



信和置業有限公司
Sino Land Company Limited

2009-2010
INTERIM REPORT
二零零九至二零一零年度
中期報告書

LAKE SILVER
銀湖·天峰



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CORPORATE INFORMATION

Board of Directors

Robert Ng Chee Siong, Chairman
Ronald Joseph Arculli, GBS, CVO, OBE, JP[#]
Allan Zeman, GBS, JP*
Adrian David Li Man-kiu, JP*
Fu Yuning*
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	24th March, 2010 to 26th March, 2010 (both dates inclusive)
Last Date for lodging scrip dividend election forms	15th April, 2010 4:30 p.m.
Interim Dividend Payable	HK10 cents per share 26th April, 2010

Principal Bankers

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

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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)
Depositary 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, 2009 (Interim Period) increased significantly to HK\$3,300.1 million, representing an increase of 64.0% compared with HK\$2,012.2 million in the previous period. Excluding revaluation gain on investment properties net of deferred tax of HK\$1,266.3 million, the underlying net profit from operations was HK\$2,033.8 million for the Interim Period (2008: HK\$2,603.3 million).

The turnover of the Group for the Interim Period was HK\$4,418.7 million (2008: HK\$6,217.2 million). Earnings per share for the period was 68.25 cents (2008: 41.42 cents).

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 26th April, 2010 to those shareholders whose names shall appear on the Register of Members of the Company on 26th March, 2010.

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 31st March, 2010. It is expected that the interim dividend warrants and share certificates will be despatched to shareholders on or about 26th April, 2010.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS REVIEW

(1) Sales Activities

Turnover and earnings from sales of properties at subsidiary level for the Interim Period were mainly contributed by the sales of residential units in new projects namely Lake Silver and Park Place, as well as The Palazzo, The Dynasty, Vista and One Madison which were completed in the previous financial years.

Lake Silver is a residential and commercial project located atop the Wu Kai Sha Station on the Ma On Shan Line along the East Rail Extension, as well as a public transport interchange encompassing a bus terminal offering a number of routes to various locations, public light bus and taxi stands. The project overlooks the picturesque natural coastline of Sai Kung. Residents can enjoy spectacular sea views of Tolo Harbour, Tolo Channel, the Starfish Bay conservation area, as well as mountain ranges, including Pak Sin Leng and Kau To Shan. This outstanding high quality property development comprises a total of 2,169 residential units with approximately 43,000 square feet of retail space and a clubhouse of approximately 360,000 square feet. The clubhouse is named Palace by the Sea, the design of which is inspired by world-class holiday resorts. It offers a wide range of leisure and recreational facilities for residents to enjoy. Sales of this project received an overwhelming market response with over 92% of the total units sold to date. The occupation permit and certificate of compliance for the Lake Silver were obtained in July and November 2009 respectively.

In August 2009, the Group launched for sale a residential project named Park Place, in Xiamen, Fujian Province, Mainland China. This project offers a total of 73 luxurious residential units and was completed in May 2009. The sale of the project was well received with all the units sold within a short period of time.

In addition to the new projects Lake Silver and Park Place, the Group continued to sell units in The Palazzo in Shatin, The Dynasty in Tsuen Wan, Vista and One Madison, both in Sham Shui Po. Market response for the sales of these projects was good and to date, over 85%, 92%, 98% and 68% of the total units in the respective projects have been sold.

CHAIRMAN'S STATEMENT (Continued)

BUSINESS REVIEW (Continued)

(1) Sales Activities (Continued)

During the Interim Period, the Group completed two projects. Details of the completed projects are presented in the table below, with a total attributable gross floor area of over 2.0 million square feet.

	<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> <i>(Square feet)</i>
1.	Lake Silver No. 599 Sai Sha Road, Wu Kai Sha Station, Ma On Shan, New Territories, Hong Kong	Residential/ Retail	Joint Venture	1,858,405
2.	Chengdu International Community Xipu Zhen, Pi Xian, Jin Niu District, Chengdu, Sichuan, PRC	Residential	20%	218,247
				<hr/> <u>2,076,652</u>

CHAIRMAN'S STATEMENT (Continued)

BUSINESS REVIEW (Continued)

(2) Land Bank

As at 31st December, 2009, the Group has a land bank of approximately 43.2 million square feet of attributable gross floor area comprising a balanced portfolio of properties of which 66.1% is residential; 23.1% commercial; 4.9% industrial; 3.4% car parks and 2.5% hotels. In terms of breakdown of the land bank by status, 30.7 million square feet consist of properties under development, 10.9 million square feet of properties for investment/own use and 1.6 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 acquired a total of three sites mainly for residential development and one investment property through the acquisition of a holding company with total attributable gross floor area of over 1.6 million square feet. Details of the acquisitions and the attributable gross floor area for the Group are as follows:

	<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> (Square feet)
1.	TPTL200 Pak Shek Kok Development Area, Site D1, Tai Po, New Territories, Hong Kong	Residential/ Commercial	100%	720,757
2.	TPTL201 Pak Shek Kok Development Area, Site D2, Tai Po, New Territories, Hong Kong	Residential/ Commercial	85%	612,643
3.	Redevelopment site at the junction of Yuet Wah Street and Hip Wo Street, Kwun Tong, Kowloon, Hong Kong	Residential	Joint Venture	232,825
4.	Fraser Suites Hong Kong 74 – 80 Johnston Road, Wan Chai, Hong Kong Island, Hong Kong	Residential/ Commercial	100%	58,107
				<hr/> 1,624,332 <hr/>

CHAIRMAN'S STATEMENT (Continued)

BUSINESS REVIEW (Continued)

(3) Property Development

The Group expects to complete a total of three projects with an attributable gross floor area of over 0.7 million square feet in the financial year ending 30th June, 2010. Details of the projects are as follows:

	<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> (Square feet)
1.	Sino International Plaza 137 Wu Xi Lu, Fuzhou, PRC	Commercial	100%	499,158
2.	The Balmoral TPTL 179, Ma Wo, Tai Po, New Territories Hong Kong	Residential	100%	114,486
3.	The Fullerton Bay Hotel and Customs House Singapore	Hotel/ Commercial	100%	93,909
				<hr/> <u>707,553</u>

Subsequent to the Interim Period, the Group obtained the occupation permit for The Balmoral from the Building Authority of the HKSAR Government on 28th January, 2010 and the Temporary Occupation Permit for Customs House in Singapore from the Building and Construction Authority on 19th February, 2010.

High standards of product and service quality are of the utmost importance along with the Group's policy on project development and property asset management. The Group has made significant efforts to continuously improve its developments and services by applying stringent quality control, 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

The Group's gross rental revenue, including the attributable share of its associates, increased by 5.2% to HK\$1,175.1 million for the Interim Period compared with HK\$1,116.9 million in the previous interim period.

The recent improvement in economic conditions, increased consumer confidence, wage rises and the growth of individual travel from Mainland China have sustained shoppers' flow in our shopping malls, and retail sales have experienced growth. The rental contributions from additional retail properties that were completed in the previous financial year, namely Citywalk 2 in Tsuen Wan town centre, the retail spaces in The Palazzo in Shatin, Exchange Tower in Kowloon Bay and The Hennessy in Wan Chai, will further enhance the Group's rental revenue and brand.

Since the latter half of 2009, global economy has shown signs of recovery. Business environment has been improving. The office leasing market in Hong Kong has also started to pick up with increasing demand for quality office spaces. With economic statistics indicating that the global economy is gradually reviving, corporations have started hiring new staff, Chinese enterprises have recommenced listing new stocks on the Stock Exchange of Hong Kong and establishing a presence in Hong Kong, leading to a rise in the take-up of office space.

On the industrial sector side, the HKSAR Government's efforts to introduce measures to realise the potential of old industrial buildings as stated in the Policy Address 2009 will have positive effects. These include increasing the utilisation of industrial buildings, upgrading the landscape in industrial areas, broadening the tenant base, encouraging new ideas for conversion into viable businesses and enabling society to support new start-ups. The Group has been reviewing its industrial portfolio since the announcement of the Policy Address and will enhance the usage and optimise the value of its portfolio.

The Group expects to complete two investment properties namely Customs House in Singapore and Sino International Plaza in Fuzhou, capital city of Fujian Province within the financial year ending 30th June, 2010.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS REVIEW *(Continued)*

(4) Rental Activities *(Continued)*

Customs House, part of The Fullerton Heritage, is an elegant two-storey heritage building with a total floor area of approximately 14,800 square feet. It is located in Marina Bay, the world class Central Business District, arts, culture, and heritage waterfront area of Singapore. Built in the '60s, Customs House was formerly home to the Customs Police. The building was among the earliest buildings in Singapore to adopt a modern style and it commands direct waterfront views of Marina Bay. Its design symbolises the move towards simple and functional architecture for public buildings. The 'bowtie'-shaped protruding panel gives the building facade visual interest by creating texture with its uneven surface. The project is expected to be completed in the second quarter of 2010. Marketing for leasing has been progressing well with the majority of the lettable space committed. Combining Customs House with the other parts of The Fullerton Heritage namely The Fullerton Hotel Singapore (The Fullerton), One Fullerton, The Fullerton Waterboat House, Clifford Pier (opened in December 2008) and The Fullerton Bay Hotel (expected to be completed by second quarter of 2010) as well as the surrounding attractions of Marina Bay, this area will be one of Singapore's top tourism, entertainment and dining destinations.

Located in the heart of the central business district of Fuzhou, Sino International Plaza is conveniently accessible through an extensive transportation network. It is also close to a number of local attractions namely Hot Spring Park, West Lake Park and Fujian Museum, making it an ideal location for local and multinational firms. This 27-storey commercial development provides approximately 499,000 square feet of commercial space, 23 storeys of office space and four floors of retail space. Its low-E double glazed unitized curtain wall system presents a distinctive architectural characteristic. It also features an interior layout designed for tenant needs with efficient use of space and lighting. Each floor offers approximately 1,500 square metres of office space and the high ceiling height enhances the sense of space and ventilation airflow. A podium garden transforms Sino International Plaza into a green oasis. The retail space will be ideal for banks and international consumer product brands, and leasing of the retail space is in process. It is expected to be completed within the financial year 2009/2010.

Asset enhancement initiatives are integral to the Group's programme of optimising asset quality, value and rental revenue. These initiatives include developing effective marketing and promotional events, raising service quality, reconfiguring the layouts of premises to meet tenants' needs and ensuring the right tenant mix. The initiatives aim to enrich our customers' shopping experience and support our tenants with a sustained flow of shoppers, all of which brings more business, value and brand enhancement to the Group.

The Group has also made use of some of its rental properties to organise events to promote education and appreciation of art. 'Take a Break with ART', part of Sino Group's 'Art in Hong Kong' programme, brings art to Hong Kong people within the Group's various properties and enhance the spirit of creativity and fun in shopping malls. The programme has been housed in a shop in Citywalk. Artists from the Hong Kong Society of Illustrators have painted the shop's walls, and created objects, around the theme 'Take a break'. The Group will continue to introduce art and cultural initiatives to enrich the quality of life of Hong Kong people and help to create a more diverse, open-minded and harmonious society.

As at 31st December, 2009, the Group has approximately 10.9 million square feet of attributable gross floor area of properties for investment/own use. Of this portfolio, commercial developments (retail and office) account for 63.1%, industrial developments 15.0%, car parks 13.4%, hotels 5.8%, and residential 2.7%. The Group expects to complete a total of approximately 3 million square feet of attributable gross floor area of investment properties in the next few years, which will further increase its recurrent income base.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS REVIEW *(Continued)*

(5) Hotels

The global economic downturn has started to show signs of bottoming out with market confidence improving and business activity increasing in the latter half of 2009. According to the estimation by UNWTO, global visitor arrivals are forecast to grow between 3% and 4% in 2010, which indicate a positive outlook for the worldwide tourism and hospitality sectors. It is also worth noting that the International Monetary Fund recognises that global economies are recovering faster than expected with positive economic growth in 2010.

The Fullerton Hotel Singapore

In Singapore, the number of visitor arrivals was approximately 9.7 million in 2009, generating approximately S\$12.4 billion of revenue. The efforts the Singapore Government has made since the emergence of the financial turmoil to revive the tourism and hospitality industries have effectively helped the industries to weather difficult times.

Measures for promoting Singapore as a MICE destination have yielded good results as this sector achieved another milestone in July 2009 when Singapore was rated the “Top International Meeting City” in the Union of International Associations (UIA) 2008 Global Rankings for the second consecutive year. The Fullerton will make use of the opportunities and resources available to attract more MICE business, which will increase not only occupancy of guest rooms but also utilisation of the conference rooms as well as food and beverage. Coinciding with the positive turning of the global economies is the opening of Resorts World Sentosa, the Universal Studios and Marina Bay Sands in 2010. The tourism and hospitality industries in Singapore are set to benefit as more attractions and offerings such as these will enhance Singapore's appeal.

Throughout 2009, the Group made as much effort as possible to sustain revenue, implement measures to enhance operational efficiency and at the same time further improve service. With global economy showing signs of recovery in the beginning of 2010, The Fullerton is well positioned to capitalise on the return of business opportunities.

The Fullerton has received a number of awards from respected organisations and magazines in recognition of its standards of service as well as efforts in promoting environmental protection during the Interim Period. These awards include those from Condé Nast Traveler, Institutional Investor, National Arts Council of Singapore and SmartTravelAsia.com.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS REVIEW *(Continued)*

(5) **Hotels** *(Continued)*

Conrad Hong Kong

Visitor arrivals in Hong Kong showed a modest increase in 2009 compared with that of 2008. Much of the global economic impact was felt and the lower level of visitor arrivals seen in the first half of 2009, but activity has started to pick up since the latter half of 2009, bringing total visitor arrivals to 29.6 million in 2009 (2008: 29.5 million). The increase in business activities, the 5th East Asian Games held in Hong Kong in December 2009, the Hong Kong Wine & Dine Festival and other events were contributing factors in visitor arrival increases. There was overall growth throughout 2009 for arrivals from Mainland China and other countries such as India, Russia and the Middle East. It is also encouraging to have learnt that the visitor arrivals for 2010 have been forecast to be over 31.1 million, according to the Hong Kong Tourism Board.

The HKSAR Government's continuous efforts to introduce initiatives and improve existing attractions to promote Hong Kong in both leisure and commercial markets will enhance its world appeal. The first berth of the new cruise terminal at Kai Tak, which is expected to commence operation in mid-2013, will bring a new dimension to the Hong Kong tourism industry. The measure by Central Government that allows tour groups from Mainland China to travel to Taiwan through Hong Kong will also benefit Hong Kong's tourism and cruise businesses. All these measures will help make Hong Kong an Events Capital of Asia.

During the Interim Period, Conrad Hong Kong experienced an overall improvement in business environment with both occupancy and average room rate better than the first half of 2009 calendar year. Conrad Hong Kong has received a number of awards from respected organisations in recognition of its service quality. These include awards from Condé Nast Traveler, Institutional Investor, Travel & Leisure US, Forbes, Expedia Insiders' Select and SmartTravelAsia.Com.

New Hotels

The Fullerton Bay Hotel in Singapore, an exclusive luxurious hotel located in between the Clifford Pier and Customs House, is expected to be completed in the second quarter of 2010. As part of The Fullerton Heritage, the hotel will offer approximately 100 guest rooms and suites with panoramic waterfront Marina Bay views, stylish rooftop pool and bar, a classy city lounge and a glamorous restaurant where patrons can enjoy various fine cuisine and magnificent views of the bay.

In Hong Kong, the conversion of a portion of the retail area in One SilverSea project in West Kowloon to a luxurious boutique hotel with approximately 32 guest rooms is in progress. It is expected to be completed in the financial year 2010/2011.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS REVIEW *(Continued)*

(6) Mainland China Business

The Central Government reported better-than-expected economic growth in Mainland China in the second half of the 2009 calendar year with a GDP growth of 8.7% for the full calendar year. 2009 was a key transition point in the economic development of Mainland China with leaders making strenuous efforts to monitor the economic situation and roll out measures to balance the economy with both consumption-led and export-led growth developing hand-in-hand. This economic model will bring more stable, coordinated and sustainable growth prospects to Mainland China.

The transformation towards a more balanced growth structure will help the Chinese economy to ride out the difficult times brought by the global financial turmoil. It will also help make China the engine, along with other countries for more cohesive economic growth in the region. This will also encourage business opportunities and feel good factors.

The Central Government has demonstrated tremendous depth and understanding of the global financial turmoil in mounting well thought out measures to correct specific economic imbalances. Fine-tuning of regulations has proved effective. The monetary measures reaffirm the Government's direction of maintaining a healthy financial system. Their policies to encourage domestic consumption will ensure a balanced economic growth. The announcement of eleven specific measures by the State Council in January 2010 will ensure healthy and sustainable development for the property market allowing more people to have their own homes and also mandating strict enforcement of laws and measures.

Mainland China is an important market for the Group due to its long-term growth potential. Management believes the economic growth of China will continue despite some economic adjustments in the short-term. Economic growth in Mainland China since the mid-80s has built wealth and foreign reserves for the nation. Infrastructural developments over the years have enhanced connectivity and accessibility among and within cities. Affluent households are on the rise and demanding better livelihoods, quality housing and higher standards of living. The steps taken by the Central Government in recent years to rebalance the structure of the economy will establish a more resilient system to withstand external shocks.

Over the years, the Group has successfully completed and sold a number of residential projects, namely One HoneyLake in Shenzhen, Chengdu International Community in Chengdu, Greenfields in Guangzhou, Beverly Garden, Colonnades Court and Park Place in Xiamen. These have given the Group a good foothold in the property market in Mainland China. 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 metropolitan city and financial centre. This track record represents a good base for the Group to ensure good execution capability for the property development and investment in Mainland China.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS REVIEW *(Continued)*

(6) Mainland China Business *(Continued)*

As at 31st December, 2009, the Group's Mainland China land bank totalled 26.6 million square feet in Shanghai, Chongqing, Chengdu, Guangzhou, Xiamen, Fuzhou and Zhangzhou. Of this, 26.0 million square feet is for development and the remaining is completed properties for investment and sale. Approximately 88% of the development land bank in Mainland China is for residential developments, the remaining is for commercial developments. With regard to land bank replenishment, as the Group considers Mainland China is an important market for it to grow in the long run, it will continuously replenish its land bank in Mainland China as existing projects are sold over time. Management continues to seek good business opportunities in cities with strong economic fundamentals that can increase shareholder value.

The Group has a number of residential projects in the pipeline that will be launched for sale over the next few years. These projects include Mandarin Garden, Regency Park and Central Park in Xiamen, Fujian Province. Planning for the development of projects in Chengdu, Chongqing and Zhangzhou city in Fujian Province are in progress and expected to be completed in phases. In particular, the Cheng Hua District project in Chengdu is expected to commence construction in 2010. Construction for the Chongqing site is expected to commence during financial year 2010/2011. The Group expects more contributions from projects in Mainland China over the next few years.

The Group adopts a focused approach to property development in Mainland China. The majority of its developments are residential properties, which are built for sale. Commercial portions of sites are retained mainly for investment purposes. Management has been actively seeking favourable sites that can deliver good shareholder value. The Group will capitalise on its strengths and leverage the brand it has established in Hong Kong and Singapore to execute its Mainland China property development strategy and position its products and services as the preferred choice. The Group's commitment to building quality properties and providing professional after-sales property management services are key in 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, 2009.

CHAIRMAN'S STATEMENT *(Continued)*

FINANCE

As at 31st December, 2009, the Group's gearing was at a low of 8.3%, expressed as a percentage of bank and other borrowings net of cash and bank balances over shareholders' equity. The substantial decrease in gearing compared with that of 16.5% as at 30th June, 2009 was mainly due to the cash receipts from the sales proceeds in relation to the sales of units in Lake Silver and The Palazzo. Of the total borrowings, 12.9% was repayable within one year, 55.4% repayable between one and two years and 31.7% 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\$15,146.2 million as at 31st December, 2009, comprising cash on hand of approximately HK\$6,212.9 million together with committed undrawn facilities of approximately HK\$8,933.3 million. All the cash on hand are deposited with banks of high credit ratings. Total assets and shareholders' funds of the Group were HK\$84,283.7 million and HK\$62,851.4 million respectively.

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 achieving best practice of corporate governance, the Group has established an Audit Committee, a Compliance Committee and a Remuneration Committee. The Group is committed to maintaining good corporate transparency as well as good communication with investors and shareholders through various channels such as non-deal roadshows, investor conferences, results briefings, site visits and corporate website to disseminate information about the Group's latest developments.

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 so as to ensure customer satisfaction and brand enhancement.

CHAIRMAN'S STATEMENT (*Continued*)

CORPORATE SOCIAL RESPONSIBILITY

As a committed corporate citizen, over the years the Group has been actively involved in a range of community programmes, voluntary services, green initiatives, art and cultural events, and staff team-building activities.

Community Care

The Group serves the community with an emphasis on helping the underprivileged. The 'Eye-opening Journey' community care programme launched by the Group in January 2009 has since taken about 500 underprivileged children on a series of life-enriching hands-on activities including soccer training with professional soccer players, a community art event, a drama workshop, a 'giant brain challenge' game day, an outreach camp, and most recently, a shadow puppet workshop.

The Group is a longstanding supporter of The Community Chest of Hong Kong, Oxfam Hong Kong, The Boys' and Girls' Clubs Association of Hong Kong, S.K.H. St. Christopher's Home, The Salvation Army, Hong Kong Christian Service and Hong Chi Association. Among the charitable activities the Group has sponsored and participated in are 'Hong Chi Climbathon', 'Sowers Action Challenging 12 Hours Charity Marathon 2009', 'Sino Team Challenge 36' and the 'Oxfam Trailwalker'.

The Group also spreads a message of love and care to those in need through its keen 'Sino Caring Friends' volunteer team. The team collaborates closely with various charity organisations, including *Hope Worldwide*, Hong Kong Family Welfare Society, HKSKH Lady MacLehose Centre and St. James' Settlement, to organise birthday parties and art workshops for the underprivileged. In September 2009, Sino Caring Friends and Sino Club members joined hands to celebrate an early Mid-Autumn Festival with over 230 elderly members of Helping Hand in 'Mooncake Speaks for My Heart 2009', which was held for the tenth year. The Group also initiated a large-scale marine park cleanup campaign in October 2009 to restore the beaches of Sha Chau and Lung Kwu Chau Marine Park. The event was attended by over 250 volunteers from Sino Caring Friends, Sino Club and social welfare organisations. To deliver expert volunteer services, Sino Caring Friends organises various regular training workshops to enhance volunteer service skills. Recognising the Group's efforts in supporting voluntary community service, the Hong Kong Council of Social Service awarded the Group a '5 Years Plus Caring Company Logo' for 2008/09.

Environmental Protection

The Group makes substantial efforts and puts considerable resources into making its properties more environmentally friendly through well thought out architectural planning, energy saving and management initiatives. The Group was one of the first corporations to join the 'Carbon Audit • Green Partners' launched by the Environment Bureau in July 2008 and we are committed to conducting or assisting in conducting carbon audits on our buildings on a regular basis.

The Group's fully integrated property management service provider, Sino Property Services (SPS) comprising Sino Estates Management Limited (SEML), Sino Security Services Limited (SSSL), Best Result Cleaning Services Limited (BRCSL) and Sino Parking Services Limited (SPSL), recognises its role in promoting environmental protection. On the property management side, environmental protection initiatives can be divided into several categories, namely treatment of used materials or waste; reduction of wastage; reduction of greenhouse gases (GHGs) or carbon footprint; conservation of nature; landscaping and promoting healthy lifestyles. SPS is committed to building a sustainable environment in Hong Kong.

CHAIRMAN'S STATEMENT *(Continued)*

CORPORATE SOCIAL RESPONSIBILITY *(Continued)*

Environmental Protection *(Continued)*

It is a regular practice for SPS to roll out a number of campaigns and events to promote environmental protection every year. SPS has rolled out initiatives to arrange collection of waste oil for the production of bio-diesel and this helps to reduce carbon footprint. In support of the Environmental Levy Scheme on Plastic Shopping Bags introduced by the HKSAR Government, SPS launched the 'Sino Green Action – Reduce Use of Plastic Umbrella Bags' campaign in the shopping malls it manages, following the '7 July Mission Everyday No Plastic Bags' introduced earlier. Under the campaign, umbrella racks and plastic umbrella bags of recycled materials are provided. Staff of SPS stayed at the entrances of the malls to provide umbrella wipe-dry service for customers. Further, in response to the trend towards energy saving vehicles and for environmental protection, favourable terms are offered to environmentally friendly cars.

SPS well recognises the importance of maintaining a hygienic environment for the residents. It takes the lead in promoting hygiene and green awareness to its residents by launching the 'Sino Cleaning Academy – Living Clean Living Green' programme. Under the programme, BRCSL selects and appoints experienced instructors to provide course to teach residents in-depth knowledge about cleaning. The course emphasises eco-cleaning and the safety aspects of various cleaning tasks.

During the Interim Period and in January 2010, SPS received a number of awards in recognition of its quality of service as well as efforts in energy saving, environmental protection and quality management from various sources, including government departments, professional organisations and community bodies. Significant of these awards include the following:-

- Hong Kong Top Service Brand by the Hong Kong Brand Development Council and The Chinese Manufacturers' Association of Hong Kong
- Asia Responsible Entrepreneurship Awards 2009 Hong Kong – Green Leadership Award 2009 by Enterprise Asia
- Outstanding Partnership Project Award by Hong Kong Council of Social Service
- Highest Service Hours Merit Award by the Social Welfare Department

Sino Group enthusiastically promotes green lifestyles to the younger generation. The Group launched the annual green education programme – 'Sino Green Explorer' in October 2009 to invite primary and secondary school students to visit an organic farm and experience organic living for free. A related 'Organic Lifestyle Design Competition' encourages students to exercise their creativity and apply their knowledge of organic farming to their daily lives. For the past three consecutive years, more than 25,000 primary and secondary school students have benefited from this programme.

CHAIRMAN'S STATEMENT *(Continued)*

CORPORATE SOCIAL RESPONSIBILITY *(Continued)*

Arts and Culture

Believing that art and culture enrich the quality of life, promote creativity and enhance appreciation of arts and culture by Hong Kong people, the Group has operated the 'Art in Hong Kong' programme since 2006 to provide opportunities for local artists to display and promote their work, bring art into people's daily lives and enhance public appreciation of various types of art.

The Group has transformed its properties into public galleries, including the lobbies of Central Plaza and China Hong Kong City, and OC Gallery in Olympic City. Apart from providing free venues, Sino Group's 'Art in Hong Kong' programme offers professional assistance that spans curatorial support, publicity, exhibition design and artwork installation. The Group also shares its marketing expertise to help promote exhibitions through its extensive network.

Art education is also key to Sino Group's 'Art in Hong Kong' programme, which has organised a wide range of educational activities including workshops, talks and guided tours to further engage visitors and enhance their understanding of art.

Since the inception of the 'Art in Hong Kong' programme, the Group has presented more than 85 exhibitions and art events featuring a wide variety of art disciplines including painting, installation, sculpture, photography and illustration. Notable events include the 'China Hong Kong City Art Walk Series' exhibition, 'Shore – International Literary and Visual Art Exhibition cum Charity Sale', and the Citywalk Art Project: 'Take a Break with Art – Joint exhibitions of 23 local illustrators', which brought amusement to the public by infusing the joy of art into the hustle and bustle of cosmopolitan Hong Kong.

Apart from organising exhibitions, Sino Group's 'Art in Hong Kong' has reached out to sponsor many major art events in Hong Kong. It has been Chief Sponsor of 'Fotanian Open Studios' since 2007. This annual event welcomes the public to a behind-the-scenes glimpse of the workspaces of artists and their works. The Fotanian programme received the highest response ever in 2009, with over 180 artists, the largest number of studios in participation and a record 8,000 visitors over two weekends. The Group is also a keen sponsor of memorable performances by international artists and arts groups, including a number of exhibition shows organised by The Chinese University of Hong Kong, Hong Kong Baptist University's Academy of Visual Arts Graduation Show, the 'Beautiful Journey • Beautiful World', a pioneer art container project with its first exhibition stop in the West Kowloon Cultural District, 'Operation Santa Claus', the annual fundraising campaign jointly organised by the South China Morning Post and RTHK Radio 3, and a kaleidoscope of spectacular performances by internationally-renowned musicians, including Deutsches Symphonie-Orchester Berlin in the 2009 Hong Kong Arts Festival, and the 'Young Musician of the Year 2008' competition and concert organised by Tom Lee Music Foundation. In addition, we provide rental sponsorships to house the Asia Art Archive, Opera Hong Kong and Asian Youth Orchestra.

In 2009, in recognition of its contribution to the development of local arts, the Hong Kong Arts Development Council honoured Sino Group's 'Art in Hong Kong' with the annual 'Award for Arts Sponsorship' for the second consecutive year, and the 'Award for Arts Promotion' for the first time.

CHAIRMAN'S STATEMENT *(Continued)*

CORPORATE SOCIAL RESPONSIBILITY *(Continued)*

Staff Engagement

Apart from providing professional development and personal growth opportunities to enable individual staff members to realise their full potential, the Group cares for the well-being of its people and strives to enhance team spirit and work-life balance by encouraging staff to participate in various competitive and sports events. Recent such events have included the 'Hong Chi Climbathon', 'Sowers Action Challenging 12 Hours Charity Marathon 2009', 'Oxfam Trailwalker' and 'Sino Team Challenge 36'.

PROSPECTS

The unprecedented stimulus measures implemented in the latter half of 2008 in concert by countries to tackle the financial turmoil have started to take effect and set the stage for market recovery. Economic statistics indicate that the global economy is on the path to recovery. In particular, in the US, durable goods orders have risen, the manufacturing sector has been growing, labour market is improving, consumer confidence has strengthened, household spending is expanding and financial markets have shown greater support for economic growth. This is an important turnaround and with Mainland China also experiencing growth, Hong Kong is set to benefit. Although there continues to be economic issues to be tackled, the growth trend is evolving and gaining momentum.

The recent attempts by the PRC Central Government to regulate the economy by adjusting the money supply as well as manage the property sector by strengthening control through eleven measures are positive for sustaining a healthy long term growth for the sector. The Central Government's economic policies are framed to transform the nation to a more balanced structure. The coordination among cities in response to the Central Government's directive demonstrates good leadership and the determination of government officials to pursue a sustainable economic prosperity. This is conducive to sustaining a healthy growth in the sector and broadening home ownership with quality housing in the medium to long term.

The Asian financial crisis that happened in the second half of 1997 was a valuable lesson for Hong Kong's people and corporations. After several years of experience and learning, people and corporations, in general, are more careful in managing their financial and business risks. The financial system in Hong Kong withstood the financial turmoil in 2008. Banks in Hong Kong are disciplined in terms of risk management and control. Their risk exposure is well managed with good capital adequacy. Mortgage lending has been prudent. Hong Kong corporations, in particular, the property developers are financially sound with gearing being maintained at comfortable levels. The HKSAR Government is experienced in setting policy objectives that pinpoint and address key economic issues. Efforts to fine-tune the land supply arrangements with various quasi-governmental bodies, namely the Urban Renewal Authority and MTR Corporation Limited, and quicken the pace of bringing readily available residential sites to the market are widely recognised and conducive to maintain a balance in demand and supply. Initiatives to enhance transparency for marketing residential projects will induce good governance and benefit customers. The recent responses from the developers to the land auctions and tenders as well as the encouraging results, reaffirm the positive outlook of the property market in Hong Kong.

CHAIRMAN'S STATEMENT *(Continued)*

PROSPECTS *(Continued)*

With the economic support by Central and HKSAR Government, as well as an improvement in the global economic environment, the Hong Kong economy has started to pick up since the last quarter of 2009. Unemployment has come down to 4.9% in November 2009 to January 2010 from a high of 5.4% in June to August of 2009. GDP experienced a positive growth of 2.6% for the fourth quarter of 2009 with GDP growth forecast to be positive for the full year 2010 in the range from 4% to 5%. The equity market has regained momentum with a number of significant IPOs completed during the period contributing to Hong Kong's strength as a major international financial centre in the region. In terms of infrastructure development, the new cruise terminal at Kai Tak, the first berth of which is expected to commence operation in mid-2013, will bring a new dimension to the Hong Kong economy. The Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link project will further enhance economic ties between the Mainland and Hong Kong in the long run. The rail link will also create even more business opportunities in Hong Kong.

Hong Kong's residential property market experienced good support in 2009 with both primary and secondary transactions increasing favourably compared with 2008. This was mainly due to healthy underlying market fundamentals as well as an increasing number of good quality residential projects that have attracted more potential buyers to upgrade their existing homes. Low mortgage rates, availability of various mortgage rate schemes, strong demand due to good household formation, increasing number of births, improvement in employment prospects and increasing buying interest from Mainland buyers are the favourable factors for the residential property market. Further to the domestic demand for good quality housing, the increasing presence of Chinese enterprises in Hong Kong and the rising number of Mainland entrepreneurs and professionals setting up a base in Hong Kong have provided an additional catalyst to demand for homes.

With an improvement in the global economic situation, the Group continues to be prudently positioned to seek for 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. As the Group has a strong financial position with good liquidity, 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. In terms of property development and property management, the Group will incorporate more environmentally friendly elements and initiatives in projects such as measures to reduce carbon emissions so residents and tenants can enjoy a better environment and healthier lifestyles. The Directors are confident in the medium to long term prospects of the Group.

CHAIRMAN'S STATEMENT *(Continued)*

IN MEMORIAM

Management and staff are deeply saddened by the passing away of Mr. Ng Teng Fong, the founder of the Sino Group in Hong Kong and Far East Organization in Singapore, who departed peacefully on 2nd February, 2010 at the age of 82. Mr. Ng Teng Fong gave wholeheartedly his guidance to establish the Sino Group as a leading corporation. We shall continue to be inspired by his passion for excellence in the real estate industry. He will be missed dearly by those who knew and worked with him.

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, 2010

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31st December, 2009

		Six months ended	
		31st December, 2009	31st December, 2008
		<i>HK\$</i>	<i>HK\$</i>
		(Unaudited)	(Unaudited)
	<i>Notes</i>		
Turnover	3	4,418,721,900	6,217,261,505
Cost of sales		(1,446,708,244)	(1,561,214,274)
Direct expenses		(615,537,104)	(707,767,335)
		2,356,476,552	3,948,279,896
Other income		125,161,408	81,237,479
Increase (decrease) in fair value of investment properties	11	1,279,972,185	(25,596,159)
Increase (decrease) in fair value of trading securities		52,423,611	(290,308,790)
Loss on disposal of available-for-sale investments		–	(25,097,108)
Impairment loss on available-for-sale investments		–	(190,000,000)
Administrative expenses		(319,053,146)	(454,793,831)
Finance income	4	75,509,372	133,453,304
Finance costs	5	(74,912,920)	(238,330,514)
Finance costs net of finance income		596,452	(104,877,210)
Share of results of associates	6	414,309,048	(361,505,248)
Profit before taxation	7	3,909,886,110	2,577,339,029
Income tax expense	8	(569,838,167)	(555,449,486)
Profit for the period		3,340,047,943	2,021,889,543
Profit for the period attributable to:			
Owners of the Company		3,300,149,532	2,012,254,720
Non-controlling interests		39,898,411	9,634,823
		3,340,047,943	2,021,889,543
Earnings per share	10		
Basic (<i>HK cents</i>)		68.25	41.42

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31st December, 2009

	Six months ended	
	31st December, 2009 <i>HK\$</i> (Unaudited)	31st December, 2008 <i>HK\$</i> (Unaudited)
Profit for the period	3,340,047,943	2,021,889,543
Other comprehensive income (expenses)		
Gain (loss) on fair value changes of available-for-sale investments	210,753,415	(428,268,570)
Exchange difference arising on translation of foreign operation to presentation currency	60,313,097	(73,567,618)
Impairment loss on available-for-sale investments transfer to income statement	–	190,000,000
Reclassification adjustments upon disposal of available-for-sale investments	–	24,921,186
Other comprehensive income (expenses) for the period	271,066,512	(286,915,002)
Total comprehensive income for the period	3,611,114,455	1,734,974,541
Total comprehensive income attributable to:		
Owners of the Company	3,571,216,044	1,725,339,718
Non-controlling interests	39,898,411	9,634,823
	3,611,114,455	1,734,974,541

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2009

	Notes	31st December, 2009 HK\$ (Unaudited)	30th June, 2009 HK\$ (Audited)
Non-current assets			
Investment properties	11	39,866,157,028	37,557,672,042
Hotel property		892,261,429	866,755,233
Property, plant and equipment	12	98,088,998	86,233,059
Prepaid lease payments – non-current		437,899,018	425,296,321
Interests in associates	13	5,599,647,073	5,321,215,695
Interests in a jointly controlled entity	14	33,012,469	–
Available-for-sale investments		1,220,893,167	1,002,562,938
Advances to associates		11,978,814,610	11,649,449,516
Advances to a jointly controlled entity		1,635,548,532	–
Advances to investee companies		16,218,107	18,114,871
Long-term loans receivable		53,524,365	63,540,544
		61,832,064,796	56,990,840,219
Current assets			
Properties under development		11,590,043,051	18,521,080,429
Stocks of unsold properties		2,142,269,145	2,696,586,097
Hotel inventories		22,465,767	21,594,351
Prepaid lease payments – current		5,091,856	4,916,722
Trading securities		803,076,173	750,652,115
Amounts due from associates		355,551,941	430,971,757
Accounts and other receivables	15	1,548,730,928	1,480,773,677
Current portion of long-term loans receivable		3,673,142	3,936,331
Taxation recoverable		110,610,922	110,066,643
Restricted bank deposits		587,971,056	364,430,266
Time deposits, bank balances and cash		5,282,161,404	7,798,166,967
		22,451,645,385	32,183,175,355
Current liabilities			
Accounts and other payables	16	3,388,153,597	4,553,567,874
Amounts due to associates		527,795,603	505,399,107
Taxation payable		793,497,528	728,117,650
Current portion of long-term bank borrowings	17	202,707,944	189,564,460
Bank loans	17		
– secured		527,158,845	6,541,151,569
– unsecured		699,491,433	1,198,662,306
Financial guarantee contracts – current		7,571,894	7,579,573
		6,146,376,844	13,724,042,539
Net current assets		16,305,268,541	18,459,132,816
Total assets less current liabilities		78,137,333,337	75,449,973,035
Capital and reserves			
Share capital	18	4,889,131,780	4,839,469,538
Share premium and reserves		57,962,355,564	55,162,426,042
Equity attributable to owners of the Company		62,851,487,344	60,001,895,580
Non-controlling interests		312,028,990	296,130,462
Total equity		63,163,516,334	60,298,026,042
Non-current liabilities			
Long-term bank borrowings – due after one year	17	9,632,172,199	10,114,137,928
Financial guarantee contracts – non-current		5,063,028	8,866,002
Deferred taxation		3,222,873,244	2,959,629,548
Advances from associates		2,091,992,536	2,067,188,354
Advances from non-controlling interests		21,715,996	2,125,161
		14,973,817,003	15,151,946,993
		78,137,333,337	75,449,973,035

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31st December, 2009

	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, 2008 (audited)	4,878,702,770	20,831,496,959	388,692,000	313,362,310	555,389,180	31,755,611,267	58,723,254,486	263,646,073	58,986,900,559
Profit for the period	-	-	-	-	-	2,012,254,720	2,012,254,720	9,634,823	2,021,889,543
Loss on fair value changes of available-for-sale investments	-	-	-	(428,268,570)	-	-	(428,268,570)	-	(428,268,570)
Exchange differences arising from translation of foreign operations	-	-	-	-	(73,567,618)	-	(73,567,618)	-	(73,567,618)
Impairment loss on available-for-sale investments recognised in income statements	-	-	-	190,000,000	-	-	190,000,000	-	190,000,000
Reclassification adjustments upon disposal of available-for-sale investments	-	-	-	24,921,186	-	-	24,921,186	-	24,921,186
Total comprehensive (expense) income for the period	-	-	-	(213,347,384)	(73,567,618)	2,012,254,720	1,725,339,718	9,634,823	1,734,974,541
Shares issued in lieu of cash dividend	1,917,421	-	-	-	-	-	1,917,421	-	1,917,421
Premium on issue of shares upon scrip dividend	-	10,982,993	-	-	-	-	10,982,993	-	10,982,993
Share issue expenses	-	(10,983)	-	-	-	-	(10,983)	-	(10,983)
Cancellation upon repurchase of own shares	(46,538,000)	-	46,538,000	-	-	(386,502,889)	(386,502,889)	-	(386,502,889)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(4,600,000)	(4,600,000)
Final dividend – 2008	-	-	-	-	-	(1,449,941,031)	(1,449,941,031)	-	(1,449,941,031)
At 31st December, 2008 (unaudited)	4,834,082,191	20,842,468,969	435,230,000	100,014,926	481,821,562	31,931,422,067	58,625,039,715	268,680,896	58,893,720,611
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
Gain on fair value changes of available-for-sale investments	-	-	-	210,753,415	-	-	210,753,415	-	210,753,415
Exchange differences arising from translation of foreign operations	-	-	-	-	60,313,097	-	60,313,097	-	60,313,097
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 – 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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31st December, 2009

	Six months ended	
	31st December, 2009	31st December, 2008
<i>Note</i>	HK\$	HK\$
	(Unaudited)	(Unaudited)
Net cash from (used in) operating activities	7,894,784,232	(528,573,195)
Net cash (used in) from investing activities		
Advances to associates	(168,926,256)	(303,236,423)
Advances to a jointly controlled entity	(1,643,575,000)	–
Acquisition of assets and liabilities through acquisition of subsidiary	21 (573,693,868)	–
Dividend received from associates	51,369,129	836,485,000
Proceeds from disposal of available-for-sale investments	–	372,256,752
Other investing activities	(273,486,345)	53,024,834
	(2,608,312,340)	958,530,163
Net cash (used in) from financing activities		
Dividend paid	(343,042,994)	(1,437,040,617)
Dividend paid to non-controlling interests	(24,000,000)	(4,600,000)
Advances from (repayment to) associates	31,803,723	(869,156,862)
New bank borrowings raised	373,335,015	4,685,276,228
Repayment of bank borrowings	(7,426,031,500)	(725,830,650)
Repurchase of own shares	(378,551,286)	(386,502,889)
Other financing activities	(44,685,574)	(271,374,895)
	(7,811,172,616)	990,770,315
Net (decrease) increase in cash and cash equivalents	(2,524,700,724)	1,420,727,283
Cash and cash equivalents at the beginning of the period	7,798,166,967	3,580,766,208
Effect of foreign exchange rate changes	8,695,161	(7,772,367)
Cash and cash equivalents at the end of the period	5,282,161,404	4,993,721,124
Analysis of the balances of cash and cash equivalents:		
Time deposits, bank balances and cash	5,282,161,404	4,993,721,124

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31st December, 2009

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 as those followed in the preparation of the Group’s annual financial statements for the year ended 30th June 2009 except as described below.

In the current interim period, the Group has applied the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 3 (Revised 2008)	Business Combinations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC) – Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendments to HKFRS 2, HKAS 38, paragraph 80 of HKAS 39, HK(IFRIC) – Int 9 and HK(IFRIC) – Int 16

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2009

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Except as described below, the adoption of these new and revised HKFRSs had no material effect on the condensed consolidated financial statements of the Group.

HKAS 1 (Revised 2007) *Presentation of Financial Statements*

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.

Amendments to HKAS 40 *Investment Property*

As part of *Improvements to HKFRSs (2008)*, HKAS 40 has been amended to include within its scope properties under construction or development for future use as investment properties and to require such properties to be measured at fair value (where the fair value model is used and the fair values of the properties are reliably determinable). In the past, the leasehold land and building elements of investment properties under construction were accounted for as properties under development. The Group has used the fair value model to account for its investment properties. The Group has applied the amendments to HKAS 40 prospectively from 1st July, 2009 in accordance with the relevant transitional provision. As a result of the application of the amendment, the Group's investment properties under construction that include the leasehold land and buildings elements with previous carrying amounts of HK\$348,901,030 as at 1st July, 2009 have been reclassified as investment properties and measured at fair value as at 31st December, 2009, with the fair value gain of HK\$305,780,016 and related deferred taxation expense of HK\$93,468,120. As at 31st December 2009, the impact has been to decrease properties under development by HK\$403,356,507, to increase investment properties by HK\$707,945,050, to increase deferred taxation liabilities by HK\$93,468,120 and to increase profit for the period and retained profits by HK\$212,311,896.

HKFRS 8 *Operating Segments*

HKFRS 8 is a disclosure standard that has not resulted in a redesignation of the Group's reportable segments and has no impact on the reported results or financial position of the Group.

In addition, the Group has applied the accounting policy for jointly controlled entities during the current interim period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2009

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the condensed consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the condensed consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

The Group has not early adopted the following new or revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2009 ¹
HKAS 24 (Revised)	Related Party Disclosure ²
HKAS 32 (Amendment)	Classification of Rights Issues ³
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters ⁴
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters ⁶
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions ⁴
HKFRS 9	Financial Instruments ⁵
HK(IFRIC) – Int 14 (Amendment)	Prepayments of Minimum Funding Requirement ²
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments ⁶

¹ Amendments that are effective for annual periods beginning on or after 1st January, 2010

² Effective for annual periods beginning on or after 1st January, 2011

³ Effective for annual periods beginning on or after 1st February, 2010

⁴ Effective for annual periods beginning on or after 1st January, 2010

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

⁶ Effective for annual periods beginning on or after 1st July, 2010

HKFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets and will be effective from 1st January, 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2009

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

In addition, 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 will be effective from 1st January, 2010, with earlier application permitted. Before the amendments to HKAS 17, leasees were required to classify leasehold land as operating leases and presented as prepaid land 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 might affect the classification of the Group's leasehold land.

The Directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements of the Group.

3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1st July, 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers for the purpose of assessing their performance and allocating resources to the segments. In contrast, the predecessor standard HKAS 14 *Segment Reporting* required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. The Group's operating segments are reported by five operating divisions – property, property management and other services, hotel operations, investments in securities and financing. However, the basis of measurement of segment revenue has been changed by including segment revenue attributed from the Group's associates and eliminating inter-segment sales. For segment profit or loss, the basis of measurement has been changed by including segment results attributed from the Group's associates and excluding change in fair value of investment properties and trading securities and loss on disposal of and impairment loss on available-for-sale investments.

Information regarding the above segments is reported below. Amounts reported for the prior period have been restated to conform to the requirements of HKFRS 8.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2009

3. SEGMENT INFORMATION (Continued)

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

Six months ended 31st December, 2009

	The Company and its subsidiaries		Associates		Combined revenue HK\$	Consolidated results HK\$
	Segment revenue HK\$	Segment results HK\$	Share of revenue HK\$	Share of results HK\$		
	Property					
Property sales/project revenue	2,902,590,169	1,319,794,709	136,686,788	16,986,680	3,039,276,957	1,336,781,389
Property rental	934,503,122	798,825,269	246,609,916	197,270,142	1,181,113,038	996,095,411
	3,837,093,291	2,118,619,978	383,296,704	214,256,822	4,220,389,995	2,332,876,800
Property management and other services	337,115,488	54,514,961	31,577,372	3,858,926	368,692,860	58,373,887
Hotel operations	217,310,637	67,008,067	94,173,300	31,464,510	311,483,937	98,472,577
Investments in securities	26,377,647	25,971,928	1,950	(96,176)	26,379,597	25,875,752
Financing	824,837	824,837	74,161	61,055	898,998	885,892
	4,418,721,900	2,266,939,771	509,123,487	249,545,137	4,927,845,387	2,516,484,908

Six months ended 31st December, 2008

	The Company and its subsidiaries		Associates		Combined revenue HK\$	Consolidated results HK\$
	Segment revenue HK\$	Segment results HK\$	Share of revenue HK\$	Share of results HK\$		
	Property					
Property sales	4,752,080,984	2,821,360,760	82,517,261	30,861,711	4,834,598,245	2,852,222,471
Property rental	878,691,050	732,256,462	245,652,056	188,276,205	1,124,343,106	920,532,667
	5,630,772,034	3,553,617,222	328,169,317	219,137,916	5,958,941,351	3,772,755,138
Property management and other services	297,344,731	38,801,333	30,534,376	2,301,194	327,879,107	41,102,527
Hotel operations	254,497,554	88,671,246	102,617,100	29,613,423	357,114,654	118,284,669
Investments in securities	32,909,975	32,856,363	1,950	(232,779)	32,911,925	32,623,584
Financing	1,737,211	1,737,211	253,677	245,375	1,990,888	1,982,586
	6,217,261,505	3,715,683,375	461,576,420	251,065,129	6,678,837,925	3,966,748,504

Segment results represent the profit earned by each segment without allocation of other income, corporate expenses, change in fair value of investment properties and trading securities, loss on disposal of and impairment loss on available-for-sale investments 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 change in fair value of investment properties, finance costs net of finance income and income tax. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2009

3. SEGMENT INFORMATION (Continued)

Reconciliation of profit before taxation

	Six months ended	
	31st December, 2009	31st December, 2008
	HK\$	HK\$
Total profit for reportable segments	2,516,484,908	3,966,748,504
Other income	125,161,408	81,237,479
Unallocated corporate expenses	(229,516,365)	(222,197,310)
Increase (decrease) in fair value of investment properties	1,279,972,185	(25,596,159)
Increase (decrease) in fair value of trading securities	52,423,611	(290,308,790)
Loss on disposal of available-for-sale investments	–	(25,097,108)
Impairment loss on available-for-sale investments	–	(190,000,000)
Finance costs net of finance income	596,452	(104,877,210)
Results shared from associates		
– Increase (decrease) in fair value of investment properties	283,819,520	(546,041,264)
– Finance costs net of finance income	(21,725,747)	(72,350,356)
– Income tax (expense) credit	(97,329,862)	5,821,243
	<u>3,909,886,110</u>	<u>2,577,339,029</u>

During the six months ended 31st December, 2009, inter-segment sales of HK\$14,290,454 (six months ended 31st December, 2008: HK\$16,880,952) 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, 2009	31st December, 2008
	HK\$	HK\$
Interest income on:		
advances to associates	18,153,375	20,989,173
advances to investee companies	434,071	442,040
bank deposits	15,913,125	61,984,317
Imputed interest income on non-current interest-free		
advances to associates	37,198,148	44,765,866
Financial guarantee income	3,810,653	5,271,908
	<u>75,509,372</u>	<u>133,453,304</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2009

5. FINANCE COSTS

	Six months ended	
	31st December, 2009 HK\$	31st December, 2008 HK\$
Interest on bank borrowings wholly repayable within five years	53,437,397	288,134,891
Imputed interest expense on non-current interest-free advances from associates	15,396,955	28,811,824
Loan facility arrangement fees and finance charges	18,321,860	16,883,220
	<u>87,156,212</u>	<u>333,829,935</u>
Less: Amounts capitalised to properties under development	<u>(12,243,292)</u>	<u>(95,499,421)</u>
	<u>74,912,920</u>	<u>238,330,514</u>

6. SHARE OF RESULTS OF ASSOCIATES

Share of results of associates included Group's share of an increase in fair value of investment properties of the associates of HK\$283,819,520 (six months ended 31st December, 2008: Group's share of a decrease of HK\$546,041,264) recognised in the income statements of the associates.

7. PROFIT BEFORE TAXATION

	Six months ended	
	31st December, 2009 HK\$	31st December, 2008 HK\$
Profit before taxation has been arrived at after charging and crediting:		
Release of prepaid lease payments (included in administrative expenses)	2,502,146	2,560,812
Cost of properties sold recognised	1,443,664,780	1,556,828,088
Cost of hotel inventories recognised	31,149,869	30,486,521
Depreciation of owner-operated hotel property	5,041,096	5,156,910
Depreciation of property, plant and equipment	13,393,338	13,071,675
(Reversal of) provision for doubtful trade receivables	(80,698,230)	139,683,071
Loss on disposal of property, plant and equipment	134	144,894
	<u>134</u>	<u>144,894</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2009

8. INCOME TAX EXPENSE

	Six months ended	
	31st December, 2009	31st December, 2008
	HK\$	HK\$
The charge comprises:		
Taxation attributable to the Company and its subsidiaries		
Hong Kong Profits Tax	263,511,892	483,466,581
Other jurisdictions	46,112,816	19,272,239
	<u>309,624,708</u>	<u>502,738,820</u>
Deferred taxation	260,213,459	52,710,666
	<u>569,838,167</u>	<u>555,449,486</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, 2008: 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, 2008: 18%).

Deferred taxation is attributable to the changes 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 2002/03 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\$515,464,000 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 have been purchased by the Group. After considering the advice from the tax advisors and in view of the tax inquiries are still at the stage of collation of evidence, and in the opinion of the Directors of the Company, the ultimate outcome of these tax inquiries cannot presently be determined. The Directors are also of the opinion that the payment of the additional tax is not probable and therefore, no provision for any liabilities from the assessment that may result has been made.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2009

9. DIVIDEND PAID

	Six months ended	
	31st December, 2009	31st December, 2008
	HK\$	HK\$
Final dividend paid for the year ended 30th June, 2009 of HK30 cents (<i>six months ended 31st December, 2008: HK30 cents for year ended 30th June, 2008</i>) per share, with a scrip dividend option	<u>1,445,407,061</u>	<u>1,449,941,031</u>

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, 2009 of HK10 cents (*six months ended 31st December, 2008: HK10 cents*) per share would be paid to the shareholders of the Company whose names appear in the Register of Members on 26th March, 2010.

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, 2009	31st December, 2008
	HK\$	HK\$
Earnings for the purpose of basic earnings per share	<u>3,300,149,532</u>	<u>2,012,254,720</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>4,835,260,641</u>	<u>4,858,250,229</u>

11. INVESTMENT PROPERTIES

The Group's investment properties at 31st December, 2009 and 30th June, 2009 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, 2009, the Group acquired investment properties of HK\$567,316,401 (*six months ended 31st December, 2008: HK\$Nil*) through acquisition of subsidiary and incurred renovation cost on investment properties of HK\$18,277,258 (*six months ended 31st December, 2008: HK\$32,510,995*).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 31st December, 2009

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31st December, 2009, additions to property, plant and equipment amounted to HK\$11,327,871 (six months ended 31st December, 2008: HK\$14,672,715).

13. INTERESTS IN ASSOCIATES

	31st December, 2009 HK\$	30th June, 2009 HK\$
Interests in associates:		
Unlisted shares, at cost	2,397,301,736	2,468,770,426
Share of post-acquisition profits and other comprehensive income, net of dividends received	<u>3,202,345,337</u>	<u>2,852,445,269</u>
	<u>5,599,647,073</u>	<u>5,321,215,695</u>

Included in the cost of investment in associates is goodwill of HK\$142,498,716 (30th June, 2009: 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 2002/03 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\$115,399,000 was 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 have been purchased by the corresponding company.

In respect of MII case, the effective share of the additional tax attributable to the Group as at 31st December, 2009 is estimated to be approximately HK\$51,929,000 (30th June, 2009: HK\$51,929,000). Together with the advice from their tax advisors, management of MII confirmed that it is their intention to vigorously contest the relevant assessments issued by the IRD. The management of MII is of the opinion that the outcome of these assessments/objections cannot presently be estimated. The management is also of the opinion that the payment of the additional tax is not probable and therefore, no provision for any liabilities 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, 2009

14. INTERESTS IN A JOINTLY CONTROLLED ENTITY

	31st December,	30th June,
	2009	2009
	<i>HK\$</i>	<i>HK\$</i>
Interests in a jointly controlled entity	33,012,469	—

A 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\$678,482,262 (*30th June, 2009: HK\$903,664,894*) mainly comprising rental receivables, which are billed in advance and settlements are expected upon receipt of billings, and property sales proceeds receivables, which are settled in accordance with the terms of the sales and purchase agreements.

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

	31st December,	30th June,
	2009	2009
	<i>HK\$</i>	<i>HK\$</i>
0 – 30 days	454,001,447	462,683,272
31 – 60 days	32,577,624	396,756,029
61 – 90 days	5,621,797	4,274,869
Over 90 days	186,281,394	39,950,724
	678,482,262	903,664,894

16. ACCOUNTS AND OTHER PAYABLES

Included in accounts and other payables are trade payables of HK\$71,527,047 (*30th June, 2009: HK\$106,833,637*).

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

	31st December,	30th June,
	2009	2009
	<i>HK\$</i>	<i>HK\$</i>
0 – 30 days	51,549,996	72,371,006
31 – 60 days	8,528,548	9,351,768
61 – 90 days	1,499,501	5,490,893
Over 90 days	9,949,002	19,619,970
	71,527,047	106,833,637

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2009

17. BANK BORROWINGS

During the six months ended 31st December, 2009, the Group obtained new bank loans amounting to HK\$373,335,015 (six months ended 31st December, 2008: HK\$4,685,276,228). All of the bank borrowings carry contracted interest rates (which are also the effective interest rates) at HIBOR/SIBOR plus a margin per annum. The proceeds were mainly used to repay existing bank loans.

18. SHARE CAPITAL

	Number of ordinary shares of HK\$1.00 each	Nominal value HK\$
Authorised:		
At 1st July, 2009 and at 31st December, 2009	<u>6,000,000,000</u>	<u>6,000,000,000</u>
Issued and fully paid:		
At 1st July, 2009	4,839,469,538	4,839,469,538
Issued in lieu of cash dividend	75,962,242	75,962,242
Cancellation upon repurchase of own shares	<u>(26,300,000)</u>	<u>(26,300,000)</u>
At 31st December, 2009	<u>4,889,131,780</u>	<u>4,889,131,780</u>

During the period, 26,300,000 (six months ended 31st December, 2008: 46,538,000) ordinary shares repurchased on the Stock Exchange were cancelled. The nominal value of HK\$26,300,000 (six months ended 31st December, 2008: HK\$46,538,000) of all the shares cancelled during the period was credited to the capital redemption reserve and the relevant aggregate consideration of HK\$378,551,286 (six months ended 31st December, 2008: HK\$386,502,889) was paid out from the Company's retained profits.

On 3rd December, 2009, the Company issued and allotted 75,962,242 ordinary shares of HK\$1.00 each at an issue price of HK\$14.512 in lieu of cash for the 2009 final dividend.

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

19. PLEDGE OF ASSETS

- (a) At 31st December, 2009, the aggregate facilities of bank loans amounting to approximately HK\$15,201,805,000 (30th June, 2009: HK\$18,995,755,000) were secured by certain of the Group's properties, restricted bank deposits and floating charges on bank balances amounting to a total of approximately HK\$38,308,095,000 (30th June, 2009: HK\$45,899,793,000). At that date, the facilities were utilised to the extent of approximately HK\$10,393,307,000 (30th June, 2009: HK\$16,888,808,000).
- (b) At 31st December, 2009, investments in and advances to certain associates amounting to approximately HK\$6,136,813,000 (30th June, 2009: HK\$5,862,035,000), in addition to certain assets pledged by the associates, were pledged to or assigned to secure loan facilities made available by banks or financial institutions to such associates.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2009

20. COMMITMENTS AND 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, 2009	30th June, 2009
	HK\$	HK\$
Guarantees in respect of banking facilities of:		
Associates		
– Utilised	7,196,150,000	7,233,300,000
– Unutilised	3,047,300,000	3,080,000,000
	<u>10,243,450,000</u>	<u>10,313,300,000</u>

In relation to the financial guarantee amounts provided to associates at 31st December, 2009, HK\$12,634,922 (30th June, 2009: HK\$16,445,575) was recognised in the condensed consolidated financial statements as financial guarantee contracts.

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

	31st December, 2009	30th June, 2009
	HK\$	HK\$
(i) Share of commitments in respect of land premium payable	933,559,100	931,116,625
(ii) Share of contingent liabilities arising from tax affairs of associates	51,929,000	51,929,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2009

21. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARY

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:

	Acquiree's carrying amount before combination and fair value
	<i>HK\$</i>
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	335,199,719
	<hr/>
	587,049,340
	<hr/>
Total cash consideration paid for acquisition of the subsidiary	587,049,340
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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, 24th March, 2010 to Friday, 26th March, 2010, 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, 26th March, 2010.

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, 23rd March, 2010.

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

During the interim period, the Company repurchased 25,912,000 ordinary shares on The Stock Exchange of Hong Kong Limited at an aggregate consideration of HK\$375,749,586. 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 2009	8,586,000	15.50	12.04	120,066,912
August 2009	4,842,000	16.06	14.32	74,594,850
September 2009	4,344,000	14.54	13.66	60,943,465
October 2009	2,042,000	15.58	13.36	29,856,971
December 2009	6,098,000	15.56	14.06	90,287,388
	<u>25,912,000</u>			<u>375,749,586</u>

Out of 25,912,000 shares repurchased, 24,668,000 shares were cancelled on delivery of the share certificates during the interim period while the remaining 1,244,000 shares repurchased on 29th and 30th December, 2009 were cancelled on delivery of the share certificates subsequent to the interim period. 1,632,000 ordinary shares repurchased in the last financial year ended 30th June, 2009 were cancelled during the interim period. The nominal value of HK\$26,300,000 of all the shares cancelled during the interim period was credited to capital redemption reserve and the relevant aggregate consideration of HK\$378,551,286 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, 2009, 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	3,071,120	Beneficial owner of 137,125 shares and spouse interest in 2,933,995 shares	0.06%
The Honourable Ronald Joseph Arculli, GBS, CVO, OBE, JP	1,044,095	Beneficial owner	0.02%
Dr. Allan Zeman, GBS, JP	—	—	—
Mr. Adrian David Li Man-kiu, JP	—	—	—
Dr. Fu Yuning	—	—	—
Mr. Yu Wai Wai	—	—	—
Mr. Thomas Tang Wing Yung	129,265	Beneficial owner	≈0%
Mr. Daryl Ng Win Kong	78,605	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	570,962	Beneficial owner	0.03%
The Honourable Ronald Joseph Arculli, GBS, CVO, 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:

- 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.*
- The shares were held by Devlin Limited, a wholly-owned subsidiary of Osborne.*
- The shares were held by Erleigh Investment Limited, a company 55% controlled by Osborne.*
- The shares were held by Jade Result Limited, a company 50% controlled by Osborne.*
- The share(s) was(were) held by Osborne.*
- The shares were held by Standard City Limited, a wholly-owned subsidiary of Osborne.*
- The share was held by Smart Link Limited in which Mr. Robert Ng Chee Siong had a 100% control.*
- 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, 2009, 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, 2009, 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*	2,654,376,903 (Notes 1, 2 and 3)	Beneficial owner of 27,749,083 shares, spouse interest in 3,695,312 shares and interest of controlled corporations in 2,622,932,508 shares	54.29%
Tsim Sha Tsui Properties Limited	2,545,744,706 (Notes 1(a), 1(b), 2 and 3)	Beneficial owner of 1,173,504,042 shares and interest of controlled corporations in 1,372,240,664 shares	52.06%

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
Solid Capital Holdings Limited	407,943,984	Security interest in 407,791,154 shares and beneficial owner of 152,830 shares	8.34%
Spangle Investment Limited	312,310,310 <i>(Note 2)</i>	Beneficial owner	6.38%
Ka Fai Land Investment Limited	273,654,559 <i>(Note 3)</i>	Beneficial owner	5.59%

Notes:

1. *As regards 2,622,932,508 shares held by controlled corporations:*
 - (a) *1,173,504,042 shares were held by Tsim Sha Tsui Properties Limited which was 71.95% controlled by Mr. Ng Teng Fong;*
 - (b) *(i) 36,003,601 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) 1,336,237,063 shares were held through certain other wholly-owned subsidiaries of Tsim Sha Tsui Properties Limited (including 312,310,310 shares held by Spangle Investment Limited (Note 2) and 273,654,559 shares held by Ka Fai Land Investment Limited (Note 3)); and
 - (c) *77,187,802 shares were held through companies which were 100% controlled by Mr. Ng Teng Fong – 124,630 shares by Fanlight Investment Limited, 123,431 shares by Garford Nominees Limited, 27,775,669 shares by Karaganda Investments Inc., 11,979,528 shares by Orient Creation Limited, 5,822,344 shares by Strathallan Investment Limited, 17,548,644 shares by Strong Investments Limited, 13,447,565 shares by Tamworth Investment Limited and 365,991 shares by Transpire Investment Limited.*
 2. *312,310,310 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. *273,654,559 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.*
- * *Mr. Ng Teng Fong passed away on 2nd February, 2010*

Save as disclosed above and so far as the Directors of the Company are aware, as at 31st December, 2009, 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, 2009 HK\$	At 30th June, 2009 HK\$
The Group's share of total indebtedness of its affiliated companies		
– Bank loans	8,084,456,114	8,113,068,694
Advances from the Group	<u>14,082,003,095</u>	<u>12,291,766,209</u>
	<u>22,166,459,209</u>	<u>20,404,834,903</u>
The Group's share of commitments of land premium payable of its affiliated companies	<u>933,559,100</u>	<u>931,116,625</u>
The Group's share of contingent liabilities of its affiliated companies	<u>51,929,000</u>	<u>51,929,000</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

Director's Updated Biographical Details

The Honourable Ronald Joseph Arculli, GBS, CVO, OBE, JP ceased to be the Chairman of the Committee on Review of Post-service Outside Work for Directorate Civil Servants on 13th July, 2009.

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\$1,166,963, HK\$1,150,000, HK\$60,690, HK\$450,000 and HK\$605,000 respectively.

The basis of determining the Directors' emoluments (including bonus payments) remain unchanged during the six months ended 31st December, 2009.

Save as disclosed above, as at 31st December, 2009, 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 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 2010, 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, 2009.

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, 2009.

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, 2009, 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, 2010

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Deloitte.

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TO THE BOARD OF DIRECTORS OF SINO LAND COMPANY LIMITED

Introduction

We have reviewed the interim financial information set out on pages 22 to 40, which comprises the condensed consolidated statement of financial position of Sino Land Company Limited and its subsidiaries as of 31st December, 2009 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and 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 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 enquiries, 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, 2010

