment Limited. Notices of assessment for additional tax in the aggregate amounts of approximately HK\$127,740,000 were issued to MII for the years under review and objection was properly lodged with the IRD by MII. The IRD agreed to hold over the tax claim subject to the purchase of TRC of approximately HK\$18,212,000 for those years of assessments. These TRC were purchased by the corresponding company in prior years.

In respect of MII case, the effective share of the additional tax attributable to the Group as at 31st December, 2010 is estimated to be approximately HK\$57,483,000 (30th June, 2010: HK\$57,483,000). During the current interim period, the management has determined that, based on the available evidence collated so far, provisions for tax payable in respect of the assessments of approximately HK\$29,000,000 and for the estimated interest payable on additional tax of approximately HK\$15,100,000 should be made. The effective share of tax and the estimated interest payable attributable to the Group are approximately HK\$13,000,000 and HK\$6,800,000 respectively. The management considers that such provisions are appropriate having taken into account the current circumstances. The management is also of the opinion that the payment of any additional tax other than the tax provided is not probable and, therefore, no further tax provision has been made by MII.

The Directors of the Company have taken note of the above matters and have made due inquiries. Nothing has come to the attention of the Board of Directors of the Company which indicates that there has been material subsequent development or change in status in respect of the above matters.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2010

14. INTERESTS IN A JOINTLY CONTROLLED ENTITY

	31st December, 2010 HK\$	30th June, 2010 HK\$
Interests in a jointly controlled entity:		
Unlisted shares, at cost	<u>61,495,064</u>	<u>70,251,382</u>

The jointly controlled entity is engaged in property development during the reporting period.

15. ACCOUNTS AND OTHER RECEIVABLES

Included in accounts and other receivables are trade receivables of HK\$336,348,731 (30th June, 2010: HK\$563,964,076). Trade receivables mainly comprise rental receivables and properties sales receivables.

The following is an aged analysis of trade receivables (net of allowance for doubtful debts) at the reporting date:

	31st December, 2010 HK\$	30th June, 2010 HK\$
0 – 30 days	262,207,085	467,689,046
31 – 60 days	34,085,394	20,895,066
61 – 90 days	4,384,889	4,150,424
Over 90 days	<u>35,671,363</u>	<u>71,229,540</u>
	<u>336,348,731</u>	<u>563,964,076</u>

16. ACCOUNTS AND OTHER PAYABLES

Included in accounts and other payables are trade payables of HK\$137,641,407 (30th June, 2010: HK\$90,212,596).

The following is an aged analysis of trade payables at the reporting date:

	31st December, 2010 HK\$	30th June, 2010 HK\$
0 – 30 days	102,190,016	65,096,716
31 – 60 days	22,977,368	11,958,400
61 – 90 days	1,792,356	2,800,783
Over 90 days	<u>10,681,667</u>	<u>10,356,697</u>
	<u>137,641,407</u>	<u>90,212,596</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 31st December, 2010

17. BANK BORROWINGS

During the six months ended 31st December, 2010, the Group obtained new bank loans amounting to HK\$474,188,369 (six months ended 31st December, 2009: HK\$373,335,015). The proceeds were mainly used to repay existing bank loans. All of the bank borrowings carry contracted interest rates (which are also the effective interest rates) at HIBOR/SIBOR plus a margin per annum.

18. SHARE CAPITAL

	Number of ordinary shares of HK\$1.00 each	Nominal value HK\$
Authorised:		
At 1st July, 2010 and at 31st December, 2010	6,000,000,000	6,000,000,000
Issued and fully paid:		
At 1st July, 2010	4,902,690,690	4,902,690,690
Issuance of shares by placement	305,000,000	305,000,000
Issued in lieu of cash dividend	54,074,182	54,074,182
Cancellation upon repurchase of own shares	(1,700,000)	(1,700,000)
At 31st December, 2010	5,260,064,872	5,260,064,872

During the period, 1,700,000 (six months ended 31st December, 2009: 26,300,000) ordinary shares repurchased on the Stock Exchange were cancelled. The nominal value of HK\$1,700,000 (six months ended 31st December, 2009: HK\$26,300,000) of all the shares cancelled during the period was credited to the capital redemption reserve and the relevant aggregate consideration of HK\$24,092,901 (six months ended 31st December, 2009: HK\$378,551,286) was paid out from the Company's retained profits.

On 9th November, 2010, arrangements were made for a top-up placement of 305,000,000 ordinary shares of HK\$1.00 each at a price of HK\$16.85 per ordinary share. The proceeds were used to finance the Group's general working capital.

On 29th November, 2010, the Company issued and allotted 54,074,182 ordinary shares of HK\$1.00 each at an issue price of HK\$16.4 per ordinary share in lieu of cash for the 2010 final dividend.

The shares issued during the period rank pari passu with the then existing shares in all respects.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2010

19. PLEDGE OF ASSETS

- (a) At 31st December, 2010, the aggregate facilities of bank loans amounting to approximately HK\$22,963,448,000 (30th June, 2010: HK\$27,029,704,000) were secured by certain of the Group's properties, restricted bank deposits and floating charges on bank balances amounting to a total carrying amount of approximately HK\$42,864,989,000 (30th June, 2010: HK\$50,434,716,000). At that date, the facilities were utilised to the extent of approximately HK\$14,114,772,000 (30th June, 2010: HK\$18,280,538,000).
- (b) At 31st December, 2010, investments in and advances to certain associates amounting to approximately HK\$7,074,629,000 (30th June, 2010: HK\$6,553,299,000) and certain assets of the associates were pledged to or assigned to banks to secure loan facilities made available by the banks to such associates.

20. CONTINGENT LIABILITIES

- (a) Other than as disclosed in Note 8, at the end of the reporting period, the Group had contingent liabilities as follows:

	31st December, 2010 HK\$	30th June, 2010 HK\$
Guarantees in respect of banking facilities of associates:		
– Utilised	6,805,750,000	7,683,750,000
– Unutilised	2,353,200,000	3,150,800,000
Total guarantees	<u>9,158,950,000</u>	<u>10,834,550,000</u>

In relation to the financial guarantee provided to banks in respect of banking facilities granted to associates at 31st December, 2010, HK\$5,066,450 (30th June, 2010: HK\$8,869,482) was recognised in the condensed consolidated financial statements as financial guarantee contracts.

- (b) At the end of the reporting period, share of contingent liabilities of associates is as follows:

	31st December, 2010 HK\$	30th June, 2010 HK\$
Share of contingent liabilities arising from tax affairs of associates	<u>44,552,000</u>	<u>57,483,000</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2010

21. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARY

During the period ended 31st December, 2009, the assets and liabilities acquired through the acquisition of 100% equity interest in HCP Hong Kong Fully Co Ltd for a total consideration of HK\$573,693,868 net of bank and cash balances of HK\$13,355,472 acquired. This company is engaged in property investment holding.

The net assets acquired in the transaction are as follows:

	Recognised amounts HK\$
Net assets acquired:	
Investment properties	567,316,401
Property, plant and equipment	12,683,599
Accounts and other receivables	1,391,352
Bank balances and cash	13,355,472
Accounts and other payables	(7,697,484)
Unsecured loan payable	(335,199,719)
	<hr/>
	251,849,621
Assignment of unsecured loan payable to its intermediate holding company	335,199,719
	<hr/>
	587,049,340
	<hr/>
Total cash consideration paid for acquisition of the subsidiary	587,049,340
	<hr/>
Net cash outflow arising on acquisition:	
Cash consideration paid	587,049,340
Bank and cash balances acquired	(13,355,472)
	<hr/>
	573,693,868
	<hr/>

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 23rd March, 2011 to Friday, 25th March, 2011, both dates inclusive, during which period no transfer of shares will be effected. The record date for the interim dividend is at the close of business on Friday, 25th March, 2011.

In order to qualify for the interim dividend, shareholders should ensure that all transfers accompanied by the relevant share certificates are lodged with the Company's Registrars, Tricor Standard Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 22nd March, 2011.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the interim period, the Company repurchased 400,000 ordinary shares on The Stock Exchange of Hong Kong Limited at an aggregate consideration of HK\$5,612,276. The repurchases were effected by the Directors for the enhancement of shareholders' value. Details of the repurchases are as follows:

Month of the repurchases	Total number of the ordinary shares repurchased	Highest price paid per share <i>HK\$</i>	Lowest price paid per share <i>HK\$</i>	Aggregate consideration <i>HK\$</i>
July 2010	400,000	14.08	13.92	5,612,276
	<u>400,000</u>			<u>5,612,276</u>

All 400,000 shares repurchased were cancelled on delivery of the share certificates during the interim period. 1,300,000 ordinary shares repurchased in the last financial year ended 30th June, 2010 were cancelled during the interim period. The nominal value of HK\$1,700,000 of all the shares cancelled during the interim period was credited to capital redemption reserve and the relevant aggregate consideration of HK\$24,092,901 was paid out from the Company's retained profits.

Apart from the above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the interim period.

DIRECTORS' INTERESTS

As at 31st December, 2010, the interests and short positions held by the Directors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), were as follows:

(a) Long Positions in Shares of the Company

Name of Directors	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Mr. Robert Ng Chee Siong	3,148,640	Beneficial owner of 140,585 shares and spouse interest in 3,008,055 shares	0.05%
The Honourable Ronald Joseph Arculli, GBM, CVO, GBS, OBE, JP	1,044,095	Beneficial owner	0.01%
Dr. Allan Zeman, GBS, JP	—	—	—
Mr. Adrian David Li Man-kiu, JP	—	—	—
Dr. Fu Yuning	—	—	—
Mr. Yu Wai Wai	—	—	—
Mr. Thomas Tang Wing Yung	132,527	Beneficial owner	≈0%
Mr. Daryl Ng Win Kong	80,588	Beneficial owner	≈0%
Mr. Ringo Chan Wing Kwong	—	—	—
Mr. Sunny Yeung Kwong	—	—	—

(b) Long Positions in Shares of Associated Corporations

(i) Holding Company

Tsim Sha Tsui Properties Limited

Name of Directors	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Mr. Robert Ng Chee Siong	579,597	Beneficial owner	0.03%
The Honourable Ronald Joseph Arculli, GBM, CVO, GBS, OBE, JP	60,000	Beneficial owner	≈0%
Dr. Allan Zeman, GBS, JP	—	—	—
Mr. Adrian David Li Man-kiu, JP	—	—	—
Dr. Fu Yuning	—	—	—
Mr. Yu Wai Wai	—	—	—
Mr. Thomas Tang Wing Yung	—	—	—
Mr. Daryl Ng Win Kong	—	—	—
Mr. Ringo Chan Wing Kwong	—	—	—
Mr. Sunny Yeung Kwong	—	—	—

DIRECTORS' INTERESTS (Continued)

(b) Long Positions in Shares of Associated Corporations (Continued)

(ii) Associated Companies

Mr. Robert Ng Chee Siong was deemed to be interested in shares of the following companies through corporations controlled by him:

Name of Associated Companies	Number of Ordinary Shares	% of Issued Share Capital
Better Chief Limited	50 (Notes 1 and 2)	50%
Brighton Land Investment Limited	1,000,002 (Notes 1 and 3)	100%
Dramstar Company Limited	440 (Notes 1 and 4)	44%
Empire Funds Limited	1 (Notes 1 and 5)	50%
Erleigh Investment Limited	110 (Notes 1 and 5)	55%
Eternal Honest Finance Company Limited	1 (Notes 1 and 5)	50%
Famous Empire Finance Limited	5 (Notes 1 and 6)	50%
Famous Empire Properties Limited	5,000 (Notes 1 and 6)	50%
FHR International Limited	1 (Note 7)	33.33%
Island Resort Estate Management Company Limited	10 (Notes 1 and 5)	50%
Jade Result Limited	500,000 (Notes 1 and 5)	50%
Jumbo Funds Limited	1 (Notes 1 and 8)	50%
Murdoch Investments Inc.	2 (Notes 1 and 3)	100%
Real Maker Development Limited	20,000 (Notes 1 and 9)	10%
Rich Century Investment Limited	500,000 (Notes 1 and 5)	50%
Silver Link Investment Limited	10 (Notes 1 and 5)	50%
Sino Club Limited	2 (Note 10)	100%
Sino Parking Services Limited	450,000 (Note 11)	50%
Sino Real Estate Agency Limited	50,000 (Note 11)	50%

Notes:

1. Osborne Investments Ltd. ("Osborne") was a wholly-owned subsidiary of Seaview Assets Limited which was in turn 100% owned by Boswell Holdings Limited in which Mr. Robert Ng Chee Siong had a 50% control.
2. The shares were held by Devlin Limited, a wholly-owned subsidiary of Osborne.
3. The shares were held by Erleigh Investment Limited, a company 55% controlled by Osborne.
4. The shares were held by Jade Result Limited, a company 50% controlled by Osborne.
5. The share(s) was(were) held by Osborne.
6. The shares were held by Standard City Limited, a wholly-owned subsidiary of Osborne.
7. The share was held by Smart Link Limited in which Mr. Robert Ng Chee Siong had a 100% control.
8. The share was held by Pure Win Company Limited, a wholly-owned subsidiary of Osborne.

DIRECTORS' INTERESTS (Continued)

(b) Long Positions in Shares of Associated Corporations (Continued)

(ii) Associated Companies (Continued)

Notes: (Continued)

9. The shares were held by Goegan Godown Limited, a wholly-owned subsidiary of Osborne.
10. The shares were held by Sino Real Estate Agency Limited, a company 50% controlled by Deansky Investments Limited in which Mr. Robert Ng Chee Siong had a 100% control.
11. The shares were held by Deansky Investments Limited.

Save as disclosed above, as at 31st December, 2010, none of the Directors had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations which were recorded in the register required to be kept by the Company under Section 352 of the SFO or required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

As at 31st December, 2010, the interests and short positions of the substantial shareholders and other shareholders in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of Part XV of the SFO were as follows:

Long Positions in Shares of the Company

Name of Substantial Shareholders	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Mr. Ng Teng Fong*	2,719,318,923 (Notes 1, 2 and 3)	Beneficial owner of 28,256,688 shares, spouse interest in 3,788,590 shares and interest of controlled corporations in 2,687,273,645 shares	51.69%
Tsim Sha Tsui Properties Limited	2,608,136,982 (Notes 1(a), 1(b), 2 and 3)	Beneficial owner of 1,191,162,764 shares and interest of controlled corporations in 1,416,974,218 shares	49.58%

* "Mr. Ng Teng Fong" referred to Mr. Ng Teng Fong (estate of Mr. Ng Teng Fong).

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS (Continued)

Long Positions in Shares of the Company (Continued)

Name of Other Shareholders	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Spangle Investment Limited	320,193,811 <i>(Note 2)</i>	Beneficial owner	6.08%
Ka Fai Land Investment Limited	280,562,289 <i>(Note 3)</i>	Beneficial owner	5.33%

Notes:

1. As regards 2,687,273,645 shares held by controlled corporations:
 - (a) 1,191,162,764 shares were held by Tsim Sha Tsui Properties Limited which was 71.95% controlled by Mr. Ng Teng Fong;
 - (b) (i) 36,912,422 shares were held by Orchard Centre Holdings (Private) Limited, in which Nam Lung Properties Development Company Limited, a wholly-owned subsidiary of Tsim Sha Tsui Properties Limited, had a 95.23% control; and
 (ii) 1,380,061,796 shares were held through certain other wholly-owned subsidiaries of Tsim Sha Tsui Properties Limited (including 320,193,811 shares held by Spangle Investment Limited (Note 2) and 280,562,289 shares held by Ka Fai Land Investment Limited (Note 3)); and
 - (c) 79,136,663 shares were held through companies which were 100% controlled by Mr. Ng Teng Fong – 127,977 shares by Fanlight Investment Limited, 126,546 shares by Garford Nominees Limited, 28,476,796 shares by Karaganda Investments Inc., 12,281,920 shares by Orient Creation Limited, 5,969,314 shares by Strathallan Investment Limited, 17,991,615 shares by Strong Investments Limited, 13,787,014 shares by Tamworth Investment Limited and 375,481 shares by Transpire Investment Limited.
2. 320,193,811 shares were held by Spangle Investment Limited, a wholly-owned subsidiary of Tsim Sha Tsui Properties Limited and were duplicated in the interests of Mr. Ng Teng Fong and Tsim Sha Tsui Properties Limited.
3. 280,562,289 shares were held by Ka Fai Land Investment Limited, a wholly-owned subsidiary of Tsim Sha Tsui Properties Limited and were duplicated in the interests of Mr. Ng Teng Fong and Tsim Sha Tsui Properties Limited.

Save as disclosed above and so far as the Directors of the Company are aware, as at 31st December, 2010, no other person had an interest or short position in the shares and underlying shares of the Company which were recorded in the register required to be kept under Section 336 of the SFO, or was otherwise a substantial shareholder of the Company.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

In accordance with Rule 13.22 of the Listing Rules, the Company discloses the following statement of indebtedness, capital commitments and contingent liabilities reported on by the affiliated companies as at the end of the most recent financial period.

	At 31st December, 2010 HK\$	At 30th June, 2010 HK\$
The Group's share of total indebtedness of its affiliated companies		
– Bank loans	7,149,725,630	8,065,015,771
Advances from the Group	12,765,274,343	14,956,607,037
	<u>19,914,999,973</u>	<u>23,021,622,808</u>
The Group's share of contingent liabilities of its affiliated companies	<u>44,552,000</u>	<u>57,483,000</u>

Note: "Affiliated companies" mentioned above refers to associates and jointly controlled entity of the Group.

DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Directors' Updated Biographical Details

The changes in the biographical details of the Directors since the publication of the 2010 annual report in September 2010 are set out below:

Dr. Allan Zeman

- ceased to be a member of the Tourism Strategy Group for the Hong Kong Tourism Commission;
- ceased to be a board member of the Hong Kong Arts Festival; and
- ceased to be a board member of the Hong Kong Community Chest.

Mr. Adrian David Li Man-kiu

- appointed as the Deputy Chairman of the Tenth Committee of the Beijing Youth Federation (formerly the Deputy Chairman of the Ninth Committee of the Beijing Youth Federation).

DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES *(Continued)*

Directors' Updated Biographical Details *(Continued)*

Dr. Fu Yuning

- appointed as the Chairman of China Merchants Bank Co., Ltd.;
- ceased to be Chairman of China Merchants Energy Shipping Company Limited;
- ceased to be Chairman of China International Marine Containers (Group) Limited;
- ceased to be an Independent Non-Executive Director of Integrated Distribution Services Group Limited; and
- ceased to be a Director of Hong Kong Port Development Council.

Mr. Daryl Ng Win Kong

- appointed as a member of Executive Committee of The Boys' & Girls' Clubs Association of Hong Kong;
- appointed as the Deputy Chairman of the Chongqing Youth Federation;
- ceased to be a member of the Infrastructure Development Advisory Committee of the Hong Kong Trade Development Council; and
- ceased to be a General Committee member of The Chamber of Hong Kong Listed Companies.

Directors' updated biographies are available on the Company's website.

Directors' Emoluments

During the interim period, the Executive Directors Mr. Yu Wai Wai, Mr. Thomas Tang Wing Yung, Mr. Daryl Ng Win Kong, Mr. Ringo Chan Wing Kwong and Mr. Sunny Yeung Kwong received discretionary bonuses in the amounts of HK\$1,199,055, HK\$473,755, HK\$62,360, HK\$554,850 and HK\$798,600 respectively.

The basis of determining the Directors' emoluments (including bonus payments) remain unchanged during the six months ended 31st December, 2010.

Save as disclosed above, as at 31st December, 2010, there had not been any other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

COMPLIANCE COMMITTEE

The Company set up its Compliance Committee on 30th August, 2004 with written terms of reference to enhance the corporate governance of the Group. The Committee has dual reporting lines. A principal reporting line is to the Board through the Committee Chairman. A secondary reporting line is to the Audit Committee. The existing Committee comprises the Executive Director Mr. Daryl Ng Win Kong (Committee Chairman), the other Executive Directors, the two respective Heads of Legal and Company Secretarial Departments, Group General Manager (Hotel), the Chief Financial Officer, Head of Internal Audit Department, department heads and the Compliance Officer. The Committee holds bi-monthly regular meetings to review and make recommendations to the Board and the Audit Committee on the Group's corporate governance issues and Listing Rules compliance matters.

AUDIT COMMITTEE

The Company set up its Audit Committee on 23rd September, 1998 with written terms of reference. The Committee reports to the Board and has held regular meetings since its establishment to review and make recommendations to improve the Group's financial reporting process and to ensure that management has discharged its duty to have effective financial controls, internal controls and risk management systems. The Committee comprises Mr. Adrian David Li Man-kiu, JP (Committee Chairman), Dr. Allan Zeman, GBS, JP and Dr. Fu Yuning, all of whom are Independent Non-Executive Directors.

In the first quarter of 2011, the Audit Committee has reviewed the accounting policies and practices adopted by the Group and the interim report for the six months ended 31st December, 2010.

REMUNERATION COMMITTEE

The Company established its Remuneration Committee on 23rd June, 2005 with written terms of reference. The Committee comprises three members with the Independent Non-Executive Directors constituting the majority of the Committee. The Chairman of the Committee is the Executive Director, Mr. Daryl Ng Win Kong and two other members are the Independent Non-Executive Directors, namely Dr. Allan Zeman, GBS, JP and Mr. Adrian David Li Man-kiu, JP.

The Remuneration Committee is responsible for, inter alia, making recommendations to the Board on the Company's emolument policy and structure for Directors and senior management and on the establishment of a formal and transparent procedure for developing such policy and structure. In arriving at its recommendations, the Committee will consult with the Chairman and take into consideration factors including but not limited to salaries paid by comparable companies, employment conditions elsewhere in the Company and its subsidiaries and desirability of performance-based remuneration. The Committee would meet at least annually to make recommendations to the Board on the Group's emolument policy including the remuneration of Directors and senior management.

CODES FOR DEALING IN THE COMPANY'S SECURITIES

The Company has adopted its code for dealing in the Company's securities by Directors (the "Company Code") on terms no less exacting than the required standard set out in the Model Code of the Listing Rules. The Company has made specific enquiries of all Directors who confirmed compliance with the required standard set out in the Company Code during the six months ended 31st December, 2010.

The Company has also adopted a code for dealing in the Company's securities by relevant employees, who are likely to be in possession of unpublished price-sensitive information in relation to the securities of the Company, on no less exacting terms than the Model Code.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 31st December, 2010, the Company has complied with all the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules for the relevant period, except that there was no separation of the roles of the chairman and the chief executive officer, both of the roles are currently undertaken by the Chairman of the Board.

The Board is of the view that the current management structure has been effective in facilitating the Company's operation and business development and that necessary checks and balances consistent with sound corporate governance practices are in place. The implementation of strategies and policies of the Board and the operations of each business unit are overseen and monitored by designated responsible Executive Directors. The Board found that the current arrangement had worked effectively in enabling it to discharge its responsibilities satisfactorily. In addition, the three Independent Non-Executive Directors have contributed valuable views and proposals for the Board's deliberation and decisions. The Board will review the management structure regularly to ensure it continues to meet these objectives and is in line with industry practices.

By Order of the Board
Eric IP Sai Kwong
Secretary

Hong Kong, 25th February, 2011

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF SINO LAND COMPANY LIMITED

Introduction

We have reviewed the interim financial information set out on pages 15 to 31, which comprises the condensed consolidated statement of financial position of Sino Land Company Limited (the “Company”) and its subsidiaries as of 31st December, 2010 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25th February, 2011

