



信和置業有限公司
Sino Land Company Limited

2011-2012 Interim Report

二零一一至二零一二年度
中期報告書



ONE MAYFAIR
逸 瓏

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CORPORATE INFORMATION

Board of Directors

Robert Ng Chee Siong, Chairman
Ronald Joseph Arculli, GBM, CVO, GBS, OBE, JP[#]
Allan Zeman, GBM, GBS, JP^{*}
Adrian David Li Man-kiu, JP^{*}
Wong Cho Bau, JP^{*}
Steven Ong Kay Eng* (appointed on 28th October, 2011)
Yu Wai Wai
Thomas Tang Wing Yung
Daryl Ng Win Kong
Ringo Chan Wing Kwong
Alice Ip Mo Lin

([#] Non-Executive Director)

(^{*} Independent Non-Executive Directors)

Audit Committee

Adrian David Li Man-kiu, JP, Chairman
Allan Zeman, GBM, GBS, JP
Wong Cho Bau, JP (appointed on 28th October, 2011)
Steven Ong Kay Eng (appointed on 28th October, 2011)

Remuneration Committee

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

Authorized Representatives

Robert Ng Chee Siong
Thomas Tang Wing Yung

Secretary

Velencia Lee (appointed on 1st January, 2012)

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 15th March, 2012 to
19th March, 2012
(both dates inclusive)

Record Date for interim dividend entitlement 19th March, 2012

Last Date for lodging scrip dividend election forms 11th April, 2012
4:30 p.m.

Interim Dividend Payable HK10 cents per share
23rd April, 2012

Principal Bankers

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

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Share Registrars

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Fax : (852) 2861 1465
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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, 2011 ("Interim Period") was HK\$4,300.2 million (2010: HK\$5,343.1 million). Earnings per share were 73.98 cents (2010: 97.11 cents after adjusting for the one for ten bonus issue in 2011).

Excluding revaluation surplus (net of deferred taxation) on investment properties of HK\$1,813.6 million, the underlying net profit from operations was HK\$2,486.6 million for the Interim Period, representing an increase of 2% compared with HK\$2,434.1 million for the last period. Underlying earnings per share was 42.78 cents (2010: 44.24 cents after adjusting for the one for ten bonus issue in 2011).

Turnover of the Group for the Interim Period was HK\$5,761.2 million (2010: HK\$2,562.4 million).

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 (2010: 9.09 cents per share after adjusting for the one for ten bonus issue in 2011) payable on 23rd April, 2012 to those shareholders whose names appear on the Register of Members of the Company on 19th March, 2012.

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 22nd March, 2012. It is expected that the interim dividend warrants and share certificates will be despatched to shareholders on or about 23rd April, 2012.

CHAIRMAN'S STATEMENT (Continued)

BUSINESS REVIEW

(1) Sales Activities

Total revenue from property sales for the Interim Period, including property sales of associates attributable to the Group, was HK\$3,957.4 million (2010: HK\$6,908.8 million).

Total revenue from property sales comprises mainly the sales of residential units in One Mayfair completed during the Interim Period as well as those completed in previous financial years. Market responses to the sales of the units in One Mayfair were good with over 76% of the total units sold as of 31st December, 2011. With regard to projects completed in previous financial years, these mainly included One SilverSea, St. Andrews Place, The Palazzo, The Balmoral and Lake Silver as well as carparking spaces in several residential projects including Vision City and Residences Oasis. Contributions from property sales, including property sales of associates attributable to the Group, was HK\$1,700.5 million (2010: HK\$2,151.2 million).

The Group continues to seek good opportunities to launch new projects for sale to enhance shareholders' value. Apart from One Mayfair, new projects launched during the Interim Period were The Coronation in West Kowloon, Marinella in Aberdeen, Providence Bay in Pak Shek Kok and Le Sommet in Xiamen. All of the sales launches have been well received. Over 90%, 72% and 35% of the total number of residential units in The Coronation, Marinella and Providence Bay have been sold respectively so far. As for Le Sommet, over 73% of the total number of residential units have been sold.

During the Interim Period, the Group completed two residential projects namely One Mayfair and Baker Residences with a total attributable gross floor area of 223,416 square feet. Details of the projects are presented in the following table:—

	<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> (Square feet)
1.	One Mayfair 1 Broadcast Drive, Kowloon Tong, Kowloon	Residential	100%	196,592
2.	Baker Residences Baker Court, Hung Hom, Kowloon	Residential/ Retail	Joint Venture	26,824
				<hr/> <u>223,416</u>

CHAIRMAN'S STATEMENT (Continued)

BUSINESS REVIEW (Continued)

(2) Land Bank

As at 31st December, 2011, the Group has a land bank of approximately 41.1 million square feet of attributable gross floor area comprising a balanced portfolio of properties of which 64.4% is residential; 23.9% commercial; 5.2% industrial; 3.5% car parks and 3.0% hotels. In terms of breakdown of the land bank by status, 28.5 million square feet consist of properties under development, 11.7 million square feet of properties for investment and hotels, together with 0.9 million square feet of properties held for sale. The Group will continue to be selective in replenishing its land bank, both in Hong Kong and China, to optimise its earnings potential.

The Group acquired two sites from the HKSAR Government for residential development during the Interim Period. 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.	STTL525 Shatin Area 56A, Kau To (Site A), New Territories	Residential	40%	412,588
2.	Lot No. 726 in Demarcation District No. 4, Mui Wo, Lantau Island, New Territories	Residential	100%	49,407
				<hr/>
				461,995

CHAIRMAN'S STATEMENT (Continued)

BUSINESS REVIEW (Continued)

(3) Property Development

The Group expects to complete a total of two projects with an attributable gross floor area of 356,385 square feet in the second half of the financial year ending 30th June, 2012. Details of the projects are shown as follows:

	<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> (Square feet)
1.	Marinella Welfare Road, Aberdeen, Hong Kong	Residential	35%	225,359
2.	Le Sommet 279 Jiahe Road, (Junction of Changqing Road), Xiamen, Fujian Province, China	Residential/ Retail	100%	131,026
				<hr/>
				356,385

The Group will continuously improve its developments and services through stringent quality control, and applying environmentally friendly features and facilities to enhance the lifestyles of residents and tenants. Environmental sustainability is an important guiding principle in the Group's project development. Efforts to reduce carbon emissions, use of more sustainable materials, apply energy efficient designs and layouts as well as employ environmentally friendly landscaping, fixture and fittings are encouraged.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS REVIEW *(Continued)*

(4) Rental Activities

For the Interim Period, the Group's gross rental revenue, including attributable share from associates, increased 10.6% to HK\$1,431.1 million (2010: HK\$1,293.1 million) and net rental income increased 15.2% to HK\$1,239.0 million (2010: HK\$1,074.7 million). The increase in rental revenue was mainly due to higher rental rates on renewals, as well as improvement in occupancy levels of the existing rental portfolio.

The retail sector in Hong Kong has performed well mainly due to the increase in population, household formation and strong growth in visitor arrivals. These factors are expected to contribute to the continued growth of retail businesses. Given the favourable market conditions and with asset enhancement programme, the Group is expected to drive the growth of rental revenue of the retail properties. Overall occupancy for the retail portfolio has been maintained at high level and rental rate has been on an upward trend.

The office market in Hong Kong has been supported by continuous economic growth in China and Asia. Although the global economic environment has been challenging due to the sovereign debt issues in the Euro zone, robust growth in the retail sector and increasing wealth in the regions, in particular, in China, have brought international branded retailers and manufacturers to expand their presences in Hong Kong. Together with new companies established through initial public offerings in Hong Kong in the past few years, demand for office spaces remains stable. The HKSAR Government's policy, as stated in the Policy Address 2011, to develop Kowloon East as a new Central Business District, will bring even better business opportunities.

The growth in trade flow, the retail and office sectors in Hong Kong has strengthened the demand for industrial space, thus raising the occupancy of the Group's industrial properties with better rental revenue contributing to the Group. The HKSAR Government's policy to revitalise industrial buildings will be conducive for the Group to optimise the usage and value of its industrial buildings.

Regular asset enhancement programmes are integral to the Group's effort to raise asset quality, property values and rental revenues. These programmes include refurbishment and renovation of properties, developing marketing and promotional events, improving service quality, reconfiguring the layouts of premises with the right trade mix, to meet the needs of tenants and customers. Such improvements enrich shopping experience and support our tenants with a sustained flow of shoppers, all of which bring more business to our tenants and enhance the value of the Group's investment properties.

As at 31st December, 2011, the Group has approximately 11.7 million square feet of attributable gross floor area of investment properties. Of this portfolio, commercial developments (retail and office) account for 65.0%, industrial developments 13.9%, car parks 12.5%, hotels 6.1%, and residential 2.5%. The Group expects to complete a total of approximately 2.1 million square feet of attributable gross floor area of investment properties in the next few years. These new investment properties will further strengthen the Group's recurrent income base.

CHAIRMAN'S STATEMENT (*Continued*)

BUSINESS REVIEW (*Continued*)

(5) Hotels

The Fullerton Hotel and The Fullerton Bay Hotel, Singapore

Visitor arrivals to Singapore reached 13.2 million for the full calendar year of 2011 from 11.6 million in 2010, representing an annual increase of approximately 13.7%. Significant growth was seen from visitors from North Asia including China, Japan and Hong Kong as well as Southeast Asia. It is encouraging to learn that Singapore has retained its position as Asia's Top Convention City, according to the latest Global Rankings by the International Congress and Convention Association and is rated as one of the Top Five Convention Cities. With continuing growth in both leisure and business travels, The Fullerton Hotel and The Fullerton Bay Hotel yielded good financial results for the Interim Period. Both hotels received a number of awards from respected organisations and publications in recognition of its service quality. The Group will continue to improve the quality of its hotel services to ensure our discerning guests have enjoyable stays in the hotels.

Conrad Hong Kong

Visitor arrivals to Hong Kong in 2011 reached historic high of 41.9 million. This represents an annual increase of 16.3% (2010: 36.0 million) which exceeds the projection of 39.6 million for 2011 estimated by the HKSAR Government. Good growth was seen for visitors from China, Asia and the United States. Benefiting from the growth of tourism, Conrad Hong Kong yielded favourable financial results for the Interim Period. During the Interim Period, Conrad Hong Kong received a number of awards from respected organisations and publications in recognition of its service quality.

(6) China Business

China achieved good economic growth in 2011. It remains one of the most sought after nations in the world for businesses, manufacturers, investors and luxury consumer brands. The growth has created wealth and has improved the livelihoods of people. Economic prosperity, wage rises and increase in high net worth individuals will stimulate domestic consumption. The gradual development of the internationalisation of Renminbi will facilitate cross-border trades, foreign enterprises to invest in China, international financial transactions and Chinese enterprises to invest in overseas. This reflects China's important position in the world economy in terms of global GDP growth, international finance, environmental protection and international relations.

Economic transformation and restructuring set out in the Twelfth Five-Year Plan in the areas of housing, environment, education and scientific developments will strengthen the structure of the economy that enable it to sustain growth and weather through economic cycles. The Central Government's efforts in improving regional economic disparity will result in better income distribution. Financial stability in China has been recognised as an important objective in the Central Government's policy agenda. Measures for maintaining a healthy financial system and risk management will establish a more resilient economy to withstand any unforeseen changes in economic conditions.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS REVIEW *(Continued)*

(6) China Business *(Continued)*

Housing sector is a key element contributing to China's GDP growth. It provides an important source of revenue for the government in public finance. Given the changes of the dynamics of the economy in China with urbanisation accelerating, affluent class growing, household formation rising, desire of people to pursue better quality of life and cultural preference for home-ownership, demand for housing remains strong in China.

The Group has strengthened its platform of property business in China. The completion of the developments and selling of residential projects have built up the Group's experience and execution capability in China. The Group's interest in the commercial projects Raffles City Shanghai located in the central business area of Shanghai and leasing of Sino International Plaza in Fuzhou has also established its presence in these cities.

As at 31st December, 2011, the Group's land bank in China totaled 25.5 million square feet and these projects are in Shanghai, Chengdu, Chongqing, Zhangzhou, Guangzhou, Xiamen, Fuzhou and Shenzhen. Of this, 24.5 million square feet are projects currently at different stages of the development, and the remaining represents completed properties for investment and sale. Approximately 90% of the development land bank in China is residential developments, the remaining is commercial and hotel developments. Most of the residential portions of the projects are built for sale and some to be kept for investment purposes while commercial portions will be retained mainly for investment purposes. All the projects are situated in cities with good economic and demographic fundamentals. The major property developments in Chengdu, Chongqing and Zhangzhou will be completed by phases over the next few years when expected profit contributions from these projects will be realised.

The Group continues to exercise a focused and selective approach to land bank replenishment and property development in China that can deliver good shareholders' value. China is an important market for the Group to grow in the medium to long term and the Group will continue to seek sites in cities with strong economic fundamentals.

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, 2011.

CHAIRMAN'S STATEMENT *(Continued)*

FINANCE

As at 31st December, 2011, the Group's healthy financial position is evidenced by its low gearing of 9.8%, expressed as a percentage of bank and other borrowings net of cash and bank balances over shareholders' equity. Of the total borrowings, 35.3% was repayable within one year, 8.7% repayable between one and two years and 56.0% 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\$18,039.6 million as at 31st December, 2011, comprising cash on hand of approximately HK\$9,129.6 million together with committed undrawn facilities of approximately HK\$8,910.0 million. All the cash on hand are deposited with banks of high credit ratings. Total assets and shareholders' funds of the Group were HK\$112,336.3 million and HK\$83,747.1 million respectively.

The majority of the Group's debts are denominated in Hong Kong dollars, with the balance in Singapore dollars, mainly used to fund The Fullerton Heritage project in Singapore. Other than the above mentioned, there was no material change in foreign currency borrowings and the capital structure of the Group for the Interim Period. The majority of the Group's cash are denominated in Hong Kong dollars, with a relatively small portion of Renminbi denominated deposits. 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 practising good corporate governance, the Group has formed Audit, Compliance and Remuneration Committees. The Group is committed to maintaining corporate transparency and disseminates information about new developments through various channels, including press releases, its corporate website, results briefings, site visits, participation in non-deal roadshows and investor conferences. In recognition of the Group's management in corporate governance, the Group has been honoured with the 'Corporate Governance Asia Annual Recognition Awards 2012' by Corporate Governance Asia magazine. Further, to ensure proper check and balance and uphold good corporate governance practices, the Board has appointed two independent non-executive directors, Mr. Wong Cho Bau and Mr. Steven Ong Kay Eng as members of Audit Committee with effect from 28th October, 2011.

CUSTOMER SERVICE

The Group is committed 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 conducts regular reviews of its properties so that improvements can be made on a continuous basis. This helps to build our reputation for the highest possible standards of quality and service.

Pursuing high-quality standard has long been one of the Group's key business objectives. During the Interim Period, the Group received the Bronze Award at the 2011 HKMA Quality Award, in recognition of its commitment to quality management and efforts in improving the standards of quality. Further, the Group's property management service division, Sino Property Services, has also been awarded the 'Hong Kong Premier Service Brand' by the Hong Kong Brand Development Council.

CHAIRMAN'S STATEMENT *(Continued)*

CORPORATE SOCIAL RESPONSIBILITY

As a committed corporate citizen, the Group has been actively involved in a wide range of community programmes, voluntary services, charitable fund-raising activities and green initiatives to promote environmental protection, art and cultural events, and staff team-building activities. The Group has been a long-standing supporter of a number of organisations serving the community. The Group encourages staff of all levels to serve the community and care for the needy; this commitment is extended to support staff in joining voluntary service for one day a year during office hours. In recognition of the Group's efforts in supporting voluntary community service, the Hong Kong Council of Social Service has awarded the Group the '5 Years Plus Caring Company Logo' for the eighth consecutive year.

The Group recognises its role in protecting the environment. Efforts have constantly been made through various means to make its properties more environmentally friendly through well thought-through architectural planning, energy-saving and management initiatives. Taking another step in the sustainability journey, the Group has published its first Sustainability Report which highlights the Group's corporate sustainability performance and initiatives. This report shows the Group's dedication to working with its stakeholders in building a better environment. Moreover, the Group has been selected as a constituent member of 'Hang Seng Corporate Sustainability Benchmark Index' effective September 2011, signifying the Group's contributions in corporate social responsibility.

Dedicated to promoting local art and culture and enriching the daily life of Hong Kong people, the Group initiated 'Art in Hong Kong' in 2006. The programme aims at integrating arts and culture into our everyday life by organising art exhibitions and activities at various Sino Group properties. In recognition of its contributions to the development of local arts, the Hong Kong Arts Development Council honoured the Group's 'Art in Hong Kong' with the 'Award for Arts Sponsorship' in 2007 and 2008, and the 'Award for Arts Promotion' in 2008. In the second half of 2011, 'Art in Hong Kong' collaborated with shopping malls of the Group and acclaimed artists to produce interesting exhibitions, bringing an element of artistic inspiration to the daily life of the general public.

PROSPECTS

Equity markets were volatile in 2011 mainly due to the debt issues in the Euro zone. As demand for housing in Hong Kong continues to increase due to growing household formation and number of births as well as strong interest from Chinese nationals in buying residential properties, the fundamental of the residential property market in Hong Kong remains sound. Low levels of mortgage interest rates have kept the affordability for the owners and buyers of residential properties. The housing policy, as stated in the Policy Address 2011, sets out the blueprint of the long-term housing framework for Hong Kong, which is positive for developing a more balanced policy to meet the needs of society. Legislating and standardising practices for property transactions will be beneficial for the market as a whole making it more systematic and transparent. The HKSAR Government's 2012-13 Budget, which presents supportive measures and assistances to Hong Kong people and enterprises, is a prudent management to public finance that aims at better income distribution and also providing cushion to weather the effects of possible slowing world growth.

CHAIRMAN'S STATEMENT *(Continued)*

PROSPECTS *(Continued)*

Although the global economic environment was less favourable in 2011, domestic economy in Hong Kong showed resilience due to support from growth of financial services, infrastructure developments, investment in machinery and equipment as well as inbound tourism. GDP growth has been sustained. Unemployment rate remains at a low level. Financial sector has been healthy. Salary and wage rises as well as robust inbound tourism have stimulated domestic consumption. A resilient economy provides a good support for the property market.

The United States has shown signs of recovery in recent months with broad-based improvement in job market, a pick-up in manufacturing activities, return of confidence, growing shipments of goods and increasing housing starts. Despite the sovereign debt problems in the Euro zone that require time to be resolved, with policymakers of the member nations' concerted efforts to address the issues, it will bring the European continent back on a recovery track.

China has entered its second year of its Twelfth Five-Year Plan with more fixed capital investment expected to be put in place, which will drive domestic economic growth and build a more resilient economy. 2011 saw policy measures taking effect with inflation contained, domestic consumption stimulated and property prices under control. Developing an offshore Renminbi market in Hong Kong will further strengthen Hong Kong's position as an international financial centre.

Management will optimise earnings, enhance efficiency and productivity and improve the quality of products and services. In respect of property development and property management, the Group will incorporate more environmentally friendly elements and initiatives in projects. In addition, the Group's strong financial position will enable management to be proactive in expanding its land bank with good development value thereby enhancing shareholders' value. The Group will maintain a policy of selectively and continuously replenishing its land bank both in Hong Kong and China, which will enable it to strengthen earnings and profitability.

STAFF AND MANAGEMENT

I would like to welcome Mr. Steven Ong Kay Eng to the Board as an independent non-executive director with effect from 28th October, 2011. Mr. Ong's extensive experience in banking and finance will be of great benefit to the Group.

Dr. Fu Yuning, who served the Board as an independent non-executive director since June 2005, retired from office by rotation at the conclusion of the Group's annual general meeting held on 28th October, 2011. Dr. Fu has also ceased to be a member of the Audit Committee upon his retirement from the Board. I would like to take this opportunity to express my heartfelt gratitude to Dr. Fu for his immense contribution which has added significant value to the development and growth of the Group.

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, 28th February, 2012

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31st December, 2011

		Six months ended	
		31st December, 2011	31st December, 2010
		<i>HK\$</i>	<i>HK\$</i>
		(Unaudited)	(Unaudited)
	<i>Notes</i>		
Turnover	3	5,761,228,732	2,562,408,439
Cost of sales		(1,953,343,506)	(353,983,882)
Direct expenses		(886,347,913)	(697,031,724)
		2,921,537,313	1,511,392,833
Other income		66,215,954	59,982,858
Increase in fair value of investment properties	11	1,782,318,490	2,755,572,990
Profit on disposal of a subsidiary	19	143,139,005	–
Gain on disposal of investment properties		74,723,188	–
Gain on disposal of available-for-sale investments		78,492,734	–
(Decrease) increase in fair value of trading securities		(122,019,934)	196,651,174
Administrative expenses		(358,317,018)	(431,182,655)
Other operating expenses		(82,261,457)	(68,819,056)
Finance income	4	107,958,282	82,081,661
Finance costs	5	(104,111,996)	(132,788,999)
Less: Interest capitalised		45,864,917	41,046,000
Finance income (costs), net		49,711,203	(9,661,338)
Share of results of associates	6	461,025,498	2,350,610,821
Profit before taxation	7	5,014,564,976	6,364,547,627
Income tax expense	8	(695,790,308)	(863,688,197)
Profit for the period		4,318,774,668	5,500,859,430
Profit for the period attributable to:			
Company's shareholders		4,300,256,812	5,343,128,646
Non-controlling interests		18,517,856	157,730,784
		4,318,774,668	5,500,859,430
			(Restated)
Earnings per share (reported earnings per share)	10(a)		
Basic (<i>HK cents</i>)		73.98	97.11

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31st December, 2011

	Six months ended	
	31st December, 2011 HK\$ (Unaudited)	31st December, 2010 HK\$ (Unaudited)
Profit for the period	4,318,774,668	5,500,859,430
Other comprehensive (expense) income		
(Loss) gain on fair value changes of available-for-sale investments	(241,221,790)	162,588,941
Exchange difference arising on translation of foreign operation to the Group's presentation currency	57,468,604	391,244,219
Reclassification adjustments upon disposal of available-for-sale investments	(79,275,173)	–
Other comprehensive (expense) income for the period	(263,028,359)	553,833,160
Total comprehensive income for the period	4,055,746,309	6,054,692,590
Total comprehensive income attributable to:		
Company's shareholders	4,037,228,453	5,896,961,806
Non-controlling interests	18,517,856	157,730,784
	4,055,746,309	6,054,692,590

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2011

	Notes	31st December, 2011 HK\$ (Unaudited)	30th June, 2011 HK\$ (Audited)
Non-current assets			
Investment properties	11	49,172,671,731	47,773,861,006
Hotel properties		1,553,476,600	1,657,579,976
Property, plant and equipment	12	135,139,725	149,834,828
Prepaid lease payments – non-current		1,181,367,814	1,261,852,876
Interests in associates	13	9,865,014,365	11,184,181,511
Interest in a jointly controlled entity	14	56,054,663	55,792,466
Available-for-sale investments		638,262,350	1,058,259,703
Advances to associates	13	12,082,980,517	9,578,579,709
Advance to a jointly controlled entity	14	2,001,194,853	1,697,282,249
Advance to non-controlling interests		140,947,302	162,149,657
Advances to investee companies		15,491,074	17,179,670
Long-term loans receivable		48,694,988	29,272,858
		76,891,295,982	74,625,826,509
Current assets			
Properties under development		21,226,106,475	22,812,356,603
Stocks of completed properties		1,804,535,598	1,058,542,810
Hotel inventories		26,371,715	27,271,674
Prepaid lease payments – current		18,692,883	19,809,674
Trading securities		558,178,673	879,730,173
Amounts due from associates		31,438,444	25,733,746
Accounts and other receivables	15	4,095,267,140	1,283,242,610
Current portion of long-term loans receivable		2,385,661	1,237,374
Taxation recoverable		798,755	432,497
Restricted bank deposits		104,305,901	273,972,025
Time deposits, bank balances and cash		7,576,976,141	7,920,479,097
		35,445,057,386	34,302,808,283
Current liabilities			
Accounts and other payables	16	3,671,576,200	3,470,981,667
Amounts due to associates		532,389,367	1,728,128,683
Taxation payable		566,744,694	682,962,906
Current portion of long-term bank borrowings	17	163,574,919	202,212,486
Bank loans	17		
– secured		5,411,548,269	2,062,933,951
– unsecured		50,000,000	–
Financial guarantee contracts – current		2,450	1,645,869
		10,395,835,899	8,148,865,562
Net current assets		25,049,221,487	26,153,942,721
Total assets less current liabilities		101,940,517,469	100,779,769,230
Capital and reserves			
Share capital	18	5,888,894,424	5,279,040,969
Share premium and reserves		77,858,214,179	75,386,357,195
Equity attributable to Company's shareholders		83,747,108,603	80,665,398,164
Non-controlling interests		650,185,243	658,647,389
Total equity		84,397,293,846	81,324,045,553
Non-current liabilities			
Long-term bank borrowings – due after one year	17	10,300,417,925	12,301,197,133
Financial guarantee contracts – non-current		935	948
Deferred taxation		4,806,322,371	4,532,418,677
Advances from associates		1,995,199,335	2,188,632,210
Advances from non-controlling interests		441,283,057	433,474,709
		17,543,223,623	19,455,723,677
		101,940,517,469	100,779,769,230

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31st December, 2011

	Share capital HK\$	Share premium HK\$	Capital redemption reserve HK\$	Investment revaluation reserve HK\$	Exchange reserve HK\$	Retained profits HK\$	Attributable to Company's shareholders HK\$	Non- controlling interests HK\$	Total HK\$
At 1st July, 2010 (audited)	4,902,690,690	22,489,548,719	501,906,000	305,992,054	561,441,801	36,553,478,806	65,315,058,070	378,678,205	65,693,736,275
Profit for the period	-	-	-	-	-	5,343,128,646	5,343,128,646	157,730,784	5,500,859,430
Other comprehensive income for the period	-	-	-	162,588,941	391,244,219	-	553,833,160	-	553,833,160
Total comprehensive income for the period	-	-	-	162,588,941	391,244,219	5,343,128,646	5,896,961,806	157,730,784	6,054,692,590
Issue of shares by placement	305,000,000	4,834,250,000	-	-	-	-	5,139,250,000	-	5,139,250,000
Shares issued in lieu of cash dividend	54,074,182	-	-	-	-	-	54,074,182	-	54,074,182
Premium on issue of shares upon scrip dividend	-	832,742,415	-	-	-	-	832,742,415	-	832,742,415
Share issue expenses	-	(72,073,890)	-	-	-	-	(72,073,890)	-	(72,073,890)
Cancellation upon repurchase of own shares	(1,700,000)	-	1,700,000	-	-	(24,092,901)	(24,092,901)	-	(24,092,901)
Non-controlling interests written off upon deregistration of a subsidiary	-	-	-	-	-	-	-	(610,026)	(610,026)
Final dividend declared and paid – 2010	-	-	-	-	-	(1,470,297,207)	(1,470,297,207)	-	(1,470,297,207)
At 31st December, 2010 (unaudited)	5,260,064,872	28,084,467,244	503,606,000	468,580,995	952,686,020	40,402,217,344	75,671,622,475	535,798,963	76,207,421,438
At 1st July, 2011 (audited)	5,279,040,969	28,397,109,700	509,724,000	319,368,606	1,160,306,000	44,999,848,889	80,665,398,164	658,647,389	81,324,045,553
Profit for the period	-	-	-	-	-	4,300,256,812	4,300,256,812	18,517,856	4,318,774,668
Other comprehensive (expense) income for the period	-	-	-	(320,496,963)	57,468,604	-	(263,028,359)	-	(263,028,359)
Total comprehensive (expense) income for the period	-	-	-	(320,496,963)	57,468,604	4,300,256,812	4,037,228,453	18,517,856	4,055,746,309
Shares issued in lieu of cash dividend	91,629,359	-	-	-	-	-	91,629,359	-	91,629,359
Bonus issue of shares	527,024,096	(527,024,096)	-	-	-	-	-	-	-
Premium on issue of shares upon scrip dividend	-	896,501,649	-	-	-	-	896,501,649	-	896,501,649
Share issue expenses	-	(60,000)	-	-	-	-	(60,000)	-	(60,000)
Cancellation upon repurchase of own shares	(8,800,000)	-	8,800,000	-	-	(99,004,683)	(99,004,683)	-	(99,004,683)
Non-controlling interests written off upon deregistration of a subsidiary	-	-	-	-	-	-	-	(2)	(2)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(26,980,000)	(26,980,000)
Final dividend declared and paid – 2011	-	-	-	-	-	(1,844,584,339)	(1,844,584,339)	-	(1,844,584,339)
At 31st December, 2011 (unaudited)	5,888,894,424	28,766,527,253	518,524,000	(1,128,357)	1,217,774,604	47,356,516,679	83,747,108,603	650,185,243	84,397,293,846

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31st December, 2011

	Six months ended	
	31st December, 2011 <i>Note</i> HK\$ (Unaudited)	31st December, 2010 HK\$ (Unaudited)
Net cash from (used in) operating activities	1,188,671,449	(395,478,539)
Net cash (used in) from investing activities		
Advances to associates	(2,529,715,368)	(211,438,309)
Advance to a jointly controlled entity	(304,217,771)	(27,100,000)
Additions to property, plant and equipment	(18,710,413)	(28,741,454)
Dividend received from associates	1,751,722,521	135,207,198
Proceeds from disposal of available-for-sale investments	182,537,900	–
Decrease in restricted bank deposits	169,666,124	12,044,564
Repayment from associates	81,698,002	2,429,871,003
Proceeds from disposal of a subsidiary	58,671,014	–
Other investing activities	58,554,915	(8,619,592)
	(549,793,076)	2,301,223,410
Net cash used in financing activities		
New borrowings raised	3,705,000,000	474,188,369
Advances from associates	202,599,839	202,442,235
Repayment of borrowings	(2,223,196,000)	(5,010,050,000)
Repayment to associates	(1,599,618,352)	(369,370,233)
Dividend paid	(856,453,331)	(583,480,610)
Repurchase of own shares	(99,004,683)	(24,092,901)
Interest paid	(94,222,287)	(142,742,869)
Dividend paid to non-controlling interests	(26,980,000)	–
Share issue expenses paid	(60,000)	(72,073,890)
Proceeds from issue of shares	–	5,139,250,000
Other financing activities	4,234,950	(5,861,095)
	(987,699,864)	(391,790,994)
Net (decrease) increase in cash and cash equivalents	(348,821,491)	1,513,953,877
Cash and cash equivalents at the beginning of the period	7,920,479,097	4,494,666,421
Effect of foreign exchange rate changes	5,318,535	53,665,123
Cash and cash equivalents at the end of the period	7,576,976,141	6,062,285,421
Analysis of the balances of cash and cash equivalents:		
Time deposits, bank balances and cash	7,576,976,141	6,062,285,421

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31st December, 2011

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 30th June, 2011 except for the application of the following new and revised Standards or Interpretations (“new and revised HKFRSs”) issued by the HKICPA and applied by the Group in the current period.

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

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

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

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ¹
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets ²
HKAS 19 (as revised in 2011)	Employee Benefits ³
HKAS 27 (as revised in 2011)	Separate Financial Statements ³
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ³
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ⁴
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities ³
HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ⁵
HKFRS 10	Financial Instruments ⁵
HKFRS 11	Consolidated Financial Statements ³
HKFRS 12	Joint Arrangements ³
HKFRS 13	Disclosure of Interests in Other Entities ³
HK(IFRIC) – Int 20	Fair Value Measurement ³
	Stripping Costs in the Production Phase of a Surface Mine ³

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

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

³ Effective for annual periods beginning on or after 1st January, 2013

⁴ Effective for annual periods beginning on or after 1st January, 2014

⁵ Effective for annual periods beginning on or after 1st January, 2015

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2011

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets* was issued in December 2010 and will be effective from 1st January, 2012, with earlier application permitted. Before the amendments to HKAS 12, deferred tax liability has been recognised for investment properties carried at fair value on the basis that the carrying amounts of investment properties would be recovered through use. The deferred tax arising from the revaluation of the properties calculated on that basis as at 31st December, 2011 amounted to HK\$4,285,666,286 (30th June, 2011: HK\$4,052,532,933). The amendments include a rebuttable presumption that investment properties carried at fair value will be recovered through sale. The Directors anticipated that the application of the amendments to HKAS 12, if adopted, might have a material impact on the current or prior periods as certain investment properties of the Group will be recovered through sale. The Group is in the process of assessing the impact of the application of the amendments.

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

HKFRS 9 is effective for annual periods beginning on or after 1st January, 2015, with earlier application permitted. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets. The Group is in the process of assessing the impact of the application of the new standard.

The five new or revised standards on consolidation, joint arrangements and disclosures including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011) were issued by the HKICPA in June 2011 and are effective for annual periods beginning on or after 1st January, 2013. Earlier application is permitted provided that all of these five new or revised standards are applied early at the same time.

HKFRS 10 *Consolidated Financial Statements* replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 *Joint Arrangements* replaces HKAS 31 *Interests in joint ventures*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, there are two types of joint arrangements: joint ventures and joint operations. The classification in HKFRS 11 is based on parties' rights and obligations under the arrangements. In contrast, under HKAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. Joint arrangements that are classified as jointly controlled entities in accordance with HKAS 31 may be classified as joint ventures or joint operations as appropriate in accordance with HKFRS 11.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 31st December, 2011

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting. The Group's jointly controlled entity that is currently accounted for using the equity method of accounting.

HKFRS 13 *Fair Value Measurement* requires extensive disclosure requirements relating to assets and liabilities that are measured at fair value or are measured at cost/amortised cost where disclosures of fair value are required in accordance with the applicable standards.

The Directors of the Company anticipate that these new or revised standards except HKFRS 9 will be applied in the Group's consolidated financial statements for the financial year beginning on 1st July, 2013 and are in the process of assessing the impact.

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

3. SEGMENT INFORMATION

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

Six months ended 31st December, 2011

	The Company and its subsidiaries		Associates		Total	
	External revenue	Results	Share of revenue	Share of results	Segment revenue	Segment results
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Property						
Property sales	3,735,755,127	1,577,845,720	221,688,825	122,738,619	3,957,443,952	1,700,584,339
Property rental	1,157,413,555	992,885,848	281,614,774	255,457,962	1,439,028,329	1,248,343,810
	4,893,168,682	2,570,731,568	503,303,599	378,196,581	5,396,472,281	2,948,928,149
Property management and other services	445,223,901	99,790,606	36,456,767	2,538,260	481,680,668	102,328,866
Hotel operations	399,222,928	171,409,342	116,115,900	67,600,306	515,338,828	239,009,648
Investments in securities	23,058,860	21,907,572	1,950	1,950	23,060,810	21,909,522
Financing	554,361	554,361	11,542	7,157	565,903	561,518
	5,761,228,732	2,864,393,449	655,889,758	448,344,254	6,417,118,490	3,312,737,703

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2011

3. SEGMENT INFORMATION (Continued)

Six months ended 31st December, 2010

	The Company and its subsidiaries		Associates		Total	
	External revenue HK\$	Results HK\$	Share of revenue HK\$	Share of results HK\$	Segment revenue HK\$	Segment results HK\$
Property						
Property sales	780,774,752	360,060,170	6,128,060,082	1,791,184,358	6,908,834,834	2,151,244,528
Property rental	1,049,102,662	856,285,983	249,684,387	225,811,777	1,298,787,049	1,082,097,760
	<u>1,829,877,414</u>	<u>1,216,346,153</u>	<u>6,377,744,469</u>	<u>2,016,996,135</u>	<u>8,207,621,883</u>	<u>3,233,342,288</u>
Property management and other services	377,668,648	96,265,910	32,004,327	3,479,811	409,672,975	99,745,721
Hotel operations	328,918,006	125,927,604	105,615,600	60,163,365	434,533,606	186,090,969
Investments in securities	25,458,518	25,087,548	1,950	1,950	25,460,468	25,089,498
Financing	485,853	485,853	82,907	71,119	568,760	556,972
	<u>2,562,408,439</u>	<u>1,464,113,068</u>	<u>6,515,449,253</u>	<u>2,080,712,380</u>	<u>9,077,857,692</u>	<u>3,544,825,448</u>

Segment results represent the profit earned by each segment without allocation of certain other income, certain administrative expenses and other operating expenses, changes in fair values of investment properties and trading securities, gains on disposal of available-for-sale investments, investment properties and a subsidiary and certain finance costs net of finance income. The profit earned by each segment also includes the share of results from the Group's associates without allocation of other income, certain administrative expenses and other operating expenses, change in fair value of investment properties, finance costs net of finance income and income tax expense. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment. For the six months ended 31st December, 2010, certain expenses and income which were previously presented as unallocated expenses and income have been reclassified and included in the segment results of "property management and other services" and "hotel operations". This is to conform with the change made in the annual financial statements for the year ended 30th June, 2011. There is no material impact on segment results.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2011

3. SEGMENT INFORMATION (Continued)

Reconciliation of profit before taxation

	Six months ended	
	31st December, 2011 HK\$	31st December, 2010 HK\$
Segment profit	3,312,737,703	3,544,825,448
Other income	63,903,108	56,179,451
Increase in fair value of investment properties	1,782,318,490	2,755,572,990
Profit on disposal of a subsidiary	143,139,005	–
Gain on disposal of investment properties	74,723,188	–
Gain on disposal of available-for-sale investments	78,492,734	–
(Decrease) increase in fair value of trading securities	(122,019,934)	196,651,174
Administrative expenses and other operating expenses	(381,053,617)	(448,883,826)
Finance income (costs), net	49,643,055	(9,696,051)
Results shared from associates		
– Other income	8,625,419	24,707,115
– Increase in fair value of investment properties	400,758,449	887,817,612
– Administrative expenses and other operating expenses	(190,407,840)	(62,597,537)
– Finance costs, net	(42,749,030)	(72,804,140)
– Income tax expense	(163,545,754)	(507,224,609)
	<u>12,681,244</u>	<u>269,898,441</u>
Profit before taxation	<u>5,014,564,976</u>	<u>6,364,547,627</u>

During the six months ended 31st December, 2011, inter-segment sales of HK\$41,793,128 (*six months ended 31st December, 2010: HK\$37,005,340*) were eliminated within the segment of “property management and other services”. Inter-segment sales were charged at cost plus margin basis as agreed between both parties.

The fluctuation in the fair values of available-for-sale financial assets included in the segment of “investments in securities” is mainly attributable to volatile stock market during the period.

4. FINANCE INCOME

	Six months ended	
	31st December, 2011 HK\$	31st December, 2010 HK\$
Interest income on:		
advances to associates	32,810,441	14,359,126
advances to investee companies	415,154	428,306
bank deposits	47,090,627	17,210,228
Imputed interest income on non-current interest-free		
advances to associates	25,998,629	46,280,969
Financial guarantee income	1,643,431	3,803,032
	<u>107,958,282</u>	<u>82,081,661</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2011

5. FINANCE COSTS

	Six months ended	
	31st December, 2011 HK\$	31st December, 2010 HK\$
Interest on bank borrowings wholly repayable within five years	92,948,234	97,054,334
Imputed interest expense on non-current interest-free advances from associates	7,846,322	6,413,575
Loan facility arrangement fees and finance charges	3,317,440	29,321,090
	104,111,996	132,788,999
Less: Amounts capitalised to properties under development	(45,864,917)	(41,046,000)
	58,247,079	91,742,999

6. SHARE OF RESULTS OF ASSOCIATES

Share of results of associates included the Group's share of increase in fair value of investment properties of the associates of HK\$400,758,449 (six months ended 31st December, 2010: HK\$887,817,612).

7. PROFIT BEFORE TAXATION

	Six months ended	
	31st December, 2011 HK\$	31st December, 2010 HK\$
Profit before taxation has been arrived at after charging (crediting):		
Release of prepaid lease payments (included in other operating expenses)	9,625,836	9,071,145
Cost of properties sold recognised as cost of sales	1,953,343,506	335,920,367
Cost of hotel inventories recognised as direct expenses	45,784,054	44,261,865
Depreciation of owner-operated hotel properties	11,368,939	10,248,103
Depreciation of property, plant and equipment	26,692,284	22,002,812
Recognition of provision for doubtful trade receivables	953,172	504,498
Loss (gain) on disposal of property, plant and equipment	1,467,387	(516,841)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2011

8. INCOME TAX EXPENSE

	Six months ended	
	31st December, 2011 HK\$	31st December, 2010 HK\$
The charge comprises:		
Taxation attributable to the Company and its subsidiaries		
Hong Kong Profits Tax	330,489,522	360,058,847
Other jurisdictions	19,599,359	19,093,809
	<u>350,088,881</u>	<u>379,152,656</u>
Deferred taxation	345,701,427	484,535,541
	<u>695,790,308</u>	<u>863,688,197</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, 2010: 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, 2010: 17%).

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

The Inland Revenue Department ("IRD") initiated tax inquiries for the years of assessment 1995/96 to 2004/05 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\$673,880,000 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 "TRCs") of approximately HK\$109,940,000 for those years of assessments. These TRCs were purchased by the Group in prior years. As at 31st December, 2011, based on the available evidence collated so far, a provision for tax payable in respect of the assessments of approximately HK\$208,000,000 (30th June, 2011: HK\$208,000,000) was made in prior periods. During the current interim period, there has been no significant progress in relation to the tax dispute and the Group has provided for an additional interest of approximately HK\$4,000,000 (six months ended 31st December, 2010: HK\$110,000,000) that was included in administrative expenses. The Directors of the Company consider that such provisions are appropriate having taken into account the current circumstances. The Directors of the Company are also of the opinion that the payment of any additional tax other than the tax provided is not probable and, therefore, no further tax provision has been made.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2011

9. DIVIDEND PAID

	Six months ended	
	31st December,	31st December,
	2011	2010
	HK\$	HK\$
Final dividend paid for the year ended 30th June, 2011 of HK35 cents per share (six months ended 31st December, 2010: HK30 cents per share for the year ended 30th June, 2010), with a scrip dividend option	1,844,584,339	1,470,297,207

Final dividend paid for the year ended 30th June, 2011, which have been adjusted for the bonus issue that took place on 8th December, 2011, is HK31.82 cents per share (six months ended 31st December, 2010: HK27.27 cents per share).

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, 2011 of HK10 cents (six months ended 31st December, 2010: HK10 cents or HK9.09 cents after adjusting for the bonus issue that took place on 8th December, 2011) per share would be paid to the shareholders of the Company whose names appear in the Register of Members on 19th March, 2012.

10. EARNINGS PER SHARE

(a) Reported earnings per share

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

	Six months ended	
	31st December,	31st December,
	2011	2010
	HK\$	HK\$
Earnings for the purpose of basic earnings per share	4,300,256,812	5,343,128,646
	Number	Number
	of shares	of shares
		(Restated)
Weighted average number of ordinary shares for the purpose of basic earnings per share	5,812,440,580	5,502,408,743

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the bonus issue that took place on 8th December, 2011.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2011

10. EARNINGS PER SHARE (Continued)

(b) Underlying earnings per share

For the purpose of assessing the underlying performance of the Group, basic earnings per share is additionally calculated based on the underlying profit attributable to the Company's shareholders of HK\$2,486,652,819 (six months ended 31st December, 2010: HK\$2,434,181,683), excluding the net effect of changes in the valuation of the Group's and the associates' investment properties. The denominators used are the same as those detailed above for reported earnings per share. A reconciliation of profit is as follows:

	Six months ended	
	31st December, 2011 HK\$	31st December, 2010 HK\$
Earnings for the purpose of basic earnings per share	<u>4,300,256,812</u>	<u>5,343,128,646</u>
Increase in fair value of investment properties	(1,782,318,490)	(2,755,572,990)
Effect of corresponding deferred tax charges	297,981,652	444,897,211
Share of results of associates		
– Increase in fair value of investment properties	(400,758,449)	(887,817,612)
– Effect of corresponding deferred tax charges	<u>69,993,554</u>	<u>147,707,784</u>
	(1,815,101,733)	(3,050,785,607)
Non-controlling interests	<u>1,497,740</u>	<u>141,838,644</u>
Net effect of changes in the valuation of investment properties	<u>(1,813,603,993)</u>	<u>(2,908,946,963)</u>
Underlying profit attributable to the Company's shareholders	<u>2,486,652,819</u>	<u>2,434,181,683</u>
Underlying earnings per share (HK cents)	<u>42.78</u>	<u>44.24</u>

11. INVESTMENT PROPERTIES

The Group's investment properties at 31st December, 2011 and 30th June, 2011 were fair-valued by Knight Frank Petty Limited and Colliers International Consultancy & Valuation (Singapore) Pte Ltd, 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, 2011, the Group acquired investment properties of HK\$73,720,960 (six months ended 31st December, 2010: HK\$7,188,160) and incurred renovation cost on investment properties of HK\$81,175,754 (six months ended 31st December, 2010: HK\$29,802,105).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2011

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31st December, 2011, additions to property, plant and equipment amounted to HK\$18,710,413 (six months ended 31st December, 2010: HK\$28,741,454).

13. INTERESTS IN ASSOCIATES

	31st December, 2011 HK\$	30th June, 2011 HK\$
Interests in associates:		
Unlisted shares, at cost	2,183,606,185	2,217,903,622
Share of post-acquisition profits, net of dividends received	7,681,408,180	8,966,277,889
	<hr/>	<hr/>
	9,865,014,365	11,184,181,511
Advances to associates less provision	12,082,980,517	9,578,579,709
	<hr/>	<hr/>
	21,947,994,882	20,762,761,220
	<hr/>	<hr/>

The advances to associates of the Group are unsecured and have no fixed repayment terms. At 31st December, 2011, out of the Group's advances to associates, HK\$3,861,488,250 (30th June, 2011: HK\$1,577,535,011) bears interest determined based on the Group's cost-of-funds plus a margin per annum and the remaining balance of HK\$8,221,492,267 (30th June, 2011: HK\$8,001,044,698) is interest-free. The effective interest rate for imputed interest income is determined based on the cost-of-funds plus a margin per annum. In the opinion of the Directors, the Group will not demand for repayment within the next twelve months from the end of the reporting period and the advances are therefore shown as non-current.

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 2004/05 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\$135,038,000 were issued to MII for the years under review and objection was properly lodged with the IRD by MII. The IRD agreed to hold over the tax claim subject to the purchase of TRCs of approximately HK\$18,212,000 for those years of assessments. These TRCs were purchased by the corresponding company in prior years.

In respect of MII case, the effective share of the additional tax attributable to the Group as at 31st December, 2011 is estimated to be approximately HK\$60,767,000 (30th June, 2011: HK\$60,767,000). As at 31st December, 2011, based on the available evidence collated so far, a provision for tax payable in respect of the assessments of approximately HK\$29,000,000 (30th June, 2011: HK\$29,000,000) was made in prior periods. During the current interim period, there has been no significant progress in relation to the tax dispute and MII provided for an additional interest of approximately HK\$400,000 (six months ended 31st December, 2010: HK\$15,100,000). The effective share of tax and the estimated interest payable attributable to the Group are approximately HK\$13,000,000 (30th June, 2011: HK\$13,000,000) and HK\$7,200,000 (30th June, 2011: HK\$7,000,000) respectively. The management considers that such provisions are appropriate having taken into account the current circumstances. The management is also of the opinion that the payment of any additional tax other than the tax provided is not probable and, therefore, no further tax provision has been made by MII.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2011

14. INTEREST IN A JOINTLY CONTROLLED ENTITY

	31st December, 2011 HK\$	30th June, 2011 HK\$
Interest in a jointly controlled entity:		
Unlisted shares, at cost	56,054,663	55,792,466
Advance to a jointly controlled entity	2,001,194,853	1,697,282,249
	<u>2,057,249,516</u>	<u>1,753,074,715</u>

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

The advance to a jointly controlled entity of the Group is unsecured, interest-free and has no fixed repayment terms. The effective interest rate for imputed interest income is determined based on the cost-of-fund plus a margin per annum. In the opinion of the Directors, the Group will not demand for repayment within the next twelve months from the end of the reporting period and the advance is therefore shown as non-current.

15. ACCOUNTS AND OTHER RECEIVABLES

Included in accounts and other receivables are trade receivables of HK\$3,149,170,374 (30th June, 2011: HK\$843,855,615), of which HK\$2,974,705,390 (30th June, 2011: HK\$658,534,246) are to be settled based on the terms of sale and purchase agreements. Trade receivables mainly comprise rental receivables and properties sales receivables.

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

	31st December, 2011 HK\$	30th June, 2011 HK\$
Not yet due	2,964,909,190	643,093,551
0 – 30 days overdue	84,802,027	143,256,265
31 – 60 days overdue	29,520,928	19,435,515
61 – 90 days overdue	6,282,069	3,911,603
Over 90 days overdue	63,656,160	34,158,681
	<u>3,149,170,374</u>	<u>843,855,615</u>

Other receivables mainly comprise receivables in relation to the disposal of a subsidiary of approximately HK\$20,000,000 (30th June, 2011: Nil), rental, utility and other deposits paid of approximately HK\$90,000,000 (30th June, 2011: HK\$95,000,000), prepayments of approximately HK\$19,000,000 (30th June, 2011: HK\$20,000,000) and interest receivables of approximately HK\$10,000,000 (30th June, 2011: HK\$4,000,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2011

16. ACCOUNTS AND OTHER PAYABLES

Included in accounts and other payables are trade payables of HK\$231,423,038 (30th June, 2011: HK\$213,569,453).

The following is an aged analysis of trade payables presented based on invoice date at the reporting date:

	31st December, 2011 HK\$	30th June, 2011 HK\$
0 – 30 days	188,476,099	154,958,357
31 – 60 days	13,482,697	42,157,329
61 – 90 days	1,734,737	3,564,369
Over 90 days	27,729,505	12,889,398
	<u>231,423,038</u>	<u>213,569,453</u>

Other payables mainly comprise construction costs payable of approximately HK\$1,466,000,000 (30th June, 2011: HK\$1,233,000,000), rental and utility deposits received of approximately HK\$615,000,000 (30th June, 2011: HK\$545,000,000), and rental receipt in advance of approximately HK\$122,000,000 (30th June, 2011: HK\$113,000,000).

17. BANK BORROWINGS

During the six months ended 31st December, 2011, the Group obtained new bank loans amounting to HK\$3,705,000,000 (six months ended 31st December, 2010: HK\$474,188,369), of which HK\$850,000,000 (six months ended 31st December, 2010: HK\$81,900,000) are classified as non-current liabilities. Certain assets of the Group were pledged for the new bank loans amounting to HK\$3,655,000,000 (six months ended 31st December, 2010: HK\$474,188,369) as set out in note 20. The proceeds were mainly used to repay the existing bank loans. All of the bank borrowings carry contracted interest rates (which are also the effective interest rates) at HIBOR/SIBOR plus a margin per annum.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2011

18. SHARE CAPITAL

	Number of ordinary shares of HK\$1.00 each	Nominal value HK\$
Authorised:		
At 1st July, 2011	6,000,000,000	6,000,000,000
Increase during the period	<u>2,000,000,000</u>	<u>2,000,000,000</u>
At 31st December, 2011	<u>8,000,000,000</u>	<u>8,000,000,000</u>
Issued and fully paid:		
At 1st July, 2011	5,279,040,969	5,279,040,969
Bonus issue of shares	527,024,096	527,024,096
Issued in lieu of cash dividend	91,629,359	91,629,359
Cancellation upon repurchase of own shares	<u>(8,800,000)</u>	<u>(8,800,000)</u>
At 31st December, 2011	<u>5,888,894,424</u>	<u>5,888,894,424</u>

During the period, 8,800,000 (*six months ended 31st December, 2010: 1,700,000*) ordinary shares repurchased on the Stock Exchange were cancelled. The nominal value of HK\$8,800,000 (*six months ended 31st December, 2010: HK\$1,700,000*) of all the shares cancelled during the period was credited to the capital redemption reserve and the relevant aggregate consideration of HK\$99,004,683 (*six months ended 31st December, 2010: HK\$24,092,901*) was paid out from the Company's retained profits.

On 8th December, 2011, the Company issued and allotted 91,629,359 ordinary shares of HK\$1.00 each at an issue price of HK\$10.784 per ordinary share in lieu of cash for the 2011 final dividend and made a one for ten bonus issue of shares.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2011

19. DISPOSAL OF A SUBSIDIARY

During the period, the Group sold a shopping mall in Maritime Bay by way of selling the entire shares of Great Land (HK) Limited (“Great Land”), a wholly-owned subsidiary of the Group, for a consideration of approximately HK\$579,000,000 to an independent third party. The net assets of Great Land at the date of disposal were as follows:

	<i>HK\$</i>
Net assets disposed of:	
Investment property	510,000,000
Accounts and other receivables	3,010,176
Bank balances and cash	168,986
Accounts and other payables	(10,118,084)
Provision for taxation	(2,209,212)
Deferred taxation	(64,739,006)
Amount due to a subsidiary of the Group	(24,396,755)
	<hr/>
	411,716,105
Assignment of amount due to a subsidiary of the Group to the purchaser	24,396,755
	<hr/>
	436,112,860
Profit on disposal of a subsidiary	143,139,005
	<hr/>
	579,251,865
	<hr/>
Satisfied by:	
Cash consideration received	58,840,000
Cash consideration receivable	520,411,865
	<hr/>
	579,251,865
	<hr/>
Net cash inflow arising on disposal:	
Cash consideration	58,840,000
Bank balances and cash disposed of	(168,986)
	<hr/>
	58,671,014
	<hr/>

The subsidiary disposed of during the period ended 31st December, 2011 did not contribute significantly to the turnover, operating results or cash flows to the Group in the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2011

20. PLEDGE OF ASSETS

- (a) At 31st December, 2011, the aggregate facilities of bank loans granted to the Group amounting to approximately HK\$20,373,600,000 (30th June, 2011: HK\$20,807,647,000) were secured by certain of the Group's properties, restricted bank deposits and floating charges on bank balances amounting to a total carrying amount of approximately HK\$37,697,616,000 (30th June, 2011: HK\$37,639,918,000). At that date, the facilities were utilised to the extent of approximately HK\$15,405,600,000 (30th June, 2011: HK\$14,096,147,000).
- (b) At 31st December, 2011, investments in and advances to certain associates and a jointly controlled entity amounting to approximately HK\$9,482,556,000 (30th June, 2011: HK\$7,337,904,000) and certain assets of the associates and a jointly controlled entity were pledged to or assigned to secure loan facilities made available by banks to such associates and jointly controlled entity.

21. 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, 2011 HK\$	30th June, 2011 HK\$
Guarantees in respect of banking facilities of associates and a jointly controlled entity:		
– Utilised	8,432,350,000	6,779,550,000
– Unutilised	2,559,013,290	2,278,450,000
	<hr/>	<hr/>
Total guarantees	10,991,363,290	9,058,000,000

In relation to the financial guarantee provided to banks in respect of banking facilities granted to associates and a jointly controlled entity at 31st December, 2011, HK\$3,385 (30th June, 2011: HK\$1,646,817) was recognised in the condensed consolidated financial statements as financial guarantee contracts.

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

	31st December, 2011 HK\$	30th June, 2011 HK\$
Share of contingent liabilities arising from tax affairs of associates	47,836,000	47,836,000

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 15th March, 2012 to Monday, 19th March, 2012, 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 Monday, 19th March, 2012.

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 Share Registrars, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 14th March, 2012.

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

During the interim period, the Company repurchased 8,370,000 ordinary shares on The Stock Exchange of Hong Kong Limited at an aggregate consideration of HK\$93,740,341. 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 2011	2,642,000	13.26	12.20	33,529,476
September 2011	2,906,000	12.20	10.38	32,345,280
October 2011	2,822,000	10.62	9.34	27,865,585
	<u>8,370,000</u>			<u>93,740,341</u>

All 8,370,000 shares repurchased were cancelled on delivery of the share certificates during the interim period. 430,000 ordinary shares repurchased in the last financial year ended 30th June, 2011 were cancelled during the interim period. The nominal value of HK\$8,800,000 of all the shares cancelled during the interim period was credited to capital redemption reserve and the relevant aggregate consideration of HK\$99,004,683 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, 2011, 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	3,100,176,726 <i>(Note)</i>	Beneficial owner of 160,387 shares, spouse interest in 3,431,796 shares and trustee interest in 3,096,584,543 shares of the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	52.64%
The Honourable Ronald Joseph Arculli, GBM, CVO, GBS, OBE, JP	1,148,504	Beneficial owner	0.01%
Dr. Allan Zeman, GBM, GBS, JP	—	—	—
Mr. Adrian David Li Man-kiu, JP	—	—	—
Mr. Wong Cho Bau, JP	—	—	—
Mr. Steven Ong Kay Eng	—	—	—
Mr. Yu Wai Wai	—	—	—
Mr. Thomas Tang Wing Yung	151,195	Beneficial owner	≈0%
Mr. Daryl Ng Win Kong	91,938	Beneficial owner	≈0%
Mr. Ringo Chan Wing Kwong	—	—	—
Ms. Alice Ip Mo Lin	—	—	—

Note:

As regards trustee interest in 3,096,584,543 shares:

- (a) *1,354,753,893 shares were held by Tsim Sha Tsui Properties Limited which was 71.95% controlled by the executors of the estate of the late Mr. Ng Teng Fong;*
- (b) (i) *42,112,235 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) *1,577,194,156 shares were held through certain other wholly-owned subsidiaries of Tsim Sha Tsui Properties Limited;*

DIRECTORS' INTERESTS (Continued)

(a) Long Positions in Shares of the Company (Continued)

Note: (Continued)

(c) 90,287,084 shares were held through companies which were 100% controlled by the executors of the estate of the late Mr. Ng Teng Fong – 147,130 shares by Fanlight Investment Limited, 144,371 shares by Garford Nominees Limited, 32,488,290 shares by Karaganda Investments Inc., 14,012,060 shares by Orient Creation Limited, 6,810,204 shares by Strathallan Investment Limited, 20,526,074 shares by Strong Investments Limited, 15,729,174 shares by Tamworth Investment Limited and 429,781 shares by Transpire Investment Limited; and

(d) 32,237,175 shares were held by the executors of the estate of the late Mr. Ng Teng Fong.

(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	1,102,903,679 (Note)	Beneficial owner of 592,295 shares and trustee interest in 1,102,311,384 shares of the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	71.99%
The Honourable Ronald Joseph Arculli, GBM, CVO, GBS, OBE, JP	60,000	Beneficial owner	≈0%
Dr. Allan Zeman, GBM, GBS, JP	–	–	–
Mr. Adrian David Li Man-kiu, JP	–	–	–
Mr. Wong Cho Bau, JP	–	–	–
Mr. Steven Ong Kay Eng	–	–	–
Mr. Yu Wai Wai	–	–	–
Mr. Thomas Tang Wing Yung	–	–	–
Mr. Daryl Ng Win Kong	–	–	–
Mr. Ringo Chan Wing Kwong	–	–	–
Ms. Alice Ip Mo Lin	–	–	–

Note:

As regards trustee interest in 1,102,311,384 shares:

(a) 1,015,314,155 shares were held through companies which were 100% controlled by the executors of the estate of the late Mr. Ng Teng Fong – 105,237,293 shares by Fanlight Investment Limited, 142,611,883 shares by Nippomo Limited, 3,277,076 shares by Orient Creation Limited, 280,487,557 shares by Strathallan Investment Limited, 418,563,610 shares by Tamworth Investment Limited and 65,136,736 shares by Transpire Investment Limited; and

(b) 86,997,229 shares were held by the executors of the estate of the late Mr. Ng Teng Fong.

DIRECTORS' INTERESTS (Continued)

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

(ii) Associated Companies

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

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

Notes:

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

DIRECTORS' INTERESTS (Continued)

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

(ii) Associated Companies (Continued)

Notes: (Continued)

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

Save as disclosed above, as at 31st December, 2011, 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, 2011, 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. Philip Ng Chee Tat	3,109,441,436 (Notes 1, 2, 3, 4 and 5)	Interest of controlled corporations in 12,856,893 shares and trustee interest in 3,096,584,543 shares of the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	52.80%
Mr. Robert Ng Chee Siong	3,100,176,726 (Notes 2, 3, 4 and 5)	Beneficial owner of 160,387 shares, spouse interest in 3,431,796 shares and trustee interest in 3,096,584,543 shares of the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	52.64%
Tsim Sha Tsui Properties Limited	2,974,060,284 (Notes 2(a), 2(b), 3 and 4)	Beneficial owner of 1,354,753,893 shares and interest of controlled corporations in 1,619,306,391 shares	50.50%

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS (Continued)

Long Positions in Shares of the Company (Continued)

Name of Other Shareholders	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Spangle Investment Limited	365,299,182 <i>(Note 3)</i>	Beneficial owner	6.20%
Ka Fai Land Investment Limited	320,084,808 <i>(Note 4)</i>	Beneficial owner	5.43%

Notes:

1. 12,856,893 shares were held through companies which were 100% controlled by Mr. Philip Ng Chee Tat – 3,483,078 shares by Bestdeal Contractors Pte Ltd and 9,373,815 shares by Western Properties Pte Ltd.
2. As regards trustee interest in 3,096,584,543 shares:
 - (a) 1,354,753,893 shares were held by Tsim Sha Tsui Properties Limited which was 71.95% controlled by the executors of the estate of the late Mr. Ng Teng Fong;
 - (b) (i) 42,112,235 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) 1,577,194,156 shares were held through certain other wholly-owned subsidiaries of Tsim Sha Tsui Properties Limited (including 365,299,182 shares held by Spangle Investment Limited (Note 3) and 320,084,808 shares held by Ka Fai Land Investment Limited (Note 4));
 - (c) 90,287,084 shares were held through companies which were 100% controlled by the executors of the estate of the late Mr. Ng Teng Fong – 147,130 shares by Fanlight Investment Limited, 144,371 shares by Garford Nominees Limited, 32,488,290 shares by Karaganda Investments Inc., 14,012,060 shares by Orient Creation Limited, 6,810,204 shares by Strathallan Investment Limited, 20,526,074 shares by Strong Investments Limited, 15,729,174 shares by Tamworth Investment Limited and 429,781 shares by Transpire Investment Limited; and
 - (d) 32,237,175 shares were held by the executors of the estate of the late Mr. Ng Teng Fong.
3. 365,299,182 shares were held by Spangle Investment Limited, a wholly-owned subsidiary of Tsim Sha Tsui Properties Limited and were duplicated in the interests of the executors of the estate of the late Mr. Ng Teng Fong and Tsim Sha Tsui Properties Limited.
4. 320,084,808 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 the executors of the estate of the late Mr. Ng Teng Fong and Tsim Sha Tsui Properties Limited.
5. The interests of Mr. Philip Ng Chee Tat and Mr. Robert Ng Chee Siong as the co-executors of the estate of the late Mr. Ng Teng Fong were duplicated.

Save as disclosed above and so far as the Directors of the Company are aware, as at 31st December, 2011, 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, 2011 HK\$	At 30th June, 2011 HK\$
The Group's share of total indebtedness of its affiliated companies		
– Bank loans	8,692,137,303	7,073,351,881
Advances from the Group	15,886,281,594	13,134,046,457
	<u>24,578,418,897</u>	<u>20,207,398,338</u>
The Group's share of contingent liabilities of its affiliated companies	<u>47,836,000</u>	47,836,000

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

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

Directors' Updated Biographical Details

The changes in the biographical details of the Directors since the publication of the 2011 annual report in September 2011 are set out below:

The Honourable Ronald Joseph Arculli

- appointed as convenor of the non-official members of the Executive Council of The Hong Kong Special Administrative Region Government.

Dr. Allan Zeman

- retired as an Independent Non-Executive Director of The Link Management Limited.

Mr. Adrian David Li Man-kiu

- ceased to be a Council Member of the Vocational Training Council; and
- appointed as a member of the Election Committee responsible for electing the Chief Executive of the Hong Kong Special Administrative Region.

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

Directors' Updated Biographical Details *(Continued)*

Mr. Wong Cho Bau

- appointed as a member of the Audit Committee of the Company with effect from 28th October, 2011.

Mr. Steven Ong Kay Eng

- appointed as an Independent Non-Executive Director and a member of the Audit Committee of the Company with effect from 28th October, 2011.

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

Directors' Emoluments

During the interim period, the Executive Directors Mr. Yu Wai Wai, Mr. Thomas Tang Wing Yung, Mr. Daryl Ng Win Kong, Mr. Ringo Chan Wing Kwong and Ms. Alice Ip Mo Lin received discretionary bonuses in the amounts of HK\$902,570, HK\$500,000, HK\$62,360, HK\$575,670 and HK\$939,700 respectively.

The basis of determining the Directors' emoluments (including bonus payments) remain unchanged during the six months ended 31st December, 2011.

Save as disclosed above, as at 31st December, 2011, there had not been any other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

COMPLIANCE COMMITTEE

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

AUDIT COMMITTEE

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

In the first quarter of 2012, 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, 2011.

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, GBM, 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, 2011.

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, 2011, 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 four 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 the industry practices.

By Order of the Board
Velencia LEE
Secretary

Hong Kong, 28th February, 2012

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 14 to 33, which comprises the condensed consolidated statement of financial position of Sino Land Company Limited (the “Company”) and its subsidiaries as of 31st December, 2011 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

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

Conclusion

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28th February, 2012

