



WINSOR PROPERTIES HOLDINGS LIMITED

Incorporated in the Cayman Islands with limited liability

南聯地產控股有限公司

開曼群島註冊成立之有限公司

Stock Code 股份代號: 1036

Interim Report 2011

for the six months ended 30 June 2011



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Corporate Information

BOARD OF DIRECTORS

CHENG Wai Chee, Christopher, GBS, JP ^{★△} *Chairman*

CHOW Wai Wai, John *Managing Director*

Christopher Patrick LANGLEY, OBE [★]

LO Ka Shui, GBS, JP [★]

Haider Hatam Tyebjee BARMA, GBS, CBE, ISO, JP [★]

CHENG Wai Sun, Edward, SBS, JP ^{★△}

CHEN CHOU Mei Mei, Vivien

AU Hing Lun, Dennis

[★] *Independent Non-Executive Director*

[★] *Non-Executive Director*

[△] *Alternate: FUNG Ching Man, Janet*

AUDIT COMMITTEE

Christopher Patrick LANGLEY, OBE *Chairman*

Haider Hatam Tyebjee BARMA, GBS, CBE, ISO, JP

CHENG Wai Chee, Christopher, GBS, JP [▲]

[▲] *Alternate: FUNG Ching Man, Janet*

REMUNERATION COMMITTEE

Haider Hatam Tyebjee BARMA, GBS, CBE, ISO, JP *Chairman*

Christopher Patrick LANGLEY, OBE

CHOW Wai Wai, John

NOMINATION COMMITTEE

LO Ka Shui, GBS, JP *Chairman*

Haider Hatam Tyebjee BARMA, GBS, CBE, ISO, JP [^]

CHENG Wai Chee, Christopher, GBS, JP

[^] *Alternate: Christopher Patrick LANGLEY, OBE*

CHIEF FINANCIAL OFFICER

LUK Chi Chung, Peter

COMPANY SECRETARY

AU Shiu Kee

AUDITOR

PricewaterhouseCoopers

SOLICITORS

Knight & Ho

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited

REGISTERED OFFICE

P. O. Box 309, Ugland House, South Church Street,
George Town, Grand Cayman, Cayman Islands.

PRINCIPAL PLACE OF BUSINESS

8th Floor, AXA Tower, Landmark East,
100 How Ming Street, Kwun Tong,
Kowloon, Hong Kong.

Telephone: (852) 3658 1888

Fax: (852) 2810 1199

Website: <http://www.winsorprop.com>

HONG KONG SHARE REGISTRARS AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited,
Shops No. 1712–1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Wanchai, Hong Kong.

Telephone: (852) 2862 8555

Fax: (852) 2865 0990/2829 6087

Website: <http://www.computershare.com.hk>

Condensed Consolidated Income Statement

For the six months ended 30 June 2011

INTERIM RESULTS

The Board of Directors of Winsor Properties Holdings Limited (the "Company") is pleased to present the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2011 (the "Period").

| | | Unaudited | |
|--|------|-------------------------|--------------|
| | | Six months ended | |
| | Note | 30 June 2011 | 30 June 2010 |
| | | HK\$'000 | HK\$'000 |
| | | | (Restated) |
| Revenue | 3 | 228,999 | 177,359 |
| Cost of sales | | (52,482) | (50,085) |
| Gross profit | | 176,517 | 127,274 |
| Other income | 3 | 13,578 | 15,074 |
| Leasing and marketing expenses | | (4,603) | (10,004) |
| Administrative expenses | | (21,674) | (19,253) |
| Increase in fair value of investment properties | 11 | 1,441,698 | 628,951 |
| Gains on disposals of investment properties | | 1,312 | 146,462 |
| Other gains, net | 4 | 34,826 | 2,129 |
| Other operating expenses | | (192) | (431) |
| Operating profit before finance income and costs | | 1,641,462 | 890,202 |
| Finance income | | 2,688 | 17 |
| Finance costs | | (35,446) | (35,771) |
| Operating profit | 5 | 1,608,704 | 854,448 |
| Share of profits less losses of associated companies | | 85,754 | 250,489 |
| Gain on bargain purchase | 6 | 69,387 | – |
| Profit before taxation | | 1,763,845 | 1,104,937 |
| Taxation (charge)/credit | 7 | (19,333) | 1,874 |
| Profit for the period | | 1,744,512 | 1,106,811 |
| Attributable to: | | | |
| Shareholders of the Company | | 1,740,995 | 1,104,816 |
| Non-controlling interests | | 3,517 | 1,995 |
| | | 1,744,512 | 1,106,811 |
| | | HK\$ | HK\$ |
| | | | (Restated) |
| Earnings per share | 8 | 6.70 | 4.25 |
| | | HK\$'000 | HK\$'000 |
| Interim dividend | 9 | 49,340 | 41,550 |

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2011

| | Unaudited | |
|--|------------------|------------------------|
| | Six months ended | |
| | 30 June 2011 | 30 June 2010 |
| | HK\$'000 | HK\$'000 (Restated) |
| Profit for the period | 1,744,512 | 1,106,811 |
| Other comprehensive income/(losses) | | |
| Exchange translation differences | 10,658 | (298) |
| Exchange differences released on repayment of loans from an associated company | (34,108) | — |
| Fair value gains/(losses) on available-for-sale financial assets | 15,029 | (1,610) |
| Cash flow hedges | | |
| — Fair value losses | (23,565) | (50,412) |
| — Realised upon settlement | 21,948 | 22,368 |
| Other comprehensive losses for the period, net of tax | (10,038) | (29,952) |
| Total comprehensive income for the period | 1,734,474 | 1,076,859 |
| Attributable to: | | |
| Shareholders of the Company | 1,730,957 | 1,074,864 |
| Non-controlling interests | 3,517 | 1,995 |
| | 1,734,474 | 1,076,859 |

Condensed Consolidated Balance Sheet

At 30 June 2011

| | Note | Unaudited At 30 June 2011 HK\$'000 | Audited At 31 December 2010 HK\$'000 |
|---|------|--|--|
| Non-current assets | | | |
| Property, plant and equipment | | 10,342 | 11,249 |
| Investment properties | 11 | 11,646,930 | 10,227,930 |
| Interests in associated companies | 12 | 753,923 | 500,676 |
| Amounts and loans receivable from associated companies | 12 | 165,428 | 357,525 |
| Available-for-sale financial assets | | 446,123 | 431,094 |
| Held-to-maturity investments | | 61,559 | 37,877 |
| Deferred tax assets | | 4,820 | 13,653 |
| Derivative financial instruments | | 10,000 | 16,000 |
| | | 13,099,125 | 11,596,004 |
| Current assets | | | |
| Inventories | | 385 | 58 |
| Trade and other receivables | 13 | 42,608 | 55,668 |
| Bank balances and cash | | 345,984 | 595,167 |
| | | 388,977 | 650,893 |
| Current liabilities | | | |
| Trade and other payables and accruals | 14 | 274,983 | 310,908 |
| Short-term bank loans, secured | 15 | 203,455 | 136,250 |
| Derivative financial instruments | | 43,429 | 42,865 |
| Tax payable | | 43,178 | 40,301 |
| | | 565,045 | 530,324 |
| Net current (liabilities)/assets | | (176,068) | 120,569 |
| Total assets less current liabilities | | 12,923,057 | 11,716,573 |
| Non-current liabilities | | | |
| Long-term bank loans, secured | 16 | 1,896,900 | 1,920,600 |
| Other long-term loans | 17 | 32,498 | 32,498 |
| Amounts and loans payable to associated companies | 12 | 27,843 | 166,789 |
| Derivative financial instruments | | 71,526 | 71,621 |
| Deferred tax liabilities | | 54,835 | 51,331 |
| | | 2,083,602 | 2,242,839 |
| Net assets | | 10,839,455 | 9,473,734 |
| Share capital | | 2,596 | 2,596 |
| Reserves | | 10,802,491 | 9,440,287 |
| Equity attributable to shareholders of the Company | | 10,805,087 | 9,442,883 |
| Non-controlling interests | | 34,368 | 30,851 |
| Total equity | | 10,839,455 | 9,473,734 |

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2011

| | Unaudited | | | | | | | | | |
|--|--|---------------------------------|--|--|-----------------------------|-------------------------------|-----------------------|-------------------|---------------------------------------|--------------------------|
| | Equity attributable to shareholders of the Company | | | | | | | | | Total equity HK\$'000 |
| | Share capital HK\$'000 | Contributed surplus HK\$'000 | Investment revaluation reserve HK\$'000 | Exchange fluctuation account HK\$'000 | Hedging reserve HK\$'000 | Retained earnings HK\$'000 | Dividends HK\$'000 | Total HK\$'000 | Non-controlling interests HK\$'000 | |
| At 1 January 2011 | 2,596 | 519,783 | 339,616 | 67,378 | (108,557) | 8,253,314 | 368,753 | 9,442,883 | 30,851 | |
| Comprehensive income | | | | | | | | | | |
| Profit for the Period | – | – | – | – | – | 1,740,995 | – | 1,740,995 | 3,517 | 1,744,512 |
| Other comprehensive income/(losses) | | | | | | | | | | |
| Exchange translation differences | – | – | – | 10,658 | – | – | – | 10,658 | – | 10,658 |
| Exchange differences released on repayment of loans from an associated company | – | – | – | (34,108) | – | – | – | (34,108) | – | (34,108) |
| Fair value gains on available-for-sale financial assets | – | – | 15,029 | – | – | – | – | 15,029 | – | 15,029 |
| Fair value losses on cash flow hedges | – | – | – | – | (23,565) | – | – | (23,565) | – | (23,565) |
| Realised upon settlement of interest rate swap contracts | – | – | – | – | 21,948 | – | – | 21,948 | – | 21,948 |
| Total other comprehensive income/(losses) | – | – | 15,029 | (23,450) | (1,617) | – | – | (10,038) | – | (10,038) |
| Total comprehensive income/(losses) | – | – | 15,029 | (23,450) | (1,617) | 1,740,995 | – | 1,730,957 | 3,517 | 1,734,474 |
| Transactions with owners | | | | | | | | | | |
| Special dividend paid | – | – | – | – | – | – | (259,685) | (259,685) | – | (259,685) |
| Final dividend paid | – | – | – | – | – | – | (109,068) | (109,068) | – | (109,068) |
| Interim dividend declared | – | – | – | – | – | (49,340) | 49,340 | – | – | – |
| Total transactions with owners | – | – | – | – | – | (49,340) | (319,413) | (368,753) | – | (368,753) |
| At 30 June 2011 | 2,596 | 519,783 | 354,645 | 43,928 | (110,174) | 9,944,969 | 49,340 | 10,805,087 | 34,368 | 10,839,455 |

Condensed Consolidated Statement of Changes in Equity *(continued)*

For the six months ended 30 June 2011

| | Unaudited | | | | | | | | | |
|--|--|---------------------|--------------------------------|------------------------------|-----------------|-------------------|-----------|-----------|---------------------------|--------------|
| | Equity attributable to shareholders of the Company | | | | | | | | Non-controlling interests | Total equity |
| | Share capital | Contributed surplus | Investment revaluation reserve | Exchange fluctuation account | Hedging reserve | Retained earnings | Dividends | Total | | |
| HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | |
| At 1 January 2010 | | | | | | | | | | |
| As previously reported | 2,596 | 519,783 | 256,867 | 7,483 | (89,195) | 5,387,467 | 98,680 | 6,183,681 | 25,070 | 6,208,751 |
| Prior year adjustments | — | — | — | — | — | 816,106 | — | 816,106 | 1,282 | 817,388 |
| As restated | 2,596 | 519,783 | 256,867 | 7,483 | (89,195) | 6,203,573 | 98,680 | 6,999,787 | 26,352 | 7,026,139 |
| Comprehensive income | | | | | | | | | | |
| Profit for the period | — | — | — | — | — | 1,104,816 | — | 1,104,816 | 1,995 | 1,106,811 |
| Other comprehensive income/(losses) | | | | | | | | | | |
| Exchange translation differences | — | — | — | (298) | — | — | — | (298) | — | (298) |
| Fair value losses on available-for-sale financial assets | — | — | (1,610) | — | — | — | — | (1,610) | — | (1,610) |
| Fair value losses on cash flow hedges | — | — | — | — | (50,412) | — | — | (50,412) | — | (50,412) |
| Realised upon settlement of interest rate swap contracts | — | — | — | — | 22,368 | — | — | 22,368 | — | 22,368 |
| Total other comprehensive losses | — | — | (1,610) | (298) | (28,044) | — | — | (29,952) | — | (29,952) |
| Total comprehensive income/(losses) (Restated) | — | — | (1,610) | (298) | (28,044) | 1,104,816 | — | 1,074,864 | 1,995 | 1,076,859 |
| Transactions with owners | | | | | | | | | | |
| Final dividend paid | — | — | — | — | — | — | (98,680) | (98,680) | — | (98,680) |
| Interim dividend declared | — | — | — | — | — | (41,550) | 41,550 | — | — | — |
| Total transactions with owners | — | — | — | — | — | (41,550) | (57,130) | (98,680) | — | (98,680) |
| At 30 June 2010 (Restated) | 2,596 | 519,783 | 255,257 | 7,185 | (117,239) | 7,266,839 | 41,550 | 7,975,971 | 28,347 | 8,004,318 |

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2011

| | Unaudited | |
|--|------------------|--------------|
| | 30 June 2011 | 30 June 2010 |
| | HK\$'000 | HK\$'000 |
| Net cash from operating activities | 100,397 | 81,116 |
| Net cash (used in)/from investing activities | (83,719) | 97,884 |
| Net cash used in financing activities | (325,168) | (96,030) |
| Net (decrease)/increase in cash and cash equivalents | (308,490) | 82,970 |
| Cash and cash equivalents at beginning of the period | 595,167 | 172,004 |
| Effect of foreign exchange rate changes | (693) | (153) |
| Cash and cash equivalents at end of the period | 285,984 | 254,821 |
| Analysis of cash and cash equivalents | | |
| Bank balances and cash | 345,984 | 254,821 |
| Non-pledged time deposits with original maturity of more than three months when acquired | (60,000) | — |
| | 285,984 | 254,821 |

Notes to the Interim Financial Information

1. GENERAL INFORMATION

The Company is a limited liability company incorporated under the laws of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The registered office of the Company is P.O. Box 309, Uglan House, South Church Street, George Town, Grand Cayman, Cayman Islands and the address of its principal office in Hong Kong is 8th Floor, AXA Tower, Landmark East, 100 How Ming Street, Kwun Tong, Kowloon, Hong Kong.

The Board of Directors of the Company considers that the Company’s ultimate holding company is Wing Tai Properties Limited (“Wing Tai Properties”), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange.

The Group is principally engaged in property investment and management, warehousing and investment holding. The Group is also involved from time to time in property development activities.

The interim results for the six months ended 30 June 2011 are unaudited, but have been reviewed by PricewaterhouseCoopers, the external auditor of the Company, 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 (the “HKICPA”). The interim results have also been reviewed by the Company’s Audit Committee.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of preparation

The unaudited condensed consolidated interim financial information (the “interim financial information”) has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the HKICPA and in compliance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

During the year ended 31 December 2010, the Group had early adopted HKAS 12 (Amendment) “Deferred Tax: Recovery of Underlying Assets”. This constituted a change in accounting policy and comparative amounts had been restated accordingly. The effects of this change on the results and financial position of the Group for the six months ended 30 June 2010 were an increase in profit attributable to shareholders of the Company of HK\$18,531,000, an increase in basic earnings per share of HK\$0.07 and an increase in net assets of HK\$836,119,000.

Except for the adoption of the revised standard, amendments and interpretations to existing standards as described below, the accounting policies and methods of computation used in the preparation of the interim financial information are consistent with those used in the Company’s annual financial statements for the year ended 31 December 2010.

Notes to the Interim Financial Information *(continued)*

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(continued)*

(b) Adoption of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”)

- (i) During the Period, the Group has adopted the following revised standard, amendments and interpretations to existing standards which are effective for the Period.

| | |
|------------------------------|---|
| HKAS 24 (Revised) | Related Party Disclosures |
| HKAS 32 (Amendment) | Classification of Rights Issues |
| HKFRSs (Amendments) | Third Improvements to HKFRSs 2010 |
| HK(IFRIC)-Int 14 (Amendment) | Prepayments of a Minimum Funding Requirement |
| HK(IFRIC)-Int 19 | Extinguishing Financial Liabilities with Equity Instruments |

The adoption of the revised standard, amendments and interpretations to existing standards has no significant impact on the Group’s results and financial position for the current or prior periods.

- (ii) The following new and revised standards and amendments have been issued but are not yet effective for the Period:

| | | Effective for accounting periods beginning on or after |
|------------------------|--|---|
| HKAS 1 (Amendment) | Presentation of Items of Other Comprehensive Income | 1 July 2012 |
| HKAS 19 (Revised 2011) | Employee Benefits | 1 January 2013 |
| HKAS 27 (Revised 2011) | Separate Financial Statements | 1 January 2013 |
| HKAS 28 (Revised 2011) | Investments in Associates and Joint Ventures | 1 January 2013 |
| HKFRS 7 (Amendment) | Disclosures — Transfers of Financial Assets | 1 July 2011 |
| HKFRS 9 | Financial Instruments | 1 January 2013 |
| HKFRS 10 | Consolidated Financial Statements | 1 January 2013 |
| HKFRS 11 | Joint Arrangements | 1 January 2013 |
| HKFRS 12 | Disclosure of Interests in Other Entities | 1 January 2013 |
| HKFRS 13 | Fair Value Measurement | 1 January 2013 |

The Group is in the process of making an assessment on the impact of these new and revised standards and amendments and is not yet in a position to state whether they would have a significant impact on the Group’s results and financial position.

Notes to the Interim Financial Information *(continued)*

3. REVENUE, OTHER INCOME AND SEGMENT INFORMATION

Revenue and other income recognised during the Period are as follows:

| | Six months ended | |
|---|--------------------------|--------------------------|
| | 30 June 2011 HK\$'000 | 30 June 2010 HK\$'000 |
| Revenue | | |
| Rental and property management | 221,475 | 170,964 |
| Warehousing | 7,524 | 6,395 |
| | 228,999 | 177,359 |
| Other income | | |
| Dividend income from listed real estate investment trusts | 8,492 | 9,550 |
| Interest income on loans to associated companies | 2,509 | 4,351 |
| Others | 2,577 | 1,173 |
| | 13,578 | 15,074 |
| | 242,577 | 192,433 |

The Group has determined the following operating segments for the purpose of assessing performance and allocating resources between segments:

- Rental and property management
- Warehousing
- Investment
- Others

Management assesses the performance of the operating segments primarily based on segment profit. Segment profit excludes the effects of the changes in fair value on derivative financial instruments, exchange differences released on repayment of loans from an associated company, unallocated income and expenses, finance income, finance costs, share of profits less losses of associated companies, gain on bargain purchase and taxation.

Notes to the Interim Financial Information *(continued)*

3. REVENUE, OTHER INCOME AND SEGMENT INFORMATION *(continued)*

Operating segments

The segment results are as follows:

| | Six months ended 30 June 2011 | | | | |
|---|--------------------------------------|-------------|------------|----------|-----------|
| | Rental and property management | Warehousing | Investment | Others | Total |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Revenue | 221,475 | 7,524 | — | — | 228,999 |
| Segment results before change in fair value and gains on disposals of investment properties | 171,297 | 938 | 12,969 | — | 185,204 |
| Increase in fair value of investment properties | 1,441,698 | — | — | — | 1,441,698 |
| Gains on disposals of investment properties | 1,312 | — | — | — | 1,312 |
| Segment results | 1,614,307 | 938 | 12,969 | — | 1,628,214 |
| Fair value gain/(loss) on derivative financial instruments | 1,148 | — | (6,000) | — | (4,852) |
| Exchange differences released on repayment of loans from an associated company | | | | | 34,108 |
| Unallocated income less expenses | | | | | (16,008) |
| Operating profit before finance income and costs | | | | | 1,641,462 |
| Finance income | 2,583 | — | 105 | — | 2,688 |
| Finance costs | (35,378) | — | (68) | — | (35,446) |
| Operating profit | | | | | 1,608,704 |
| Share of profits less losses of associated companies | 211 | (1,075) | — | 86,618 | 85,754 |
| Gain on bargain purchase | — | — | — | 69,387 | 69,387 |
| Profit before taxation | | | | | 1,763,845 |
| Taxation charge | | | | | (19,333) |
| Profit for the Period | | | | | 1,744,512 |

Notes to the Interim Financial Information *(continued)*

3. REVENUE, OTHER INCOME AND SEGMENT INFORMATION *(continued)*

Operating segments *(continued)*

| | Six months ended 30 June 2010 (Restated) | | | | |
|---|--|-------------|------------|----------|-----------|
| | Rental and property management | Warehousing | Investment | Others | Total |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Revenue | 170,964 | 6,395 | — | — | 177,359 |
| Segment results before change in fair value and gains on disposals of investment properties | 114,861 | 171 | 12,980 | — | 128,012 |
| Increase in fair value of investment properties | 628,951 | — | — | — | 628,951 |
| Gains on disposals of investment properties | 146,462 | — | — | — | 146,462 |
| Segment results | 890,274 | 171 | 12,980 | — | 903,425 |
| Fair value losses on derivative financial instruments | (1,479) | — | — | — | (1,479) |
| Unallocated income less expenses | | | | | (11,744) |
| Operating profit before finance income and costs | | | | | 890,202 |
| Finance income | 14 | — | 3 | — | 17 |
| Finance costs | (35,766) | — | (5) | — | (35,771) |
| Operating profit | | | | | 854,448 |
| Share of profits less losses of associated companies | 79 | 26 | — | 250,384 | 250,489 |
| Profit before taxation | | | | | 1,104,937 |
| Taxation credit | | | | | 1,874 |
| Profit for the period | | | | | 1,106,811 |

Notes to the Interim Financial Information *(continued)*

3. REVENUE, OTHER INCOME AND SEGMENT INFORMATION *(continued)*

Operating segments *(continued)*

The segment assets are as follows:

| | At 30 June 2011 | | | | |
|---|--------------------------------------|-------------|------------|----------|-------------------|
| | Rental and property management | Warehousing | Investment | Others | Total |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Segment assets | 12,031,688 | 12,950 | 519,293 | — | 12,563,931 |
| Interests in associated companies | 14,485 | 2,090 | — | 737,348 | 753,923 |
| Amounts and loans receivable from associated companies | 11,232 | 22,355 | — | 131,841 | 165,428 |
| Other assets | | | | | 4,820 |
| Total assets | | | | | 13,488,102 |

| | At 31 December 2010 | | | | |
|---|--------------------------------------|-------------|------------|----------|-------------------|
| | Rental and property management | Warehousing | Investment | Others | Total |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Segment assets | 10,872,247 | 12,103 | 490,693 | — | 11,375,043 |
| Interests in associated companies | 14,166 | 3,871 | — | 482,639 | 500,676 |
| Amounts and loans receivable from associated companies | 11,208 | 22,330 | — | 323,987 | 357,525 |
| Other assets | | | | | 13,653 |
| Total assets | | | | | 12,246,897 |

Geographical information

| | Non-current assets other than financial instruments and deferred tax assets | | | | | |
|----------------|---|--|-----------------------------------|---------------------------------------|-----------------------------------|---------------------------------------|
| | Revenue | | | | Total assets | |
| | Six months ended 30 June 2011 HK\$'000 | Six months ended 30 June 2010 HK\$'000 | At 30 June 2011 HK\$'000 | At 31 December 2010 HK\$'000 | At 30 June 2011 HK\$'000 | At 31 December 2010 HK\$'000 |
| Hong Kong | 228,999 | 177,359 | 12,100,622 | 10,496,735 | 12,564,850 | 11,215,158 |
| Singapore | — | — | 430,444 | 553,417 | 877,695 | 984,511 |
| Mainland China | — | — | 45,557 | 47,228 | 45,557 | 47,228 |
| | 228,999 | 177,359 | 12,576,623 | 11,097,380 | 13,488,102 | 12,246,897 |

Notes to the Interim Financial Information *(continued)*

4. OTHER GAINS, NET

| | Six months ended | |
|---|--------------------------|--------------------------|
| | 30 June 2011 HK\$'000 | 30 June 2010 HK\$'000 |
| Amortised income from held-to-maturity investments | 4,477 | 3,660 |
| Net foreign exchange gain/(loss) | 35,201 | (52) |
| Fair value losses on derivative financial instruments | (4,852) | (1,479) |
| | 34,826 | 2,129 |

5. OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

| | Six months ended | |
|---|--------------------------|--------------------------|
| | 30 June 2011 HK\$'000 | 30 June 2010 HK\$'000 |
| Crediting: | | |
| Gross rental income from investment properties | 219,095 | 168,662 |
| Charging: | | |
| Depreciation of property, plant and equipment | 1,238 | 1,126 |
| Staff costs (including Directors' emoluments) | 29,147 | 16,867 |
| Direct operating expenses arising from investment properties generating rental income | 46,141 | 42,600 |
| Direct operating expenses for generating warehousing income | 3,021 | 2,611 |
| Operating leases rentals in respect of land and buildings | 1,797 | 2,033 |

6. GAIN ON BARGAIN PURCHASE

On 30 June 2011, the Group completed the acquisition of the entire issued share capital of Dragon Eye Holding Ltd. ("Dragon Eye") at a consideration of HK\$229,097,000. The only asset under Dragon Eye is the 40% equity interest in Fore Prosper Limited ("Fore Prosper"), which is the owner of a boutique hotel property situated in Hong Kong. Details of the net assets acquired by the Group and the gain on bargain purchase were as follows:

| | HK\$'000 |
|---|---------------|
| Purchase consideration in cash | 229,097 |
| Less: Fair value of net assets acquired | 298,484 |
| Gain on bargain purchase | 69,387 |

The gain on bargain purchase, mainly attributable to the property owned by Fore Prosper, was recognised as an income in the condensed consolidated income statement.

Notes to the Interim Financial Information *(continued)*

7. TAXATION (CHARGE)/CREDIT

| | Six months ended | |
|------------------------------|--------------------------|--|
| | 30 June 2011 HK\$'000 | 30 June 2010 HK\$'000 (Restated) |
| Current taxation | | |
| Hong Kong profits tax | (8,800) | (16,330) |
| Overseas taxation | (94) | (104) |
| Over-provision in prior year | 1,898 | — |
| | (6,996) | (16,434) |
| Deferred taxation | | |
| Other temporary differences | (12,337) | 18,308 |
| | (19,333) | 1,874 |

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits for the Period. Overseas taxation has been provided on the estimated assessable profits for the Period at rates prevailing in the countries in which the subsidiaries operate.

8. EARNINGS PER SHARE

The calculation of earnings per share is based on profit attributable to shareholders of the Company of HK\$1,740,995,000 (2010 (Restated): HK\$1,104,816,000) and 259,685,288 shares (2010: 259,685,288 shares) in issue during the Period.

Diluted earnings per share equals to the basic earnings per share as the Company had no dilutive potential shares in issue during the Period (2010: Nil).

9. INTERIM DIVIDEND

| | Six months ended | |
|--|--------------------------|--------------------------|
| | 30 June 2011 HK\$'000 | 30 June 2010 HK\$'000 |
| Declared, of HK\$0.19 (2010: HK\$0.16) per share | 49,340 | 41,550 |

At a meeting held on 30 August 2011, the Directors declared an interim dividend of HK\$0.19 per share for the year ending 31 December 2011. This interim dividend declared is not reflected as a dividend payable in the interim financial information, but will be reflected as an appropriation of reserves in the year ending 31 December 2011.

Notes to the Interim Financial Information *(continued)*

10. SIGNIFICANT RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the Period.

(a) Transactions with related parties

| | Six months ended | |
|---|--------------------------|--------------------------|
| | 30 June 2011 HK\$'000 | 30 June 2010 HK\$'000 |
| Interest income from associated companies (Note i) | 2,509 | 4,351 |
| Rental and management fee income from related companies (Note ii) | 5,194 | 10,300 |
| Project management fee expense to a related company (Note iii) | — | (202) |
| Dividend income from associated companies | 168,082 | — |
| Repayments of loans from associated companies | 196,260 | 343 |

(i) Except for an aggregate amount due from associated companies of HK\$104,786,000 (31 December 2010: HK\$104,682,000) which was interest-free, interest was charged on amounts and loans receivable from associated companies at rates as agreed between the mutual parties.

(ii) The rental and management fee income was charged at rates pursuant to the agreements entered into between the Group and the related companies.

(iii) The project management fee expense was charged pursuant to the agreement entered into between the Group and the related company.

(b) Balances with related parties

| | At 30 June 2011 HK\$'000 | At 31 December 2010 HK\$'000 |
|--|---|---------------------------------|
| | Amounts and loans receivable from associated companies (Note i) | 165,428 |
| Amounts and loans payable to associated companies (Note i) | (27,843) | (166,789) |
| Amounts due from fellow subsidiaries (included in trade and other receivables) (Note ii) | — | 41 |
| Amounts and loans due to an investee company (Note i) | (17,154) | (16,646) |

(i) Except for amounts and loans receivable from certain associated companies which are interest-bearing, balances with related parties are unsecured, interest-free and have no fixed terms of repayment.

(ii) The amounts due from fellow subsidiaries are unsecured, interest-free and repayable in accordance with the terms of the tenancy agreements.

(c) Compensation of key management personnel

| | Six months ended | |
|-----------------------------|--------------------------|--------------------------|
| | 30 June 2011 HK\$'000 | 30 June 2010 HK\$'000 |
| Salaries and other benefits | 3,322 | 3,087 |
| Retirement benefits | 155 | 142 |
| | 3,477 | 3,229 |

Notes to the Interim Financial Information *(continued)*

11. INVESTMENT PROPERTIES

| | At 30 June 2011 HK\$'000 |
|---------------------------------|-----------------------------|
| Beginning of the Period | 10,227,930 |
| Additions | 266 |
| Disposals | (15,010) |
| Over-provision of project costs | (7,954) |
| Fair value gain | 1,441,698 |
| End of the Period | 11,646,930 |

The investment properties of the Group were revalued based on professional valuation at 30 June 2011 on an open market value basis.

As at 30 June 2011, certain investment properties with a carrying amount of HK\$11,507,130,000 (31 December 2010: HK\$10,089,100,000) have been pledged to secure the Group's banking facilities.

12. ASSOCIATED COMPANIES

| | At 30 June 2011 HK\$'000 | At 31 December 2010 HK\$'000 |
|------------------------------|-----------------------------|---------------------------------|
| Share of net assets | 753,923 | 500,676 |
| Amounts and loans receivable | 165,428 | 357,525 |
| Amounts and loans payable | (27,843) | (166,789) |
| | 891,508 | 691,412 |

13. TRADE AND OTHER RECEIVABLES

| | At 30 June 2011 HK\$'000 | At 31 December 2010 HK\$'000 |
|----------------------------|-----------------------------|---------------------------------|
| Trade receivables (Note a) | 7,954 | 8,688 |
| Deferred rent receivables | 17,094 | 18,627 |
| Other receivables | 3,598 | 13,877 |
| Deposits | 9,044 | 9,162 |
| Prepayments | 4,918 | 5,314 |
| | 42,608 | 55,668 |

Notes to the Interim Financial Information *(continued)*

13. TRADE AND OTHER RECEIVABLES *(continued)*

- (a) Trade receivables represent mainly rent receivables from tenants of the Group's properties. The Group maintains a defined policy in respect of rent collection. The credit quality of a new lease or customer is assessed based on a defined policy set by the Group. Reminders are issued half-monthly when rents are overdue for 15 days, and legal actions will be taken when rents are overdue for two months. The ageing analysis of trade receivables is as follows:

| | At 30 June 2011 HK\$'000 | At 31 December 2010 HK\$'000 |
|--------------------|-----------------------------|---------------------------------|
| Current to 30 days | 4,196 | 2,480 |
| 31 to 90 days | 2,239 | 5,416 |
| Over 90 days | 1,519 | 792 |
| | 7,954 | 8,688 |

The trade receivables of HK\$7,954,000 (31 December 2010: HK\$8,688,000) were past due but not impaired. These relate to a number of independent customers having good track records and there is no recent history of default, and the majority of the debts are covered by the rental deposits received as set out in note 14.

14. TRADE AND OTHER PAYABLES AND ACCRUALS

| | At 30 June 2011 HK\$'000 | At 31 December 2010 HK\$'000 |
|-------------------|-----------------------------|---------------------------------|
| Trade payables | 5,813 | 7,957 |
| Other payables | 148,671 | 169,433 |
| Deposits received | 111,924 | 109,123 |
| Accruals | 8,575 | 24,395 |
| | 274,983 | 310,908 |

The ageing analysis of trade payables is as follows:

| | At 30 June 2011 HK\$'000 | At 31 December 2010 HK\$'000 |
|--------------------|-----------------------------|---------------------------------|
| Current to 30 days | 3,171 | 4,016 |
| 31 to 90 days | 1,229 | 3,620 |
| Over 90 days | 1,413 | 321 |
| | 5,813 | 7,957 |

Notes to the Interim Financial Information *(continued)*

15. SHORT-TERM BANK LOANS, SECURED

| | At 30 June 2011 HK\$'000 | At 31 December 2010 HK\$'000 |
|--|-----------------------------|---------------------------------|
| Bank loans repayable on demand or within one year, secured | 19,455 | — |
| Current portion of long-term bank loans (Note 16) | 184,000 | 136,250 |
| | 203,455 | 136,250 |

16. LONG-TERM BANK LOANS, SECURED

| | At 30 June 2011 HK\$'000 | At 31 December 2010 HK\$'000 |
|---|-----------------------------|---------------------------------|
| Bank loans, secured | 2,080,900 | 2,056,850 |
| Less: Amount repayable within one year included under current liabilities (Note 15) | (184,000) | (136,250) |
| | 1,896,900 | 1,920,600 |
| The bank loans are repayable as follows: | | |
| Within one year | 184,000 | 136,250 |
| In the second year | 894,400 | 283,000 |
| In the third to fifth years inclusive | 1,002,500 | 1,637,600 |
| | 2,080,900 | 2,056,850 |

The bank loans are denominated in Hong Kong dollars except for an amount of HK\$19,455,000 (31 December 2010: Nil) which is denominated in US dollars at the balance sheet date. The bank loans as at 30 June 2011 have an average effective interest rate of 1.32% (31 December 2010: 1.35%) per annum.

17. OTHER LONG-TERM LOANS

Other long-term loans due to non-controlling shareholders of subsidiaries are unsecured, interest-free and expected not to be repaid within one year from the balance sheet date.

18. LEASE COMMITMENTS

The Group had future aggregate minimum lease payments under non-cancellable operating leases for land and buildings as follows:

| | At 30 June 2011 HK\$'000 | At 31 December 2010 HK\$'000 |
|---|-----------------------------|---------------------------------|
| Not later than one year | 3,510 | 3,510 |
| Later than one year and not later than five years | — | 1,755 |
| | 3,510 | 5,265 |

Management Discussion and Analysis

BUSINESS REVIEW

The Group's unaudited revenue for the Period was HK\$229 million, compared to HK\$177 million for the same period last year. The increase was mainly due to increase in average occupancy of Landmark East to approximately 90% during the Period.

The Group's unaudited profit attributable to shareholders for the Period was HK\$1,741 million (2010 (Restated): HK\$1,105 million). Excluding change in fair value of investment properties net of non-controlling interests, change in fair value of derivative financial instruments and gain on acquisition of interests in an associate, the Group's underlying profit for the Period was HK\$237 million (2010 (Restated): HK\$479 million). The decrease was mainly due to non-recurring gains on disposals of industrial properties and share of profit in associates in respect of development projects in the prior period.

Rental and property management

The Group's investment properties, comprising 1.5 million square feet of Grade A office buildings and 1.3 million square feet of industrial buildings in Hong Kong, were fair valued at HK\$11,647 million as at 30 June 2011. The appreciation in capital value of the Group's properties has resulted in a fair value gain, net of non-controlling interests, of HK\$1,439 million in the Period (2010: HK\$628 million). In the prior period, the Group entered into agreements to dispose of two industrial properties and recorded exceptional gains of HK\$146 million.

The Group's rental and property management businesses recorded revenue of HK\$221 million for the Period (2010: HK\$171 million). Excluding change in fair value of investment properties and gains on disposals of investment properties, the segment profit for the Period was HK\$171 million (2010: HK\$115 million).

Our Grade A office spaces in Hong Kong achieved satisfactory occupancy during the Period. Benefiting from the emergence of Kowloon East as a major non-core commercial hub, Landmark East attained an average occupancy of approximately 90% during the Period. Lease renewals in W Square have been encouraging. A majority of the leases expiring this year have been renewed at positive rental reversion. Average occupancy of the building was approximately 90% during the Period. These two properties in aggregate contributed revenue of HK\$156 million in the Period (2010: HK\$85 million).

Revenue from the Group's industrial properties for the Period was HK\$63 million (2010: HK\$61 million, excluding revenue of HK\$23 million from the properties being disposed of in the prior period). Average occupancy of the Group's industrial properties was approximately 90% during the Period.

The leasing of Landmark East towards its full occupancy has built up strong and recurring cashflows to the Group. The increase in operating profit in Landmark East, partly offset by the disposal effects of the two industrial properties in the prior period, has contributed to the growth in segment profit to HK\$171 million during the Period.

Warehousing

The Group's warehousing businesses in Hong Kong are operated through subsidiaries. These businesses in aggregate recorded revenue of HK\$8 million (2010: HK\$6 million) and a segment profit of HK\$0.9 million for the Period (2010: HK\$0.2 million).

The Group's cold storage business in Mainland China is operated through China Merchants International Cold Chain (Shenzhen) Company Limited ("CMCC"), in which the Group has a 30% interest. CMCC reported a net loss of RMB4.1 million (2010: RMB0.3 million) for the Period. The loss was mainly due to unsatisfactory performance of the new cold storage godown in the Qianhaiwan Bonded Port Zone since its opening in November 2010.

Management Discussion and Analysis *(continued)*

Investment

The Group's investments comprised mainly available-for-sale financial assets in Singapore. These assets were fair valued at HK\$446 million as at 30 June 2011 (31 December 2010: HK\$431 million). The increase in fair value of HK\$15 million was taken up in "Investment Revaluation Reserve" in equity during the Period.

Profit from this segment, comprising mainly dividend income and amortised income from held-to-maturity investments, was HK\$13 million (2010: HK\$13 million) during the Period.

Finance income and finance costs

Net finance costs amounted to HK\$33 million for the Period (2010: HK\$36 million). The decrease was mainly due to finance income of HK\$3 million (2010: Nil) from deposits placed with banks during the Period. The Group has surplus cash on hand following completion of the disposals of the two industrial properties in the fourth quarter of 2010.

The Group held interest rate swap contracts (the "IRS Contracts") to hedge its interest rate exposure. The outstanding notional principal amount of the IRS Contracts was HK\$1,000 million as at 30 June 2011. The IRS Contracts were fair valued at a loss of HK\$115 million as at 30 June 2011 (31 December 2010: HK\$114 million). The unrealised loss of HK\$24 million relating to the hedged portion was transferred to "Hedging Reserve" in equity whereas the realised loss of HK\$22 million relating to the cash settlement portion was transferred from "Hedging Reserve" to the income statement as finance costs during the Period.

Share of profits less losses of associated companies

On 8 May 2011, the Company announced the acquisition of the entire issued share capital of Dragon Eye Holding Ltd. ("Dragon Eye") from an independent third party at a consideration of HK\$229 million. Dragon Eye holds 40% equity interest in Fore Prosper Limited ("Fore Prosper") and the remaining 60% in Fore Prosper is held by Wing Tai Properties. Fore Prosper owns the property at 133 Leighton Road, Causeway Bay, Hong Kong at which Lanson Place Hotel is situated. The acquisition constituted a discloseable and connected transaction to the Company under the Listing Rules and was approved by the independent shareholders of the Company at an extraordinary general meeting held on 23 June 2011. Completion of the acquisition took place on 30 June 2011 and, since then, Fore Prosper has become a 40% associate of the Company. A gain of HK\$69 million (the "Gain") arose from the acquisition, as the net assets of Fore Prosper were acquired at a discount to their fair value.

Excluding the Gain, the Group's share of net profit in associated companies amounted to HK\$86 million in the Period (2010: HK\$250 million). Profit in the associates came mainly from sale of units at Forfar and Belle Vue Residences during the Period. The drop in profit principally reflected the non-recurring nature of profit from development projects. In the prior period, there was a one-off recognition of profit on units pre-sold at Forfar and Belle Vue Residences upon issuance of occupation permits.

Taxation

Taxation charge for the Period of HK\$19 million comprised mainly provision for current Hong Kong profits tax of HK\$7 million and deferred tax charge of HK\$12 million arising from accelerated depreciation and utilisation of previously recognised tax losses. Taxation credit in the prior period was mainly due to recognition of tax losses arising from operations.

Management Discussion and Analysis *(continued)*

PROJECT PROGRESS

Forfar, Hong Kong

The Group has a 20% interest in Forfar, which is a luxury residential project in Hong Kong co-developed with Wing Tai Properties. The project, with a total saleable area of about 108,000 square feet, was launched for pre-sale in July 2009. Occupation permit and certificate of compliance for the project were obtained in January and August 2010, respectively. Approximately 90% of the units were sold as at 30 June 2011.

Belle Vue Residences, Singapore

The Group has a 30% interest in Belle Vue Residences, which is a luxury residential development in Singapore co-developed with Wing Tai Holdings Limited and an independent third party. The project, with a total saleable area of about 433,000 square feet, was launched for pre-sale in late 2008. Occupation permit and certificate of statutory completion for the project were obtained in May and October 2010, respectively. Approximately 80% of the units were sold as at 30 June 2011.

During the Period, certain shareholders' loans in Belle Vue Residences were repaid out of the project's cash surplus. A gain of HK\$34 million was transferred from "Exchange Fluctuation Account" in equity to the income statement as exchange gain during the Period.

EMPLOYEES

The Group employed 263 employees as at 30 June 2011 (31 December 2010: 241 employees). The Group aligns its remuneration and benefit packages with pay levels and practices prevailing in the market and recognises individual responsibility and performances. All eligible employees in Hong Kong are enrolled to a defined contribution mandatory provident fund scheme. Other benefits are awarded at the discretion of the Group. Staff training is provided as and when required.

FINANCIAL REVIEW

The Group's financing and treasury operations are centrally managed and controlled.

Gearing

The Group's shareholders' equity as at 30 June 2011 was HK\$10,805 million (31 December 2010: HK\$9,443 million). The increase was mainly due to the profit attributable to shareholders for the Period of HK\$1,741 million, offset partly by dividend distributions of HK\$369 million. The Group's total equity, including non-controlling interests, was HK\$10,839 million as at 30 June 2011 (31 December 2010: HK\$9,474 million).

The Group's total bank borrowings as at 30 June 2011 were HK\$2,100 million (31 December 2010: HK\$2,057 million). After deducting the bank balances and cash of HK\$346 million (31 December 2010: HK\$595 million), the Group's net borrowings as at 30 June 2011 were HK\$1,754 million (31 December 2010: HK\$1,462 million).

As at 30 June 2011, the gearing ratio of the Group was 16% (31 December 2010: 15%), calculated based on the net borrowings of HK\$1,754 million (31 December 2010: HK\$1,462 million) and total equity of HK\$10,839 million (31 December 2010: HK\$9,474 million).

Management Discussion and Analysis *(continued)*

Liquidity and debt maturity profile

The maturity profile of the Group's bank borrowings as at 30 June 2011 is set out as below.

| | At 30 June 2011 | | At 31 December 2010 | |
|---------------------------------------|-----------------|------------|---------------------|------------|
| | HK\$ million | % | HK\$ million | % |
| Within one year | 203 | 10 | 136 | 7 |
| In the second year | 894 | 42 | 283 | 14 |
| In the third to fifth years inclusive | 1,003 | 48 | 1,638 | 79 |
| | 2,100 | 100 | 2,057 | 100 |

Treasury policies

The Group principally operates in Hong Kong and, as a result, has minimal exposure to exchange rate fluctuation. The Group has certain investments in associated companies and financial assets which are denominated in Singapore dollars and Renminbi. No forward exchange contracts have been entered to hedge for these foreign currency assets, which exposure will continue to be monitored by the Group and, if considered appropriate, hedged to the extent desirable. The Group's bank borrowings are principally denominated in Hong Kong dollars and match with the underlying securities.

The Group manages its interest rate exposure closely. In previous years, the Group entered into the IRS Contracts to hedge its floating interest rate exposure. The purpose of the IRS Contracts was to maintain a balanced portfolio of fixed and floating rate debts so that the Group could guard against any unexpected interest rate hikes. The Group had outstanding IRS Contracts in the notional amount totaling HK\$1,000 million as at 30 June 2011. Against total bank borrowings of HK\$2,100 million which were all on a floating rate basis, the IRS Contracts converted about 48% of the Group's total bank borrowings at period end into fixed rate debts.

Capital commitments

The Group had no significant capital commitments as at 30 June 2011.

Contingent liabilities

The Group had no significant contingent liabilities as at 30 June 2011.

Pledge of assets

Certain of the Group's assets with a carrying value of HK\$11,782 million as at 30 June 2011 were pledged to secure banking facilities of the Group.

OUTLOOK

Hong Kong's economy has maintained stable growth on the back of solid economic development in the Mainland, despite uncertainties in the United States and Europe. With quality office space still in strong demand and expectation of a continued low interest rate environment, the Group remains optimistic about Hong Kong's property investment market in the second half of 2011.

Occupancy of the Group's investment properties is expected to remain strong. Reversionary rates are also expected to remain positive for the remainder of the year. As a result of these factors, together with a low interest rate environment, the capital value of the Group's property portfolio is expected to remain steady in the second half of 2011.

Sales of the luxury residential units at Forfar and Belle Vue Residences, in which the Group has respective interests of 20% and 30%, have been satisfactory. It is expected that the remaining units of these projects will continue to be sold subject to market conditions.

Looking ahead, the Group will continue to pursue its strategy of acquiring quality assets to strengthen our investment portfolio and income base when opportunity arises.

Other Information

DIVIDEND AND CLOSE OF REGISTER

The Directors have resolved to declare an interim dividend of HK\$0.19 per share for the six months ended 30 June 2011, payable on 29 September 2011 to the shareholders whose names appear on the Register of Members of the Company on 19 September 2011. The Register of Members and the Transfer Books of the Company will be closed from Friday, 16 September 2011 to Monday, 19 September 2011, both days inclusive. In order to qualify for the interim dividend for the six months ended 30 June 2011, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Registrars and Transfer Office, Computershare Hong Kong Investor Services Limited, Shops No. 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 15 September 2011.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has observed the principles and complied with all code provisions and, to the extent possible having regard to circumstances pertaining to the Company, the recommended best practices of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules throughout the Period.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding Directors' securities transactions. The Company has made specific enquiry of all Directors and received confirmation from all Directors that they had complied with the required standard set out in the Model Code throughout the Period. The Company has also established written guidelines on no less exacting terms than the Model Code for relevant employees (as such term is defined in the CG Code) in respect of their dealings in the securities of the Company.

AUDIT COMMITTEE

The Audit Committee has reviewed with management and the auditor of the Company the accounting policies and practices adopted by the Group and discussed matters in relation to internal control and financial reporting including the review of the unaudited interim results of the Group for the six months ended 30 June 2011.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the Period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the Period.

UPDATE ON DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Dr. Lo Ka Shui, an Independent Non-Executive Director of the Company, has retired as a board member of the Airport Authority Hong Kong with effect from 31 May 2011.

Mr. Cheng Wai Sun, Edward, a Non-Executive Director of the Company, has been appointed as a board member of the Airport Authority Hong Kong with effect from 1 June 2011.

Apart from the above, there has been no change to the information of the Directors since the date of the issuance of the annual report of the Company for the year ended 31 December 2010, which is required to be disclosed in this interim report pursuant to Rule 13.51B(1) of the Listing Rules.

Other Information *(continued)*

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

As at 30 June 2011, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register kept under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code were as follows:

(a) Interests in the Company

| Name of Director | Number of ordinary shares held | | | | Total interests | Percentage of issued share capital |
|---------------------------------|------------------------------------|--------------------------|---|--------------------------------|-----------------|------------------------------------|
| | Interests held as beneficial owner | Interests held by spouse | Interests held by controlled corporations | Other interests | | |
| Dr. Cheng Wai Chee, Christopher | — | 27,000 | — | 205,835,845 <i>(Note 2)</i> | 205,862,845 | 79.27% |
| Mr. Chow Wai Wai, John | 2,713,000 | — | — | — | 2,713,000 | 1.04% |
| Mr. Cheng Wai Sun, Edward | — | — | — | 205,835,845 <i>(Note 2)</i> | 205,835,845 | 79.26% |
| Mrs. Chen Chou Mei Mei, Vivien | 70,000 | — | — | — | 70,000 | 0.03% |

Notes:

1. The total number of ordinary shares of the Company in issue as at 30 June 2011 was 259,685,288.
2. For the purpose of Part XV of the SFO, Dr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward being beneficiaries of a family trust, were deemed to be interested in (i) 148,944,458 shares of the Company held by Wing Tai Properties; (ii) 42,991,387 shares of the Company held through Twin Dragon Investments Limited, a wholly-owned subsidiary of Wing Tai Properties and (iii) 13,900,000 shares of the Company which are subject to a put option granted by Wing Tai Properties to Standard Chartered Bank. These interests represented the same interests and were therefore duplicated amongst these two Directors.

Other Information *(continued)*

(b) Interests in an associated corporation, Wing Tai Properties

| Name of Director | Number of ordinary shares held | | | | | Total interests | Percentage of issued share capital |
|---|------------------------------------|--------------------------|---|--------------------------------|---|-----------------|------------------------------------|
| | Interests held as beneficial owner | Interests held by spouse | Interests held by controlled corporations | Other interests | Number of underlying shares held under equity derivatives <i>(Note 4)</i> | | |
| Dr. Cheng Wai Chee, Christopher | 6,139,313 | — | — | 462,488,185 <i>(Note 2)</i> | 2,422,253 | 471,049,751 | 35.51% |
| Mr. Chow Wai Wai, John | 200,002 | — | — | — | — | 200,002 | 0.02% |
| Mr. Cheng Wai Sun, Edward | 6,037,981 | — | — | 462,488,185 <i>(Note 2)</i> | 2,422,253 | 470,948,419 | 35.51% |
| Mr. Au Hing Lun, Dennis | 1,755,073 | — | — | — | 1,108,924 | 2,863,997 | 0.22% |
| Ms. Fung Ching Man, Janet <i>(Note 3)</i> | 352,836 | — | — | — | 624,382 | 977,218 | 0.07% |

Notes:

1. The total number of ordinary shares of Wing Tai Properties in issue as at 30 June 2011 was 1,326,363,100.
2. As at 30 June 2011, Dr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward were beneficiaries of a family trust whose assets included indirect interests in 462,488,185 ordinary shares of Wing Tai Properties. These interests represented the same interests and were therefore duplicated amongst these two Directors.
3. Alternate Director to Dr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward respectively.
4. These represented interests in shares options or incentive shares granted by Wing Tai Properties to its directors and employees as beneficial owners, details of which are set out in the section headed "Underlying shares in Wing Tai Properties".

(c) Underlying shares in Wing Tai Properties

Pursuant to a share option scheme of Wing Tai Properties adopted on 10 June 2003 (the "Wing Tai Properties Share Option Scheme"), the board of directors of Wing Tai Properties may in its absolute discretion grant options to directors and employees of Wing Tai Properties and its subsidiaries (the "Wing Tai Properties Group") to subscribe for shares of Wing Tai Properties at an exercise price to be determined by the directors of Wing Tai Properties in accordance with the rules of the scheme.

Pursuant to a share incentive scheme of Wing Tai Properties adopted on 17 June 2005 (the "Wing Tai Properties Share Incentive Scheme"), the board of directors of Wing Tai Properties or a duly authorised committee thereof may in its absolute discretion make offer of awards to selected employees (including executive directors) of the Wing Tai Properties Group to subscribe in cash at par for shares of Wing Tai Properties.

Other Information *(continued)*

There were no outstanding options granted to the Directors as at 30 June 2011 under the Wing Tai Properties Share Option Scheme. Details of the outstanding incentive shares awarded to the Directors under the Wing Tai Properties Share Incentive Scheme are as follows:

| Name of Director | Exercise period | Number of incentive shares as at 30 June 2011 |
|---------------------------------|------------------------|---|
| Dr. Cheng Wai Chee, Christopher | 20.1.2012 to 15.6.2019 | 852,253 |
| | 19.1.2012 to 25.6.2020 | 266,000 |
| | 19.1.2013 to 25.6.2020 | 532,000 |
| | 20.1.2012 to 31.3.2021 | 193,000 |
| | 20.1.2013 to 31.3.2021 | 193,000 |
| | 20.1.2014 to 31.3.2021 | 386,000 |
| | | 2,422,253 |
| Mr. Cheng Wai Sun, Edward | 20.1.2012 to 15.6.2019 | 852,253 |
| | 19.1.2012 to 25.6.2020 | 266,000 |
| | 19.1.2013 to 25.6.2020 | 532,000 |
| | 20.1.2012 to 31.3.2021 | 193,000 |
| | 20.1.2013 to 31.3.2021 | 193,000 |
| | 20.1.2014 to 31.3.2021 | 386,000 |
| | | 2,422,253 |
| Mr. Au Hing Lun, Dennis | 20.1.2012 to 15.6.2019 | 400,674 |
| | 19.1.2012 to 25.6.2020 | 127,750 |
| | 19.1.2013 to 25.6.2020 | 255,500 |
| | 20.1.2012 to 31.3.2021 | 81,250 |
| | 20.1.2013 to 31.3.2021 | 81,250 |
| | 20.1.2014 to 31.3.2021 | 162,500 |
| | | 1,108,924 |
| Ms. Fung Ching Man, Janet | 20.1.2012 to 15.6.2019 | 232,632 |
| | 19.1.2012 to 25.6.2020 | 53,250 |
| | 19.1.2013 to 25.6.2020 | 106,500 |
| | 20.1.2012 to 31.3.2021 | 58,000 |
| | 20.1.2013 to 31.3.2021 | 58,000 |
| | 20.1.2014 to 31.3.2021 | 116,000 |
| | | 624,382 |

All the interests in the shares disclosed under this section represent long position in the shares of the Company or its associated corporations. Save as disclosed herein, as at 30 June 2011, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be recorded in the register kept by the Company under section 352 of the SFO or which was required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information *(continued)*

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the Wing Tai Properties Share Option Scheme and the Wing Tai Properties Share Incentive Scheme, at no time during the Period was the Company or any of its subsidiaries or the Company's holding company or a subsidiary of the Company's holding company a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

The Company did not have any share option scheme in force during the Period.

SUBSTANTIAL SHAREHOLDERS

Apart from the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as disclosed in the section "Directors' Interests in Equity or Debt Securities", the register kept under section 336 of the SFO shows that as at 30 June 2011 the Company has been notified of the following interests or short positions in the shares of the Company:

| Name of substantial shareholder | Nature of interests and capacity in which interests are held | | | | Total interests | Long position/ short position | Percentage of issued share capital |
|--|--|---------------------------|---|-------------|-----------------|----------------------------------|------------------------------------|
| | Interests held as beneficial owner | Interests held as trustee | Interests held by controlled corporations | | | | |
| Deutsche Bank International Trust Co. (Jersey) Limited <i>(Note 1)</i> | — | 205,835,845 | — | 205,835,845 | Long position | 79.26% | |
| Deutsche Bank International Trust Co. (Cayman) Limited <i>(Note 1)</i> | — | 205,835,845 | — | 205,835,845 | Long position | 79.26% | |
| Wing Tai Holdings Limited <i>(Note 2)</i> | — | — | 205,835,845 | 205,835,845 | Long position | 79.26% | |
| Wing Tai Properties <i>(Note 3)</i> | 162,844,458 | — | 42,991,387 | 205,835,845 | Long position | 79.26% | |
| Wing Tai Properties (B.V.I.) Limited <i>(Note 3)</i> | — | — | 42,991,387 | 42,991,387 | Long position | 16.56% | |
| Twin Dragon Investments Limited <i>(Note 3)</i> | 42,991,387 | — | — | 42,991,387 | Long position | 16.56% | |
| Standard Chartered PLC <i>(Note 4)</i> | — | — | 13,900,000 | 13,900,000 | Long position | 5.35% | |
| | — | — | 13,900,000 | 13,900,000 | Short position | 5.35% | |
| Standard Chartered Holdings Limited <i>(Note 4)</i> | — | — | 13,900,000 | 13,900,000 | Long position | 5.35% | |
| | — | — | 13,900,000 | 13,900,000 | Short position | 5.35% | |
| Standard Chartered Bank <i>(Note 4)</i> | 13,900,000 | — | — | 13,900,000 | Long position | 5.35% | |
| | 13,900,000 | — | — | 13,900,000 | Short position | 5.35% | |

Notes:

1. *Deutsche Bank International Trust Co. (Jersey) Limited was the trustee of a family trust which held all units of a unit trust (the "Unit Trust"). Deutsche Bank International Trust Co. (Cayman) Limited was the trustee of the Unit Trust. The assets of the Unit Trust included indirect interests in more than one-third of the issued shares of Wing Tai Holdings Limited ("Wing Tai Holdings"). Deutsche Bank International Trust Co. (Jersey) Limited and Deutsche Bank International Trust Co. (Cayman) Limited were deemed (by virtue of the SFO) to be interested in all the shares of the Company in which Wing Tai Holdings was interested. Accordingly, these interests were duplicated with the interests set out in note 2 entirely.*

Other Information *(continued)*

2. *Wing Tai Holdings held more than one-third of the issued shares of Wing Tai Properties. Under Part XV of the SFO, Wing Tai Holdings was deemed to be interested in all the shares of the Company in which Wing Tai Properties was interested. Accordingly, these interests were duplicated with the interests set out in note 3 entirely.*
3. *Wing Tai Properties was interested in 205,835,845 shares of the Company comprising 162,844,458 shares held as beneficial owner and 42,991,387 shares held under Twin Dragon Investments Limited. The interest in the 162,844,458 shares of the Company included interest in 13,900,000 shares held through equity derivatives which was duplicated with the interest set out in note 4 entirely. Twin Dragon Investments Limited was a wholly-owned subsidiary of Wing Tai Properties (B.V.I.) Limited, which in turn was a wholly-owned subsidiary of Wing Tai Properties. Under Part XV of the SFO, Wing Tai Properties and Wing Tai Properties (B.V.I.) Limited were deemed to be interested in all the shares of the Company beneficially owned by Twin Dragon Investments Limited.*
4. *On 22 October 2010, Standard Chartered Bank entered into an agreement to acquire 13,900,000 shares of the Company. The transaction was completed on 25 October 2010. Also on 22 October 2010, Wing Tai Properties entered into an option agreement with Standard Chartered Bank pursuant to which Standard Chartered Bank was granted with an option to sell the 13,900,000 shares of the Company to Wing Tai Properties subject to the terms and conditions therein. Standard Chartered Bank was a wholly-owned subsidiary of Standard Chartered Holdings Limited which in turn was a wholly-owned subsidiary of Standard Chartered PLC. Under Part XV of the SFO, Standard Chartered PLC and Standard Chartered Holdings Limited were deemed to be interested in all the shares of the Company in which Standard Chartered Bank was interested.*

Save as disclosed herein, as at 30 June 2011 the Company had not been notified by any person of any interests or short positions in the shares or underlying shares of the Company which are notifiable to the Company under Divisions 2 and 3 of Part XV of the SFO.

On behalf of the Board
Cheng Wai Chee, Christopher
Chairman

Hong Kong, 30 August 2011