

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31st December, 2006

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 and with Hong Kong Accounting Standard (“HKAS”) 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, 2006 except as described below.

In the current period, the Group has applied, for the first time, a number of new standard, amendments and interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for the current accounting period. The adoption of the new HKFRSs has resulted in changes to the Group’s accounting policies in the following areas that has an effect on how the results and financial position for the current or prior accounting periods are prepared and presented:

Financial guarantee contracts

In the current period, the Group has applied HKAS 39 and Hong Kong Financial Reporting Standards (“HKFRS”) 4 (Amendments) *Financial Guarantee Contracts* which is effective for annual periods beginning on or after 1st January, 2006.

A financial guarantee contract is defined by HKAS 39 *Financial Instruments: Recognition and Measurement* as “a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument”.

Prior to 1st January, 2006, financial guarantee contracts were not accounted for in accordance with HKFRS 4 *Insurance Contracts* and those contracts were disclosed as contingent liabilities. A provision for financial guarantee was only recognised when it was probable that an outflow of resources would be required to settle the financial guarantee obligation and the amount can be estimated reliably.

Upon the application of these amendments, a financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*.

The fair value of the financial guarantee contract is accounted for by the borrower as transaction costs of the related borrowing and amortised over the guarantee period using the effective interest method.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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For the six months ended 31st December, 2006

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial guarantee contracts (Continued)

In relation to financial guarantees granted to a number of banks over the repayment of loans by associates, the Group has applied the transitional provisions in HKAS 39. The fair value of the financial guarantee contracts at the date of grant amounted to HK\$10,350,600, representing a deemed capital contribution to the associates, has been adjusted to the carrying amount of interests in associates. The unamortised amount of HK\$250,874 has been recognised as financial liabilities for the financial guarantee contracts as at 1st July, 2005 and adjusted to the carrying amount of interest in associates accordingly. This change in accounting policy has resulted in an increase in profit for the period (see Note 3 for the financial impact).

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

The effect of changes in accounting policies described in Note 2 on the results for the current and prior periods is as follows:

- (a) On results and income statement line items

	Six months ended	
	31st December, 2006 HK\$	31st December, 2005 HK\$
Income from amortisation of financial guarantee contracts included in finance income	1,356,245	35,530
Decrease in share of results of associates	(110,684)	(35,530)
Increase in profit for the period	<u>1,245,561</u>	<u>—</u>

- (b) The cumulative effect of the application of the new HKFRSs as at 30th June, 2006 is summarised below:

	As at 30th June, 2006 (originally stated) HK\$	Effect of HKAS 39 and HKFRS 4 (Amendments) HK\$	As at 30th June, 2006 (restated) HK\$
Balance sheet items			
Goodwill	13,286,563	(987)	13,285,576
Interests in associates	4,935,564,283	8,995,420	4,944,559,703
Financial guarantee contracts	<u>—</u>	(8,521,566)	<u>(8,521,566)</u>
Total effects on assets and liabilities		<u>472,867</u>	
Retained profits	12,938,527,772	254,828	12,938,782,600
Minority interest	<u>18,252,208,466</u>	218,039	<u>18,252,426,505</u>
Total effects on equity		<u>472,867</u>	

Financial guarantee expenses amounted to HK\$473,854 have been capitalised in the property under development held by certain associates of the Group for the year ended 30th June, 2006.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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For the six months ended 31st December, 2006

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (Continued)

(c) The application of the new HKFRSs has no impact on the Group's equity at 1st July, 2005.

The Group has not early applied the following new standards, amendment or interpretations that have been issued but are not yet effective. The Directors of the Company anticipate that the application of these standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HKFRS 8	Operating Segments ²
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment ³
HK(IFRIC)-Int 11	HKFRS 2: Group and Treasury Share Transactions ⁴
HK(IFRIC)-Int 12	Service Concession Arrangements ⁵

¹ Effective for annual periods beginning on or after 1st January, 2007

² Effective for annual periods beginning on or after 1st January, 2009

³ Effective for annual periods beginning on or after 1st November, 2006

⁴ Effective for annual periods beginning on or after 1st March, 2007

⁵ Effective for annual periods beginning on or after 1st January, 2008

4. SEGMENT INFORMATION

Business segments

For management purposes, the Group is currently organised into five operating divisions - property, investments in securities, financing, hotel and building management and services. These operating divisions are the basis on which the Group reports its primary segment information as below:

Six months ended 31st December, 2006

	Property HK\$	Investments in securities HK\$	Financing HK\$	Hotel HK\$	Building management and services HK\$	Elimination HK\$	Consolidated HK\$
Turnover							
Property rental	575,312,360	-	-	-	-	-	575,312,360
Property sales	92,869,750	-	-	-	-	-	92,869,750
Hotel operations	-	-	-	197,501,494	-	-	197,501,494
Management services	34,492,860	-	-	-	226,289,598	-	260,782,458
Share investment and dealing	-	45,424,508	-	-	-	-	45,424,508
Financing	-	-	8,341,456	-	-	-	8,341,456
	<u>702,674,970</u>	<u>45,424,508</u>	<u>8,341,456</u>	<u>197,501,494</u>	<u>226,289,598</u>	-	<u>1,180,232,026</u>
Other income	13,537,772	19,791,310	1,695,059	61,596	12,997,167	-	48,082,904
Inter-segment sales*	-	-	-	-	11,802,678	(11,802,678)	-
	<u>716,212,742</u>	<u>65,215,818</u>	<u>10,036,515</u>	<u>197,563,090</u>	<u>251,089,443</u>	<u>(11,802,678)</u>	<u>1,228,314,930</u>
SEGMENT RESULT	<u>1,253,086,940</u>	<u>342,296,821</u>	<u>10,036,515</u>	<u>97,893,365</u>	<u>82,813,134</u>	-	<u>1,786,126,775</u>
Unallocated corporate expenses							(263,476,758)
Unallocated other gains							91,445,522
Net finance costs							(267,611,592)
Share of results of associates							503,795,406
Profit before taxation							1,850,279,353
Income tax expense							(204,656,348)
Profit for the period							<u>1,645,623,005</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 31st December, 2006

4. SEGMENT INFORMATION (Continued)

Business segments (Continued)

Six months ended 31st December, 2005

	Property HK\$	Investments in securities HK\$	Financing HK\$	Hotel HK\$	Building management and services HK\$	Elimination HK\$	Consolidated HK\$ (restated)
Turnover							
Property rental	504,365,252	-	-	-	-	-	504,365,252
Property sales	15,591,800	-	-	-	-	-	15,591,800
Hotel operations	-	-	-	151,255,955	-	-	151,255,955
Management services	33,618,534	-	-	-	184,871,090	-	218,489,624
Share investment and dealing	-	48,401,926	-	-	-	-	48,401,926
Financing	-	-	8,323,361	-	-	-	8,323,361
	<u>553,575,586</u>	<u>48,401,926</u>	<u>8,323,361</u>	<u>151,255,955</u>	<u>184,871,090</u>	<u>-</u>	<u>946,427,918</u>
Other income	8,218,195	8,229,598	631,858	137,731	6,536,812	-	23,754,194
Inter-segment sales*	-	-	-	-	11,419,811	(11,419,811)	-
	<u>561,793,781</u>	<u>56,631,524</u>	<u>8,955,219</u>	<u>151,393,686</u>	<u>202,827,713</u>	<u>(11,419,811)</u>	<u>970,182,112</u>
Total							
SEGMENT RESULT	<u>888,745,522</u>	<u>123,815,167</u>	<u>8,955,219</u>	<u>77,792,183</u>	<u>78,888,841</u>	<u>-</u>	<u>1,178,196,932</u>
Unallocated corporate expenses							(235,081,376)
Unallocated other losses							(34,380,407)
Net finance costs							(206,648,975)
Share of results of associates							381,061,805
Profit before taxation							1,083,147,979
Income tax expense							(117,327,073)
Profit for the period							<u>965,820,906</u>

* Inter-segment sales were charged at cost plus margin basis as agreed between both parties.

5. FINANCE INCOME

	Six months ended	
	31st December, 2006 HK\$	31st December, 2005 HK\$ (restated)
Interest income on:		
advances to associates	34,888,412	15,392,974
advances to investee companies	3,528,711	3,515,134
bank deposits	35,989,099	19,400,713
Imputed interest income on non-current interest-free advances to associates	108,809,313	52,939,358
Financial guarantee income	1,356,245	35,530
	<u>184,571,780</u>	<u>91,283,709</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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For the six months ended 31st December, 2006

6. FINANCE COSTS

	Six months ended	
	31st December, 2006 HK\$	31st December, 2005 HK\$
Interests on bank and other borrowings wholly repayable within five years	467,330,157	266,321,827
Effective interest expense on convertible bonds	21,162,004	45,894,797
Imputed interest expense on non-current interest-free advances from associates	30,700,501	13,479,015
Imputed interest expense on non-current interest-free other unsecured loans	90,235,799	54,389,500
Loan facility arrangement fees and finance charges	11,426,097	12,547,862
	<u>620,854,558</u>	<u>392,633,001</u>
Less: Amount capitalised to properties under development	(168,671,186)	(94,700,317)
	<u>452,183,372</u>	<u>297,932,684</u>

7. SHARE OF RESULTS OF ASSOCIATES

Share of results of associates included an increase in fair value of investment properties of the associates of HK\$149,858,769 (six months ended 31st December, 2005: HK\$341,525,913) recognised in the income statements of the associates.

8. PROFIT BEFORE TAXATION

	Six months ended	
	31st December, 2006 HK\$	31st December, 2005 HK\$
Profit before taxation has been arrived at after charging (crediting):		
Amortisation of prepaid lease payments	2,289,276	2,132,615
Cost of hotel inventories recognised	21,347,986	16,130,103
Depreciation expenses for owner-operated hotel property	4,610,086	4,294,606
Depreciation of property, plant and equipment	10,377,759	9,098,958
Gain on disposal of property, plant and equipment	(11,623)	(162,677)
Loss on disposal of investment properties	526,234	517,183
Share of tax of associates (included in share of results of associates)	93,776,592	46,979,250
	<u>93,776,592</u>	<u>46,979,250</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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For the six months ended 31st December, 2006

9. INCOME TAX EXPENSE

	Six months ended	
	31st December, 2006 HK\$	31st December, 2005 HK\$
The charge comprises:		
Taxation attributable to the Company and its subsidiaries		
Hong Kong Profits Tax	65,941,178	40,829,459
Other jurisdictions	25,259,166	12,358,801
	<hr/>	<hr/>
	91,200,344	53,188,260
Deferred taxation	113,456,004	64,138,813
	<hr/>	<hr/>
	204,656,348	117,327,073

Hong Kong Profits Tax is calculated at 17.5% (six months ended 31st December, 2005: 17.5%) of the estimated assessable profits for the period.

Taxes on profits assessable in the People's Republic of China and elsewhere have been calculated at rates of taxation prevailing in the country and the regions in which the Group operates.

The Inland Revenue Department ("IRD") initiated tax inquiries for the years of assessment 1995/96 to 1999/2000 on Sing-Ho Finance Company Limited ("Sing-Ho Finance"), a wholly-owned subsidiary of Sino Land Company Limited ("Sino Land") which is a subsidiary of the Company. Notices of assessment for additional tax in an aggregate sum of approximately HK\$326,160,000 were issued to Sing-Ho Finance for the years under review and objections were properly lodged with the IRD by Sing-Ho Finance. The IRD agreed to hold over the tax claim subject to the purchase of tax reserve certificates (the "TRC") of approximately HK\$109,940,000 for those years of assessments. These TRC have been purchased by the Group. After considering the advice from the tax advisors, and in the opinion of the Directors of the Company, in view of the tax inquiries are still at the stage of collation of evidence, the ultimate outcome of these tax inquiries cannot presently be determined with an acceptable degree of certainty. Accordingly, no provision for any liabilities from the assessment that may result has been made.

The IRD also initiated a tax inquiry for the years of assessment 1998/99 to 2001/02 on City Empire Limited ("City Empire"), another wholly-owned subsidiary of Sino Land. Notices of assessment for additional tax of approximately HK\$263,438,000 were issued to City Empire for the years under review and objections were properly lodged with the IRD by City Empire. The IRD agreed to hold over the tax claim subject to the purchase of TRC of approximately HK\$131,719,000 for those years of assessments. These TRC have been purchased by the Group. After considering the advice from the tax advisors, the Directors of the Company believe that City Empire has reasonable ground to contest the assessments issued by the IRD and accordingly, no provision for the assessments has been made.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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For the six months ended 31st December, 2006

10. DIVIDEND

	Six months ended	
	31st December, 2006 HK\$	31st December, 2005 HK\$
Final dividend for the year ended 30th June, 2006 of HK30 cents (year ended 30th June, 2005: HK11.5 cents) per share, with a scrip dividend option	<u>422,511,656</u>	<u>160,194,475</u>

The Directors of the Company determined that an interim dividend for the six months ended 31st December, 2006 of HK8.5 cents (six months ended 31st December, 2005: HK7 cents) per share would be paid to the shareholders of the Company whose names appear in the Register of Members on 18th April, 2007.

11. EARNINGS PER SHARE

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

	Six months ended	
	31st December, 2006 HK\$	31st December, 2005 HK\$
Earnings for the purpose of basic earnings per share	893,095,206	457,281,795
Adjustment to the share of results of a subsidiary, based on dilution of its earnings per share	<u>(24,275,232)</u>	<u>(12,306,594)</u>
Earnings for the purpose of diluted earnings per share	<u>868,819,974</u>	<u>444,975,201</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	<u>1,410,117,882</u>	<u>1,393,854,505</u>

12. INVESTMENT PROPERTIES

The Group's investment properties at 31st December, 2006 were fair-valued by Knight Frank Petty Limited, independent valuers not connected with the Group. The valuation, which conforms to International Valuation Standards, was determined by reference to recent market prices for similar properties.

13. HOTEL PROPERTY

During the six months ended 31st December, 2006, additions to hotel property amounted to HK\$Nil (six months ended 31st December, 2005: HK\$19,856,379).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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For the six months ended 31st December, 2006

14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31st December, 2006, additions to property, plant and equipment amounted to HK\$7,801,563 (six months ended 31st December, 2005: HK\$7,081,368).

15. GOODWILL

Additional goodwill is resulted from the acquisition of additional interest in the listed subsidiary during the current period through direct acquisition of shares from the market by the Group and the shares repurchased by the listed subsidiary for cancellation, and scrip dividend issued by the listed subsidiary.

16. INTERESTS IN ASSOCIATES

	31st December,	30th June,
	2006	2006
	HK\$	HK\$
		(restated)
Cost of investments in associates – unlisted shares, at cost	2,235,457,435	2,149,769,743
Share of post-acquisition profits	2,368,290,136	2,652,291,244
Goodwill	142,498,716	142,498,716
	<u>4,746,246,287</u>	<u>4,944,559,703</u>

The IRD initiated tax inquiries in respect of the deductions on certain loan interest and related expenses for the years of assessment 1994/95 to 2002/03 on a wholly-owned subsidiary, Wide Harvest Investment Limited (“WHI”), of the Group’s associate, Million Success Limited and for the years of assessment 1994/95 to 1999/2000 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\$396,088,000 and HK\$71,109,000 were issued to WHI and MII for the years under review, respectively, and objections were properly lodged with the IRD by WHI and MII. The IRD agreed to hold over the tax claim subject to the purchase of TRC of approximately HK\$212,061,000 and HK\$18,212,000, respectively, for those years of assessments. These TRC have been purchased by the Group. The effective share of the additional tax attributable to the Group as at 31st December, 2006 is estimated to be approximately HK\$52,026,000 and HK\$16,812,000, respectively. Together with the advice from their tax advisors, management of WHI and MII confirmed that it is their intention to vigorously contest the relevant assessments issued by the IRD and had submitted information and documents requested by the IRD relating to the loan facilities. In view that the IRD had not yet responded to the replies submitted, management of WHI and MII are of the opinion that the outcome of these assessments/objections cannot presently be estimated with an acceptable degree of certainty at the date these financial statements are approved by the Board. Accordingly, no provision for any liabilities has been made by WHI and 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, 2006

17. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables of HK\$534,143,594 (30th June, 2006: HK\$5,437,190,154) mainly comprising rental receivables, which are billed in advance and settlements are expected upon receipt of billings, and property sales proceeds receivables.

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

	31st December, 2006 HK\$	30th June, 2006 HK\$
0 - 30 days	475,317,818	5,386,589,045
31 - 60 days	25,082,189	8,393,620
61 - 90 days	9,712,467	5,225,503
Over 90 days	24,031,120	36,981,986
	<u>534,143,594</u>	<u>5,437,190,154</u>

Trade receivables over 90 days amounting to HK\$24,031,120 (30th June, 2006: HK\$36,981,986) are sufficiently covered by rental deposits received from the respective tenants and no allowance is required for these receivables under the Group's allowance policy.

18. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK\$196,356,037 (30th June, 2006: HK\$67,898,581).

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

	31st December, 2006 HK\$	30th June, 2006 HK\$
0 - 30 days	41,986,819	28,820,548
31 - 60 days	19,749,106	13,355,250
61 - 90 days	2,898,056	6,350,887
Over 90 days	131,722,056	19,371,896
	<u>196,356,037</u>	<u>67,898,581</u>

19. BANK BORROWINGS

During the period, the Group obtained new bank loans amounting to HK\$2,222,879,163. The loans bear interest at prevailing market rates. The proceeds were used to repay existing bank loans.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 31st December, 2006

20. SHARE CAPITAL

	Number of ordinary shares of HK\$0.20 each	Nominal value HK\$
Authorised:		
At 1st July, 2006 and at 31st December, 2006	<u>2,500,000,000</u>	<u>500,000,000</u>
Issued and fully paid:		
At 1st July, 2006	1,408,372,188	281,674,438
Issued in lieu of cash dividend	<u>18,894,568</u>	<u>3,778,913</u>
At 31st December, 2006	<u>1,427,266,756</u>	<u>285,453,351</u>

On 15th December, 2006, the Company issued and allotted a total of 18,894,568 ordinary shares of HK\$0.20 each at an issue price of HK\$22.24 in lieu of cash for the 2006 final dividend.

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

21. CONVERTIBLE BONDS

On 30th November, 2004, a wholly-owned subsidiary of Sino Land, Getsmart Finance Limited (“Getsmart”), issued HK\$2,500,000,000 1.625% guaranteed convertible bonds due in November 2009. The convertible bonds carry a right to convert at any time on and after 30th December, 2004 up to the close of business on 30th October, 2009 into ordinary shares of Sino Land at an initial conversion price of HK\$9.225 per share, subject to anti-dilutive adjustments. During the period, Sino Land adjusted the conversion price from HK\$9.225 per share to HK\$9.10 per share in accordance with the anti-dilutive provisions of the convertible bonds agreements. The adjustment of the conversion price became effective on 14th December, 2006.

All or some of the convertible bonds are redeemable at the option of the relevant holder at their principal amount together with accrued interest on 30th November, 2007. If at any time the aggregate principal amount of the convertible bonds outstanding is less than 10% of the aggregate principal amount originally issued, Getsmart shall have the option to redeem such outstanding bonds in whole but not in part at their principal amount together with accrued interest. In addition, on or at any time after 30th November, 2007 but not less than seven business days prior to 30th November, 2009, Getsmart has the right to mandatorily convert the bonds in whole but not in part into shares upon satisfying certain requirements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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21. CONVERTIBLE BONDS (Continued)

The movements of the liability component of the convertible bonds for the period are set out below:

	Six months ended 31st December, 2006 HK\$
Liability component at 1st July	2,221,745,487
Conversion	(1,666,697,580)
Interest charged (Note 6)	21,162,004
Interest paid	<u>(2,478,634)</u>
Liability component at 31st December	<u>573,731,277</u>

The principal amount of the convertible bonds converted during the period was HK\$1,790,170,000 and the principal amount outstanding at 31st December, 2006 was HK\$613,370,000.

22. PLEDGE OF ASSETS

- (a) At 31st December, 2006, the aggregate facilities of bank loans, overdrafts and other loans amounting to HK\$22,550,775,080 (30th June, 2006: HK\$23,430,826,713) were secured by certain of the Group's listed investments, properties, bank deposits, bank balances and shares of Sino Land. At that date, the facilities were utilised to the extent of HK\$16,055,519,593 (30th June, 2006: HK\$17,099,404,264).
- (b) At 31st December, 2006, investments and the benefits in the advances to certain associates were pledged or assigned to secure loan facilities made available by banks or financial institutions to such associates. The Group's attributable portion of these facilities amounted to HK\$4,537,050,000 (30th June, 2006: HK\$4,836,383,781), of which HK\$3,680,550,000 (30th June, 2006: HK\$4,067,383,781) was utilised by the associates and guaranteed by Sino Land.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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For the six months ended 31st December, 2006

23. COMMITMENTS AND CONTINGENT LIABILITIES

At the balance sheet date, the Group had the following commitments and contingent liabilities not provided for in the financial statements:

	31st December, 2006 HK\$	30th June, 2006 HK\$
(a) Commitments in respect of property development expenditure:		
Authorised but not contracted for	135,414,705	62,054,172
Contracted but not provided for	4,388,916,144	2,800,447,836
	<u>4,524,330,849</u>	<u>2,862,502,008</u>
Share of capital commitments of associates in respect of property development expenditure:		
Authorised but not contracted for	876,636	-
Contracted but not provided for	62,193,059	152,273,820
	<u>63,069,695</u>	<u>152,273,820</u>
Share of contingent liabilities of associates arising from tax affairs of associates	<u>131,021,000</u>	<u>131,021,000</u>
Guarantees given to banks, in respect of banking facilities utilised by associates	<u>3,680,550,000</u>	<u>4,067,383,781</u>

Out of the guarantee amount, HK\$8,366,321 (30th June, 2006 (restated): HK\$8,521,566) was recognised in the condensed consolidated financial statements as financial guarantee contracts.

- (b) In relation to the legal proceedings between Sino Land and its subsidiary, Mariner International Hotels Limited (collectively referred to as “Mariner”) and Hang Lung Group Limited and its subsidiary, Atlas Limited (collectively referred to as “Hang Lung”) in respect of the acquisition of a company which owns a property in Yau Kom Tau, Tsuen Wan, New Territories for development into a hotel, the Court of Final Appeal on 5th February, 2007 handed down a judgment to allow the appeal by Mariner against Hang Lung so as to: (i) set aside the judgments of the High Court and the Court of Appeal; (ii) declare that Hang Lung repudiated the Agreement; (iii) order repayment by Hang Lung to Mariner of its deposit with interest to be assessed by the High Court if not agreed; (iv) award Mariner damages to be assessed by the High Court; and (v) direct that costs in the proceedings (at all levels) to be dealt with on written submissions by the parties.

On 6th February, 2007, Hang Lung repaid the deposit sum of HK\$321,000,000 to Mariner. Damages, interest and costs have not been accounted for in the financial statements of Mariner as these amounts have yet to be agreed or dealt with by the courts.