



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

2013-2014
INTERIM REPORT
二零一三至二零一四年度
中期報告書



THE FULLERTON HOTEL, SINGAPORE
新加坡富麗敦酒店

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CORPORATE INFORMATION

Board of Directors

Robert Ng Chee Siong, Chairman
Ronald Joseph Arculli, GBM, CVO, GBS, OBE, JP*
Allan Zeman, GBM, GBS, JP*
Adrian David Li Man-kiu, JP*
Steven Ong Kay Eng*
Daryl Ng Win Kong

(# Non-Executive Director)

(* Independent Non-Executive Directors)

Audit Committee

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

Nomination Committee

Robert Ng Chee Siong, Chairman
Allan Zeman, GBM, GBS, JP
Adrian David Li Man-kiu, JP

Remuneration Committee

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

Authorized Representatives

Robert Ng Chee Siong
Daryl Ng Win Kong

Chief Financial Officer and Company Secretary

Velencia Lee

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants, Hong Kong

Solicitors

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

Shareholders' Calendar

Closure of Register of Members for dividend entitlement 14th to 18th March, 2014
(both dates inclusive)

Record Date for interim dividend entitlement 18th March, 2014

Last Date for lodging form of election for scrip dividend 7th April, 2014
4:30 p.m.

Interim Dividend Payable HK12 cents per share
17th April, 2014

Principal Bankers

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

Investor Relations Contact

Please direct enquiries to:
General Manager – Corporate Finance
Telephone : (852) 2734 8312
Fax : (852) 2369 1236
Email : investorrelations@sino.com

Registered Office

12th Floor, Tsim Sha Tsui Centre,
Salisbury Road, Tsim Sha Tsui,
Kowloon, Hong Kong
Telephone : (852) 2721 8388
Fax : (852) 2723 5901
Website : www.sino.com
Email : info@sino.com

Share Registrars

Tricor Friendly Limited
26th Floor, Tesbury Centre,
28 Queen's Road East,
Hong Kong
Telephone : (852) 2980 1333
Fax : (852) 2861 1465
Email : tst247-ecom@hk.tricorglobal.com

Listing Information

Stock Code 247

CHAIRMAN'S STATEMENT

I am pleased to present my interim report to shareholders.

INTERIM RESULTS

The Group's unaudited underlying net profit attributable to shareholders, excluding the effect of fair-value changes on investment properties for the six months ended 31st December, 2013 ("Interim Period"), was HK\$1,245.3 million (2012: HK\$2,273.1 million). Underlying earnings per share was HK\$0.787 (2012: HK\$1.473).

The Group's net profit attributable to shareholders for the Interim Period was HK\$2,523.8 million (2012: HK\$4,111.9 million). Earnings per share was HK\$1.596 (2012: HK\$2.665). The reported profit for the period included a revaluation surplus (net of deferred taxation) on investment properties of HK\$1,278.5 million compared with a revaluation surplus (net of deferred taxation) of HK\$1,838.7 million for the last period.

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

DIVIDENDS

The Directors have declared an interim dividend of 12 cents per share payable on 17th April, 2014 to those shareholders whose names appear on the Register of Members of the Company on 18th March, 2014.

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 21st March, 2014. It is expected that the interim dividend warrants and share certificates will be despatched to shareholders on or about 17th April, 2014.

CHAIRMAN'S STATEMENT *(Continued)*

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, 2013, Tsim Sha Tsui Properties Limited (the "Company") had 50.68% interest in Sino Land. Therefore, for discussion purposes, we have focused on the operations of Sino Land.

(1) Sales Activities

Sino Land's total revenue from property sales recognised for the Interim Period, including property sales of associates recognised by Sino Land, was HK\$1,225.4 million (2012: HK\$10,233.4 million).

Total revenue from property sales comprises mainly the sales of residential units in three projects in Pak Shek Kok, namely The Graces • Providence Bay, Providence Peak and Providence Bay, which were completed in previous financial years. Market response to the sales of the three projects was favourable and to date, approximately 52%, 81% and 61% of the units in the respective projects have been sold.

Sino Land continues to seek good opportunities to sell its projects to enhance shareholders' value. During the Interim Period, Sino Land launched two projects in Hong Kong, namely Site A of The Avenue in Wan Chai and Park Metropolitan in Kwun Tong for sale in November 2013. Approximately 87% and 51% of the units in these two projects have been sold. In China, 786 residential units in The Palazzo in Chengdu were launched for sale and to date, approximately 83% of these residential units have been sold.

(2) Land Bank

As at 31st December, 2013, Sino Land has a land bank of approximately 40.1 million square feet of attributable floor area in Hong Kong, China and Singapore which comprises a balanced portfolio of properties of which 64.9% is residential; 23.0% commercial; 5.3% industrial; 3.7% car parks and 3.1% hotels. In terms of breakdown of the land bank by status, 27.9 million square feet were properties under development, 11.2 million square feet of properties for investment and hotels, together with 1.0 million square feet of properties held for sale. Sino Land will continue to be selective in replenishing its land bank to optimise its earnings potential.

CHAIRMAN'S STATEMENT (Continued)

REVIEW OF OPERATIONS (Continued)

(2) Land Bank (Continued)

During the Interim Period, Sino Land acquired two sites from the HKSAR Government with a total attributable floor area of approximately 184,991 square feet for residential development. Details of the projects are as follows:

| | <u>Location</u> | <u>Usage</u> | <u>Group's Interest</u> | <u>Attributable Floor Area</u> <i>(Square feet)</i> |
|----|--|--------------|-------------------------|--|
| 1. | Lot 1180 in Demarcation District No. 215 Hong Tsuen Road, Sai Kung Tuk, Sai Kung, New Territories | Residential | 100% | 173,796 |
| 2. | IL9049 Sik On Street, Wan Chai Hong Kong | Residential | 100% | 11,195 |
| | | | | <hr/> |
| | | | | 184,991 |

(3) Property Development

During the Interim Period, Sino Land obtained Occupation Permits for the following projects in Hong Kong with a total attributable floor area of approximately 83,549 square feet. Details of these projects are presented as follows:

| | <u>Location</u> | <u>Usage</u> | <u>Group's Interest</u> | <u>Attributable Floor Area</u> <i>(Square feet)</i> |
|----|---|--------------|-------------------------|--|
| 1. | Lot 245 in Demarcation District 331 Cheung Sha, Lantau | Residential | 100% | 71,417 |
| 2. | RBL 380 38 Repulse Bay Road, Repulse Bay, Hong Kong | Residential | 100% | 12,132 |
| | | | | <hr/> |
| | | | | 83,549 |

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

(3) Property Development *(Continued)*

Subsequent to the Interim Period, Sino Land obtained the Occupation Permit for the residential/commercial project The Avery at 16 Hau Wong Road, Ma Tau Kok, Kowloon City in January 2014. The total attributable floor area of the project is 35,751 square feet.

(4) Rental Activities

For the Interim Period, Sino Land's gross rental revenue, including attributable share from associates and joint ventures, increased 8.9% to HK\$1,699.7 million (2012: HK\$1,560.6 million) and net rental income increased 10.0% to HK\$1,482.7 million (2012: HK\$1,347.9 million). The increase in rental revenue was mainly due to higher rental rates on renewals. Overall occupancy of Sino Land's investment property portfolio remained unchanged at approximately 97% (2012: 97%) for the Interim Period.

Sino Land's retail rental portfolio in Hong Kong recorded good rental growth with overall occupancy rate improving to approximately 98% for the Interim Period from 97% for the corresponding period last year, mainly due to stable economic conditions and continuous growth in inbound visitors. Leasing of the retail malls completed in the last financial year, namely Coronation Circle in West Kowloon and Park Summit in Mongkok progressed well and will contribute more rental revenue to Sino Land for the coming financial year.

The leasing performance of Sino Land's office portfolio in Hong Kong registered good rental growth while overall occupancy rate for the portfolio was approximately 95% (2012: 97%) for the Interim Period. A slight decrease in occupancy was mainly due to lease expiry of several tenants in certain office buildings. However, the outlook of the rental trends for office buildings is positive as the Hong Kong and China economies continue to grow. The recent improvement in hiring expectation in the finance and banking sector as well as consumer sector may drive the demand for office spaces. The economic recovery of the United States will also be positive for exports which in turn will support the trading and logistic firms' demand for office spaces. With regard to the industrial sector, leasing performance continued to do well with overall occupancy rate increasing to approximately 98% for the Interim Period, compared with 96% for the corresponding period last year.

As at 31st December, 2013, Sino Land has approximately 11.2 million square feet of attributable floor area of investment properties and hotels in Hong Kong, China and Singapore. Of this portfolio, commercial developments (retail and office) account for 64.3%, industrial developments 14.6%, car parks 13.1%, hotels 6.3%, and residential 1.7%.

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

(5) Hotels

Overall business performance of Sino Land's hotels, namely The Fullerton Hotel, The Fullerton Bay Hotel and Conrad Hong Kong was steady during the Interim Period. Sino Land will continue to improve the quality of its hotel services to ensure our discerning guests have enjoyable experiences during their stays in the hotels.

(6) China Business

2013 was an important year for China as it was the first year the new leadership took office. The Third Plenum of the Communist Party's Eighteenth Central Committee was convened in November where the leaders set out direction for further reforms in a wide spectrum of areas including the capital market, banking, foreign exchange, government, enterprises and environment. The reforms are fundamental to establish a more sustainable economy and will lay the framework required to take its economy to the next phase of development. Through consumption-led economic growth, urbanisation and liberalisation of the financial sector, the changes are expected to bring in optimal benefits that may tackle the poverty gap and regional economic disparities. In particular, the reforms on land and household registration system currently under discussion are conducive to developing a healthy property market.

Throughout the years, Sino Land has completed a number of projects in Xiamen and Fuzhou. The experience gained from developing and leasing projects in China has also built Sino Land's execution capability in the country. Sino Land's projects are situated in cities with good economic and demographic fundamentals. The major property developments, namely The Palazzo in Chengdu, The Coronation in Chongqing and Dynasty Park in Zhangzhou will be sold and completed by phases over the next few years when expected profit contributions from these projects will be realised.

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, 2013.

CHAIRMAN'S STATEMENT *(Continued)*

FINANCE

As at 31st December, 2013, the Group's gearing was 3.5%, expressed as a percentage of bank and other borrowings net of cash and bank balances over shareholders' equity. Of the total borrowings, 22.9% was repayable within one year, 23.9% repayable between one and two years and 53.2% repayable between two and five years. The Group, including the attributable share of its associates and joint ventures, had cash resources of approximately HK\$19,502.3 million, comprising cash on hand of approximately HK\$13,905.6 million together with committed undrawn banking facilities of approximately HK\$5,596.7 million.

The majority of the Group's debts are denominated in Hong Kong dollars and US dollars, with the balance in Singapore dollars, mainly used to fund The Fullerton Heritage project in Singapore. Other than the above-mentioned, there was no material change in foreign currency borrowings and the capital structure of the Group for the Interim Period. The majority of the Group's cash are denominated in Hong Kong dollars. The Group has maintained a sound financial management policy and foreign exchange exposure has been prudently kept at a minimal level.

CORPORATE GOVERNANCE

The Group places great importance on corporate integrity, business ethics and good governance. With the objective of practising good corporate governance, the Group has formed Audit, Compliance, Remuneration and Nomination Committees. The Group is committed to maintaining corporate transparency and disseminates information about new developments through various channels, including press releases, its corporate website, results briefings, site visits, participation in non-deal roadshows and investor conferences.

CUSTOMER SERVICE

Sino Land is committed to building quality projects. In keeping with its mission to enhance customer satisfaction, Sino Land will, wherever possible, ensure that attractive design concepts and features are also environmentally friendly for its developments. Management conducts regular reviews of its properties and service so that improvements can be made on a continuous basis.

CHAIRMAN'S STATEMENT *(Continued)*

CORPORATE SOCIAL RESPONSIBILITY

As a committed corporate citizen, Sino Land has been actively participating in a wide range of community programmes, voluntary services, charitable activities and green initiatives to promote environmental protection, art and cultural events, and staff team-building activities. In recognition of Sino Land's continuous efforts in promoting sustainability and high standards of performance in environmental, social and corporate governance aspects, Sino Land has been selected as a constituent member of the Hang Seng Corporate Sustainability Index since September 2012 and has also received the "Sustainability Excellence Award" at the Hong Kong Corporate Governance Excellence Awards 2013, jointly organised by the Chamber of Hong Kong Listed Companies and the Centre for Corporate Governance and Financial Policy of Hong Kong Baptist University.

During the Interim Period, Sino Land published its 2013 Sustainability Review with reference to Hong Kong Exchanges and Clearing Limited's "Environmental, Social and Governance Reporting Guide" under Appendix 27 to the Main Board Listing Rules. Sino Land has also published its third annual Sustainability Report that highlights its corporate sustainability footprint and initiatives to demonstrate its commitment to engaging its stakeholders in building a greener future.

Sino Land has been a long-standing partner of a number of organisations serving the community. Management encourages staff of all levels to serve the community and care for those in need; this commitment is extended to support staff in joining voluntary service for at least one day a year during office hours.

Dedicated to promoting local art and culture, Sino Land initiated 'Sino Art' project in 2006, under which Sino Art provides local and international artists opportunities to showcase their artworks through exhibitions and public art installations at Sino Land's properties. During the Interim Period, Sino Art collaborated with some outstanding artists to hold several thematic exhibitions at Sino Land's flagship shopping malls, namely Olympian City and Tuen Mun Town Plaza.

In March 2008, the Ng Teng Fong family, the ultimate major shareholder of the Group, set up a non-profit organisation named Hong Kong Heritage Conservation Foundation Limited ("HCF"). In December 2008, HCF was fortunate to win the tender to revitalise and convert the Old Tai O Police Station, a Grade II historic building, into a boutique hotel. Named Tai O Heritage Hotel ("Hotel"), it is home to nine colonial-style rooms and suites and commenced operation in March 2012. The Hotel, operated by HCF as a non-profit organisation, is part of the HKSAR Government's "Revitalising Historic Buildings Through Partnership Scheme." During the Interim Period, the Hotel received the Award of Merit at 2013 Asia-Pacific Awards for Cultural Heritage Conservation organised by the United Nations Educational, Scientific and Cultural Organization ("UNESCO") for the project's efforts in heritage conservation by various organisations and engagement of local community in the project.

CHAIRMAN'S STATEMENT *(Continued)*

PROSPECTS

Global economic conditions remain mixed and vary country by country. With the improvement of the labour market, household spending and housing market in the United States, the Federal Reserve has started to reduce its third round of quantitative easing. In the Euro zone, the situation has stabilised as a result of government policy actions and monetary stimulus which consequently improved confidence in the financial system. In China, the Central Government continues to implement reforms which will lead to a more sustainable and healthy development of the economy and society. Such variations in economic and political conditions among countries and the likelihood of an increase in interest rates have cast uncertainties on the pace at which the global economy recovers. With concerns over the monetary policy in the United States, emerging markets have been seeing capital outflows and equity markets have been sensitive to those concerns.

The Hong Kong property market continues to change as a result of economic and property-related policies. In particular, the policies in relation to stamp duties which include Buyer's Stamp Duty and Special Stamp Duty introduced in 2012 were passed in February this year. These policies have reduced the transaction volume in 2013 and going forward, there remain challenges in Hong Kong property market. Sino Land will closely monitor the situation and management will be responsive to market changes. Sino Land's recurrent businesses, which comprise property leasing, hospitality and property management services, continue to be resilient. With a good financial position, Sino Land is well-positioned to respond to challenges ahead.

Management will continue to optimise earnings, enhance efficiency and productivity and improve the quality of products and services. In respect of property development and property management, Sino Land will incorporate more environmentally friendly elements in our projects. Sino Land will maintain a policy of selectively and continuously replenishing its land bank, which will enable it to strengthen earnings and shareholders' value.

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, 26th February, 2014

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31st December, 2013

| | | Six months ended | |
|---|-------|--|--|
| | | 31st December, 2013 <i>HK\$</i> (Unaudited) | 31st December, 2012 <i>HK\$</i> (Unaudited and restated) |
| <i>Notes</i> | | | |
| Turnover | 3 | 2,355,682,528 | 5,361,275,656 |
| Cost of sales | | – | (2,094,849,733) |
| Direct expenses | | <u>(865,201,747)</u> | <u>(976,138,713)</u> |
| Gross profit | | 1,490,480,781 | 2,290,287,210 |
| Other income and other gains or losses | | 118,046,605 | 43,641,337 |
| Increase in fair value of investment properties | 12 | 2,046,142,531 | 2,923,644,810 |
| Gain on disposal of investment properties | | 946,462,977 | 80,910,312 |
| Gain arising from change in fair value of trading securities | | 93,178,784 | 135,411,463 |
| Administrative expenses | | (358,381,513) | (357,134,094) |
| Other operating expenses | | (83,864,998) | (83,066,097) |
| Finance income | 4 | <u>193,134,679</u> | 268,020,860 |
| Finance costs | 5 | (171,868,020) | (166,104,840) |
| Less: Interest capitalised | 5 | <u>16,062,250</u> | 24,364,395 |
| Finance income, net | | 37,328,909 | 126,280,415 |
| Share of results of associates | 6 | 912,595,259 | 3,291,859,352 |
| Share of results of joint ventures | 7 | <u>130,132,957</u> | <u>166,394,658</u> |
| Profit before taxation | 8 | 5,332,122,292 | 8,618,229,366 |
| Income tax expense | 9 | <u>(249,629,158)</u> | <u>(371,961,200)</u> |
| Profit for the period | | <u>5,082,493,134</u> | <u>8,246,268,166</u> |
| Profit for the period attributable to: | | | |
| The Company's shareholders | | 2,523,860,922 | 4,111,900,042 |
| Non-controlling interests | | <u>2,558,632,212</u> | <u>4,134,368,124</u> |
| | | <u>5,082,493,134</u> | <u>8,246,268,166</u> |
| Earnings per share (reported earnings per share) | | | |
| Basic | 11(a) | <u>1.596</u> | <u>2.665</u> |

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31st December, 2013

| | Six months ended | |
|---|---|---|
| | 31st December, 2013 HK\$ (Unaudited) | 31st December, 2012 HK\$ (Unaudited and restated) |
| Profit for the period | 5,082,493,134 | 8,246,268,166 |
| Other comprehensive income | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | |
| Gain on fair value change of available-for-sale investments | 560,891 | 305,566,727 |
| Exchange differences arising on translation of foreign operations | 305,213,829 | 304,913,895 |
| Other comprehensive income for the period | 305,774,720 | 610,480,622 |
| Total comprehensive income for the period | 5,388,267,854 | 8,856,748,788 |
| Total comprehensive income attributable to: | | |
| The Company's shareholders | 2,677,473,575 | 4,419,791,725 |
| Non-controlling interests | 2,710,794,279 | 4,436,957,063 |
| | 5,388,267,854 | 8,856,748,788 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2013

| | <i>Notes</i> | 31st December, 2013 HK\$ (Unaudited) | 30th June, 2013 HK\$ (Audited and restated) |
|---|--------------|---|---|
| Non-current assets | | | |
| Investment properties | 12 | 55,328,812,203 | 54,610,734,765 |
| Hotel properties | | 1,736,953,824 | 1,744,677,191 |
| Property, plant and equipment | 13 | 112,127,139 | 118,783,871 |
| Goodwill | | 739,233,918 | 739,233,918 |
| Prepaid lease payments – non-current | | 1,176,694,105 | 1,187,175,429 |
| Interests in associates | 14 | 16,958,636,674 | 15,911,780,863 |
| Interests in joint ventures | 15 | 2,159,314,417 | 2,026,792,762 |
| Available-for-sale investments | 22 | 1,069,777,247 | 1,059,486,948 |
| Advances to associates | 14 | 9,405,509,116 | 9,198,819,160 |
| Advances to joint ventures | 15 | 2,589,230,881 | 2,495,551,817 |
| Advance to non-controlling interests | | 106,170,704 | 117,965,207 |
| Advance to an investee company | | 15,063,786 | 16,769,403 |
| Long-term loans receivable | | 37,769,661 | 36,780,795 |
| | | 91,435,293,675 | 89,264,552,129 |
| Current assets | | | |
| Properties under development | | 27,279,432,056 | 25,407,957,851 |
| Stocks of completed properties | | 1,859,180,087 | 1,065,082,543 |
| Hotel inventories | | 18,241,616 | 17,703,917 |
| Prepaid lease payments – current | | 19,241,874 | 19,462,924 |
| Trading securities | 22 | 559,899,351 | 581,310,064 |
| Amounts due from associates | | 808,769,820 | 936,218,709 |
| Accounts and other receivables | 16 | 1,307,770,460 | 836,585,023 |
| Current portion of long-term loans receivable | | 3,864,599 | 4,976,725 |
| Taxation recoverable | | 150,487,673 | 48,213,013 |
| Restricted bank deposits | | 734,052,535 | 323,633,103 |
| Time deposits, bank balances and cash | | 10,473,392,338 | 11,624,947,790 |
| | | 43,214,332,409 | 40,866,091,662 |
| Assets classified as held for sale | 23 | 161,000,000 | 170,000,000 |
| | | 43,375,332,409 | 41,036,091,662 |
| Current liabilities | | | |
| Accounts and other payables | 17 | 3,642,701,958 | 3,341,563,414 |
| Deposits received on sales of properties | | 2,334,745,727 | 977,093,758 |
| Amounts due to associates | | 3,628,160,184 | 3,455,225,003 |
| Taxation payable | | 309,516,228 | 737,016,430 |
| Current portion of long-term bank borrowings | 18 | 43,134,984 | 14,586,873 |
| Bank loans – secured | 18 | 2,847,000,000 | 4,872,130,944 |
| Other loans – unsecured | | 100,385,932 | 173,528,542 |
| | | 12,905,645,013 | 13,571,144,964 |
| Net current assets | | 30,469,687,396 | 27,464,946,698 |
| Total assets less current liabilities | | 121,904,981,071 | 116,729,498,827 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

At 31st December, 2013

| | <i>Notes</i> | 31st December, 2013 HK\$ (Unaudited) | 30th June, 2013 HK\$ (Audited and restated) |
|---|--------------|---|---|
| Capital and reserves | | | |
| Share capital | <i>19</i> | 322,561,984 | 315,777,382 |
| Share premium and reserves | | 52,064,594,081 | 49,445,103,971 |
| | | <hr/> | <hr/> |
| Equity attributable to the Company's shareholders | | 52,387,156,065 | 49,760,881,353 |
| Non-controlling interests | | 54,666,986,989 | 52,795,221,926 |
| | | <hr/> | <hr/> |
| Total equity | | 107,054,143,054 | 102,556,103,279 |
| | | <hr/> | <hr/> |
| Non-current liabilities | | | |
| Long-term bank and other borrowings | | | |
| – due after one year | <i>18</i> | 6,969,373,927 | 5,640,192,065 |
| Other loans – due after one year | | 3,085,657,950 | 3,852,623,932 |
| Deferred taxation | | 1,638,232,865 | 1,539,231,397 |
| Advances from associates | <i>20</i> | 1,627,588,175 | 1,695,792,402 |
| Advances from non-controlling interests | <i>21</i> | 1,529,985,100 | 1,445,555,752 |
| | | <hr/> | <hr/> |
| | | 14,850,838,017 | 14,173,395,548 |
| | | <hr/> | <hr/> |
| | | 121,904,981,071 | 116,729,498,827 |
| | | <hr/> | <hr/> |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31st December, 2013

| | Share capital HK\$ | Share premium HK\$ | Capital redemption reserve HK\$ | Capital reserve HK\$ | Investment revaluation reserve HK\$ | Exchange reserve HK\$ | Retained profits HK\$ | Attributable to the Company's shareholders HK\$ | Non- controlling interests HK\$ | Total HK\$ |
|---|--------------------------|--------------------------|--|----------------------------|--|-----------------------------|-----------------------------|--|--|-----------------|
| At 1st July, 2012 (audited) | 307,908,314 | 6,222,026,575 | 224,000 | 396,780,432 | 99,046,540 | 834,700,931 | 35,541,765,005 | 43,402,451,797 | 47,612,643,070 | 91,015,094,867 |
| Profit for the period | - | - | - | - | - | - | 4,111,900,042 | 4,111,900,042 | 4,134,368,124 | 8,246,268,166 |
| Other comprehensive income for the period | - | - | - | - | 154,816,757 | 153,074,926 | - | 307,891,683 | 302,588,939 | 610,480,622 |
| Total comprehensive income for the period | - | - | - | - | 154,816,757 | 153,074,926 | 4,111,900,042 | 4,419,791,725 | 4,436,957,063 | 8,856,748,788 |
| Shares issued in lieu of cash dividend | 5,907,695 | - | - | - | - | - | - | 5,907,695 | - | 5,907,695 |
| Premium on issue of shares upon scrip dividend | - | 544,925,861 | - | - | - | - | - | 544,925,861 | - | 544,925,861 |
| Acquisition of additional interest in a listed subsidiary | - | - | - | 12,837,647 | - | - | - | 12,837,647 | (8,535,529) | 4,302,118 |
| Dividend paid to non-controlling interests | - | - | - | - | - | - | - | - | (1,067,491,726) | (1,067,491,726) |
| Scrip dividend re-invested by non-controlling interests | - | - | - | - | - | - | - | - | 173,961,499 | 173,961,499 |
| Capital contribution from non-controlling interests | - | - | - | - | - | - | - | - | 30 | 30 |
| Final dividend declared and paid – 2012 | - | - | - | - | - | - | (554,234,964) | (554,234,964) | - | (554,234,964) |
| At 31st December, 2012 (unaudited) | 313,816,009 | 6,766,952,436 | 224,000 | 409,618,079 | 253,863,297 | 987,775,857 | 39,099,430,083 | 47,831,679,761 | 51,147,534,407 | 98,979,214,168 |
| At 1st July, 2013 (audited) | 315,777,382 | 6,952,106,047 | 224,000 | 434,448,922 | 230,614,548 | 1,051,047,166 | 40,776,663,288 | 49,760,881,353 | 52,795,221,926 | 102,556,103,279 |
| Profit for the period | - | - | - | - | - | - | 2,523,860,922 | 2,523,860,922 | 2,558,632,212 | 5,082,493,134 |
| Other comprehensive income for the period | - | - | - | - | 255,248 | 153,357,405 | - | 153,612,653 | 152,162,067 | 305,774,720 |
| Total comprehensive income for the period | - | - | - | - | 255,248 | 153,357,405 | 2,523,860,922 | 2,677,473,575 | 2,710,794,279 | 5,388,267,854 |
| Shares issued in lieu of cash dividend | 6,784,602 | - | - | - | - | - | - | 6,784,602 | - | 6,784,602 |
| Premium on issue of shares upon scrip dividend | - | 590,531,741 | - | - | - | - | - | 590,531,741 | - | 590,531,741 |
| Deemed disposal of partial interest in a listed subsidiary | - | - | - | (48,538,180) | - | - | - | (48,538,180) | 46,846,149 | (1,692,031) |
| Dividend paid to non-controlling interests | - | - | - | - | - | - | - | - | (1,132,996,395) | (1,132,996,395) |
| Scrip dividend re-invested by non-controlling interests | - | - | - | - | - | - | - | - | 247,121,030 | 247,121,030 |
| Final dividend declared and paid – 2013 | - | - | - | - | - | - | (599,977,026) | (599,977,026) | - | (599,977,026) |
| At 31st December, 2013 (unaudited) | 322,561,984 | 7,542,637,788 | 224,000 | 385,910,742 | 230,869,796 | 1,204,404,571 | 42,700,547,184 | 52,387,156,065 | 54,666,986,989 | 107,054,143,054 |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31st December, 2013

| | Six months ended | |
|--|---|---|
| | 31st December, 2013 HK\$ (Unaudited) | 31st December, 2012 HK\$ (Unaudited and restated) |
| Net cash (used in) from operating activities | (716,780,555) | 1,564,111,878 |
| Net cash from investing activities | | |
| Advances to associates | (250,620,063) | (1,150,117,909) |
| Advances to joint ventures | (96,067,761) | (217,555,019) |
| Additions to investment properties | (131,880,338) | (53,982,630) |
| Additions to property, plant and equipment | (19,181,794) | (19,792,065) |
| Dividend received from associates | 27,170,000 | 106,894,795 |
| Withdrawal of restricted bank deposits | 80,432,165 | 609,224,029 |
| Placement of restricted bank deposits | (490,851,597) | (47,797,813) |
| Proceeds from disposal of investment properties | 2,426,554,047 | 262,260,803 |
| Repayments from associates | 261,418,081 | 1,157,892,211 |
| Other investing activities | 111,534,258 | 89,826,720 |
| | 1,918,506,998 | 736,853,122 |
| Net cash (used in) from financing activities | | |
| New bank and other loans raised | 1,800,000,000 | 3,877,250,000 |
| Advances from associates | 198,069,855 | 1,717,792,816 |
| Repayments of bank and other loans | (3,336,111,751) | (4,384,131,737) |
| Repayments to associates | (109,965,106) | (56,475,450) |
| Dividend paid to non-controlling interests | (885,875,391) | (893,530,328) |
| Repurchase of its own shares by a listed subsidiary | – | (3,055,165) |
| Interest paid | (108,054,320) | (85,867,172) |
| Advances from non-controlling interests | 84,429,348 | 925,791,026 |
| Other financing activities | (14,211,919) | (74,269,939) |
| | (2,371,719,284) | 1,023,504,051 |
| Net (decrease) increase in cash and cash equivalents | (1,169,992,841) | 3,324,469,051 |
| Cash and cash equivalents at the beginning of the period | 11,624,947,790 | 5,046,181,552 |
| Effect of foreign exchange rate changes | 18,437,389 | 38,499,545 |
| Cash and cash equivalents at the end of the period | 10,473,392,338 | 8,409,150,148 |
| Analysis of the balances of cash and cash equivalents: | | |
| Time deposits, bank balances and cash | 10,473,392,338 | 8,409,150,148 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31st December, 2013

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and with Hong Kong Accounting Standard (“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, 2013 except as described below.

In the current interim period, the Group has applied, for the first time, the following new and revised HKASs, Hong Kong Financial Reporting Standards (“HKFRSs”), amendments and interpretation (“HK(IFRIC) – Int”) (hereinafter collectively referred to as the “new and revised HKFRSs”) issued by the HKICPA:

| | |
|--|---|
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2009 – 2011 Cycle except for the amendments to HKAS 1 |
| Amendments to HKFRS 1 | Government Loans |
| Amendments to HKFRS 7 | Disclosures – Offsetting Financial Assets and Financial Liabilities |
| Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 | Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance |
| HKFRS 10 | Consolidated Financial Statements |
| HKFRS 11 | Joint Arrangements |
| HKFRS 12 | Disclosure of Interests in Other Entities |
| HKFRS 13 | Fair Value Measurement |
| HKAS 19 (as revised in 2011) | Employee Benefits |
| HKAS 27 (as revised in 2011) | Separate Financial Statements |
| HKAS 28 (as revised in 2011) | Investments in Associates and Joint Ventures |
| HK(IFRIC) – Int 20 | Stripping Costs in the Production Phase of a Surface Mine |

Except as described below, the application of other new and revised HKFRSs in the current interim period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2013

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

HKFRS 10 “Consolidated Financial Statements”

HKFRS 10 replaces the parts of HKAS 27 “Consolidated and Separate Financial Statements” that deals with consolidated financial statements and HK(SIC)-Int 12 “Consolidation – Special Purpose Entities”. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) it has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. Some guidance included in HKFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

The adoption of HKFRS 10 does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1st July, 2013. Accordingly, the directors of the Company (the “Directors”) concluded that the application of HKFRS 10 has had no material impact on the condensed consolidated financial statements in accordance with the new definition of control and the related guidance set out in HKFRS 10.

HKFRS 11 “Joint Arrangements”

HKFRS 11 replaces HKAS 31 “Interests in Joint Ventures”, and the guidance contained in a related interpretation, HK(SIC)-Int 13 “Jointly Controlled Entities – Non-Monetary Contributions by Venturers”, has been incorporated in HKAS 28 (as revised in 2011) “Investments in Associates and Joint Ventures”. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements taking into account the structure, the legal form of the joint arrangements, the contractual terms agreed by the parties to the joint arrangements, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets.

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

As a result of the adoption of HKFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its joint arrangements. The Group has considered certain investments previously classified as interests in associates to be reclassified as interests in joint ventures and these investments continue to be accounted for using the equity method and therefore this reclassification does not have any material impact on the financial position and the financial result of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2013

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

HKFRS 13 “Fair Value Measurement”

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for ‘fair value’ and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in note 22.

Annual Improvements to HKFRSs 2009 – 2011 Cycle

The Group has applied the amendments to HKAS 34 “Interim Financial Reporting” as part of the Annual Improvements to HKFRSs 2009 – 2011 Cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker (the “CODM”) and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

Since there has not been a material change in assets of the Group’s reportable segments from the amounts disclosed in the last annual financial statements for those reportable segments, the Group has not included total asset information as part of segment information.

The effect of the changes in the Group’s accounting policies described above on the results for the current and preceding interim periods by line items presented in the condensed consolidated statement of profit or loss is as follows:

| | Six months ended | |
|---|---|---|
| | 31st December, 2013 HK\$ (Unaudited) | 31st December, 2012 HK\$ (Unaudited) |
| Condensed consolidated statement of profit or loss | | |
| Decrease in share of results of associates | (130,132,957) | (166,394,658) |
| Increase in share of results of joint ventures | 130,132,957 | 166,394,658 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2013

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

| | As originally stated HK\$ (Unaudited) | Adjustments HK\$ (Unaudited) | As restated HK\$ (Unaudited) |
|--|--|------------------------------------|------------------------------------|
| Condensed consolidated statement of profit or loss for the six months ended 31st December, 2012 | | | |
| Share of results of associates | 3,458,254,010 | (166,394,658) | 3,291,859,352 |
| Share of results of joint ventures | – | 166,394,658 | 166,394,658 |

The effect of the changes in the Group's accounting policies described above on the financial position of the Group as at the beginning of the comparative period, i.e. 1st July, 2012, is as follows:

| | As originally stated HK\$ | Adjustments HK\$ | As restated HK\$ |
|--|---------------------------------|---------------------|---------------------|
| Consolidated statement of financial position as at 1st July, 2012 | | | |
| Interests in associates | 12,796,238,259 | (1,445,884,552) | 11,350,353,707 |
| Interests in joint ventures | 101,760,704 | 1,445,884,552 | 1,547,645,256 |
| Advances to associates | 8,490,423,817 | (263,222,521) | 8,227,201,296 |
| Advances to joint ventures | 2,014,774,277 | 263,222,521 | 2,277,996,798 |

The effect of the changes in the Group's accounting policies described above on the financial position of the Group as at the end of the immediately preceding financial year, i.e. 30th June, 2013, is as follows:

| | As originally stated HK\$ | Adjustments HK\$ | As restated HK\$ |
|---|---------------------------------|---------------------|---------------------|
| Consolidated statement of financial position as at 30th June, 2013 | | | |
| Interests in associates | 17,846,397,994 | (1,934,617,131) | 15,911,780,863 |
| Interests in joint ventures | 92,175,631 | 1,934,617,131 | 2,026,792,762 |
| Advances to associates | 9,549,972,398 | (351,153,238) | 9,198,819,160 |
| Advances to joint ventures | 2,144,398,579 | 351,153,238 | 2,495,551,817 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2013

3. SEGMENT INFORMATION

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

Six months ended 31st December, 2013

| | The Company and its subsidiaries | | Associates | | Joint ventures | | Total | |
|---|-------------------------------------|---------------|---------------------|---------------------|---------------------|---------------------|--------------------|--------------------|
| | External revenue | Results | Share of revenue | Share of results | Share of revenue | Share of results | Segment revenue | Segment results |
| | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ |
| Property | | | | | | | | |
| Property sales | - | (93,462,746) | 1,225,383,360 | 294,342,693 | - | - | 1,225,383,360 | 200,879,947 |
| Property rental | 1,393,683,321 | 1,193,883,554 | 292,112,860 | 266,974,428 | 54,269,634 | 51,688,572 | 1,740,065,815 | 1,512,546,554 |
| | 1,393,683,321 | 1,100,420,808 | 1,517,496,220 | 561,317,121 | 54,269,634 | 51,688,572 | 2,965,449,175 | 1,713,426,501 |
| Property management and other services | 488,721,869 | 105,267,989 | 29,320,816 | 6,748,107 | 12,138,015 | 29,060 | 530,180,700 | 112,045,156 |
| Hotel operations | 439,040,050 | 190,372,045 | 119,646,000 | 49,245,900 | - | - | 558,686,050 | 239,617,945 |
| Investments in securities | 33,246,883 | 33,064,771 | 1,950 | 1,950 | - | - | 33,248,833 | 33,066,721 |
| Financing | 990,405 | 990,405 | 476,084 | 476,084 | - | - | 1,466,489 | 1,466,489 |
| | 2,355,682,528 | 1,430,116,018 | 1,666,941,070 | 617,789,162 | 66,407,649 | 51,717,632 | 4,089,031,247 | 2,099,622,812 |

Six months ended 31st December, 2012

| | The Company and its subsidiaries | | Associates | | Joint ventures | | Total | |
|---|-------------------------------------|---------------|---------------------|---------------------|---------------------|---------------------|--------------------|--------------------|
| | External revenue | Results | Share of revenue | Share of results | Share of revenue | Share of results | Segment revenue | Segment results |
| | HK\$ | HK\$ | HK\$ (Restated) | HK\$ (Restated) | HK\$ (Restated) | HK\$ (Restated) | HK\$ | HK\$ |
| Property | | | | | | | | |
| Property sales | 3,115,199,479 | 816,467,534 | 7,118,198,353 | 3,064,196,860 | - | - | 10,233,397,832 | 3,880,664,394 |
| Property rental | 1,283,424,691 | 1,089,667,222 | 267,268,849 | 243,288,880 | 46,078,507 | 41,948,604 | 1,596,772,047 | 1,374,904,706 |
| | 4,398,624,170 | 1,906,134,756 | 7,385,467,202 | 3,307,485,740 | 46,078,507 | 41,948,604 | 11,830,169,879 | 5,255,569,100 |
| Property management and other services | 478,494,123 | 98,091,034 | 27,027,402 | 5,728,613 | 11,103,898 | 393,969 | 516,625,423 | 104,213,616 |
| Hotel operations | 453,720,939 | 194,177,157 | 117,810,300 | 70,338,600 | - | - | 571,531,239 | 264,515,757 |
| Investments in securities | 29,912,906 | 29,331,905 | 1,950 | 1,950 | - | - | 29,914,856 | 29,333,855 |
| Financing | 523,518 | 523,518 | 215,679 | 215,679 | - | - | 739,197 | 739,197 |
| | 5,361,275,656 | 2,228,258,370 | 7,530,522,533 | 3,383,770,582 | 57,182,405 | 42,342,573 | 12,948,980,594 | 5,654,371,525 |

Segment results represent the profit earned by each segment without allocation of certain other income and other gains or losses, certain administrative expenses and other operating expenses, changes in fair value of investment properties and trading securities, gain on disposal of investment properties and certain finance income net of finance costs. The profit earned by each segment also includes the share of results from the Group's associates and joint ventures without allocation of the associates' and joint ventures' certain other income and other gains or losses, certain administrative expenses and other operating expenses, change in fair value of investment properties, finance costs net of finance income and income tax expense. This is the measure reported to the CODMs for the purposes of resource allocation and performance assessment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2013

3. SEGMENT INFORMATION (Continued)

Reconciliation of profit before taxation

| | Six months ended | |
|--|--------------------------------|--|
| | 31st December, 2013 HK\$ | 31st December, 2012 HK\$ (Restated) |
| Segment profit | 2,099,622,812 | 5,654,371,525 |
| Other income and other gains or losses | 115,219,322 | 41,396,249 |
| Increase in fair value of investment properties | 2,046,142,531 | 2,923,644,810 |
| Gain on disposal of investment properties | 946,462,977 | 80,910,312 |
| Gain arising from change in fair value of trading securities | 93,178,784 | 135,411,463 |
| Administrative expenses and other operating expenses | (378,939,779) | (375,750,932) |
| Finance income, net | 37,214,223 | 126,105,084 |
| Results shared from associates | | |
| – Other income and other gains or losses | 8,770,056 | 15,062,381 |
| – Increase in fair value of investment properties | 530,863,218 | 772,110,317 |
| – Administrative expenses and other operating expenses | (68,021,413) | (98,014,692) |
| – Finance costs, net | (67,198,208) | (183,752,204) |
| – Income tax expense | (109,607,556) | (597,317,032) |
| | 294,806,097 | (91,911,230) |
| Results shared from joint ventures | | |
| – Other income and other gains or losses | 1,012,388 | 889,550 |
| – Increase in fair value of investment properties | 99,626,601 | 149,979,000 |
| – Administrative expenses and other operating expenses | (13,671,074) | (16,025,640) |
| – Finance costs, net | (2,534,598) | (5,094,074) |
| – Income tax expense | (6,017,992) | (5,696,751) |
| | 78,415,325 | 124,052,085 |
| Profit before taxation | 5,332,122,292 | 8,618,229,366 |

During the six months ended 31st December, 2013, inter-segment sales of HK\$38,877,946 (*six months ended 31st December, 2012: HK\$43,006,559*) were not included in the segment of “property management and other services”. There were no inter-segment sales in other operating segments. 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, 2013

4. FINANCE INCOME

| | Six months ended | |
|--|--------------------------------|--------------------------------|
| | 31st December, 2013 HK\$ | 31st December, 2012 HK\$ |
| Interest income on: | | |
| advances to associates | 31,424,893 | 44,646,553 |
| advance to an investee company | 398,133 | 399,714 |
| bank deposits | 82,762,854 | 49,096,482 |
| Imputed interest income on non-current | | |
| interest-free advances to associates | 78,548,799 | 173,878,051 |
| Financial guarantee income | – | 60 |
| | 193,134,679 | 268,020,860 |

5. FINANCE COSTS

| | Six months ended | |
|---|--------------------------------|--------------------------------|
| | 31st December, 2013 HK\$ | 31st December, 2012 HK\$ |
| Interest on bank and other borrowings wholly | | |
| repayable within five years | 113,429,280 | 94,793,885 |
| Imputed interest expense on non-current interest-free | | |
| advances from associates | 16,626,205 | 10,021,345 |
| Imputed interest expense on non-current interest-free | | |
| unsecured other loans | 32,785,982 | 30,926,658 |
| Loan facility arrangement fees and finance charges | 9,026,553 | 30,362,952 |
| | 171,868,020 | 166,104,840 |
| Less: Amounts capitalised to properties under development | (16,062,250) | (24,364,395) |
| | 155,805,770 | 141,740,445 |

6. SHARE OF RESULTS OF ASSOCIATES

Share of results of associates included the Group's share of increase in fair value of investment properties of the associates of HK\$530,863,218 (six months ended 31st December, 2012: HK\$772,110,317).

7. SHARE OF RESULTS OF JOINT VENTURES

Share of results of joint ventures included the Group's share of increase in fair value of investment properties of the joint ventures of HK\$99,626,601 (six months ended 31st December, 2012: HK\$149,979,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2013

8. PROFIT BEFORE TAXATION

| | Six months ended | |
|--|--------------------------------|--------------------------------|
| | 31st December, 2013 HK\$ | 31st December, 2012 HK\$ |
| Profit before taxation has been arrived at after charging (crediting): | | |
| Release of prepaid lease payments (included in other operating expenses) | 9,625,252 | 9,743,683 |
| Cost of properties sold recognised as cost of sales | – | 2,094,849,733 |
| Cost of hotel inventories recognised as direct expenses | 53,478,869 | 62,781,251 |
| Depreciation of owner-operated hotel properties | 13,015,655 | 11,796,990 |
| Depreciation of property, plant and equipment | 25,081,658 | 26,337,853 |
| Recognition (reversal) of impairment loss on trade receivables | 1,721,983 | (905,817) |
| Loss on disposal of property, plant and equipment | 750,566 | 86,390 |
| | 750,566 | 86,390 |

9. INCOME TAX EXPENSE

| | Six months ended | |
|---|--------------------------------|--------------------------------|
| | 31st December, 2013 HK\$ | 31st December, 2012 HK\$ |
| The charge comprises: | | |
| Taxation attributable to the Company and its subsidiaries | | |
| Hong Kong Profits Tax | 106,659,381 | 197,401,299 |
| Other jurisdictions | 52,480,051 | 48,842,505 |
| | 159,139,432 | 246,243,804 |
| Deferred taxation | 90,489,726 | 125,717,396 |
| | 249,629,158 | 371,961,200 |

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, 2012: 16.5%).

Taxes on profits assessable in Singapore and the People's Republic of China (the "PRC") 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 weighted average annual tax rates used are 17% in Singapore and 25% in the PRC (six months ended 31st December, 2012: 17% in Singapore and 25% in the PRC).

Deferred taxation has been provided in relation to the change in fair value of certain investment properties and other temporary differences.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2013

10. DIVIDEND PAID

| | Six months ended | |
|--|--------------------------------|--------------------------------|
| | 31st December, 2013 HK\$ | 31st December, 2012 HK\$ |
| Final dividend paid for the year ended 30th June, 2013 of HK38 cents per share (six months ended 31st December, 2012: HK36 cents per share for the year ended 30th June, 2012), with a scrip dividend option | <u>599,977,026</u> | <u>554,234,964</u> |

Subsequent to the end of the reporting period, the Directors determined that an interim dividend for the six months ended 31st December, 2013 of HK12 cents (six months ended 31st December, 2012: HK12 cents) per share amounting to HK\$193,537,190 (six months ended 31st December, 2012: HK\$188,289,606) would be paid to the Company's shareholders whose names appear on the Register of Members on 18th March, 2014.

11. EARNINGS PER SHARE

(a) Reported earnings per share

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

| | Six months ended | |
|---|--------------------------------|--------------------------------|
| | 31st December, 2013 HK\$ | 31st December, 2012 HK\$ |
| Earnings for the purpose of basic earnings per share | <u>2,523,860,922</u> | <u>4,111,900,042</u> |
| | Number of shares | Number of shares |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | <u>1,581,582,164</u> | <u>1,542,912,806</u> |

No diluted earnings per share has been presented for the periods ended 31st December, 2013 and 2012 as there were no potential ordinary shares outstanding during the current and prior periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 31st December, 2013

11. EARNINGS PER SHARE (Continued)

(b) Underlying earnings per share

For the purpose of assessing the underlying performance of the Group, basic earnings per share calculated based on the underlying profit attributable to the Company's shareholders of HK\$1,245,335,077 (six months ended 31st December, 2012: HK\$2,273,166,185) is also presented, excluding the net effect of changes in fair value of the Group's and the associates' and joint ventures' investment properties. The denominators used are the same as those detailed above for reported earnings per share. A reconciliation of profit is as follows:

| | Six months ended | |
|--|-------------------------------|------------------------|
| | 31st December, | 31st December, |
| | 2013 | 2012 |
| | HK\$ | HK\$ |
| | | (Restated) |
| Earnings for the purpose of basic earnings per share | <u>2,523,860,922</u> | <u>4,111,900,042</u> |
| Increase in fair value of investment properties | (2,046,142,531) | (2,923,644,810) |
| Effect of corresponding deferred taxation charges | 81,896,373 | 62,317,570 |
| Share of results of associates | | |
| – Increase in fair value of investment properties | (530,863,218) | (772,110,317) |
| – Effect of corresponding deferred taxation charges | 3,300,000 | 44,183,581 |
| Share of results of joint ventures | | |
| – Increase in fair value of investment properties | <u>(99,626,601)</u> | <u>(149,979,000)</u> |
| | (2,591,435,977) | (3,739,232,976) |
| Non-controlling interests | <u>1,312,910,132</u> | <u>1,900,499,119</u> |
| Net effect of changes in fair value of investment properties | <u>(1,278,525,845)</u> | <u>(1,838,733,857)</u> |
| Underlying profit attributable to the Company's shareholders | <u>1,245,335,077</u> | <u>2,273,166,185</u> |
| Underlying earnings per share | <u>0.787</u> | <u>1.473</u> |

12. INVESTMENT PROPERTIES

The Group's investment properties at 31st December, 2013 and 30th June, 2013 were fair-valued by Knight Frank Petty Ltd. and Colliers International Consultancy & Valuation (Singapore) Pte Ltd., independent valuers not connected with the Group. The valuations were arrived at by reference to market evidence of recent transaction prices for similar properties and 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, 2013, the Group did not acquire investment properties (six months ended 31st December, 2012: nil) and incurred renovation cost on investment properties of HK\$131,880,338 (six months ended 31st December, 2012: HK\$53,982,630).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2013

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31st December, 2013, additions to property, plant and equipment amounted to HK\$19,181,794 (six months ended 31st December, 2012: HK\$19,792,065).

14. INTERESTS IN ASSOCIATES/ADVANCES TO ASSOCIATES

| | 31st December, 2013 HK\$ | 30th June, 2013 HK\$ (Restated) |
|--|---|--|
| Interests in associates: | | |
| Unlisted shares, at cost | 3,310,109,169 | 3,310,147,859 |
| Share of post-acquisition profits, net of dividends received | 13,648,527,505 | 12,601,633,004 |
| | <u>16,958,636,674</u> | <u>15,911,780,863</u> |
| Advances to associates | 10,837,644,592 | 10,630,954,636 |
| Less: allowance | (1,432,135,476) | (1,432,135,476) |
| | <u>9,405,509,116</u> | <u>9,198,819,160</u> |

The advances to associates of the Group are unsecured and have no fixed repayment terms. At 31st December, 2013, out of the Group's advances to associates net of allowances, HK\$3,777,160,717 (30th June, 2013: HK\$3,702,909,560) bears interest at effective rate determined based on the cost-of-funds plus a margin per annum and the remaining balance of HK\$5,628,348,399 (30th June, 2013: HK\$5,495,909,600) is interest-free. The effective interest rate for imputed interest income for the interest-free loan is determined based on the cost-of-funds of the borrowers per annum. In the opinion of the Directors, the Group will not demand for repayment within the next twelve months from the end of the reporting period and the advances are therefore shown as non-current.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2013

15. INTERESTS IN JOINT VENTURES/ADVANCES TO JOINT VENTURES

| | 31st December, 2013 HK\$ | 30th June, 2013 HK\$ (Restated) |
|--|---|--|
| Interests in joint ventures: | | |
| Unlisted shares | 108,079,891 | 105,691,193 |
| Share of post-acquisition profits, net of dividends received | 2,051,234,526 | 1,921,101,569 |
| | 2,159,314,417 | 2,026,792,762 |
| Advances to joint ventures | 2,589,230,881 | 2,495,551,817 |

The joint ventures are engaged in property investment and development during the reporting period.

The advances to joint ventures of the Group are unsecured, interest-free and have no fixed repayment terms. The effective interest rate for imputed interest income is determined based on the cost-of-fund of the borrowers. In the opinion of the Directors, the Group will not demand for repayment within the next twelve months from the end of the reporting period and the advances are therefore shown as non-current.

16. ACCOUNTS AND OTHER RECEIVABLES

At 31st December, 2013, included in accounts and other receivables of the Group are trade receivables (net of allowance for doubtful debts) of HK\$224,373,981 (30th June, 2013: HK\$362,767,708), of which nil (30th June, 2013: HK\$164,298,159) are to be settled based on the terms of sale and purchase agreements of property. Rental receivables are billed and payable in advance by tenants. Trade receivables mainly comprise rental receivables and properties sales receivables.

The following is an aged analysis of trade receivables presented based on invoice date (net of allowance for doubtful debts) at the end of the reporting period:

| | 31st December, 2013 HK\$ | 30th June, 2013 HK\$ |
|--------------|---|----------------------------|
| Not yet due | – | 164,298,159 |
| Overdue: | | |
| 1 – 30 days | 130,365,073 | 105,759,869 |
| 31 – 60 days | 41,016,369 | 39,451,009 |
| 61 – 90 days | 9,243,423 | 9,229,120 |
| Over 90 days | 43,749,116 | 44,029,551 |
| | 224,373,981 | 362,767,708 |

Other receivables mainly comprise receivables in relation to rental, utility and other deposits paid of approximately HK\$126,000,000 (30th June, 2013: HK\$107,000,000), prepayments for operating expenses of approximately HK\$117,000,000 (30th June, 2013: HK\$61,000,000) and interest receivables of approximately HK\$21,000,000 (30th June, 2013: HK\$20,000,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 31st December, 2013

17. ACCOUNTS AND OTHER PAYABLES

At 31st December, 2013, included in accounts and other payables of the Group are trade payables of HK\$335,874,144 (30th June, 2013: HK\$275,188,472).

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

| | 31st December, 2013 HK\$ | 30th June, 2013 HK\$ |
|--------------|---|----------------------------|
| 0 – 30 days | 83,234,287 | 98,695,327 |
| 31 – 60 days | 227,058,146 | 158,302,820 |
| 61 – 90 days | 24,214,759 | 1,519,539 |
| Over 90 days | 1,366,952 | 16,670,786 |
| | 335,874,144 | 275,188,472 |

As at 31st December 2013, out of other payables, HK\$5,968,573 (30th June, 2013: HK\$1,804,065) are unsecured, repayable on demand and bear interest at prime rate plus a margin per annum which represent the amount due to a related company, in which Mr. Robert Ng Chee Siong, Director and the controlling shareholder of the Company, holds controlling interest and directorship of the related company. The remaining other payables mainly comprise construction cost payable of approximately HK\$1,011,000,000 (30th June, 2013: HK\$1,058,000,000), rental and utility deposits received of approximately HK\$802,000,000 (30th June, 2013: HK\$672,000,000), and rental receipt in advance of approximately HK\$129,000,000 (30th June, 2013: HK\$134,000,000).

18. BANK AND OTHER BORROWINGS

During the six months ended 31st December, 2013, the Group obtained new bank loans amounting to HK\$1,800,000,000 (six months ended 31st December, 2012: nil). Certain assets of the Group were pledged for the entire new bank loans as set out in note 24 and the proceeds were mainly used to repay the existing bank loans. All of the bank borrowings carry contracted interest rates (which are also the effective interest rates) at Hong Kong Interbank Offer Rate/Singapore Interbank Offer Rate plus a margin per annum.

On 21st September, 2012, Sino Land Company Limited (“Sino Land”) through a wholly-owned subsidiary, Sino (MTN) Limited issued guarantee notes with an aggregate principal amount of US\$500,000,000 (equivalent to approximately HK\$3,877,250,000) under the US\$1,000,000,000 Medium Term Note Programme which was increased to US\$2,000,000,000 in April 2013. The notes bear fixed interest rate at 3.25% per annum, payable semi-annually in arrears. The notes are guaranteed by Sino Land and will mature on 21st September, 2017.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2013

19. SHARE CAPITAL

| | Number of ordinary shares of HK\$0.20 each | Nominal value HK\$ |
|---|--|---------------------------|
| Authorised: | | |
| At 1st July, 2013 and 31st December, 2013 | <u>2,500,000,000</u> | <u>500,000,000</u> |
| Issued and fully paid: | | |
| At 1st July, 2013 | 1,578,886,911 | 315,777,382 |
| Issued in lieu of cash dividend | <u>33,923,009</u> | <u>6,784,602</u> |
| At 31st December, 2013 | <u>1,612,809,920</u> | <u>322,561,984</u> |

On 3rd December, 2013, the Company issued and allotted a total of 33,923,009 ordinary shares of HK\$0.20 each at an issue price of HK\$17.608 per ordinary share in lieu of cash for the 2013 final dividend.

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

20. ADVANCES FROM ASSOCIATES

The advances from associates of the Group are unsecured and have no fixed repayment terms. The associates agreed not to demand repayment within the next twelve months from the end of the reporting period. At 31st December, 2013, none (30th June, 2013: HK\$97,439,734) of the advances bear interest at effective rate determined based on the cost-of-funds of the Group plus a margin per annum and the remaining balance of HK\$1,627,588,175 (30th June, 2013: HK\$1,598,352,668) is interest-free. The effective interest rate for imputed interest expense for the interest-free loan is determined based on the cost-of-funds of the Group per annum.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2013

21. ADVANCES FROM NON-CONTROLLING INTERESTS

The advances from non-controlling interests of the Group amounted to HK\$30,493,795 (30th June, 2013: HK\$28,476,174) are unsecured, bear interest ranging from 1% to 6.25% (30th June, 2013: 1% to 6.25%) per annum and have no fixed repayment terms. The remaining balance of HK\$1,499,491,305 (30th June, 2013: HK\$1,417,079,578) is unsecured and interest-free. The non-controlling interests agreed not to demand repayment within the next twelve months from the end of the reporting period and the advances are therefore shown as non-current.

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Certain of the financial assets of the Group are measured at fair value at the end of each reporting period. The following table provides an analysis of these financial assets that are measured subsequent to initial recognition at fair value at recurring basis, by reference to quoted market bid price in active liquid markets and grouped into Level 1 based on the degree to which the inputs to the fair value measurements is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

The Group

| | 31st December, 2013 | | 30th June, 2013 | |
|--|----------------------|----------------------|----------------------|----------------------|
| | Level 1 | Total | Level 1 | Total |
| | HK\$ | HK\$ | HK\$ | HK\$ |
| Available-for-sale investments: | | | | |
| Equity securities listed in Hong Kong | 642,093,327 | 642,093,327 | 597,018,361 | 597,018,361 |
| Equity securities listed outside Hong Kong | 396,170,430 | 396,170,430 | 430,955,097 | 430,955,097 |
| Trading securities: | | | | |
| Equity securities listed in Hong Kong | 507,598,130 | 507,598,130 | 427,706,465 | 427,706,465 |
| Equity securities listed outside Hong Kong | 52,301,221 | 52,301,221 | 153,603,599 | 153,603,599 |
| Total | <u>1,598,163,108</u> | <u>1,598,163,108</u> | <u>1,609,283,522</u> | <u>1,609,283,522</u> |

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the condensed consolidated financial statements approximate their fair values.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2013

23. ASSETS CLASSIFIED AS HELD FOR SALE

At 31st December, 2013, assets classified as held for sale represented the investment properties located on 10th Floor of Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Kowloon (the “Disposal Properties A”) which would be disposed of within twelve months subsequent to 31st December, 2013.

On 29th November, 2013, the Group entered into the provisional sale and purchase agreement with an independent third party in relation to the Disposal Properties A at a cash consideration of approximately HK\$247,646,000. The Group and the purchaser entered into a formal agreement for sale and purchase with respect to the disposal of the Disposal Properties A on 12th December, 2013 and the disposal is expected to be completed on 28th February, 2014.

At 30th June, 2013, assets classified as held for sale represented the investment properties located on 25th Floor of Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Kowloon (the “Disposal Properties B”) which would be disposed of within twelve months subsequent to 30th June, 2013.

On 24th May, 2013, the Group entered into the provisional sale and purchase agreement with an independent third party in relation to the Disposal Properties B at a cash consideration of approximately HK\$290,700,000. The Group and the purchaser entered into a formal agreement for sale and purchase with respect to the disposal of the Disposal Properties B on 7th June, 2013 and the disposal was completed on 30th September, 2013. The gain from the disposal of the Disposal Properties B is amounted to approximately HK\$120,700,000, which was recognised in the condensed consolidated statement of profit or loss during the period.

The assets classified as held for sale were measured at fair value at the end of the reporting period.

24. PLEDGE OF ASSETS

- (a) At 31st December, 2013, the aggregate facilities of bank loans and other loans granted to the Group amounting to approximately HK\$9,532,835,000 (30th June, 2013: HK\$10,183,083,000) were secured by certain of the Group’s listed investments, properties, accounts and other receivables, restricted bank deposits, shares of Sino Land and floating charges on bank balances amounting to a total carrying amount of HK\$28,861,909,242 (30th June, 2013: HK\$22,748,017,645). At that date, the facilities were utilised by the Group to the extent of approximately HK\$6,210,835,000 (30th June, 2013: HK\$6,885,083,000).

Assets with the following carrying amounts have been pledged to secure borrowings of the Group:

| | 31st December, | 30th June, |
|--------------------------------|-----------------------|----------------|
| | 2013 | 2013 |
| | HK\$ | HK\$ |
| Investment properties | 14,517,253,125 | 5,254,331,793 |
| Hotel properties | 780,139,104 | 1,744,677,191 |
| Prepaid lease payments | 727,489,779 | 1,206,638,353 |
| Property, plant and equipment | 41,949 | 43,681 |
| Properties under development | 12,344,677,190 | 13,599,183,269 |
| Accounts and other receivables | 6,679,164 | 6,963,268 |
| Bank balances | 114,284,634 | 89,733,685 |
| Investment in securities | 238,989,084 | 708,755,535 |
| Others | 132,355,213 | 137,690,870 |
| | 28,861,909,242 | 22,748,017,645 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2013

24. PLEDGE OF ASSETS (Continued)

- (b) At 31st December, 2013, investments in certain associates and a joint venture in aggregate amounting to approximately HK\$10,000 (30th June, 2013: HK\$2,000) and advances to certain associates and a joint venture in aggregate amounting to approximately HK\$5,834,977,000 (30th June, 2013: HK\$4,178,871,000) and certain assets of the associates and a joint venture were pledged to or assigned to secure loan facilities made available by banks to such associates and joint venture. The Group's attributable portion of these facilities amounted to HK\$6,112,183,832 (30th June, 2013: HK\$6,211,183,832), of which HK\$3,866,483,832 (30th June, 2013: HK\$3,883,383,832) was utilised by the associates and a joint venture and guaranteed by Sino Land. Details of the relevant guarantees granted are set out in note 25.

25. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had contingent liabilities as follows:

| | 31st December, 2013 | 30th June, 2013 |
|--|--------------------------------|----------------------|
| | HK\$ | HK\$ |
| Guarantees in respect of banking facilities of associates and a joint venture: | | |
| – Utilised | 3,866,483,832 | 3,883,383,832 |
| – Unutilised | 2,245,700,000 | 2,327,800,000 |
| Total guarantees | <u>6,112,183,832</u> | <u>6,211,183,832</u> |

At 31st December, 2013 and 30th June, 2013, the Group issued corporate financial guarantees to banks in respect of banking facilities granted to associates and a joint venture. At the end of both reporting periods, the Group did not recognise any liabilities in respect of such corporate financial guarantees in the condensed consolidated statement of financial position.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 14th March, 2014 to Tuesday, 18th March, 2014, 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 Tuesday, 18th March, 2014.

In order to qualify for the interim dividend, shareholders should ensure that all transfers accompanied by the relevant share certificates are lodged with the Company's Share Registrars, Tricor Friendly Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 13th March, 2014.

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, 2013, 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 ("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 ("Model Code") contained in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), were as follows:

(A) Long Positions in Shares of the Company

| Name of Director | Number of Ordinary Shares | Capacity and Nature of Interest | % of Issued Share Capital |
|--------------------------------------|--------------------------------|--|---------------------------|
| Mr. Robert Ng Chee Siong | 1,161,487,035 <i>(Note)</i> | Beneficial owner of 623,754 shares and trustee interest in 1,160,863,281 shares of the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong | 72.01% |
| The Honourable Ronald Joseph Arculli | 60,000 | Beneficial owner | ≈0% |
| Dr. Allan Zeman | — | — | — |
| Mr. Adrian David Li Man-kiu | — | — | — |
| Mr. Steven Ong Kay Eng | — | — | — |
| Mr. Daryl Ng Win Kong | — | — | — |

Note:

The trustee interest in 1,160,863,281 shares comprises:

- (a) 1,069,244,987 shares which were held through companies 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong, namely, 110,827,223 shares by Fanlight Investment Limited, 150,187,053 shares by Nippomo Limited, 3,451,143 shares by Orient Creation Limited, 295,386,325 shares by Strathallan Investment Limited, 440,796,615 shares by Tamworth Investment Limited and 68,596,628 shares by Transpire Investment Limited; and*
- (b) 91,618,294 shares which were held by the co-executors of the estate of the late Mr. Ng Teng Fong.*

DIRECTORS' INTERESTS (Continued)

(B) Long Positions in Shares of Associated Corporations

(i) Subsidiary Company

Sino Land Company Limited

| Name of Director | Number of Ordinary Shares | Capacity and Nature of Interest | % of Issued Share Capital |
|--------------------------------------|---------------------------|---|---------------------------|
| Mr. Robert Ng Chee Siong | 3,168,123,815 (Note) | Beneficial owner of 173,358 shares, spouse interest in 3,709,346 shares and trustee interest in 3,164,241,111 shares of the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong | 52.96% |
| The Honourable Ronald Joseph Arculli | 1,157,090 | Beneficial owner | 0.01% |
| Dr. Allan Zeman | — | — | — |
| Mr. Adrian David Li Man-kiu | — | — | — |
| Mr. Steven Ong Kay Eng | — | — | — |
| Mr. Daryl Ng Win Kong | 99,371 | Beneficial owner | ≈0% |

Note:

The trustee interest in 3,164,241,111 shares comprises:

- (a) 1,371,205,294 shares which were held by Tsim Sha Tsui Properties Limited, which was 71.97% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong;
- (b) (i) 44,336,863 shares which were held by Orchard Centre Holdings (Private) Limited, in which Nam Lung Properties Development Company Limited, a wholly-owned subsidiary of Tsim Sha Tsui Properties Limited, had a 95.23% control; and
(ii) 1,616,263,915 shares which were held through wholly-owned subsidiaries of Tsim Sha Tsui Properties Limited;
- (c) 97,590,633 shares which were held through companies 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong, namely, 159,675 shares by Fanlight Investment Limited, 156,045 shares by Garford Nominees Limited, 35,115,829 shares by Karaganda Investments Inc., 15,145,307 shares by Orient Creation Limited, 7,360,988 shares by Strathallan Investment Limited, 22,186,151 shares by Strong Investments Limited, 17,001,292 shares by Tamworth Investment Limited and 465,346 shares by Transpire Investment Limited; and
- (d) 34,844,406 shares which were held by the co-executors of the estate of the late Mr. Ng Teng Fong.

DIRECTORS' INTERESTS (Continued)

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

(ii) Associated Companies

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

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

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 Erleigh Investment Limited, a company 55% controlled by Osborne.
3. The shares were held by Jade Result Limited, a company 50% controlled by Osborne.
4. The share(s) was(were) held by Osborne.
5. The shares were held by Standard City Limited, a wholly-owned subsidiary of Osborne.
6. The share was held by Smart Link Limited in which Mr. Robert Ng Chee Siong had a 100% control.
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.

DIRECTORS' INTERESTS (Continued)

Save as disclosed above, as at 31st December, 2013, 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, 2013, 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 Shareholder | Number of Ordinary Shares | Capacity and Nature of Interest | % of Issued Share Capital |
|---------------------------------|--|---|---------------------------|
| Mr. Philip Ng Chee Tat | 1,163,262,305 (Notes 1, 2, 3 and 4) | Interest of controlled corporations in 2,399,024 shares and trustee interest in 1,160,863,281 shares of the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong | 72.12% |
| Mr. Robert Ng Chee Siong | 1,161,487,035 (Notes 2, 3 and 4) | Beneficial owner of 623,754 shares and trustee interest in 1,160,863,281 shares of the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong | 72.01% |
| Tamworth Investment Limited | 440,796,615 (Note 3) | Beneficial owner | 27.33% |
| Strathallan Investment Limited | 295,386,325 (Note 3) | Beneficial owner | 18.31% |
| Name of Other Shareholder | Number of Ordinary Shares | Capacity and Nature of Interest | % of Issued Share Capital |
| Nippomo Limited | 150,187,053 (Note 3) | Beneficial owner | 9.31% |
| Fanflight Investment Limited | 110,827,223 (Note 3) | Beneficial owner | 6.87% |

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS (Continued)

Long Positions in Shares of the Company (Continued)

Notes:

- 2,399,024 shares were held through companies 100% controlled by Mr. Philip Ng Chee Tat, namely, 2,090,064 shares by Bestdeal Contractors Pte Ltd and 308,960 shares by Western Properties Pte Ltd.
- The trustee interest in 1,160,863,281 shares comprises:
 - 1,069,244,987 shares which were held through companies 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong, namely, 110,827,223 shares by Fanlight Investment Limited, 150,187,053 shares by Nippomo Limited, 3,451,143 shares by Orient Creation Limited, 295,386,325 shares by Strathallan Investment Limited, 440,796,615 shares by Tamworth Investment Limited and 68,596,628 shares by Transpire Investment Limited; and
 - 91,618,294 shares which were held by the co-executors of the estate of the late Mr. Ng Teng Fong.
- The interests of Tamworth Investment Limited, Strathallan Investment Limited, Nippomo Limited and Fanlight Investment Limited were duplicated in the interests of the co-executors of the estate of the late Mr. Ng Teng Fong.
- The interests of Mr. Philip Ng Chee Tat and Mr. Robert Ng Chee Siong as the co-executors of the estate of the late Mr. Ng Teng Fong refer to the same parcel of shares and were duplicated.

Save as disclosed above and so far as the Directors of the Company are aware, as at 31st December, 2013, 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, 2013, the Company owned 50.68% share interests in Sino Land Company Limited ("Sino Land"). 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, 2013 HK\$ | At 30th June, 2013 HK\$ |
|--|-----------------------------------|-------------------------------|
| Sino Land's share of total indebtedness of its affiliated companies | | |
| – Bank loans | 4,062,575,203 | 4,084,675,788 |
| Advances from Sino Land and its subsidiaries | <u>12,808,577,148</u> | <u>14,627,903,577</u> |
| | <u>16,871,152,351</u> | <u>18,712,579,365</u> |
| Sino Land's share of capital commitments and contingent liabilities of its affiliated companies | <u>–</u> | <u>–</u> |

Note: "Affiliated companies" mentioned above refers to associates and joint ventures of the Group.

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

Directors' Updated Biographical Details

The changes in the biographical details of the Directors are set out below:

The Honourable Ronald Joseph Arculli

- ceased to be a Non-Executive Director of Power Assets Holdings Limited; and
- appointed as a Non-Executive Director of HK Electric Investments Manager Limited (as trustee-manager of HK Electric Investments) and HK Electric Investments Limited.

Mr. Daryl Ng Win Kong

- ceased to be a member of the Executive Council of World Wide Fund for Nature Hong Kong;
- appointed as a member of the Social Welfare Advisory Committee;
- appointed as a member of the Executive Committee of Hong Kong Sheng Kung Hui Welfare Council Limited; and
- appointed as a member of Friends of Hong Kong Association Limited.

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

Directors' Emoluments

During the interim period, the Executive Director Mr. Daryl Ng Win Kong received a discretionary bonus in the amount of HK\$692,100 from the Company's subsidiary, Sino Land, for which he is one of the Executive Directors.

The basis of determining the Directors' emoluments (including bonus payments) remain unchanged during the six months ended 31st December, 2013.

Save as disclosed above, as at 31st December, 2013, there had not been any other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REMUNERATION COMMITTEE

The Company established its Remuneration Committee on 23rd June, 2005 with written terms of reference. The written terms of reference of the Remuneration Committee, the revised form of which was approved by the Board on 20th February, 2012, are available at the Company's website www.sino.com and the Exchange's website.

REMUNERATION COMMITTEE (*Continued*)

The Remuneration Committee is responsible for making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy. The Committee either determines or makes recommendations to the Board on the remuneration package of individual Executive Directors and senior management, and it also makes recommendations to the Board on the remuneration of Non-executive Directors. The Committee is provided with sufficient resources enabling it to discharge its duties. The Committee meets at least annually to make recommendations to the Board on the Company's emolument policy, including the remuneration of Directors and senior management.

The Committee currently comprises Mr. Steven Ong Kay Eng (Committee Chairman), Dr. Allan Zeman and Mr. Adrian David Li Man-kiu, all of whom are Independent Non-Executive Directors, and Mr. Daryl Ng Win Kong, an Executive Director.

NOMINATION COMMITTEE

The Company established its Nomination Committee with written terms of reference effective on 1st March, 2012. The written terms of reference of the Nomination Committee are available at the Company's website www.sino.com and the Exchange's website.

The Nomination Committee is responsible for reviewing the structure, size and composition of the Board regularly and making recommendation on any proposed changes to the Board to complement the Company's corporate strategy. Its duties include making recommendation to the Board on the selection of individuals nominated for directorships, the appointment or re-appointment of Directors and succession planning for Directors, and regularly reviewing the time required from a Director to perform his responsibilities. The Committee is also responsible for assessing the independence of Independent Non-Executive Directors and reviewing their annual confirmations on their independence. The Committee is provided with sufficient resources to perform its duties.

The Committee currently comprises Mr. Robert Ng Chee Siong (Committee Chairman), the Chairman of the Company, Dr. Allan Zeman and Mr. Adrian David Li Man-kiu, both of whom are Independent Non-Executive Directors.

AUDIT COMMITTEE

The Company set up its Audit Committee on 23rd September, 1998 with written terms of reference. The written terms of reference of the Audit Committee are available at the Company's website www.sino.com and the Exchange's website.

The Audit Committee reports to the Board and holds regular meetings to assist the Board in discharging its responsibilities for effective financial reporting controls, internal controls and risk management. The Committee is provided with sufficient resources enabling it to discharge its duties.

The Committee currently comprises Mr. Adrian David Li Man-kiu (Committee Chairman), Dr. Allan Zeman and Mr. Steven Ong Kay Eng, all of whom are Independent Non-Executive Directors.

In the first quarter of 2014, the Audit Committee has reviewed the accounting policies and practices adopted by the Company and the interim report for the six months ended 31st December, 2013.

COMPLIANCE COMMITTEE

The Company set up its Compliance Committee on 30th August, 2004 with written terms of reference, the revised form of which was approved by the Board on 20th February, 2012, to enhance the corporate governance standard of the Company. The Committee has dual reporting lines. A principal reporting line is to the Board through the Committee Chairman. A secondary reporting line is to the Audit Committee. The Compliance Committee currently comprises the Executive Director Mr. Daryl Ng Win Kong (Committee Chairman), the other Executive Directors of the Company, the Chief Financial Officer and Head of Legal and Company Secretarial Departments, the Head of Internal Audit Department, other department heads and the Compliance Officer. The Committee holds regular meetings on a bi-monthly basis to review and make recommendations to the Board and the Audit Committee on the Company's corporate governance issues and Listing Rules compliance matters.

CODES FOR DEALING IN THE COMPANY'S SECURITIES

The Company has adopted its own code for dealing in the Company's securities by Directors ("Directors Dealing Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules ("Model Code"). The Company has made specific enquiries of all Directors who held such offices during the period under review. All of them confirmed compliance with the required standard set out in the Directors Dealing Code during the six months ended 31st December, 2013. 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 inside information in relation to the securities of the Company, on no less exacting terms than the Model Code.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the six months ended 31st December, 2013, the Company has complied with all the code provisions as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), 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 has found that the current arrangement has 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 the industry practices.

By Order of the Board
Velencia LEE
Company Secretary

Hong Kong, 26th February, 2014

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



TO THE BOARD OF DIRECTORS OF TSIM SHA TSUI PROPERTIES LIMITED

Introduction

We have reviewed the condensed consolidated financial statements of Tsim Sha Tsui Properties Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 12 to 34, which comprise the condensed consolidated statement of financial position as of 31st December, 2013 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements 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 these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26th February, 2014

