

Tsim Sha Tsui Centre



2008-2009
Interim Report
二零零八至二零零九年度
中期報告書



尖沙咀置業集團有限公司
Tsim Sha Tsui Properties Limited

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CONTENTS

CORPORATE INFORMATION	3
CHAIRMAN'S STATEMENT	4
CONDENSED CONSOLIDATED INCOME STATEMENT	15
CONDENSED CONSOLIDATED BALANCE SHEET	16
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	18
CONDENSED CONSOLIDATED CASH FLOW STATEMENT	19
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	20
CLOSURE OF REGISTER OF MEMBERS	32
PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES	32
DIRECTORS' INTERESTS	32
SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS	35
DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES	36
COMPLIANCE COMMITTEE	36
AUDIT COMMITTEE	37
REMUNERATION COMMITTEE	37
CODES FOR DEALING IN THE COMPANY'S SECURITIES	37
COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES	38
REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION	39

CORPORATE INFORMATION

Board of Directors

Robert Ng Chee Siong, Chairman
Ronald Joseph Arculli, GBS, CVO, OBE, JP[#]
Allan Zeman, GBS, JP^{*}
Adrian David Li Man-kiu^{*}
Steven Ong Kay Eng^{*}
Raymond Tong Kwok Tung
Daryl Ng Win Kong

([#] Non-Executive Director)

(^{*} Independent Non-Executive Directors)

Audit Committee

Adrian David Li Man-kiu, Chairman
Allan Zeman, GBS, JP
Steven Ong Kay Eng

Remuneration Committee

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

Authorized Representatives

Robert Ng Chee Siong
Raymond Tong Kwok Tung

Secretary

Eric Ip Sai Kwong

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants, Hong Kong

Solicitors

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

Shareholders' Calendar

Closure of Register of Members	16th April, 2009 to 20th April, 2009 (both dates inclusive)
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Last Date for lodging scrip dividend election forms	7th May, 2009 4:30 p.m.
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Interim Dividend Payable	HK10 cents per share 15th May, 2009
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Principal Bankers

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

Investor Relations Contact

Please direct enquiries to:
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Fax : (852) 2369 1236
Email : investorrelations@sino.com

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Email : info@sino.com

Registrar

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28 Queen's Road East,
Hong Kong
Telephone : (852) 2980 1333
Fax : (852) 2861 1465
Email : is-enquiries@hk.tricorglobal.com

Listing Information

Stock Code	247
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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, 2008 (the "Interim Period") was HK\$672.8 million (2007: HK\$3,642.6 million). Excluding revaluation deficit on investment properties net of deferred tax of HK\$300.6 million, the underlying net profit from operations was HK\$973.4 million for the Interim Period (2007: HK\$2,400.6 million).

The turnover of the Group for the Interim Period was HK\$6,259.3 million, representing an increase of 35% compared with HK\$4,620.5 million for the previous interim period. Earnings per share for the period was 46.3 cents.

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

DIVIDEND

The Directors have declared an interim dividend of 10 cents per share payable on 15th May, 2009 to those shareholders whose names shall appear on the Register of Members of the Company on 20th April, 2009.

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 24th April, 2009. It is expected that the interim dividend warrants and share certificates will be despatched to shareholders on or about 15th May, 2009.

REVIEW OF OPERATIONS

The operations under Sino Land Company Limited ("Sino Land") represent a substantial portion of the operations of the Group as a whole. As at 31st December, 2008, Tsim Sha Tsui Properties Limited (the "Company") had 51.14% interest in Sino Land. Therefore, for discussion purposes, we have focused on the operations of Sino Land.

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

Sales Activities

Sino Land's earnings from sales of properties at subsidiary level for the Interim Period were mainly contributed from the sales of residential units in The Palazzo, the occupation permit of which was obtained in December 2008, and One Madison, the occupation permit of which was obtained in the financial year 2007/2008.

The Palazzo is conveniently located in the Shatin area overlooking panoramic views of the Shatin racecourse where equestrian events of the 2008 Olympics were held, the lush Penfold Park, Tolo Harbour as well as the Shing Mun River. The project is well served by several public transportation links and is next to the MTR Fo Tan Station on the East Rail. The railway line will also connect with the Shatin to Central Link currently under planning. Completed in December 2008, the project has a total of 1,375 luxurious residential units and an elegant clubhouse dividing into a number of thematic gardens. The Palazzo was launched for sale in May 2008 and market response was good with approximately 80% of the total units sold.

Located at New Kowloon West, One Madison is only a few minutes' walk to the MTR Cheung Sha Wan Station. The project offers a total of 126 residential units each with a balcony. One Madison was launched for sale in August 2008 with approximately one-third of the total units sold.

During the Interim Period, Sino Land also launched The Dynasty for sale. The Dynasty, a luxurious project consisting of 256 residential units, is located in the centre of Tsuen Wan in North-West New Territories and conveniently accessible to the two railway arteries MTR Tsuen Wan West Station on the West Rail and MTR Tsuen Wan Station on the MTR Tsuen Wan Line. All units in the project enjoy the panoramic views of both Victoria Harbour and Rambler Channel. The exceptionally high ceiling height and top class kitchenwares in each unit are some of the key features of the project. The Dynasty was launched on the market in October 2008 with over 40% of its total units sold.

Earnings from property sales at associate level were mainly derived from completed residential units in Chengdu International Community in Chengdu, Sichuan and One HoneyLake, Shenzhen. Approximately 80% of the units launched to date in Chengdu International Community and almost all of the units in One HoneyLake have already been sold.

CHAIRMAN'S STATEMENT (Continued)

REVIEW OF OPERATIONS (Continued)

Sales Activities (Continued)

During the Interim Period, Sino Land completed 6 projects. Details of the completed projects are presented in the table below with a total attributable gross floor area of over 2.1 million square feet.

	<u>Location</u>	<u>Usage</u>	<u>Sino Land's Interest</u>	<u>Attributable Gross Floor Area</u> (Square feet)
1.	The Palazzo 28 Lok King Street, Shatin, New Territories, Hong Kong	Residential/ Retail	Joint Venture	1,322,883
2.	Exchange Tower 33 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong	Commercial	100%	609,027
3.	Vista 188 Fuk Wa Street, Kowloon, Hong Kong	Residential/ Retail	Joint Venture	134,043
4.	The Hennessy, 256 Hennessy Road Wan Chai, Hong Kong	Commercial	100%	71,862
5.	Goodwood Park 138 Hang Tau Road, Kwu Tung, Sheung Shui, New Territories, Hong Kong	Residential	100%	23,638
6.	Clifford Pier 80 Collyer Quay, Singapore 049326	Commercial	100%	11,178
				<hr/> <u>2,172,631</u>

Subsequent to the Interim Period, Sino Land obtained the occupation permit for The Dynasty from the Building Authority of the HKSAR Government in January 2009.

CHAIRMAN'S STATEMENT (Continued)

REVIEW OF OPERATIONS (Continued)

Land Bank

As at 31st December, 2008, Sino Land has a land bank of approximately 43.9 million square feet of attributable gross floor area comprising a balanced portfolio of properties of which 68% is residential; 21% commercial; 5% industrial; 3% car parks and 3% hotels. In terms of breakdown of the land bank by status, 31.9 million square feet consist of properties under development, 10.6 million square feet of properties for investment/own use and 1.4 million square feet of properties held for sale. Sino Land will continue to selectively replenish its land bank, both in Hong Kong and in Mainland China, to optimise its earnings potential.

Sino Land did not acquire any new sites during the Interim Period.

Property Development

Sino Land expects to complete a total of 3 projects with an attributable gross floor area of approximately 2.4 million square feet in the second half of the financial year ending 30th June, 2009. Details of the projects are as follows:

	<u>Location</u>	<u>Usage</u>	<u>Sino Land's Interest</u>	<u>Attributable Gross Floor Area</u> <i>(Square feet)</i>
1.	Lake Silver STTL 530, MTR Wu Kai Sha Station, Ma On Shan, New Territories, Hong Kong	Residential/ Retail	Joint Venture	1,858,405
2.	The Dynasty 18 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong	Residential/ Retail	Joint Venture	479,728
3.	Park Place 130 Jia He Lu, Xiamen, PRC	Residential/ Retail	100%	144,720
				<hr/> <u>2,482,853</u>

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

Rental Activities

Sino Land's gross rental revenue, including the attributable share of its associates, increased by 25.2% to HK\$1,116.8 million for the Interim Period compared with HK\$891.4 million in the previous interim period. The growth in rental revenue during the Interim Period was mainly due to positive rental increase for lease renewals across all sectors of the rental portfolio as well as newly added rental properties including Citywalk in Tsuen Wan and the addition of the remaining interests in the development companies of Olympian City 1 and 2 shopping malls.

During the Interim Period, Sino Land completed three main new projects for investment purposes, namely Exchange Tower in Kowloon Bay, Kowloon, The Hennessy, 256 Hennessy Road in Wan Chai on Hong Kong Island, and Clifford Pier in Singapore (part of The Fullerton Heritage).

Conveniently located in the heart of Kowloon East, Exchange Tower is easily accessible by the Mass Transit Railway system and other public transport. The building incorporates a number of environmentally friendly features including a Sky Garden of approximately 28,000 square feet with a 16 feet floor-to-ceiling height and recreational facilities, vertical greening in the main atrium, landscaped public spaces, an innovative green balcony on every office floor and alfresco dining areas with panoramic seaviews. Leasing of Exchange Tower has commenced attracting a good mix of tenants, including local and multinational corporations.

The Hennessy, 256 Hennessy Road is located in bustling Wan Chai, a few minutes' walk from the MTR Wan Chai Station. The commercial building is just minutes away from the Causeway Bay and Central entertainment hubs. The first three retail floors are covered by a 15-metre-high glass curtain that provides excellent visibility from the street. The unique podium garden with a floor-to-ceiling height of over 24 feet on the second level and the Sky Garden of over 19 feet of floor-to-ceiling height on the twenty-third floor provide an urban oasis for lifestyle entertainment tenants. Every floor has over 15 feet floor-to-ceiling height and a flexible layout, making it a differentiated and sought-after product amongst the city's commercial buildings. Leasing of The Hennessy, 256 Hennessy Road is in progress. The project has attracted a well diversified mix of tenants, including local and international food and beverage operators.

Officially opened on 3rd June, 1933, the neo-classical inspired Clifford Pier is named after Sir Hugh Charles Clifford, Governor of the Straits Settlements (1927 – 1929), and is defined by its notable architecture as a quintessential column-free Victorian wrought-iron pier. The Pier is a historic landmark and was the key landing point for visitors and immigrants arriving by ships in the early days of Singapore. The revitalized Pier has kept its original architectural characteristics and charm. Now part of The Fullerton Heritage, the makeover of the Pier is complete and it was opened in December 2008. The view from the Pier offers a spectacular panorama of the glittering Marina Bay developments, Singapore's first integrated resort. The Pier affords over 10,000 square feet of commercial space, and has been leased to a stylish modern Chinese establishment making it one of Singapore's top tourist and dining destinations.

CHAIRMAN'S STATEMENT (*Continued*)

REVIEW OF OPERATIONS (*Continued*)

Rental Activities (*Continued*)

In addition to the above three commercial projects, Sino Land completed the residential and retail project located in TWTL394 Yeung Uk Road subsequent to the Interim Period. The residential part of the project is named The Dynasty whereas the retail part is named Citywalk 2. As the project is adjacent to the Citywalk shopping mall and linked by convenient walkway bridges, Citywalk 2 will complement Citywalk's attractions in terms of design and tenant mix. Combined, the two malls totalling half a million square feet, and the coordinated positioning of the two retail malls represent a complete array of shopping, dining and entertainment choices for customers and local residents.

Citywalk 2 is a contemporary three-storey technologically innovative mall with approximately 200,000 square feet of space accommodating brand-name shops, cinemas, lifestyle stores, restaurants and supermarkets. It includes a distinctive feature of a giant pixilated wall with thousands pieces of LED discs integrated into the exterior of the building as an electronic facade. Citywalk 2 is a dynamic and fashionable destination for shopping, dining and entertainment.

Apart from the completion of new investment properties, Sino Land continues to implement asset enhancement initiatives to make its investment properties more appealing. These include developing compelling marketing and promotional events, raising service quality and ensuring the right tenant mix. Such initiatives help to sustain shopper flow as well as enhancing the value of the rental properties.

As at 31st December, 2008, Sino Land has approximately 10.6 million square feet of attributable gross floor area of properties for investment/own use, compared to 9.8 million square feet over the previous financial year. Of this portfolio, commercial developments (retail and office) account for 62%, industrial developments 15%, car parks 14%, hotels 6%, and residential 3%. Sino Land expects to complete a total of approximately 2.2 million square feet of attributable gross floor area of investment properties in the next few years which will further increase its recurrent income base.

Hotels

The Fullerton Hotel Singapore

Singapore tourism industry recorded growth in both tourism receipts and number of visitor days. Based on year-on-year comparison, tourism receipts grew at 5% to S\$14.8 billion whereas visitor days increased by 6.9% to 39.8 million days in 2008 although visitor arrivals showed a decrease of 2% mainly due global economic downturn. Average length of stay further increased from 3.69 days for 2007 to 4.07 days for 2008.

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

Hotels *(Continued)*

The Fullerton Hotel Singapore (Continued)

For the 6 months from July to December 2008, both tourism receipts and visitor days grew at approximately 9.4% and 2.4% respectively whereas visitor arrivals decreased by approximately 6.1%. Average length of stay increased to 4.11 days for the 6 months, representing a 9.3% increase over the corresponding period last year. We are also delighted to have learnt that Singapore has been ranked the "Top International Meeting City" in 2007 in the Union of International Associations (UIA) 2007 Global Rankings announced in August 2008 and fourth in Euromonitor International's Top City Destinations Ranking in 2007, released in December 2008. These encouraging results demonstrate that Singaporean Government has made significant efforts in promoting Singapore as a city for MICE and the Fullerton Hotel Singapore will benefit from the growth of this sector.

During the Interim Period, The Fullerton Hotel Singapore experienced growth in average room rate and RevPAR mainly boosted by the 2008 Formula One SingTel Singapore Grand Prix despite the global economic slowdown.

The Fullerton has received a number of awards from the following respected organisations and magazines in recognition of its standards of service during the Interim Period. These awards were as follows:

- 'One of the Top Hotels in Asia' by *Condé Nast Traveler – Readers' Choice Awards (2008)*
- Ranked 3rd in 'Best Business Hotel in Asia-Pacific' by *Business Traveller Asia-Pacific (2008)*
- Ranked 3rd in 'Top 25 Business Hotels, Asia' and 2nd in 'Top 25 Conference Hotels, Asia' by *SmartTravelAsia.com – Best in Travel Poll (2008)*
- '101 Top Hotel Suites of the Year' by *Elite Traveler 2008*

In view of the current economic situation, both business and leisure travelers are expected to be more cost-conscious. In response to the slowdown and upcoming challenging outlook in tourism and hospitality industries, the Singaporean Government has taken steps in introducing measures including financial assistance scheme and subsidies to help businesses. These are positive towards the economy as a whole. In addition to these immediate measures, the international events including 2009 Formula One Singapore Grand Prix, Singapore 2010 Youth Olympic Games and a number of key conferences such as BioMedical Asia and BroadcastAsia 2009 as well as the new infrastructure developments namely the two-berth International Cruise Terminal at Marina South, transformation of Marina Bay area into a world class city; Gardens by the Bay and Singapore Sports Hub will also be positive for The Fullerton.

The Fullerton places an emphasis on providing high quality products and services to the discerning guests. During the Interim Period, Sino Land implemented a number of measures in terms of marketing and operations aiming at improving both business and operational efficiency. In terms of operational efficiency, cost containment initiatives have also been implemented. Management makes continuous efforts to strengthen the competitiveness of the Hotel and work hard on its business and operations during the challenging time ahead.

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

Hotels *(Continued)*

Conrad Hong Kong

Visitor arrivals in Hong Kong grew at 4.7% to 29.5 million in 2008, slightly lower than the projected figure of 30 million by the Hong Kong Tourism Board mainly due to the international financial turmoil intensified in the second half of 2008 resulting in slowdown in business activities and leisure travel. However, tourist spending per capita increased by 4.6%. Despite the current economic situation, growth in visitor arrivals could be seen in short-haul markets namely Mainland China and South and Southeast Asia.

During the Interim Period, overall performance of Conrad Hong Kong slowed down compared with the corresponding period last year due to challenging global economic situation. To lessen the impact of the global economic climate, Sino Land has put together a combination of actions to enhance its marketing capability and operational efficiency. With regard to renovation, following the completion of the renovation of all its guest rooms, Nicholini's (the Italian restaurant) and Pacific Bar in financial year 2007/2008, the renovation work for Golden Leaf Chinese restaurant and The Shop were completed in the Interim Period. Management continues to put substantial efforts in increasing revenue and at the same time optimise the operational efficiency during the present tough time.

In recognition of the quality of service of Conrad Hong Kong, it has received the following awards from the following respected organisations and magazines during the Interim Period:

- 'The World's Best Hotels 2008' by *Institutional Investor (2008)*
- 'Top 50 Hotels in Asia' in the World's Best Awards by *Travel + Leisure (2008)*
- One of the 'Top 25 Business Hotels' in the Best in Travel Poll 2008 by *SmartTravelAsia.com*
- One of the 5 top hotels in Hong Kong and 400 The World's Very Best Hotels & Resort by *Forbes Traveler.com (2008)*

Mainland Business

Mainland China, as one of the major trading partners of the United States and other major economies, has inevitably been affected by the global economic slowdown. As a result, Sino Land has not yet acquired any new sites for property development since August 2007.

However, Mainland China was quick to introduce a number of measures to stimulate its economic growth in view of the global economic downturn. There are early signs that these measures are having a positive effect and management believes the economic growth of China will continue despite some adjustments in the short-term. In addition, the leadership appears to be monitoring the situation closely and have also indicated that additional stimulus will be introduced if needed. Sino Land's commitment to building quality properties and providing after-sales professional property management services have been the key factors in achieving customer satisfaction and we are committed to doing the same for projects in Mainland China.

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

Mainland Business *(Continued)*

As at 31st December, 2008, Sino Land has a total of 27.3 million square feet of land bank in China, of which 26.8 million square feet are development land bank and the remaining are completed properties for investment and for sale purposes.

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, 2008.

FINANCE

As at 31st December, 2008, the Group's gearing ratio was at approximately 29.3%, expressed as a percentage of total borrowings to the total assets. Of the total borrowings, 37% was repayable within one year, 28% repayable between one and two years and 35% repayable between two and five years. The Group, including the attributable share of its associates, had cash resources of approximately HK\$12,388 million, comprising cash on hand of approximately HK\$6,012 million together with committed undrawn facilities of approximately HK\$6,376 million. All the cash on hand is in the form of deposits in banks of high credit ratings.

There was no material change in foreign currency borrowings and the capital structure of the Group for the Interim Period. Foreign exchange exposure has been prudently kept at a minimal level. The Group's borrowings are subject to floating interest rates. 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 significance on corporate integrity, business ethics and good governance. With the objective of achieving best practice of corporate governance, the Group has established an Audit Committee, a Compliance Committee and a Remuneration Committee. Sino Land is committed to maintaining good corporate transparency as well as good communication with investors and shareholders by various channels such as non-deal roadshows, investor conferences, results briefing, site visits and corporate website to disseminate information on the Sino Land's latest developments.

CUSTOMER SERVICE

Sino Land reaffirms its commitment to building quality projects. In keeping with its mission to enhance customer satisfaction, the Group will wherever possible ensure that attractive design concepts and features, which are also environmentally friendly, are integral elements of its developments. Management continues to conduct regular reviews of its properties and where necessary makes improvements to maintain its reputation for the highest standards of quality and service.

Delivering high-quality customer service has long been one of the Sino Land's key business objectives. During the period under review, Sino Property Services received a number of awards from HKSAR Government and renowned organisations in recognition of its quality of service, management capability, contributions in community and charity services, and promotion of environmental protection. Sino Land will continue to make improvement in its quality of service so as to ensure customer satisfaction and enhance branding.

CHAIRMAN'S STATEMENT *(Continued)*

CORPORATE CITIZENSHIP

To further the Group's commitment to good corporate citizenship, the Community Care Committee (the "Committee") works closely with different charitable and voluntary organisations to arrange various community services for the needy.

On the environmental protection side, the Group has collaborated with a number of international organisations from promoting environmental protection to co-organising activities to inspire public interest in protecting our natural resources and encourage the concept of green living.

It is also the Group's belief that supporting local arts and cultural activities is important to foster creativity, reinforce public awareness and fulfill Hong Kong people's artistic appreciation. The Group's efforts in this respect may make a small but relevant contribution to build a better Hong Kong for the community. The Committee will continue to roll out activities for staff participation as well as to serve the community in the years to come.

PROSPECTS

The global markets have changed significantly in 2008. In the second half of 2008, the impact of tighter liquidity in US and European financial markets spilled over to other industries and swept across the globe, undermining business confidence and market sentiment. However, the governments of over 50 countries speedily took unprecedented and coordinated action using fiscal and monetary measures to tackle the situation, with the objective of ameliorating the effects of economic contagion while stimulating their economies. It is encouraging to see that the US Congress recently passed the US Government's economic stimulus plan in an attempt to restore confidence as well as stabilise financial and property markets. The recently announced US housing plan that aims to stem the surge in home foreclosures and set a common standard for mortgage modifications in the US will certainly help alleviate the problems in the property market and protect the livelihoods of millions of US households. This action should be welcomed as it is critical to resolve the root cause of the current economic situation.

In response to the global economic downturn, the Central Government of the PRC and the HKSAR Government have proactively implemented economic stimulus packages that aim to restore the confidence of businesses and individuals, and mitigate negative short term impact. In the medium to long term, the economic and financial reforms introduced by the Central Government will be beneficial to the property market. These include fourteen key initiatives, such as an early start on the Hong Kong-Zhuhai-Macao Bridge, the Guangzhou-Shenzhen-Hong Kong Express Rail Link, the development of a world-class metropolis in the Pearl River Delta, as well as the support of more mainland firms listing in Hong Kong. The Central Government's support of Hong Kong's economic growth will stimulate local job opportunities, benefiting the economy as a whole.

The economic and financial support pledged by the HKSAR Government include the guarantee of bank deposits, which provides confidence in the banking system as well as developing fiscal policy aimed at mitigating the impact of external economic setbacks, stimulating domestic demand and creating jobs. The recently announced 2009-10 Budget by HKSAR Government unveils an expansion of government spending on measures to strengthen the employment and infrastructure developments. The measures will be instrumental in reviving the economy.

CHAIRMAN'S STATEMENT *(Continued)*

PROSPECTS *(Continued)*

2009 will present challenges but it is believed that the situation will be manageable as nations have already responded decisively to restore confidence in financial systems, and collectively address problems. Importantly, the abrupt downturn has encouraged policy makers around the world to work together to improve their respective economies and infrastructure to prevent the current situation from recurring.

The property market in Hong Kong is fundamentally healthy. Banks are adequately capitalised with prudent capital adequacy ratio. Financial institutions have been positively providing mortgage loans to facilitate home purchases. Mortgage terms are favourable to home buyers with mortgage rates remaining low and under the structure of prime minus a credit spread. In terms of policy, HKSAR Government reiterates their stance on upholding the present system. We are positive of the property market in Hong Kong in the medium to long term.

We, like others, believe that crisis also presents opportunities because it leads to more focused efforts and stronger teamwork to improve productivity and operational efficiency. Despite the current economic situation, we face these challenges with confidence as we move forward. The Group continues to be prudently positioned to benefit from future opportunities that will arise, and will strive to optimise its earnings, improve the quality of properties and services, and enhance customers' lifestyles which will ultimately lead us to serve our customers better. As the Group has a healthy financial position with strong liquidity, management will continue to deliver value for shareholders. The Group will maintain a policy of selectively and continuously replenishing its land bank both in Hong Kong and China, which will enable it to strengthen earnings and profitability. The Directors are indeed confident in the medium to long term prospects of the Group.

STAFF AND MANAGEMENT

On behalf of the Board, I would like to 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, 18th March, 2009

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31st December, 2008

	Notes	Six months ended	
		31st December, 2008 HK\$ (Unaudited)	31st December, 2007 HK\$ (Unaudited)
Turnover	3	6,259,359,088	4,620,566,131
Cost of sales		(1,561,214,274)	(1,834,235,822)
Direct expenses		(715,544,065)	(667,413,246)
		3,982,600,749	2,118,917,063
Other income		81,976,817	214,794,377
(Decrease) increase in fair value of investment properties	11	(25,596,159)	2,433,816,905
(Decrease) increase in fair value of trading securities		(741,925,434)	824,109,754
Loss on disposal of available-for-sale investments		(25,097,108)	–
Impairment loss on equity securities		(190,000,000)	–
Other gains and losses	13	88,377,862	976,124,827
Administrative expenses		(460,251,341)	(389,215,442)
Finance income	4	133,522,840	235,290,687
Finance costs	5	(375,826,082)	(395,930,676)
Net finance costs		(242,303,242)	(160,639,989)
Share of results of associates	6	(361,505,248)	920,666,027
Profit before taxation	7	2,106,276,896	6,938,573,522
Income tax expense	8	(438,688,038)	(907,595,966)
Profit for the period		1,667,588,858	6,030,977,556
Attributable to:			
Equity holders of the Company		672,847,602	3,642,696,877
Minority interests		994,741,256	2,388,280,679
		1,667,588,858	6,030,977,556
Dividend paid	9	435,281,342	429,473,815
Earnings per share	10		
Basic (HK cents)		46.30	254.20

CONDENSED CONSOLIDATED BALANCE SHEET

At 31st December, 2008

	<i>Notes</i>	31st December, 2008 HK\$ (Unaudited)	30th June, 2008 HK\$ (Audited)
Non-current assets			
Investment properties	<i>11</i>	35,824,336,834	32,869,587,643
Hotel property		879,393,244	940,436,535
Property, plant and equipment	<i>12</i>	87,546,494	89,101,477
Goodwill	<i>13</i>	758,072,448	759,025,809
Prepaid lease payments – non-current		432,095,304	461,706,289
Interests in associates	<i>14</i>	5,115,604,739	6,400,660,327
Available-for-sale investments		949,303,667	1,803,885,954
Advances to associates		10,943,823,227	10,467,082,995
Advances to investee companies		16,119,218	18,030,643
Long-term loans receivable		29,182,040	37,219,378
		<u>55,035,477,215</u>	<u>53,846,737,050</u>
Current assets			
Properties under development		20,575,379,734	25,239,750,206
Stocks of unsold properties		2,638,448,491	1,228,386,946
Hotel inventories		23,107,498	24,501,559
Prepaid lease payments – current		4,966,609	5,276,645
Trading securities		1,337,320,963	2,093,103,695
Amounts due from associates		833,614,837	933,660,729
Accounts and other receivables	<i>15</i>	5,056,361,872	930,463,722
Current portion of long-term loans receivable		2,687,655	3,082,818
Taxation recoverable		146,290,343	280,231,328
Restricted bank deposits		411,387,183	332,228,662
Time deposits, bank balances and cash		5,220,546,358	3,586,902,620
		<u>36,250,111,543</u>	<u>34,657,588,930</u>
Current liabilities			
Accounts and other payables	<i>16</i>	4,265,749,668	4,101,700,741
Amounts due to associates		536,195,523	1,420,298,993
Taxation payable		702,827,426	786,539,874
Current portion of long-term bank borrowings	<i>17</i>	319,652,438	424,293,045
Bank loans			
– secured	<i>17</i>	8,822,132,284	5,157,288,262
– unsecured	<i>17</i>	200,000,000	598,625,776
Other loans			
– secured		587,446,623	460,931,803
– unsecured		54,244,532	210,362,340
Bank overdrafts		–	965,260
Financial guarantee contracts – current		4,039,119	6,509,932
		<u>15,492,287,613</u>	<u>13,167,516,026</u>
Net current assets		<u>20,757,823,930</u>	<u>21,490,072,904</u>
Total assets less current liabilities		<u>75,793,301,145</u>	<u>75,336,809,954</u>

CONDENSED CONSOLIDATED BALANCE SHEET *(Continued)*

At 31st December, 2008

	<i>Notes</i>	31st December, 2008 HK\$ (Unaudited)	30th June, 2008 HK\$ (Audited)
Capital and reserves			
Share capital	18	293,107,933	290,187,562
Share premium and reserves		24,868,897,983	24,461,383,732
Equity attributable to equity holders of the Company		25,162,005,916	24,751,571,294
Minority interests		28,935,127,641	29,257,946,975
Total equity		54,097,133,557	54,009,518,269
Non-current liabilities			
Long-term bank borrowings			
– due after one year	17	13,152,071,537	12,433,957,277
Other secured loans – due after one year		275,167,950	412,344,750
Other unsecured loans – due after one year		3,333,339,256	3,549,226,730
Financial guarantee contracts – non-current		7,677,070	10,478,165
Deferred taxation		2,892,528,184	2,923,637,129
Advances from associates		2,034,621,963	1,990,863,531
Advances from minority shareholders		761,628	6,784,103
		21,696,167,588	21,327,291,685
		75,793,301,145	75,336,809,954

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31st December, 2008

	Attributable to equity holders of Company								
	Share capital	Share premium	Capital redemption reserve	Investment revaluation reserve	Exchange reserve	Retained profits	Total	Minority interests	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1st July, 2007	286,315,877	3,512,415,245	224,000	487,800,004	70,797,873	15,752,437,748	20,109,990,747	22,713,593,244	42,823,583,991
Gain on fair value changes of available-for-sale investments	-	-	-	104,890,919	-	-	104,890,919	31,685,625	136,576,544
Exchange differences arising from translation of foreign operations	-	-	-	-	44,601,977	-	44,601,977	43,384,243	87,986,220
Income recognised directly in equity	-	-	-	104,890,919	44,601,977	-	149,492,896	75,069,868	224,562,764
Profit for the period	-	-	-	-	-	3,642,696,877	3,642,696,877	2,388,280,679	6,030,977,556
Total recognised income for the period	-	-	-	104,890,919	44,601,977	3,642,696,877	3,792,189,773	2,463,350,547	6,255,540,320
Shares issued in lieu of cash dividend	2,883,029	-	-	-	-	-	2,883,029	-	2,883,029
Premium on issue of shares upon scrip dividend	-	422,940,436	-	-	-	-	422,940,436	-	422,940,436
Share issue expenses	-	(30,000)	-	-	-	-	(30,000)	-	(30,000)
Acquisition of additional interest in a listed subsidiary	-	-	-	-	-	-	-	(142,439,014)	(142,439,014)
Acquisition of subsidiaries	-	-	-	-	-	-	-	44,635,641	44,635,641
Issue of shares by a listed subsidiary	-	-	-	-	-	-	-	3,234,542,094	3,234,542,094
Dividend paid to minority shareholders	-	-	-	-	-	-	-	(720,505,184)	(720,505,184)
Scrip dividend re-invested by minority shareholders	-	-	-	-	-	-	-	467,726,253	467,726,253
Final dividend – 2007	-	-	-	-	-	(429,473,815)	(429,473,815)	-	(429,473,815)
At 31st December, 2007	289,198,906	3,935,325,681	224,000	592,690,923	115,399,850	18,965,660,810	23,898,500,170	28,060,903,581	51,959,403,751
At 1st July, 2008	290,187,562	4,078,156,441	224,000	242,738,125	282,955,150	19,857,310,016	24,751,571,294	29,257,946,975	54,009,518,269
Loss on fair value changes of available-for-sale investments	-	-	-	(290,697,377)	-	-	(290,697,377)	(209,373,222)	(500,070,599)
Exchange differences arising from translation of foreign operations	-	-	-	-	(17,871,456)	-	(17,871,456)	(37,505,513)	(55,376,969)
Expense recognised directly in equity	-	-	-	(290,697,377)	(17,871,456)	-	(308,568,833)	(246,878,735)	(555,447,568)
Profit for the period	-	-	-	-	-	672,847,602	672,847,602	994,741,256	1,667,588,858
Impairment loss on equity securities transfer to income statement	-	-	-	97,112,230	-	-	97,112,230	92,887,770	190,000,000
Revaluation reserves released on disposal	-	-	-	12,737,643	-	-	12,737,643	12,183,543	24,921,186
Total recognised (expense) income for the period	-	-	-	(180,847,504)	(17,871,456)	672,847,602	474,128,642	852,933,834	1,327,062,476
Shares issued in lieu of cash dividend	2,920,371	-	-	-	-	-	2,920,371	-	2,920,371
Premium on issue of shares upon scrip dividend	-	368,696,951	-	-	-	-	368,696,951	-	368,696,951
Share issue expenses	-	(30,000)	-	-	-	-	(30,000)	-	(30,000)
Acquisition of additional interest in a listed subsidiary	-	-	-	-	-	-	-	(475,845,096)	(475,845,096)
Dividend paid to minority shareholders	-	-	-	-	-	-	-	(712,808,487)	(712,808,487)
Scrip dividend re-invested by minority shareholders	-	-	-	-	-	-	-	12,900,415	12,900,415
Final dividend – 2008	-	-	-	-	-	(435,281,342)	(435,281,342)	-	(435,281,342)
At 31st December, 2008	293,107,933	4,446,823,392	224,000	61,890,621	265,083,694	20,094,876,276	25,162,005,916	28,935,127,641	54,097,133,557

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31st December, 2008

	Six months ended	
	31st December, 2008 HK\$ (Unaudited)	31st December, 2007 HK\$ (Unaudited)
Net cash (used in) from operating activities	(514,473,566)	1,202,900,855
Net cash from (used in) investing activities		
Advances to associates	(303,236,423)	(3,632,798,057)
Acquisition of businesses	–	47,518,183
Acquisition of assets through purchase of subsidiaries	–	(2,109,371,718)
Repurchase of its own shares by a listed subsidiary	(386,502,889)	(336,725,644)
Dividend received from associates	836,485,000	363,535,775
Proceeds from disposal of available-for-sale investments	372,256,752	–
Other investing activities	53,023,198	11,792,395
	572,025,638	(5,656,049,066)
Net cash from financing activities		
Proceeds from issue of shares by a listed subsidiary	–	4,214,457,361
(Repayment to) advances from associates	(869,156,862)	513,234,532
Dividend paid to minority shareholders	(699,908,072)	(252,778,931)
New bank and other loans raised	4,808,506,818	4,351,344,601
Repayment of bank and other loans	(1,252,631,968)	(4,054,325,408)
Other financing activities	(414,630,326)	(433,497,404)
	1,572,179,590	4,338,434,751
Net increase (decrease) in cash and cash equivalents	1,629,731,662	(114,713,460)
Cash and cash equivalents at beginning of the period	3,585,937,360	3,133,977,761
Effect of foreign exchange rate changes	4,877,336	5,104,631
Cash and cash equivalents at end of the period	5,220,546,358	3,024,368,932
Analysis of the balances of cash and cash equivalents:		
Time deposits, bank balances and cash	5,220,546,358	3,026,667,236
Bank overdrafts	–	(2,298,304)
	5,220,546,358	3,024,368,932

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31st December, 2008

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, 2008.

In the current period, the Group has applied, for the first time, the following new amendments and interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning 1st July, 2008.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK (IFRIC)-Int 12	Service Concession Arrangements
HK (IFRIC)-Int 13	Customer Loyalty Programmes
HK (IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2008

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKAS 1 (Revised)	Presentation of Financial Statements ²
HKAS 23 (Revised)	Borrowing Costs ²
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ³
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ²
HKAS 39 (Amendment)	Eligible Hedged Items ³
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ²
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations ²
HKFRS 3 (Revised)	Business Combinations ³
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments ²
HKFRS 8	Operating Segments ²
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate ²
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation ⁴
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners ³
HK(IFRIC)-Int 18	Transfer of Assets from Customers ⁵

¹ Effective for annual periods beginning on or after 1st January, 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009

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

³ Effective for annual periods beginning on or after 1st July, 2009

⁴ Effective for annual periods beginning on or after 1st October, 2008

⁵ Effective for transfers on or after 1st July, 2009

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The Directors of the Company anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2008

3. SEGMENT INFORMATION

Business segments

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

Six months ended 31st December, 2008

	Property HK\$	Investments in securities HK\$	Financing HK\$	Hotel HK\$	Property management, services and others HK\$	Elimination HK\$	Consolidated HK\$
Turnover							
Property rental	899,865,763	-	-	-	-	-	899,865,763
Property sales	4,752,080,984	-	-	-	-	-	4,752,080,984
Hotel operations	-	-	-	254,497,554	-	-	254,497,554
Management services	-	-	-	-	297,344,731	-	297,344,731
Dividend income from equity investments	-	53,832,845	-	-	-	-	53,832,845
Financing	-	-	1,737,211	-	-	-	1,737,211
	<u>5,651,946,747</u>	<u>53,832,845</u>	<u>1,737,211</u>	<u>254,497,554</u>	<u>297,344,731</u>	<u>-</u>	<u>6,259,359,088</u>
Inter-segment sales*	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,880,952</u>	<u>(16,880,952)</u>	<u>-</u>
Segment revenue	5,651,946,747	53,832,845	1,737,211	254,497,554	314,225,683	(16,880,952)	6,259,359,088
Other income	19,336,364	25,724,730	70,446	258,608	16,586,669	-	61,976,817
	<u>5,671,283,111</u>	<u>79,557,575</u>	<u>1,807,657</u>	<u>254,756,162</u>	<u>330,812,352</u>	<u>(16,880,952)</u>	<u>6,321,335,905</u>
SEGMENT RESULT	<u>3,560,755,410</u>	<u>(877,518,579)</u>	<u>1,807,657</u>	<u>85,515,781</u>	<u>55,388,002</u>	<u>-</u>	<u>2,825,948,271</u>
Unallocated other income							20,000,000
Unallocated corporate expenses							(224,240,747)
Unallocated other gains and losses							88,377,862
Net finance costs							(242,303,242)
Share of results of associates							(361,505,248)
Profit before taxation							2,106,276,896
Income tax expense							(438,688,038)
Profit for the period							<u>1,667,588,858</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2008

3. SEGMENT INFORMATION (Continued)

Business segments (Continued)

Six months ended 31st December, 2007

	Property HK\$	Investments in securities HK\$	Financing HK\$	Hotel HK\$	Property management, services and others HK\$	Elimination HK\$	Consolidated HK\$
Turnover							
Property rental	654,848,510	-	-	-	-	-	654,848,510
Property sales	3,359,005,818	-	-	-	-	-	3,359,005,818
Hotel operations	-	-	-	231,491,459	-	-	231,491,459
Management services	-	-	-	-	284,373,577	-	284,373,577
Dividend income from equity investments	-	85,359,011	-	-	-	-	85,359,011
Financing	-	-	5,487,756	-	-	-	5,487,756
	<u>4,013,854,328</u>	<u>85,359,011</u>	<u>5,487,756</u>	<u>231,491,459</u>	<u>284,373,577</u>	<u>-</u>	<u>4,620,566,131</u>
Inter-segment sales*	-	-	-	-	12,529,550	(12,529,550)	-
Segment revenue	4,013,854,328	85,359,011	5,487,756	231,491,459	296,903,127	(12,529,550)	4,620,566,131
Other income	21,475,890	2,332,340	1,201,528	1,560,160	10,742,682	-	37,312,600
	<u>4,035,330,218</u>	<u>87,691,351</u>	<u>6,689,284</u>	<u>233,051,619</u>	<u>307,645,809</u>	<u>(12,529,550)</u>	<u>4,657,878,731</u>
SEGMENT RESULT	<u>4,273,218,269</u>	<u>910,195,213</u>	<u>6,689,284</u>	<u>81,460,538</u>	<u>51,978,953</u>	<u>-</u>	<u>5,323,542,257</u>
Unallocated other income							177,481,777
Unallocated corporate expenses							(298,601,377)
Unallocated other gains and losses							976,124,827
Net finance costs							(160,639,989)
Share of results of associates							920,666,027
Profit before taxation							6,938,573,522
Income tax expense							(907,595,966)
Profit for the period							<u>6,030,977,556</u>

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2008

4. FINANCE INCOME

	Six months ended	
	31st December, 2008 HK\$	31st December, 2007 HK\$
Interest income on:		
advances to associates	20,989,173	22,098,911
advances to investee companies	442,040	406,150
bank deposits	62,053,853	66,422,047
Imputed interest income on non-current interest-free advances to associates	44,765,866	144,617,406
Financial guarantee income	5,271,908	1,746,173
	<u>133,522,840</u>	<u>235,290,687</u>

5. FINANCE COSTS

	Six months ended	
	31st December, 2008 HK\$	31st December, 2007 HK\$
Interests on bank and other borrowings wholly repayable within five years	346,929,093	435,233,764
Imputed interest expense on non-current interest-free advances from associates	28,811,824	33,917,052
Imputed interest expense on non-current interest-free other unsecured loans	77,802,668	94,365,608
Loan facility arrangement fees and finance charges	17,781,918	8,390,515
	<u>471,325,503</u>	<u>571,906,939</u>
Less: Amounts capitalised to properties under development	(95,499,421)	(175,976,263)
	<u>375,826,082</u>	<u>395,930,676</u>

6. SHARE OF RESULTS OF ASSOCIATES

Share of results of associates included Group's share of a decrease in fair value of investment properties of the associates of HK\$546,041,264 (six months ended 31st December, 2007: Group's share of an increase of HK\$516,117,851) recognised in the income statements of the associates.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2008

7. PROFIT BEFORE TAXATION

	Six months ended	
	31st December, 2008	31st December, 2007
	HK\$	HK\$
Profit before taxation has been arrived at after charging:		
Release of prepaid lease payments (included in administrative expenses)	2,560,812	2,462,004
Cost of properties sold recognised	1,556,828,088	1,830,171,604
Cost of hotel inventories recognised	30,486,521	22,950,320
Depreciation of owner-operated hotel property	5,156,910	4,844,819
Depreciation of property, plant and equipment	13,135,557	10,424,868
Provision for doubtful trade receivables	139,683,071	—
Loss on disposal of property, plant and equipment	144,894	30,125

8. INCOME TAX EXPENSE

	Six months ended	
	31st December, 2008	31st December, 2007
	HK\$	HK\$
The charge comprises:		
Taxation attributable to the Company and its subsidiaries		
Hong Kong Profits Tax	437,774,016	433,244,639
Other jurisdictions	20,611,630	24,425,461
	458,385,646	457,670,100
Deferred taxation	(19,697,608)	449,925,866
	438,688,038	907,595,966

On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in corporate profits tax rate by 1% to 16.5% effective from the year of assessment 2008/09.

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, 2007: 17.5%).

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 18% (six months ended 31st December, 2007: 18%).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2008

8. INCOME TAX EXPENSE (Continued)

The Inland Revenue Department (“IRD”) initiated tax inquiries for the years of assessment 1995/96 to 2001/02 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\$447,572,000 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 taking into consideration the advice from the tax advisors and in view of the tax inquiries are still at the stage of collation of evidence, in the opinion of the Directors of the Company, the ultimate outcome of these tax inquiries cannot presently be determined. The Directors are also of the opinion that the payment of the additional taxes is not probable and therefore, 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. In current period, the tax case for City Empire has been settled in favour of the Company. Accordingly, the full amount of the tax reserve certificate has been refunded by IRD.

9. DIVIDEND PAID

	Six months ended	
	31st December, 2008	31st December, 2007
	HK\$	HK\$
Final dividend paid for the year ended 30th June, 2008 of HK30 cents (<i>six months ended 31st December, 2007:</i> <i>HK30 cents for the year ended 30th June, 2007</i>) per share, with a scrip dividend option	435,281,342	429,473,815

Subsequent to the interim balance sheet date, the Directors of the Company determined that an interim dividend for the six months ended 31st December, 2008 of HK10 cents (*six months ended 31st December, 2007: HK10 cents*) per share would be paid to the shareholders of the Company whose names appear in the Register of Members on 20th April, 2009.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2008

10. EARNINGS PER SHARE

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

	Six months ended	
	31st December, 2008 HK\$	31st December, 2007 HK\$
Earnings for the purpose of basic earnings per share	672,847,602	3,642,696,877
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,453,080,472	1,432,989,560

11. INVESTMENT PROPERTIES

The Group's investment properties at 31st December, 2008 and 30th June, 2008 were fair-valued by Knight Frank Petty Limited, independent valuers not connected with the Group. The valuation was determined by reference to market evidence of recent transaction prices for similar properties and/or on the basis of discounted cash flow projections based on estimates of future rental income from properties using current market rentals and yields as inputs. During the six months ended 31st December, 2008, the Group acquired investment properties of HK\$32,510,995 (*six months ended 31st December, 2007: HK\$5,029,494,832*).

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31st December, 2008, additions to property, plant and equipment amounted to HK\$14,672,715 (*six months ended 31st December, 2007: HK\$22,267,696*).

13. DEEMED DISPOSAL/ACQUISITION OF INTEREST IN A LISTED SUBSIDIARY

During the six months ended 31st December, 2008, a listed subsidiary of the Group carried out issuance of scrip dividend and repurchase of shares. It gave rise to a deemed disposal and acquisition of partial interest in the listed subsidiary held by the Group. The resultant loss of approximately HK\$6,000,000 from issuance of scrip dividend and a negative goodwill of approximately HK\$94,000,000 from repurchase of shares (*six months ended 31st December, 2007: approximately HK\$900,000,000 gain on deemed disposal arising from placement of shares of the listed subsidiary*) have been reported as other gains and losses in the condensed consolidated income statement.

There is no material movement in goodwill noted for the six months ended 31st December, 2008.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2008

14. INTERESTS IN ASSOCIATES

	31st December, 2008	30th June, 2008
	HK\$	HK\$
Interests in associates:		
Unlisted shares, at cost	2,425,935,472	2,557,067,139
Share of post-acquisition profits	2,689,669,267	3,843,593,188
	<u>5,115,604,739</u>	<u>6,400,660,327</u>

Included in the cost of investment in associates is goodwill of HK\$142,498,716 (30th June, 2008: HK\$142,498,716) arising on acquisitions of associates in prior years.

The IRD initiated tax inquiries in respect of the deductions on certain loan interest and related expenses for the years of assessment 1994/95 to 2002/03 on a wholly-owned subsidiary, Wide Harvest Investment Limited (“WHI”), of the Group’s associate, Million Success Limited and for the years of assessment 1994/95 to 2001/02 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\$103,020,000 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 corresponding companies. During the year ended 30th June, 2008, WHI has reached a settlement agreement with IRD to settle the tax inquires for years of assessment 1994/95 to 2002/03. The Group’s share of additional tax is approximately HK\$48,842,000.

In respect of MII case, the effective share of the additional tax attributable to the Group as at 31st December, 2008 is estimated to be approximately HK\$23,695,000. Together with the advice from their tax advisors, management of MII confirmed that it is their intention to vigorously contest the relevant assessments issued by the IRD. The management of MII is of the opinion that the outcome of these assessments/objections cannot presently be estimated. The management is also of the opinion that the payment of the additional taxes is not probable and therefore, no provision for any liabilities has been made by MII.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2008

15. ACCOUNTS AND OTHER RECEIVABLES

Included in accounts and other receivables are trade receivables of HK\$3,323,790,313 (30th June, 2008: HK\$483,285,976) 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 (net of allowance for doubtful debts) at the reporting date:

	31st December, 2008 HK\$	30th June, 2008 HK\$
0 – 30 days	3,273,544,465	429,687,621
31 – 60 days	21,861,482	17,470,928
61 – 90 days	2,442,089	6,296,745
Over 90 days	25,942,277	29,830,682
	<u>3,323,790,313</u>	<u>483,285,976</u>

Trade receivables over 90 days amounting to HK\$25,942,277 (30th June, 2008: HK\$29,830,682) 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.

16. ACCOUNTS AND OTHER PAYABLES

Included in accounts and other payables are trade payables of HK\$156,499,936 (30th June, 2008: HK\$562,669,631).

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

	31st December, 2008 HK\$	30th June, 2008 HK\$
0 – 30 days	125,514,421	204,218,461
31 – 60 days	14,558,747	20,797,624
61 – 90 days	1,423,045	1,952,953
Over 90 days	15,003,723	335,700,593
	<u>156,499,936</u>	<u>562,669,631</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 31st December, 2008

17. BANK BORROWINGS

During the six months ended 31st December, 2008, the Group obtained new bank loans amounting to HK\$4,808,506,818 (six months ended 31st December, 2007: HK\$4,306,316,569). All of the bank borrowings carry contracted interest rates (which are also the effective interest rates) at HIBOR/SIBOR plus a margin per annum. The proceeds were used to repay existing bank loans.

18. SHARE CAPITAL

	Number of ordinary shares of HK\$0.20 each	Nominal value HK\$
Authorised:		
At 1st July, 2008 and at 31st December, 2008	2,500,000,000	500,000,000
Issued and fully paid:		
At 1st July, 2008	1,450,937,808	290,187,562
Issued in lieu of cash dividend	14,601,859	2,920,371
At 31st December, 2008	1,465,539,667	293,107,933

On 12th December, 2008, the Company issued and allotted a total of 14,601,859 ordinary shares of HK\$0.20 each at an issue price of HK\$25.45 in lieu of cash for the 2008 final dividend.

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

19. PLEDGE OF ASSETS

- (a) At 31st December, 2008, the aggregate facilities of bank loans, overdrafts and other loans amounting to approximately HK\$25,147,305,000 (30th June, 2008: HK\$23,592,723,000) were secured by certain of the Group's listed investments, properties, restricted bank deposits, shares of Sino Land and floating charge on bank balances amounting to a total of approximately HK\$54,401,000,000 (30th June, 2008: HK\$59,758,000,000). At that date, the facilities were utilised to the extent of approximately HK\$22,201,339,000 (30th June, 2008: HK\$18,420,996,000).
- (b) At 31st December, 2008, investments in and advances to certain associates amounting to approximately HK\$6,431,766,000 (30th June, 2008: HK\$6,164,802,000), in addition to certain assets pledged by the associates, were pledged or assigned to secure loan facilities made available by banks or financial institutions to such associates.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

For the six months ended 31st December, 2008

20. COMMITMENTS AND CONTINGENT LIABILITIES

- (a) Other than as disclosed in note 8, at the balance sheet date, the Group had commitments and contingent liabilities as follows:

	31st December, 2008 HK\$	30th June, 2008 HK\$
(i) Commitments in respect of land premium payable	<u>–</u>	<u>835,100,000</u>
(ii) Guarantees in respect of banking facilities of:		
Associates		
– Utilised	7,233,050,000	7,191,850,000
– Unutilised	3,121,100,000	<u>3,223,600,000</u>
Total guarantee	<u>10,354,150,000</u>	<u>10,415,450,000</u>

In relation to the financial guarantee amounts provided to associates at 31st December, 2008, HK\$11,716,189 (30th June, 2008: HK\$16,988,097) was recognised in the condensed consolidated financial statements as financial guarantee contracts.

- (b) At the balance sheet date, share of commitments and contingent liabilities of associates are as follows:

	31st December, 2008 HK\$	30th June, 2008 HK\$
(i) Share of commitments in respect of land premium payable	<u>931,301,350</u>	<u>1,290,211,250</u>
(ii) Share of contingent liabilities arising from tax affairs of associates	<u>46,359,000</u>	<u>46,359,000</u>

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Thursday, 16th April, 2009 to Monday, 20th April, 2009, 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, 20th April, 2009.

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 Registrar, Tricor Friendly Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 15th April, 2009.

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

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, 2008, 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	563,477	Beneficial owner	0.03%
The Honourable Ronald Joseph Arculli, GBS, CVO, OBE, JP	60,000	Beneficial owner	≈ 0%
Dr. Allan Zeman, GBS, JP	—	—	—
Mr. Adrian David Li Man-kiu	—	—	—
Mr. Steven Ong Kay Eng	—	—	—
Mr. Raymond Tong Kwok Tung	—	—	—
Mr. Daryl Ng Win Kong	—	—	—

DIRECTORS' INTERESTS (Continued)

(b) Long Positions in Shares of Associated Corporations

(i) Subsidiary Company

Sino Land Company Limited

Name of Directors	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Mr. Robert Ng Chee Siong	2,978,085	Beneficial owner of 132,972 shares and spouse interest in 2,845,113 shares	0.06%
The Honourable Ronald Joseph Arculli, GBS, CVO, OBE, JP	1,044,095	Beneficial owner	0.02%
Dr. Allan Zeman, GBS, JP	—	—	—
Mr. Adrian David Li Man-kiu	—	—	—
Mr. Steven Ong Kay Eng	—	—	—
Mr. Raymond Tong Kwok Tung	—	—	—
Mr. Daryl Ng Win Kong	76,224	Beneficial owner	≈ 0%

(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%
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 7)	50%
Murdoch Investments Inc.	2 (Notes 1 and 3)	100%
Real Maker Development Limited	20,000 (Notes 1 and 8)	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 9)	100%
Sino Parking Services Limited	450,000 (Note 10)	50%
Sino Real Estate Agency Limited	50,000 (Note 10)	50%

DIRECTORS' INTERESTS (Continued)

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

(ii) Associated Companies (Continued)

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 Pure Win Company Limited, a wholly-owned subsidiary of Osborne.*
8. *The shares were held by Goegan Godown Limited, a wholly-owned subsidiary of Osborne.*
9. *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.*
10. *The shares were held by Deansky Investments Limited.*

Save as disclosed above, as at 31st December, 2008, 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, 2008, the interests and short positions of the substantial shareholders and other shareholders in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of Part XV of the SFO were as follows:

Long Positions in Shares of the Company

Name of Substantial Shareholders	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Mr. Ng Teng Fong	1,053,455,218 <i>(Notes 1 and 2)</i>	Beneficial owner of 83,412,152 shares, spouse interest in 65,241 shares and interest of controlled corporations in 969,977,825 shares	71.88%
Tamworth Investment Limited	399,861,994 <i>(Note 2)</i>	Beneficial owner	27.28%
Strathallan Investment Limited	267,955,241 <i>(Note 2)</i>	Beneficial owner	18.28%
Name of Other Shareholders	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Solid Capital Holdings Limited	142,019,065 <i>(Note 3)</i>	Security interest in 141,957,347 shares and beneficial owner of 61,718 shares	9.69%
Nippomo Limited	136,239,918 <i>(Note 2)</i>	Beneficial owner	9.29%
Fanlight Investment Limited	100,535,243 <i>(Note 2)</i>	Beneficial owner	6.85%

Notes:

1. 969,977,825 shares were held through companies which were 100% controlled by Mr. Ng Teng Fong – 100,535,243 shares by Fanlight Investment Limited, 136,239,918 shares by Nippomo Limited, 3,159,031 shares by Orient Creation Limited, 267,955,241 shares by Strathallan Investment Limited, 399,861,994 shares by Tamworth Investment Limited and 62,226,398 shares by Transpire Investment Limited.
2. The interests of Tamworth Investment Limited, Strathallan Investment Limited, Nippomo Limited and Fanlight Investment Limited were duplicated in the interests of Mr. Ng Teng Fong.
3. 3,269 shares were held by Meadow Gate Company Limited which is 70% controlled by Solid Capital Holdings Limited.

Save as disclosed above and so far as the Directors of the Company are aware, as at 31st December, 2008, 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

As at 31st December, 2008, Sino Land Company Limited (“Sino Land”) was a 51.14% owned subsidiary of the Company. On a consolidated basis, the Company also had a general disclosure obligation under Rule 13.22 of the Listing Rules with respect to the advances to, and guarantees given for the benefits of its affiliated companies by the Company (through Sino Land and/or its subsidiaries). 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 of Sino Land and/or its subsidiaries as at the end of the most recent financial period.

	At 31st December, 2008 <i>HK\$</i>	At 30th June, 2008 <i>HK\$</i>
Sino Land’s share of total indebtedness of its affiliated companies		
Bank loans	8,121,312,355	8,171,329,718
Advances from Sino Land and its subsidiaries	11,947,733,309	11,744,542,777
	20,069,045,664	19,915,872,495
Sino Land’s share of commitments of land premium payable of its affiliated companies	931,301,350	1,290,211,250
Sino Land’s share of contingent liabilities of its affiliated companies	46,359,000	46,359,000

Note: “Affiliated companies” mentioned above refers to associates of the Group.

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 Director of Legal, Compliance and Company Secretary, who chairs the Committee. A secondary reporting line is to the Audit Committee. The existing Committee comprises the Director of Legal, Compliance and Company Secretary (Committee Chairman), the other Executive Directors, the two Heads of Legal and Company Secretarial Departments, 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. 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 (Committee Chairman), Dr. Allan Zeman, GBS, JP and Mr. Steven Ong Kay Eng, all of whom are Independent Non-Executive Directors.

In the first quarter of 2009, 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, 2008.

REMUNERATION COMMITTEE

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

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 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. 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, 2008.

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, 2008, the Company had complied with all code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the relevant period, except that there was no separation of the roles of the chairman and the chief executive officer, both of the roles are currently undertaken by the Chairman of the Board.

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

By order of the Board
Eric IP Sai Kwong
Secretary

Hong Kong, 18th March, 2009

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Deloitte.

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TO THE BOARD OF DIRECTORS OF TSIM SHA TSUI PROPERTIES LIMITED

Introduction

We have reviewed the interim financial information set out on pages 15 to 31, which comprises the condensed consolidated balance sheet of Tsim Sha Tsui Properties Limited and its subsidiaries as of 31st December, 2008 and the related condensed consolidated income statement, statement of changes in equity and cash flow statement 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 (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

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

Conclusion

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
18th March, 2009

