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Tsim Sha Tsui Properties Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 247)

CHAIRMAN'S STATEMENT

I am pleased to present my interim report to shareholders.

INTERIM RESULTS

The Group's unaudited net profit attributable to shareholders for the six months ended 31st December, 2009 (Interim Period) increased significantly to HK\$1,800.2 million, representing an increase of 167.5% compared with HK\$672.8 million in the previous period. Excluding revaluation gain on investment properties net of deferred tax of HK\$654.9 million, the underlying net profit from operations was HK\$1,145.3 million for the Interim Period (2008 : HK\$973.4 million).

The turnover of the Group for the Interim Period was HK\$4,463.5 million (2008 : HK\$6,259.3 million). Earnings per share for the period was 122.65 cents (2008: 46.30 cents).

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

DIVIDEND

The Directors have declared an interim dividend of 10 cents per share payable on 27th April, 2010 to those shareholders whose names shall appear on the Register of Members of the Company on 26th March, 2010.

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 31st March, 2010. It is expected that the interim dividend warrants and share certificates will be despatched to shareholders on or about 27th April, 2010.

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, 2009, Tsim Sha Tsui Properties Limited (the “Company”) had 52.06% interest in Sino Land. Therefore, for discussion purposes, we have focused on the operations of Sino Land.

Sales Activities

Sino Land’s turnover and earnings from sales of properties at subsidiary level for the Interim Period were mainly contributed by the sales of residential units in new projects namely Lake Silver and Park Place, as well as The Palazzo, The Dynasty, Vista and One Madison which were completed in the previous financial years.

Lake Silver is a residential and commercial project located atop the Wu Kai Sha Station on the Ma On Shan Line along the East Rail Extension, as well as a public transport interchange encompassing a bus terminal offering a number of routes to various locations, public light bus and taxi stands. The project overlooks the picturesque natural coastline of Sai Kung. Residents can enjoy spectacular sea views of Tolo Harbour, Tolo Channel, the Starfish Bay conservation area, as well as mountain ranges, including Pak Sin Leng and Kau To Shan. This outstanding high quality property development comprises a total of 2,169 residential units with approximately 43,000 square feet of retail space and a clubhouse of approximately 360,000 square feet. The clubhouse is named Palace by the Sea, the design of which is inspired by world-class holiday resorts. It offers a wide range of leisure and recreational facilities for residents to enjoy. Sales of this project received an overwhelming market response with over 92% of the total units sold to date. The occupation permit and certificate of compliance for the Lake Silver were obtained in July and November 2009 respectively.

In August 2009, Sino Land launched for sale a residential project named Park Place, in Xiamen, Fujian Province, Mainland China. This project offers a total of 73 luxurious residential units and was completed in May 2009. The sale of the project was well received with all the units sold within a short period of time.

In addition to the new projects Lake Silver and Park Place, Sino Land continued to sell units in The Palazzo in Shatin, The Dynasty in Tsuen Wan, Vista and One Madison, both in Sham Shui Po. Market response for the sales of these projects was good and to date, over 85%, 92%, 98% and 68% of the total units in the respective projects have been sold.

During the Interim Period, Sino Land completed two projects. Details of the completed projects are presented in the table below, with a total attributable gross floor area of over 2.0 million square feet.

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> <i>(Square feet)</i>
1. Lake Silver No. 599 Sai Sha Road, Wu Kai Sha Station, Ma On Shan, New Territories, Hong Kong	Residential / Retail	Joint Venture	1,858,405
2. Chengdu International Community Xipu Zhen, Pi Xian, Jin Niu District, Chengdu, Sichuan, PRC	Residential	20%	218,247
			2,076,652

Land Bank

As at 31st December, 2009, Sino Land has a land bank of approximately 43.2 million square feet of attributable gross floor area comprising a balanced portfolio of properties of which 66.1% is residential; 23.1% commercial; 4.9% industrial; 3.4% car parks and 2.5% hotels. In terms of breakdown of the land bank by status, 30.7 million square feet consist of properties under development, 10.9 million square feet of properties for investment/own use and 1.6 million square feet of properties held for sale. Sino Land will continue to selectively replenish its land bank, both in Hong Kong and Mainland China, to optimise its earnings potential.

During the Interim Period, Sino Land acquired a total of three sites mainly for residential development and one investment property through the acquisition of a holding company with total attributable gross floor area of over 1.6 million square feet. Details of the acquisitions and the attributable gross floor area for Sino Land are as follows:

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> (Square feet)
1. TPTL200 Pak Shek Kok Development Area, Site D1, Tai Po, New Territories, Hong Kong	Residential / Commercial	100%	720,757
2. TPTL201 Pak Shek Kok Development Area, Site D2, Tai Po, New Territories, Hong Kong	Residential / Commercial	85%	612,643
3. Redevelopment site at the junction of Yuet Wah Street and Hip Wo Street, Kwun Tong, Kowloon, Hong Kong	Residential	Joint Venture	232,825
4. Fraser Suites Hong Kong 74 – 80 Johnston Road, Wan Chai, Hong Kong Island, Hong Kong	Residential / Commercial	100%	58,107
			<u>1,624,332</u>

Property Development

Sino Land expects to complete a total of three projects with an attributable gross floor area of over 0.7 million square feet in the financial year ending 30th June, 2010. Details of the projects are as follows:

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> (Square feet)
1. Sino International Plaza 137 Wu Xi Lu, Fuzhou, PRC	Commercial	100%	499,158

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> (Square feet)
2. The Balmoral TPTL 179, Ma Wo, Tai Po, New Territories Hong Kong	Residential	100%	114,486
3. The Fullerton Bay Hotel and Customs House Singapore	Hotel / Commercial	100%	93,909
			<u>707,553</u>

Subsequent to the Interim Period, Sino Land obtained the occupation permit for The Balmoral from the Building Authority of the HKSAR Government on 28th January, 2010 and the Temporary Occupation Permit for Customs House in Singapore from the Building and Construction Authority on 19th February, 2010.

High standards of product and service quality are of the utmost importance along with Sino Land's policy on project development and property asset management. Sino Land has made significant efforts to continuously improve its developments and services by applying stringent quality control, environmentally friendly features and facilities to enhance the lifestyles of residents and tenants. Management is also mindful of environmental sustainability in terms of project development. Efforts to reduce carbon emissions, use more sustainable materials, apply energy efficient designs and layouts as well as employ environmentally friendly fixture and fittings are highly encouraged and pursued.

Rental Activities

Sino Land's gross rental revenue, including the attributable share of its associates, increased by 5.2% to HK\$1,175.1 million for the Interim Period compared with HK\$1,116.9 million in the previous interim period.

The recent improvement in economic conditions, increased consumer confidence, wage rises and the growth of individual travel from Mainland China have sustained shoppers' flow in our shopping malls, and retail sales have experienced growth. The rental contributions from additional retail properties that were completed in the previous financial year, namely Citywalk 2 in Tsuen Wan town centre, the retail spaces in The Palazzo in Shatin, Exchange Tower in Kowloon Bay and The Hennessy in Wan Chai, will further enhance Sino Land's rental revenue and brand.

Since the latter half of 2009, global economy has shown signs of recovery. Business environment has been improving. The office leasing market in Hong Kong has also started to pick up with increasing demand for quality office spaces. With economic statistics indicating that the global economy is gradually reviving, corporations have started hiring new staff, Chinese enterprises have recommenced listing new stocks on the Stock Exchange of Hong Kong and establishing a presence in Hong Kong, leading to a rise in the take-up of office space.

On the industrial sector side, the HKSAR Government's efforts to introduce measures to realise the potential of old industrial buildings as stated in the Policy Address 2009 will have positive effects. These include increasing the utilisation of industrial buildings, upgrading the landscape in industrial areas, broadening the tenant base, encouraging new ideas for conversion into viable businesses and enabling society to support new start-ups. Sino Land has been reviewing its industrial portfolio since the announcement of the Policy Address and will enhance the usage and optimise the value of its portfolio.

Sino Land expects to complete two investment properties namely Customs House in Singapore and Sino International Plaza in Fuzhou, capital city of Fujian Province within the financial year ending 30th June, 2010.

Customs House, part of The Fullerton Heritage, is an elegant two-storey heritage building with a total floor area of approximately 14,800 square feet. It is located in Marina Bay, the world class Central Business District, arts, culture, and heritage waterfront area of Singapore. Built in the '60s, Customs House was formerly home to the Customs Police. The building was among the earliest buildings in Singapore to adopt a modern style and it commands direct waterfront views of Marina Bay. Its design symbolises the move towards simple and functional architecture for public buildings. The 'bowtie'-shaped protruding panel gives the building façade visual interest by creating texture with its uneven surface. The project is expected to be completed in the second quarter of 2010. Marketing for leasing has been progressing well with the majority of the lettable space committed. Combining Customs House with the other parts of The Fullerton Heritage namely The Fullerton Hotel Singapore (The Fullerton), One Fullerton, The Fullerton Waterboat House, Clifford Pier (opened in December 2008) and The Fullerton Bay Hotel (expected to be completed by second quarter of 2010) as well as the surrounding attractions of Marina Bay, this area will be one of Singapore's top tourism, entertainment and dining destinations.

Located in the heart of the central business district of Fuzhou, Sino International Plaza is conveniently accessible through an extensive transportation network. It is also close to a number of local attractions namely Hot Spring Park, West Lake Park and Fujian Museum, making it an ideal location for local and multinational firms. This 27-storey commercial development provides approximately 499,000 square feet of commercial space, 23 storeys of office space and four floors of retail space. Its low-E double glazed unitized curtain wall system presents a distinctive architectural characteristic. It also features an interior layout designed for tenant needs with efficient use of space and lighting. Each floor offers approximately 1,500 square metres of office space and the high ceiling height enhances the sense of space and ventilation airflow. A podium garden transforms Sino International Plaza into a green oasis. The retail space will be ideal for banks and international consumer

product brands, and leasing of the retail space is in process. It is expected to be completed within the financial year 2009/2010.

Asset enhancement initiatives are integral to Sino Land's programme of optimising asset quality, value and rental revenue. These initiatives include developing effective marketing and promotional events, raising service quality, reconfiguring the layouts of premises to meet tenants' needs and ensuring the right tenant mix. The initiatives aim to enrich our customers' shopping experience and support our tenants with a sustained flow of shoppers, all of which brings more business, value and brand enhancement to Sino Land.

Sino Land has also made use of some of its rental properties to organise events to promote education and appreciation of art. 'Take a Break with ART', part of Sino Group's 'Art in Hong Kong' programme, brings art to Hong Kong people within Sino Land's various properties and enhance the spirit of creativity and fun in shopping malls. The programme has been housed in a shop in Citywalk. Artists from the Hong Kong Society of Illustrators have painted the shop's walls, and created objects, around the theme 'Take a break'. Sino Land will continue to introduce art and cultural initiatives to enrich the quality of life of Hong Kong people and help to create a more diverse, open-minded and harmonious society.

As at 31st December, 2009, Sino Land has approximately 10.9 million square feet of attributable gross floor area of properties for investment/own use. Of this portfolio, commercial developments (retail and office) account for 63.1%, industrial developments 15.0%, car parks 13.4%, hotels 5.8%, and residential 2.7%. Sino Land expects to complete a total of approximately 3 million square feet of attributable gross floor area of investment properties in the next few years, which will further increase its recurrent income base.

Hotels

The global economic downturn has started to show signs of bottoming out with market confidence improving and business activity increasing in the latter half of 2009. According to the estimation by UNWTO, global visitor arrivals are forecast to grow between 3% and 4% in 2010, which indicate a positive outlook for the worldwide tourism and hospitality sectors. It is also worth noting that the International Monetary Fund recognises that global economies are recovering faster than expected with positive economic growth in 2010.

The Fullerton Hotel Singapore

In Singapore, the number of visitor arrivals was approximately 9.7 million in 2009, generating approximately S\$12.4 billion of revenue. The efforts the Singapore Government has made since the emergence of the financial turmoil to revive the tourism and hospitality industries have effectively helped the industries to weather difficult times.

Measures for promoting Singapore as a MICE destination have yielded good results as this sector achieved another milestone in July 2009 when Singapore was rated the “Top International Meeting City” in the Union of International Associations (UIA) 2008 Global Rankings for the second consecutive year. The Fullerton will make use of the opportunities and resources available to attract more MICE business, which will increase not only occupancy of guest rooms but also utilisation of the conference rooms as well as food and beverage. Coinciding with the positive turning of the global economies is the opening of Resorts World Sentosa, the Universal Studios and Marina Bay Sands in 2010. The tourism and hospitality industries in Singapore are set to benefit as more attractions and offerings such as these will enhance Singapore's appeal.

Throughout 2009, Sino Land made as much effort as possible to sustain revenue, implement measures to enhance operational efficiency and at the same time further improve service. With global economy showing signs of recovery in the beginning of 2010, The Fullerton is well positioned to capitalise on the return of business opportunities.

The Fullerton has received a number of awards from respected organisations and magazines in recognition of its standards of service as well as efforts in promoting environmental protection during the Interim Period. These awards include those from Condé Nast Traveler, Institutional Investor, National Arts Council of Singapore and SmartTravelAsia.com.

Conrad Hong Kong

Visitor arrivals in Hong Kong showed a modest increase in 2009 compared with that of 2008. Much of the global economic impact was felt and the lower level of visitor arrivals seen in the first half of 2009, but activity has started to pick up since the latter half of 2009, bringing total visitor arrivals to 29.6 million in 2009 (2008: 29.5 million). The increase in business activities, the 5th East Asian Games held in Hong Kong in December 2009, the Hong Kong Wine & Dine Festival and other events were contributing factors in visitor arrival increases. There was overall growth throughout 2009 for arrivals from Mainland China and other countries such as India, Russia and the Middle East. It is also encouraging to have learnt that the visitor arrivals for 2010 have been forecast to be over 31.1 million, according to the Hong Kong Tourism Board.

The HKSAR Government's continuous efforts to introduce initiatives and improve existing attractions to promote Hong Kong in both leisure and commercial markets will enhance its world appeal. The first berth of the new cruise terminal at Kai Tak, which is expected to commence operation in mid-2013, will bring a new dimension to the Hong Kong tourism industry. The measure by Central Government that allows tour groups from Mainland China to travel to Taiwan through Hong Kong will also benefit Hong Kong's tourism and cruise businesses. All these measures will help make Hong Kong an Events Capital of Asia.

During the Interim Period, Conrad Hong Kong experienced an overall improvement in business environment with both occupancy and average room rate better than the first half of 2009 calendar year. Conrad Hong Kong has received a number of awards from respected

organisations in recognition of its service quality. These include awards from Condé Nast Traveler, Institutional Investor, Travel & Leisure US, Forbes, Expedia Insiders' Select and SmartTravelAsia.Com.

New Hotels

The Fullerton Bay Hotel in Singapore, an exclusive luxurious hotel located in between the Clifford Pier and Customs House, is expected to be completed in the second quarter of 2010. As part of The Fullerton Heritage, the hotel will offer approximately 100 guest rooms and suites with panoramic waterfront Marina Bay views, stylish rooftop pool and bar, a classy city lounge and a glamorous restaurant where patrons can enjoy various fine cuisine and magnificent views of the bay.

In Hong Kong, the conversion of a portion of the retail area in One SilverSea project in West Kowloon to a luxurious boutique hotel with approximately 32 guest rooms is in progress. It is expected to be completed in the financial year 2010/2011.

Mainland China Business

The Central Government reported better-than-expected economic growth in Mainland China in the second half of the 2009 calendar year with a GDP growth of 8.7% for the full calendar year. 2009 was a key transition point in the economic development of Mainland China with leaders making strenuous efforts to monitor the economic situation and roll out measures to balance the economy with both consumption-led and export-led growth developing hand-in-hand. This economic model will bring more stable, coordinated and sustainable growth prospects to Mainland China.

The transformation towards a more balanced growth structure will help the Chinese economy to ride out the difficult times brought by the global financial turmoil. It will also help make China the engine, along with other countries for more cohesive economic growth in the region. This will also encourage business opportunities and feel good factors.

The Central Government has demonstrated tremendous depth and understanding of the global financial turmoil in mounting well thought out measures to correct specific economic imbalances. Fine-tuning of regulations has proved effective. The monetary measures reaffirm the Government's direction of maintaining a healthy financial system. Their policies to encourage domestic consumption will ensure a balanced economic growth. The announcement of eleven specific measures by the State Council in January 2010 will ensure healthy and sustainable development for the property market allowing more people to have their own homes and also mandating strict enforcement of laws and measures.

Mainland China is an important market for Sino Land due to its long-term growth potential. Management believes the economic growth of China will continue despite some economic

adjustments in the short-term. Economic growth in Mainland China since the mid-80s has built wealth and foreign reserves for the nation. Infrastructural developments over the years have enhanced connectivity and accessibility among and within cities. Affluent households are on the rise and demanding better livelihoods, quality housing and higher standards of living. The steps taken by the Central Government in recent years to rebalance the structure of the economy will establish a more resilient system to withstand external shocks.

Over the years, Sino Land has successfully completed and sold a number of residential projects, namely One HoneyLake in Shenzhen, Chengdu International Community in Chengdu, Greenfields in Guangzhou, Beverly Garden, Colonnades Court and Park Place in Xiamen. These have given Sino Land a good foothold in the property market in Mainland China. Sino Land's interest in Raffles City Shanghai, comprising office and retail space in the central business area of Shanghai's Huangpu District, is the stepping stone for Sino Land to establish its presence in this metropolitan city and financial centre. This track record represents a good base for Sino Land to ensure good execution capability for the property development and investment in Mainland China.

As at 31st December, 2009, Sino Land's Mainland China land bank totalled 26.6 million square feet in Shanghai, Chongqing, Chengdu, Guangzhou, Xiamen, Fuzhou and Zhangzhou. Of this, 26.0 million square feet is for development and the remaining is completed properties for investment and sale. Approximately 88% of the development land bank in Mainland China is for residential developments, the remaining is for commercial developments. With regard to land bank replenishment, as Sino Land considers Mainland China an important market for it to grow in the long run, it will continuously replenish its land bank in Mainland China as existing projects are sold over time. Management continues to seek good business opportunities in cities with strong economic fundamentals that can increase shareholder value.

Sino Land has a number of residential projects in the pipeline that will be launched for sale over the next few years. These projects include Mandarin Garden, Regency Park and Central Park in Xiamen, Fujian Province. Planning for the development of projects in Chengdu, Chongqing and Zhangzhou city in Fujian Province are in progress and expected to be completed in phases. In particular, the Cheng Hua District project in Chengdu is expected to commence construction in 2010. Construction for the Chongqing site is expected to commence during financial year 2010/2011. Sino Land expects more contributions from projects in Mainland China over the next few years.

Sino Land adopts a focused approach to property development in Mainland China. The majority of its developments are residential properties, which are built for sale. Commercial portions of sites are retained mainly for investment purposes. Management has been actively seeking favourable sites that can deliver good shareholder value. Sino Land will capitalise on its strengths and leverage the brand it has established in Hong Kong and Singapore to execute its Mainland China property development strategy and position its products and services as the preferred choice. Sino Land's commitment to building quality properties and providing professional after-sales property management services are key in achieving customer satisfaction and we are committed to doing the same for projects in Mainland China.

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, 2009.

FINANCE

As at 31st December, 2009, the Group's gearing ratio was at approximately 20.5%, expressed as a percentage of total borrowings to the total assets. Of the total borrowings, 20.2% was repayable within one year, 57.4% repayable between one and two years and 22.4% repayable between two and five years. The Group, including the attributable share of its associates, had cash resources of approximately HK\$15,150.8 million, comprising cash on hand of approximately HK\$6,217.5 million together with committed undrawn facilities of approximately HK\$8,933.3 million. All the cash on hand is in the form of deposits in banks of high credit ratings.

There was no material change in foreign currency borrowings and the capital structure of the Group for the Interim Period. Foreign exchange exposure has been prudently kept at a minimal level. The Group's borrowings are subject to floating interest rates. The Group has maintained a prudent and sound financial management policy and has not entered into any transaction relating to derivatives and/or any other form of accumulators, swap transactions and options.

CORPORATE GOVERNANCE

The Group places great importance on corporate integrity, business ethics and good governance. With the objective of achieving best practice of corporate governance, the Group has established an Audit Committee, a Compliance Committee and a Remuneration Committee. The Group is committed to maintaining good corporate transparency as well as good communication with investors and shareholders by various channels such as non-deal roadshows, investor conferences, results briefing, site visits and corporate website to disseminate information on the Group's latest developments.

CUSTOMER SERVICE

Sino Land reaffirms its commitment 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, which are also environmentally friendly, are integral elements of its developments. Management maintains regular reviews of its properties so that improvements can be made on a continuous basis. This helps to build our reputation for the highest standards of quality and service.

CORPORATE SOCIAL RESPONSIBILITY

As a committed corporate citizen, over the years Sino Land has been actively involved in a range of community programmes, voluntary services, green initiatives, art and cultural events, and staff team-building activities.

Community Care

Sino Land serves the community with an emphasis on helping the underprivileged. The ‘Eye-opening Journey’ community care programme launched by Sino Land in January 2009 has since taken about 500 underprivileged children on a series of life-enriching hands-on activities including soccer training with professional soccer players, a community art event, a drama workshop, a ‘giant brain challenge’ game day, an outreach camp, and most recently, a shadow puppet workshop.

Sino Land is a longstanding supporter of The Community Chest of Hong Kong, Oxfam Hong Kong, The Boys' and Girls' Clubs Association of Hong Kong, S.K.H. St. Christopher's Home, The Salvation Army, Hong Kong Christian Service and Hong Chi Association. Among the charitable activities Sino Land has sponsored and participated in are ‘Hong Chi Climbathon’, ‘Sowers Action Challenging 12 Hours Charity Marathon 2009’, ‘Sino Team Challenge 36’ and the ‘Oxfam Trailwalker’.

Sino Land also spreads a message of love and care to those in need through its keen ‘Sino Caring Friends’ volunteer team. The team collaborates closely with various charity organisations, including *Hope Worldwide*, Hong Kong Family Welfare Society, HKSKH Lady MacLehose Centre and St. James' Settlement, to organise birthday parties and art workshops for the underprivileged. In September 2009, Sino Caring Friends and Sino Club members joined hands to celebrate an early Mid-Autumn Festival with over 230 elderly members of Helping Hand in ‘Mooncake Speaks for My Heart 2009’, which was held for the tenth year. Sino Land also initiated a large-scale marine park cleanup campaign in October 2009 to restore the beaches of Sha Chau and Lung Kwu Chau Marine Park. The event was attended by over 250 volunteers from Sino Caring Friends, Sino Club and social welfare organisations. To deliver expert volunteer services, Sino Caring Friends organises various regular training workshops to enhance volunteer service skills. Recognising Sino Land's efforts in supporting voluntary community service, the Hong Kong Council of Social Service awarded Sino Land a ‘5 Years Plus Caring Company Logo’ for 2008/09.

Environmental Protection

Sino Land makes substantial efforts and puts considerable resources into making its properties more environmentally friendly through well thought out architectural planning, energy saving and management initiatives. Sino Land was one of the first corporations to join the ‘Carbon Audit • Green Partners’ launched by the Environment Bureau in July 2008 and we are

committed to conducting or assisting in conducting carbon audits on our buildings on a regular basis.

Sino Land's fully integrated property management service provider, Sino Property Services (SPS) comprising Sino Estates Management Limited (SEML), Sino Security Services Limited (SSSL), Best Result Cleaning Services Limited (BRCSL) and Sino Parking Services Limited (SPSL), recognises its role in promoting environmental protection. On the property management side, environmental protection initiatives can be divided into several categories, namely treatment of used materials or waste; reduction of wastage; reduction of greenhouse gases (GHGs) or carbon footprint; conservation of nature; landscaping and promoting healthy lifestyles. SPS is committed to building a sustainable environment in Hong Kong.

It is a regular practice for SPS to roll out a number of campaigns and events to promote environmental protection every year. SPS has rolled out initiatives to arrange collection of waste oil for the production of bio-diesel and this helps to reduce carbon footprint. In support of the Environmental Levy Scheme on Plastic Shopping Bags introduced by the HKSAR Government, SPS launched the 'Sino Green Action – Reduce Use of Plastic Umbrella Bags' campaign in the shopping malls it manages, following the '7 July Mission Everyday No Plastic Bags' introduced earlier. Under the campaign, umbrella racks and plastic umbrella bags of recycled materials are provided. Staff of SPS stayed at the entrances of the malls to provide umbrella wipe-dry service for customers. Further, in response to the trend towards energy saving vehicles and for environmental protection, favourable terms are offered to environmentally friendly cars.

SPS well recognises the importance of maintaining a hygienic environment for the residents. It takes the lead in promoting hygiene and green awareness to its residents by launching the 'Sino Cleaning Academy – Living Clean Living Green' programme. Under the programme, BRCSL selects and appoints experienced instructors to provide course to teach residents in-depth knowledge about cleaning. The course emphasises eco-cleaning and the safety aspects of various cleaning tasks.

During the Interim Period and in January 2010, SPS received a number of awards in recognition of its quality of service as well as efforts in energy saving, environmental protection and quality management from various sources, including government departments, professional organisations and community bodies. Significant of these awards include the following:-

- Hong Kong Top Service Brand by the Hong Kong Brand Development Council and The Chinese Manufacturers' Association of Hong Kong
- Asia Responsible Entrepreneurship Awards 2009 Hong Kong - Green Leadership Award 2009 by Enterprise Asia
- Outstanding Partnership Project Award by Hong Kong Council of Social Service
- Highest Service Hours Merit Award by the Social Welfare Department

Sino Group enthusiastically promotes green lifestyles to the younger generation. Sino Land launched the annual green education programme – 'Sino Green Explorer' in October 2009 to invite primary and secondary school students to visit an organic farm and experience organic

living for free. A related ‘Organic Lifestyle Design Competition’ encourages students to exercise their creativity and apply their knowledge of organic farming to their daily lives. For the past three consecutive years, more than 25,000 primary and secondary school students have benefited from this programme.

Arts and Culture

Believing that art and culture enrich the quality of life, promote creativity and enhance appreciation of arts and culture by Hong Kong people, Sino Land has operated the ‘Art in Hong Kong’ programme since 2006 to provide opportunities for local artists to display and promote their work, bring art into people’s daily lives and enhance public appreciation of various types of art.

Sino Land has transformed its properties into public galleries, including the lobbies of Central Plaza and China Hong Kong City, and OC Gallery in Olympian City. Apart from providing free venues, Sino Group’s ‘Art in Hong Kong’ programme offers professional assistance that spans curatorial support, publicity, exhibition design and artwork installation. Sino Land also shares its marketing expertise to help promote exhibitions through its extensive network.

Art education is also key to Sino Group’s ‘Art in Hong Kong’ programme, which has organised a wide range of educational activities including workshops, talks and guided tours to further engage visitors and enhance their understanding of art.

Since the inception of the ‘Art in Hong Kong’ programme, Sino Land has presented more than 85 exhibitions and art events featuring a wide variety of art disciplines including painting, installation, sculpture, photography and illustration. Notable events include the ‘China Hong Kong City Art Walk Series’ exhibition, ‘Shore – International Literary and Visual Art Exhibition cum Charity Sale’, and the Citywalk Art Project: ‘Take a Break with Art – Joint exhibitions of 23 local illustrators’, which brought amusement to the public by infusing the joy of art into the hustle and bustle of cosmopolitan Hong Kong.

Apart from organising exhibitions, Sino Group’s ‘Art in Hong Kong’ has reached out to sponsor many major art events in Hong Kong. It has been Chief Sponsor of ‘Fotanian Open Studios’ since 2007. This annual event welcomes the public to a behind-the-scenes glimpse of the workspaces of artists and their works. The Fotanian programme received the highest response ever in 2009, with over 180 artists, the largest number of studios in participation and a record 8,000 visitors over two weekends. Sino Land is also a keen sponsor of memorable performances by international artists and arts groups, including a number of exhibition shows organised by The Chinese University of Hong Kong, Hong Kong Baptist University’s Academy of Visual Arts Graduation Show, the ‘Beautiful Journey • Beautiful World’, a pioneer art container project with its first exhibition stop in the West Kowloon Cultural District, ‘Operation Santa Claus’, the annual fundraising campaign jointly organised by the South China Morning Post and RTHK Radio 3, and a kaleidoscope of spectacular performances by internationally-renowned musicians, including Deutsches Symphonie-Orchester Berlin in the 2009 Hong Kong Arts Festival, and the ‘Young Musician of the Year 2008’ competition and concert organised by Tom Lee Music

Foundation. In addition, we provide rental sponsorships to house the Asia Art Archive, Opera Hong Kong and Asian Youth Orchestra.

In 2009, in recognition of its contribution to the development of local arts, the Hong Kong Arts Development Council honoured Sino Group's 'Art in Hong Kong' with the annual 'Award for Arts Sponsorship' for the second consecutive year, and the 'Award for Arts Promotion' for the first time.

Staff Engagement

Apart from providing professional development and personal growth opportunities to enable individual staff members to realise their full potential, Sino Land cares for the well-being of its people and strives to enhance team spirit and work-life balance by encouraging staff to participate in various competitive and sports events. Recent such events have included the 'Hong Chi Climbathon', 'Sowers Action Challenging 12 Hours Charity Marathon 2009', 'Oxfam Trailwalker' and 'Sino Team Challenge 36'.

PROSPECTS

The unprecedented stimulus measures implemented in the latter half of 2008 in concert by countries to tackle the financial turmoil have started to take effect and set the stage for market recovery. Economic statistics indicate that the global economy is on the path to recovery. In particular, in the US, durable goods orders have risen, the manufacturing sector has been growing, labour market is improving, consumer confidence has strengthened, household spending is expanding and financial markets have shown greater support for economic growth. This is an important turnaround and with Mainland China also experiencing growth, Hong Kong is set to benefit. Although there continues to be economic issues to be tackled, the growth trend is evolving and gaining momentum.

The recent attempts by the PRC Central Government to regulate the economy by adjusting the money supply as well as manage the property sector by strengthening control through eleven measures are positive for sustaining a healthy long term growth for the sector. The Central Government's economic policies are framed to transform the nation to a more balanced structure. The coordination among cities in response to the Central Government's directive demonstrates good leadership and the determination of government officials to pursue a sustainable economic prosperity. This is conducive to sustaining a healthy growth in the sector and broadening home ownership with quality housing in the medium to long term.

The Asian financial crisis that happened in the second half of 1997 was a valuable lesson for Hong Kong's people and corporations. After several years of experience and learning, people and corporations, in general, are more careful in managing their financial and business risks. The financial system in Hong Kong withstood the financial turmoil in 2008. Banks in Hong Kong are disciplined in terms of risk management and control. Their risk exposure is well managed with good capital adequacy. Mortgage lending has been prudent. Hong Kong corporations, in

particular, the property developers are financially sound with gearing being maintained at comfortable levels. The HKSAR Government is experienced in setting policy objectives that pinpoint and address key economic issues. Efforts to fine-tune the land supply arrangements with various quasi-governmental bodies, namely the Urban Renewal Authority and MTR Corporation Limited, and quicken the pace of bringing readily available residential sites to the market are widely recognised and conducive to maintain a balance in demand and supply. Initiatives to enhance transparency for marketing residential projects will induce good governance and benefit customers. The recent responses from the developers to the land auctions and tenders as well as the encouraging results, reaffirm the positive outlook of the property market in Hong Kong.

With the economic support by Central and HKSAR Government, as well as an improvement in the global economic environment, the Hong Kong economy has started to pick up since the last quarter of 2009. Unemployment has come down to 4.9% in November 2009 to January 2010 from a high of 5.4% in June to August of 2009. GDP experienced a positive growth of 2.6% for the fourth quarter of 2009 with GDP growth forecast to be positive for the full year 2010 in the range from 4% to 5%. The equity market has regained momentum with a number of significant IPOs completed during the period contributing to Hong Kong's strength as a major international financial centre in the region. In terms of infrastructure development, the new cruise terminal at Kai Tak, the first berth of which is expected to commence operation in mid-2013, will bring a new dimension to the Hong Kong economy. The Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link project will further enhance economic ties between the Mainland and Hong Kong in the long run. The rail link will also create even more business opportunities in Hong Kong.

Hong Kong's residential property market experienced good support in 2009 with both primary and secondary transactions increasing favourably compared with 2008. This was mainly due to healthy underlying market fundamentals as well as an increasing number of good quality residential projects that have attracted more potential buyers to upgrade their existing homes. Low mortgage rates, availability of various mortgage rate schemes, strong demand due to good household formation, increasing number of births, improvement in employment prospects and increasing buying interest from Mainland buyers are the favourable factors for the residential property market. Further to the domestic demand for good quality housing, the increasing presence of Chinese enterprises in Hong Kong and the rising number of Mainland entrepreneurs and professionals setting up a base in Hong Kong have provided an additional catalyst to demand for homes.

With an improvement in the global economic situation, Sino Land continues to be prudently positioned to seek for business opportunities. Management will strive to optimise earnings, improve the quality of products and services, and enhance customer lifestyles, which will ultimately lead to better served customers. As Sino Land has a strong financial position with good liquidity, management will continue to deliver value for shareholders. Sino Land will maintain a policy of selectively and continuously replenishing its land bank both in Hong Kong and China, which will enable it to strengthen earnings and profitability. In terms of property development and property management, Sino Land will incorporate more environmentally friendly elements and initiatives in projects such as measures to reduce carbon emissions so residents and tenants can enjoy a better environment and healthier lifestyles. The Directors are confident in the medium to long term prospects of the Group.

IN MEMORIAM

Management and staff are deeply saddened by the passing away of Mr. Ng Teng Fong, the founder of the Sino Group in Hong Kong (including Tsim Sha Tsui Properties Limited) and Far East Organization in Singapore, who departed peacefully on 2nd February, 2010 at the age of 82. Mr. Ng Teng Fong gave wholeheartedly his guidance to establish the Sino Group as a leading corporation. We shall continue to be inspired by his passion for excellence in the real estate industry. He will be missed dearly by those who knew and worked with him.

STAFF AND MANAGEMENT

On behalf of the Board, I take this opportunity to express my sincere appreciation to all staff for their commitment, dedication and continuing support. I would also like to express my gratitude to my fellow Directors for their guidance and wise counsel.

Robert NG Chee Siong
Chairman

Hong Kong, 25th February, 2010



Tsim Sha Tsui Properties Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 247)

INTERIM RESULTS

The unaudited results of the Group for the six months ended 31st December, 2009 are as follows:

Consolidated Income Statement

		Six months ended	
		31st December, 2009 HK\$ (Unaudited)	31st December, 2008 HK\$ (Unaudited)
	Notes		
Turnover	2	4,463,540,904	6,259,359,088
Cost of sales		(1,446,708,244)	(1,561,214,274)
Direct expenses		(626,423,187)	(715,544,065)
		<u>2,390,409,473</u>	<u>3,982,600,749</u>
Other income		124,820,817	81,976,817
Increase (decrease) in fair value of investment properties		1,279,972,185	(25,596,159)
Increase (decrease) in fair value of trading securities		249,378,451	(741,925,434)
Loss on disposal of available-for-sale investments		-	(25,097,108)
Impairment loss on available-for-sale investments		-	(190,000,000)
Other gains and losses	3	-	88,377,862
Administrative expenses		(324,764,845)	(460,251,341)
Finance income		75,537,748	133,522,840
Finance costs		(156,003,512)	(375,826,082)
Finance costs net of finance income		(80,465,764)	(242,303,242)
Share of results of associates	4	414,309,048	(361,505,248)
Profit before taxation	5	4,053,659,365	2,106,276,896
Income tax expense	6	(616,052,652)	(438,688,038)
Profit for the period		<u>3,437,606,713</u>	<u>1,667,588,858</u>
Profit for the period attributable to :			
Owners of the Company		1,800,222,901	672,847,602
Non-controlling interests		1,637,383,812	994,741,256
		<u>3,437,606,713</u>	<u>1,667,588,858</u>
Interim dividend at HK10 cents (2008 – HK10 cents) per share		<u>147,727,050</u>	<u>146,553,967</u>
Earnings per share - basic	7	<u>122.65 cents</u>	<u>46.30 cents</u>

Consolidated Statement of Comprehensive Income

	Six months ended	
	31st December, 2009 HK\$ (Unaudited)	31st December, 2008 HK\$ (Unaudited)
Profit for the period	<u>3,437,606,713</u>	<u>1,667,588,858</u>
Other comprehensive income (expense)		
Gain (loss) on fair value changes of available-for-sale investments	231,003,171	(500,070,599)
Exchange difference arising on translation of foreign operation to presentation currency	51,620,890	(55,376,969)
Impairment loss on available-for-sale investments transfer to income statement	-	190,000,000
Reclassification adjustments upon disposal of available-for-sale investments	-	24,921,186
Other comprehensive income (expense) for the period	<u>282,624,061</u>	<u>(340,526,382)</u>
Total comprehensive income for the period	<u>3,720,230,774</u>	<u>1,327,062,476</u>
Total comprehensive income attributable to:		
Owners of the Company	1,951,930,807	474,128,642
Non-controlling interests	<u>1,768,299,967</u>	<u>852,933,834</u>
	<u>3,720,230,774</u>	<u>1,327,062,476</u>

Consolidated Statement of Financial Position
At 31st December, 2009

	Notes	31st December, 2009 HK\$ (Unaudited)	30th June, 2009 HK\$ (Audited)
Non-current assets			
Investment properties		39,866,157,028	37,557,672,042
Hotel property		892,261,429	866,755,233
Property, plant and equipment		98,521,416	86,751,076
Goodwill		739,233,918	739,233,918
Prepaid lease payments – non-current		437,899,018	425,296,321
Interests in associates		5,632,657,625	5,354,226,247
Interests in a jointly controlled entity		33,012,469	-
Available-for-sale investments		1,394,290,295	1,155,635,282
Advances to associates		11,978,814,610	11,649,449,516
Advances to a jointly controlled entity		1,635,548,532	-
Advances to investee companies		16,218,107	18,114,871
Long-term loans receivable		53,524,365	63,540,544
		<u>62,778,138,812</u>	<u>57,916,675,050</u>
Current assets			
Properties under development		11,590,043,051	18,521,080,429
Stocks of unsold properties		2,231,821,994	2,783,127,944
Hotel inventories		22,465,767	21,594,351
Prepaid lease payments – current		5,091,856	4,916,722
Trading securities		2,011,886,887	1,745,362,214
Amounts due from associates		355,551,941	430,971,757
Accounts and other receivables	8	1,549,981,223	1,482,914,200
Current portion of long-term loans receivable		3,673,142	3,936,331
Taxation recoverable		146,340,265	144,414,012
Restricted bank deposits		587,971,056	364,430,266
Time deposits, bank balances and cash		5,286,781,211	7,829,850,333
		<u>23,791,608,393</u>	<u>33,332,598,559</u>
Current liabilities			
Accounts and other payables	9	3,414,427,068	4,575,185,579
Amounts due to associates		527,795,603	505,399,107
Taxation payable		873,912,906	788,472,934
Current portion of long-term bank borrowings		281,161,101	227,926,231
Bank loans			
– secured		2,021,868,584	7,968,796,853
– unsecured		699,491,433	1,198,662,306
Other loans			
– secured		414,338,361	593,745,181
– unsecured		164,567,977	53,956,405
Financial guarantee contracts – current		7,571,894	7,579,573
		<u>8,405,134,927</u>	<u>15,919,724,169</u>
Net current assets		<u>15,386,473,466</u>	<u>17,412,874,390</u>
Total assets less current liabilities		<u>78,164,612,278</u>	<u>75,329,549,440</u>

Consolidated Statement of Financial Position - continued
At 31st December, 2009

	31st December, 2009 HK\$ (Unaudited)	30th June, 2009 HK\$ (Audited)
Capital and reserves		
Share capital	295,454,099	293,220,023
Share premium and reserves	<u>27,782,896,308</u>	<u>25,949,725,481</u>
Equity attributable to owners of the Company	28,078,350,407	26,242,945,504
Non-controlling interests	<u>30,473,142,932</u>	29,403,898,799
Total equity	<u>58,551,493,339</u>	<u>55,646,844,303</u>
Non-current liabilities		
Long-term bank borrowings		
– due after one year	10,503,497,675	11,021,483,445
Other loans		
– due after one year	3,675,222,498	3,557,469,697
Financial guarantee contracts		
– non-current	5,063,028	8,866,002
Deferred taxation	3,315,627,206	3,025,572,478
Advances from associates	2,091,992,536	2,067,188,354
Advances from non-controlling interests	21,715,996	2,125,161
	<u>19,613,118,939</u>	<u>19,682,705,137</u>
	<u>78,164,612,278</u>	<u>75,329,549,440</u>

Notes:

1. Basis of preparation

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

The accounting policies used in the unaudited interim financial statements are consistent as those followed in the preparation of the Group's annual financial statements for the year ended 30th June, 2009 except as described below.

In the current interim period, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 3 (Revised 2008)	Business Combinations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC) – Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendments to HKFRS 2, HKAS 38, paragraph 80 of HKAS 39, HK(IFRIC) – Int 9 and HK(IFRIC) – Int 16

Except as described below, the adoption of these new and revised HKFRSs had no material effect on the financial statements of the Group.

HKAS 1 (Revised 2007) *Presentation of Financial Statements*

HKAS 1 (Revised 2007) has introduced a number of terminology changes (including revised titles for the financial statements) and has resulted in a number of changes in presentation and disclosure.

1. Basis of preparation - continued

Amendments to HKAS 40 Investment Property

As part of *Improvements to HKFRSs (2008)*, HKAS 40 has been amended to include within its scope properties under construction or development for future use as investment properties and to require such properties to be measured at fair value (where the fair value model is used and the fair values of the properties are reliably determinable). In the past, the leasehold land and building elements of investment properties under construction were accounted for as properties under development. The Group has used the fair value model to account for its investment properties. The Group has applied the amendments to HKAS 40 prospectively from 1st July, 2009 in accordance with the relevant transitional provision. As a result of the application of the amendment, the Group's investment properties under construction that include the leasehold land and buildings elements with previous carrying amounts of HK\$348,901,030 as at 1st July, 2009 have been reclassified as investment properties and measured at fair value as at 31st December, 2009, with the fair value gain of HK\$305,780,016 and related deferred taxation expense of HK\$93,468,120. As at 31st December, 2009, the impact has been to decrease properties under development by HK\$403,356,507, to increase investment properties by HK\$707,945,050, to increase deferred taxation liabilities by HK\$93,468,120 and to increase profit for the period and retained profits by HK\$212,311,896.

HKAS 27 (Revised 2008) Consolidation and Separate Financial Statements

HKAS 27 (Revised 2008) has resulted in changes in the Group's accounting policies regarding changes in ownership interests in subsidiaries of the Group. The new accounting policies in relation to changes in ownership interests in subsidiaries have been applied prospectively to changes that take place on or after 1st July, 2009 in accordance with the relevant transitional provisions.

In prior periods, in the absence of specific requirements in Hong Kong Financial Reporting Standards, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. For decreases in interests in existing subsidiaries regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognised in profit or loss.

Under HKAS 27 (Revised 2008), increases or decreases in ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are dealt with in equity and attributed to the owners of the parent, with no impact on goodwill or profit or loss. When control of a subsidiary is lost as a result of a transaction, event or other circumstance, HKAS 27 (Revised 2008) requires that the Group derecognises all assets, liabilities and non-controlling interests at their carrying amounts. Any retained interest in the former subsidiary is recognised at its fair value at the date when control is lost, with the resulting gain or loss being recognised in profit or loss.

The adoption of HKAS 27 (Revised 2008) has affected the accounting for the Group's deemed acquisition in the current period of additional interest in the listed subsidiary held by the Group. Specifically, the change in policy has resulted in HK\$46,405,427 being recognised directly in equity, instead of goodwill.

1. Basis of preparation - continued

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has not resulted in a redesignation of the Group's reportable segments and has no impact on the reported results or financial position of the Group.

In addition, the Group has applied the accounting policy for jointly controlled entities during the current interim period.

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

2. Segment information

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1st July, 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers for the purpose of assessing their performance and allocating resources to the segment. In contrast, the predecessor standard HKAS 14 *Segment Reporting* required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. The Group's operating segments are reported by five operating divisions - property, property management and other services, hotel operations, investments in securities and financing. However, the basis of measurement of segment revenue has been changed by including segment revenue attributed from the Group's associates and eliminating inter-segment sales. For segment profit or loss, the basis of measurement has been changed by including segment results attributed from the Group's associates and excluding change in fair value of investment properties and trading securities and loss on disposal of and impairment loss on available-for-sale investments.

Information regarding the above segments is reported below. Amounts reported for the prior period have been restated to conform to the requirements of HKFRS 8.

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

Six months ended 31st December, 2009

	The Company and its subsidiaries		Associates		Combined revenue HK\$	Consolidated results HK\$
	Segment revenue HK\$	Segment results HK\$	Share of revenue HK\$	Share of results HK\$		
Property						
Property sales/project revenue	2,902,590,169	1,319,794,709	136,686,788	16,986,680	3,039,276,957	1,336,781,389
Property rental	956,368,574	809,824,290	246,609,916	197,270,142	1,202,978,490	1,007,094,432
	3,858,958,743	2,129,618,999	383,296,704	214,256,822	4,242,255,447	2,343,875,821
Property management and other services	337,115,488	54,514,961	31,577,372	3,858,926	368,692,860	58,373,887
Hotel operations	217,310,637	67,008,067	94,173,300	31,464,510	311,483,937	98,472,577
Investments in securities	49,331,199	48,805,186	1,950	(96,176)	49,333,149	48,709,010
Financing	824,837	824,837	74,161	61,055	898,998	885,892
	4,463,540,904	2,300,772,050	509,123,487	249,545,137	4,972,664,391	2,550,317,187

2. Segment information - continued

Six months ended 31st December, 2008

	The Company and its subsidiaries		Associates		Combined revenue HK\$	Consolidated results HK\$
	Segment revenue HK\$	Segment results HK\$	Share of revenue HK\$	Share of results HK\$		
Property						
Property sales	4,752,080,984	2,821,360,760	82,517,261	30,861,711	4,834,598,245	2,852,222,471
Property rental	899,865,763	745,654,445	245,652,056	188,276,205	1,145,517,819	933,930,650
	5,651,946,747	3,567,015,205	328,169,317	219,137,916	5,980,116,064	3,786,153,121
Property management and other services	297,344,731	38,801,333	30,534,376	2,301,194	327,879,107	41,102,527
Hotel operations	254,497,554	88,671,246	102,617,100	29,613,423	357,114,654	118,284,669
Investments in securities	53,832,845	53,779,233	1,950	(232,779)	53,834,795	53,546,454
Financing	1,737,211	1,737,211	253,677	245,375	1,990,888	1,982,586
	6,259,359,088	3,750,004,228	461,576,420	251,065,129	6,720,935,508	4,001,069,357

Segment results represent the profit earned by each segment without allocation of other income, other gains and losses, corporate expenses, change in fair value of investment properties and trading securities, loss on disposal of and impairment loss on available-for-sale investments and finance costs net of finance income. The profit earned by each segment also includes the share of results from the Group's associates without allocation of change in fair value of investment properties, finance costs net of finance income and income tax. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

Reconciliation of profit before taxation

	Six months ended	
	31st December, 2009 HK\$	31st December, 2008 HK\$
Total profit for reportable segments	2,550,317,187	4,001,069,357
Other income	124,820,817	81,976,817
Unallocated other gains and losses	-	88,377,862
Unallocated corporate expenses	(235,127,422)	(227,654,820)
Increase (decrease) in fair value of investment properties	1,279,972,185	(25,596,159)
Increase (decrease) in fair value of trading securities	249,378,451	(741,925,434)
Loss on disposal of available-for-sale investments	-	(25,097,108)
Impairment loss on available-for-sale investments	-	(190,000,000)
Finance costs net of finance income	(80,465,764)	(242,303,242)
Results shared from associates		
- Increase (decrease) in fair value of investment properties	283,819,520	(546,041,264)
- Finance costs net of finance income	(21,725,747)	(72,350,356)
- Income tax (expenses) credit	(97,329,862)	5,821,243
Profit before taxation	4,053,659,365	2,106,276,896

During the six months ended 31st December, 2009, inter-segment sales of HK\$14,290,454 (*six months ended 31st December, 2008: HK\$16,880,952*) were eliminated within property management and other services segment. Inter-segment sales were charged at cost plus margin basis as agreed between both parties.

3. Other gains and losses

During the six months ended 31st December, 2008, a listed subsidiary of the Group carried out issuance of scrip dividend and repurchase of shares. It gave rise to a deemed disposal and acquisition of partial interest in the listed subsidiary held by the Group. The resultant loss of approximately HK\$6,000,000 from issuance of scrip dividend and a negative goodwill of approximately HK\$94,000,000 from repurchase of shares had been reported as other gains and losses in the income statement. During the six months ended 31st December, 2009, the changes in the Group's ownership interest that do not result in loss of control of the subsidiary have been accounted for as equity transactions.

4. Share of results of associates

Share of results of associates included Group's share of an increase in fair value of investment properties of the associates of HK\$283,819,520 (*six months ended 31st December, 2008: Group's share of a decrease of HK\$546,041,264*) recognised in the income statements of the associates.

5. Profit before taxation

	Six months ended	
	31st December, 2009 HK\$	31st December, 2008 HK\$
Profit before taxation has been arrived at after charging and crediting:		
Release of prepaid lease payments	2,502,146	2,560,812
Cost of properties sold recognised	1,443,664,780	1,556,828,088
Cost of hotel inventories recognised	31,149,869	30,486,521
Depreciation of owner-operated hotel property	5,041,096	5,156,910
Depreciation of property, plant and equipment	13,493,980	13,135,557
(Reversal of) provision for doubtful trade receivables	(80,698,230)	139,683,071
Loss on disposal of property, plant and equipment	134	144,894

6. Income tax expense

	Six months ended 31st December, 2009 HK\$	31st December, 2008 HK\$
The charge comprises:		
Taxation attributable to the Company and its subsidiaries		
Hong Kong Profits Tax	281,631,975	437,774,016
Other jurisdictions	50,165,683	20,611,630
	<u>331,797,658</u>	<u>458,385,646</u>
Deferred taxation	284,254,994	(19,697,608)
	<u>616,052,652</u>	<u>438,688,038</u>

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 16.5% (*six months ended 31st December, 2008: 16.5%*).

Taxes on profits assessable in Singapore and elsewhere are recognised based on management's best estimate of the weighted average annual income tax rates prevailing in the countries and the regions in which the Group operates. The estimated average annual tax rate used is 17% (*six months ended 31st December, 2008: 18%*).

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

7. Earnings per share

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

	Six months ended	
	31st December, 2009 HK\$	31st December, 2008 HK\$
Earnings for the purpose of basic earnings per share	<u>1,800,222,901</u>	<u>672,847,602</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,467,799,956	1,453,080,472

8. Accounts and other receivables

Included in accounts and other receivables are trade receivables of HK\$678,915,473 (30th June, 2009: HK\$904,068,982) mainly comprising rental receivables, which are billed in advance and settlements are expected upon receipt of billings, and property sales proceeds receivables, which are settled in accordance with the terms of the sales and purchase agreements.

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

	31st December, 2009 HK\$	30th June, 2009 HK\$
0-30 days	454,150,820	462,772,963
31-60 days	32,586,192	396,782,153
61-90 days	5,624,353	4,254,254
Over 90 days	186,554,108	40,259,612
	678,915,473	904,068,982

9. Accounts and other payables

Included in accounts and other payables are trade payables of HK\$75,260,677 (30th June, 2009: HK\$108,731,713).

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

	31st December, 2009 HK\$	30th June, 2009 HK\$
0-30 days	52,261,132	73,052,757
31-60 days	11,551,042	10,539,384
61-90 days	1,499,501	5,504,091
Over 90 days	9,949,002	19,635,481
	75,260,677	108,731,713

10. Pledge of assets

- (a) At 31st December, 2009, the aggregate facilities of bank loans and other loans amounting to approximately HK\$18,593,222,000 (30th June, 2009: HK\$22,600,046,000) were secured by certain of the Group's listed investments, properties, restricted bank deposits, shares of Sino Land and floating charges on bank balances amounting to a total of approximately HK\$48,689,416,000 (30th June, 2009: HK\$58,668,729,000). At that date, the facilities were utilised to the extent of approximately HK\$13,536,969,000 (30th June, 2009: HK\$20,131,415,000).
- (b) At 31st December, 2009, investments in and advances to certain associates amounting to approximately HK\$6,136,813,000 (30th June, 2009: HK\$5,862,035,000), in addition to certain assets pledged by the associates, were pledged to or assigned to secure loan facilities made available by banks or financial institutions to such associates.

11. Commitments and contingent liabilities

- (a) At the end of the reporting period, the Group had contingent liabilities as follows :

	31st December, 2009 HK\$	30th June, 2009 HK\$
Guarantees in respect of banking facilities of:		
Associates		
- Utilised	7,196,150,000	7,233,300,000
- Unutilised	3,047,300,000	3,080,000,000
Total guarantees	<u>10,243,450,000</u>	<u>10,313,300,000</u>

In relation to the financial guarantee amounts provided to associates at 31st December, 2009, HK\$12,634,922 (30th June, 2009: HK\$16,445,575) was recognised in the financial statements as financial guarantee contracts.

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

	31st December, 2009 HK\$	30th June, 2009 HK\$
(i) Share of commitments in respect of land premium payable	<u>933,559,100</u>	<u>931,116,625</u>
(ii) Share of contingent liabilities arising from tax affairs of associates	<u>51,929,000</u>	<u>51,929,000</u>

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 24th March, 2010 to Friday, 26th March, 2010, 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 Friday, 26th March, 2010.

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 Registrars, Tricor Friendly Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 23rd March, 2010.

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.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 31st December, 2009, the Company has complied with all the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the relevant period, except that there was no separation of the roles of the chairman and the chief executive officer, both of the roles are currently undertaken by the Chairman of the Board.

The Board is of the view that the current management structure has been effective in facilitating the Company's operation and business development and that necessary checks and balances consistent with sound corporate governance practices are in place. The implementation of strategies and policies of the Board and the operations of each business unit are overseen and monitored by designated responsible Executive Directors. The Board found that the current arrangement had worked effectively in enabling it to discharge its responsibilities satisfactorily. In addition, the 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.

REVIEW OF INTERIM RESULTS

The unaudited interim results of the Group for the six months ended 31st December, 2009 have been reviewed by the Audit Committee and the auditor of the Company, Deloitte Touche Tohmatsu.

2009-2010 INTERIM REPORT

The 2009-2010 interim report containing all the information required by the Listing Rules will be published on the website of Hong Kong Exchanges and Clearing Limited and the Company's website www.sino.com while printed copies will be sent to shareholders on or about Wednesday, 10th March, 2010.

By Order of the Board
Eric IP Sai Kwong
Secretary

Hong Kong, 25th February, 2010

As at the date hereof, the Executive Directors of the Company are Mr. Robert Ng Chee Siong and Mr. Daryl Ng Win Kong, the Non-Executive Director is The Honourable Ronald Joseph Arculli and the Independent Non Executive Directors are Dr. Allan Zeman, Mr. Adrian David Li Man-kiu and Mr. Steven Ong Kay Eng.