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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, 2010 (Interim Period) increased to HK\$2,734.2 million, representing an increase of 51.8% compared with HK\$1,800.2 million in the previous period. Excluding revaluation gain on investment properties net of deferred tax of HK\$1,495.2 million, the underlying net profit from operations was HK\$1,239.0 million for the Interim Period (2009 : HK\$1,145.3 million). Earnings per share for the period was 184.09 cents, representing an increase of 50.1% from 122.65 cents in the corresponding period in 2009.

The turnover of the Group for the Interim Period was HK\$2,596.7 million (2009 : HK\$4,463.5 million). As Sino Land owns 50% interest in The Hermitage residential project in West Kowloon, the significant earnings derived from the sales of the units were booked under the share of results of associates.

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 29th April, 2011 to those shareholders whose names shall appear on the Register of Members of the Company on 25th March, 2011.

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 30th March, 2011. It is expected that the interim dividend warrants and share certificates will be despatched to shareholders on or about 29th April, 2011.

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, 2010 Tsim Sha Tsui Properties Limited (the “Company”) had 49.58% interest in Sino Land. Therefore, for discussion purposes, we have focused on the operations of Sino Land.

Sales Activities

Total revenue from property sales of Sino Land for the Interim Period, including property sales of associates attributable to Sino Land, was HK\$6,908.8 million, representing an increase of 127.3% when compared with the same corresponding period previous year (2009 : HK\$3,039.2 million). The revenue from property sales comprises mainly the sales of residential units in The Hermitage (at associate level) completed during the Interim Period as well as projects (at subsidiary level) completed in previous financial years and these projects included The Palazzo, The Balmoral, Goodwood Park, Lake Silver, One New York, The Dynasty, Vision City and Vista. As of to date, approximately 95.4% of the total number of residential units in The Hermitage have been sold whilst approximately 96.1%, 29.1%, 61.5%, 98.5% and 96.2% of the total number of residential units in The Palazzo, The Balmoral, Goodwood Park, Lake Silver and One New York have been sold respectively, and all of the remaining residential units in The Dynasty, Vision City and Vista have been sold. Contributions from property sales of Sino Land, including property sales of associates attributable to Sino Land, was HK\$2,151.2 million, representing an increase of 60.5% when compared with the same corresponding period previous year (2009 : HK\$1,339.8 million). Sino Land will continue to seek for good opportunities to roll out new projects in order to enhance shareholders’ value.

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

<u>Location</u>	<u>Usage</u>	<u>Sino Land's Interest</u>	<u>Attributable Gross Floor Area</u> (Square feet)
1. The Hermitage, 1 Hoi Wang Road, South West Kowloon, Hong Kong	Residential / Retail	50%	534,344
2. Sino International Plaza 137 Wu Xi Lu, Fuzhou, PRC	Commercial	100%	499,158
3. Maison Rosé 270 Cheung Sha Wan Road, Kowloon, Hong Kong	Residential / Retail	100%	39,120
			<u>1,072,622</u>

Land Bank

As at 31st December 2010, Sino Land has a land bank of approximately 40.9 million square feet of attributable gross floor area comprising a balanced portfolio of properties of which 64.2% is residential; 24.0% commercial; 5.2% industrial; 3.6% car parks and 3.0% hotels. In terms of breakdown of the land bank by status, 28.3 million square feet consist of properties under development, 11.5 million square feet of properties for investment/own use and 1.1 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 was awarded the development rights of a site from Urban Renewal Authority of Hong Kong mainly for residential development. Details of site are as follows:

<u>Location</u>	<u>Usage</u>	<u>Sino Land's Interest</u>	<u>Attributable Gross Floor Area</u> (Square feet)
KIL11200, Fuk Tsun Street/Pine Street, Tai Kok Tsui, West Kowloon, Hong Kong	Residential / Commercial	Joint Venture	54,251
			<u>54,251</u>

Property Development

Sino Land expects to complete a total of two projects with an attributable gross floor area of approximately 201,200 square feet in the second half of the financial year ending 30th June, 2011. Details of the projects are as follows:

<u>Location</u>	<u>Usage</u>	<u>Sino Land's Interest</u>	<u>Attributable Gross Floor Area</u> (Square feet)
1. 18 Kowloon East, 18 Wang Chiu Road, Kowloon Bay, Hong Kong	Commercial	50%	174,376
2. KIL11181, Baker Court, Hung Hom, Kowloon, Hong Kong	Residential / Retail	Joint Venture	26,824
			<u>201,200</u>

Subsequent to the Interim Period, Sino Land obtained the Occupation Permit for the commercial project 18 Kowloon East in Kowloon Bay from the Building Authority of the HKSAR Government in January 2011.

Sino Land will continuously improve its developments and services by applying stringent quality control, and environmentally friendly features and facilities to enhance the lifestyles of residents and tenants. Management of Sino Land 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

As at 31st December, 2010, Sino Land has approximately 11.5 million square feet of attributable gross floor area of completed properties for investment/own use. Of this portfolio, commercial developments (retail and office) account for 64.6%, industrial developments 14.1%, car parks 12.6%, hotels 6.2%, and residential 2.5%. Sino Land expects to complete a total of approximately 2.3 million square feet of attributable gross floor area of investment properties in the next few years. These new investment properties will further increase Sino Land's recurrent income base.

Sino Land's gross rental revenue, including attributable share from associates, increased by 10.0% to HK\$1,293.1 million for the Interim Period compared with HK\$1,175.1 million in the previous interim period. The increase in rental income was mainly due to an overall improvement in the business environment that benefited the retail, office and industrial sectors of the Sino Land's rental portfolio.

Hong Kong retail sales have grown strongly in both value and volume since the last quarter of 2009 and the trend is positive. Retail businesses in Hong Kong have enjoyed robust sales, and benefited from increasing employment, a more positive economic outlook, rising wages, higher consumer confidence, record number of visitor arrivals and increasing visitor purchasing power arising from the appreciation of the Renminbi and other major Asian currencies as well as the growing popularity and acceptance of the Renminbi in Hong Kong.

Demand for office spaces has gained momentum since the second half of last year. As economic conditions stabilise, companies have begun hiring. The number of overseas and Mainland China companies setting up or expanding in Hong Kong is on the rise. Hong Kong's record number of initial public offerings and fund-raising activities have also directly benefited a wide spectrum of industries. All these factors are driving the demand for office space. Occupancy for Sino Land's office buildings is improving and the outlook for office sector is positive. Supported by growth in the retail sector and the rising demand for office accommodation, demand for industrial space is also increasing. The occupancy of Sino Land's industrial properties has also picked up.

During the Interim Period, Sino Land completed two properties for investment purpose, namely Sino International Plaza in Fuzhou in Mainland China and Olympian City New Phase in West Kowloon, Hong Kong. The progress of the leasing of these two projects has been well and a high occupancy for both of the projects has been achieved. Sino Land's rental contributions will be further enhanced by the completion of these two projects.

Sino International Plaza is located in the central business district of Fuzhou city, the capital city of Fujian Province. Conveniently accessible through an extensive transportation network, the development is in a desirable location for local and multinational firms. A number of local attractions, namely Hot Spring Park, West Lake Park and Fujian Museum are also within the catchment area. The development, which provides approximately 499,000 square feet of commercial space, features environmentally friendly architectural characteristics.

Olympian City New Phase is the shopping mall of the development of The Hermitage and it is adjacent to the Central Park residence which was also developed by Sino Land. Olympian City New Phase has a total of approximately 120,000 square feet of retail space. Combining the existing Olympian City shopping malls, the total gross floor area of over 700,000 square feet accommodates an attractive trade mix that provides a wide spectrum of shopper choice. The two covered footbridges extending from Olympian City New Phase, one connecting to the existing Olympian City shopping mall and the other one to Mongkok area, will enhance the accessibility of the entire shopping malls generating more shoppers' flow. Sino Land strives to ensure its malls are a favourite family destination by providing a pleasant environment and an exciting programme of special events and entertainment that add up to an enjoyable shopping experience.

Ongoing asset enhancement initiatives are integral to Sino Land's programme of raising asset quality, property values and rental revenues. These initiatives include developing effective marketing and promotional events, raising service quality, reconfiguring the layouts of premises to meet tenant needs and ensuring the right tenant mix. Such improvements enrich the customer shopping experience and support our tenants with a sustained flow of shoppers, all of which bring more business and enhance the value of Sino Land.

Hotels

The Fullerton Hotel Singapore and The Fullerton Bay Hotel

Singapore visitor arrivals increased significantly in 2010 with the total number of arrivals reaching 11.6 million, up from 9.6 million in 2009, representing an annual increase of approximately 20.8%. The MICE (Meetings, Incentives, Conventions and Exhibitions) sector continued to play a prominent role. Leisure travel was further boosted by existing and new attractions. Singapore is poised for more excitement with new attractions and infrastructure expected in 2011, such as the ArtScience Museum, Gardens by the Bay and an International Cruise Terminal.

Sino Land owns and operates two 5-star hotels in Singapore. The Fullerton Hotel Singapore (The Fullerton) and The Fullerton Bay Hotel. The Fullerton has been in operations for over 10 years and The Fullerton Bay Hotel opened in July 2010.

The Fullerton Bay Hotel is a six-storey 5-star hotel located along the Marina Bay waterfront and in the Central Business District. Its prime location along the waterfront makes the hotel well-poised to be the vantage point of choice to enjoy activities in the marina. The hotel is a short walk from the Raffles Place Mass Rapid Transit and close to One Fullerton and Merlion Park. Adjoining the historical landing point for early settlers Clifford Pier, and the Customs House, The Fullerton Bay Hotel celebrates Singapore's modernity and the site's rich heritage. The hotel offers 100 guest rooms, which include five individually-themed suites and a presidential suite, each with panoramic marina views, private balconies and sun decks.

Both hotels benefited from the growth in Singapore's visitor arrivals. The average room rate and occupancy for The Fullerton reflected a good improvement over the previous period. The operating statistics for The Fullerton Bay Hotel for the Interim Period were encouraging and positive.

During the Interim Period, The Fullerton received a number of awards from respected organisations and publications in recognition of its service quality.

Conrad Hong Kong

Visitor arrivals in Hong Kong grew strongly reaching a record high of 36.0 million for 2010, up from 29.5 million in 2009, representing an increase of approximately 22.0% year-on-year. The results were achieved from a broad-based growth across all markets. Apart from Mainland Chinese visitors, who continued to be the major contributor to the total number of visitor arrivals, the number of visitors from the United States, Europe and Japan improved over the previous period and the number of visitors from the Middle East, Singapore, Russia and South Korea showed double-digit growth.

The financial results of Conrad Hong Kong, in which Sino Land has 30% interest, showed a good improvement in overall business during the Interim Period when compared with the previous interim period, with both average room rate and occupancy increasing favourably.

Conrad Hong Kong received a number of awards from respected organisations and publications in recognition of its service quality during the Interim Period.

New Hotel

The conversion of part of the retail area of One SilverSea project in West Kowloon into a boutique hotel with approximately 32 guest rooms is in progress. Renovation work for the guest rooms has commenced and is expected to be completed before the end of 2011. Together with the other three 5-star hotels mentioned above, the earnings contributions from Sino Land's hotel business will be further enhanced.

Mainland China Business

The economy of Mainland China experienced robust growth in 2010, recording a GDP growth of 10.3%, with improving employment, financial conditions remaining stable and liquidity staying healthy. Ongoing economic growth in Mainland China has progressively increased the number of middle to high-income earners and created tremendous wealth, the positive effect of which has filtered through the economy, translating into strong purchasing power. Together with appreciating Renminbi, increased purchasing power has expanded in the domestic economy and overseas, driving domestic consumption, supporting the globalisation of Chinese enterprises and eventually advancing technology, management expertise and human capital for the benefit of China's economy as a whole.

The Central Government has made committed efforts in terms of policy, planning, and implementation to reduce disparities in wealth distribution and regional growth. These economic objectives are conducive to establishing a more healthy development of Mainland China's property market, managing residential property prices to sustainable levels, and encouraging wider home ownership and facilitating residential rental markets. As Mainland China's housing market evolves, the Central Government's housing measures represent a strong foundation for further growth. All these measures will ultimately improve livelihoods and promote a more balanced distribution of wealth in China over the long term.

Sino Land has strengthened its platform in Mainland China for further growth in recent years after successfully completing and selling a number of residential projects, namely One HoneyLake in Shenzhen, Chengdu International Community in Chengdu, Greenfields in Guangzhou as well as Beverly Garden, Colonnades Court and Park Place in Xiamen. 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 important city and financial centre. Sino Land's track record represents a history of good execution ability for property development and investment in Mainland China.

As at 31st December, 2010, Sino Land's land bank in Mainland China totalled 25.2 million square feet and these projects are in Shanghai, Chengdu, Chongqing, Zhangzhou, Guangzhou, Xiamen, Fuzhou and Shenzhen. Of this, 24.3 million square feet are currently under development and the remaining is completed properties for investment and sale. Approximately 90.0% of the development land bank in Mainland China is for residential developments, the remaining is for commercial and hotel developments. All the projects are

situated in cities with good economic and demographic fundamentals. This year, Sino Land has set another milestone as all the projects in Mainland China have started construction. Developments in Chengdu, Chongqing and Zhangzhou will be completed by phases throughout the next few years when profit contributions from these projects will be realised.

Sino Land continues to exercise a focused and selective approach to land bank replenishment and property development in Mainland China that can deliver good shareholder value. The majority of its developments are residential properties, which are built for sale. Commercial portions of sites are retained mainly for investment purposes. As management considers Mainland China an important market for Sino Land to grow in the medium to long term, it has been actively seeking attractive sites in cities with strong economic fundamentals. Sino Land will capitalise on its strengths it has established in Hong Kong and Singapore to execute its property development business in Mainland China and position its products and services as the preferred choice. Sino Land's proven strategy of building quality properties and providing professional after-sales property management services are key to 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, 2010.

FINANCE

As at 31st December, 2010, the Group's gearing ratio was at approximately 19.9%, expressed as a percentage of total borrowings to the total assets. Of the total borrowings, 30.3% was repayable within one year, 31.9% repayable between one and two years and 37.8% repayable between two and five years. The Group, including the attributable share of its associates, had cash resources of approximately HK\$19,130.5 million, comprising cash on hand of approximately HK\$7,700.5 million together with committed undrawn facilities of approximately HK\$11,430.0 million. All the cash on hand is in the form of deposits in banks of high credit ratings.

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. 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. Sino Land is committed to maintaining good corporate transparency as well as good communication with investors and shareholders by various channels such as non-deal roadshows, investor conferences, results briefing, site visits and corporate website to disseminate information on the Sino Land's latest developments.

CUSTOMER SERVICE

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

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

CORPORATE SOCIAL RESPONSIBILITY

As a committed corporate citizen, Sino Land has been actively involved in a range of community programmes, voluntary services, initiatives to promote environmental protection, art and cultural events, and staff welfare activities. Over the years, Sino Land has actively sponsored and participated in a wide array of charitable fund raising activities and it has been a longstanding supporter of a number of organisations serving the community and/or of charitable nature. In recognition of Sino Land's efforts in supporting voluntary community service, the Hong Kong Council of Social Service awarded Sino Land with a '5 Years Plus Caring Company Logo' for 2010/2011.

Sino Land recognises its role in protecting the environment. Efforts have constantly been made through various means to reduce wastage, decrease carbon emission, make use of sustainable materials and encourage recycling materials. On the property management side, environmental protection initiatives have been extended to a number of areas including landscaping and increasing the awareness of the residents and customers for protecting environment and nature conservation. Further, in response to the trend towards electric vehicles, electric vehicle chargers have been installed at some of Sino Land's carparks and this project will be reviewed and expanded to cover more carparks.

Believing that art and culture enrich the quality of life and promote creativity, Sino Land has operated the 'Art in Hong Kong' programme since 2006 to provide opportunities for local and international artists to display and promote their work, bringing art into people's daily lives and enhancing public appreciation of various types of art. Sino Land has also transformed its properties into public galleries and provides professional assistance that spans curatorial support, publicity, exhibition design and artwork installation. The programme also organises a wide range of educational activities to enhance people's understanding of art. In 2009, in recognition of its contribution to the development of local arts, the Hong Kong Arts Development Council honoured Sino Land's 'Art in Hong Kong' with the 'Award for Arts Sponsorship' for the second consecutive year, and the 'Award for Arts Promotion' for the first time.

PROSPECTS

The global recovery proceeded during 2010 with world economic conditions recording an improving trend in the second half of the year. With the United States' second round of quantitative easing and emerging economies growing strongly, the multiplying effects of fiscal and monetary efforts appear to be steering the global economy back onto a growth track.

Mainland China is an important market for the Group and a key driver for global economic growth. The nation's economic strength will drive household income. Demand for housing is set to grow, propelled by high savings rates, low home ownership, a strong urge to improve living conditions and the desire to own property both as storage of wealth and as an inflation hedge. Housing has always been a major policy item on the Central Government's agenda. Guided by sound principles, China's property market will continue to present opportunities.

Building on the success of the Eleventh Five-Year Plan, the Twelfth Five-Year Plan to be announced in March this year will ensure continuity in building a stronger, more resilient economy able to withstand the impact of external factors. The evolution of China's economy to a more advanced stage heralds an exciting era. The Plan is expected to develop a modern industrial system, improve the management of state-owned enterprises, and broaden domestic consumption to maintain the momentum for sustainable economic growth. Other objectives include achieving a balance between investment, consumption and export, as well as between urban and rural areas, building an environmentally friendly society, improving livelihoods and continuing its open door policy.

During the year, the HKSAR Government implemented a number of housing measures, covering a very broad area of the housing sector in Hong Kong and catering for the needs of different income groups. These measures are very specific, including home-buyer protection measures, and are effective to build a more sustainable framework for Hong Kong's property market. The housing policy announced in the October 2010 Policy Address provides a roadmap for balancing the demand and supply of both public and private housing. The introduction of additional stamp duties will set a minimum holding period for property investors, facilitating the residential rental market. The revision of different levels of loan-to-value ratios will ensure a healthy mortgage lending business. All these measures will stabilise the growth of residential property prices and ensure a more healthy property market.

As Hong Kong's property market is fundamentally sound, demand for housing continues to grow. With GDP rising over the past five consecutive quarters, improved employment prospects, good affordability, low mortgage rates, favourable rental yields on residential properties, increasing marriages and births, better quality housing with environmentally-friendly features, the outlook of Hong Kong property market is positive.

With a further improvement in the global economic situation, Sino Land continues to be well positioned to seek 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. In respect of property development and property management, Sino Land will incorporate more environmentally friendly elements and initiatives in projects. Further, as the Group is in a strong financial position, 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.

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, 2011



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, 2010 are as follows:

Consolidated Income Statement

		Six months ended	
		31st December, 2010 HK\$ (Unaudited)	31st December, 2009 HK\$ (Unaudited)
	Notes		
Turnover	2	2,596,736,427	4,463,540,904
Cost of sales		(353,983,882)	(1,446,708,244)
Direct expenses		(715,423,821)	(626,423,187)
		<u>1,527,328,724</u>	<u>2,390,409,473</u>
Other income		61,374,456	124,820,817
Increase in fair value of investment properties		2,755,572,990	1,279,972,185
Increase in fair value of trading securities		255,807,915	249,378,451
Administrative expenses		(494,505,580)	(324,764,845)
Finance income		82,262,125	75,537,748
Finance costs		(141,276,695)	(156,003,512)
Finance costs net of finance income		(59,014,570)	(80,465,764)
Share of results of associates	3	<u>2,350,610,821</u>	<u>414,309,048</u>
Profit before taxation	4	6,397,174,756	4,053,659,365
Income tax expense	5	(907,296,788)	(616,052,652)
Profit for the period		<u>5,489,877,968</u>	<u>3,437,606,713</u>
Profit for the period attributable to:			
Owners of the Company		2,734,246,637	1,800,222,901
Non-controlling interests		2,755,631,331	1,637,383,812
		<u>5,489,877,968</u>	<u>3,437,606,713</u>
Interim dividend at HK10 cents (2009: HK10 cents) per share		<u>149,919,412</u>	<u>147,727,049</u>
Earnings per share – basic	6	<u>184.09 cents</u>	<u>122.65 cents</u>

Consolidated Statement of Comprehensive Income

	Six months ended	
	31st December, 2010 HK\$ (Unaudited)	31st December, 2009 HK\$ (Unaudited)
Profit for the period	<u>5,489,877,968</u>	<u>3,437,606,713</u>
Other comprehensive income		
Gain on fair value change of available-for-sale investments	215,780,160	231,003,171
Exchange difference arising on translation of foreign operation to the Group's presentation currency	<u>372,077,221</u>	<u>51,620,890</u>
Other comprehensive income for the period	<u>587,857,381</u>	<u>282,624,061</u>
Total comprehensive income for the period	<u>6,077,735,349</u>	<u>3,720,230,774</u>
Total comprehensive income attributable to:		
Owners of the Company	3,040,017,199	1,951,930,807
Non-controlling interests	<u>3,037,718,150</u>	<u>1,768,299,967</u>
	<u>6,077,735,349</u>	<u>3,720,230,774</u>

Consolidated Statement of Financial Position
At 31st December, 2010

	Notes	31st December, 2010 HK\$ (Unaudited)	30th June, 2010 HK\$ (Audited)
Non-current assets			
Investment properties		44,227,159,101	41,327,376,460
Hotel properties		1,539,413,181	1,416,100,684
Property, plant and equipment		178,459,252	161,695,043
Goodwill		739,233,918	739,233,918
Prepaid lease payments – non-current		1,214,740,791	1,123,367,152
Interests in associates		9,980,592,445	7,745,445,630
Interests in a jointly controlled entity		61,495,064	70,251,382
Available-for-sale investments		1,484,112,220	1,259,735,585
Advances to associates		9,384,778,251	11,472,718,600
Advance to a jointly controlled entity		1,635,673,501	1,599,853,118
Advances to investee companies		15,765,131	17,632,820
Long-term loans receivable		35,540,426	43,899,373
		<u>70,496,963,281</u>	<u>66,977,309,765</u>
Current assets			
Properties under development		22,193,198,176	20,800,713,801
Stocks of completed properties		1,871,800,492	2,022,430,753
Hotel inventories		25,770,459	22,630,641
Prepaid lease payments – current		18,921,550	17,363,023
Trading securities		1,394,778,675	1,119,205,831
Amounts due from associates		25,699,363	86,757,552
Accounts and other receivables	7	735,930,346	1,008,789,448
Current portion of long-term loans receivable		1,013,087	1,619,111
Taxation recoverable		5,682,350	115,946,793
Restricted bank deposits		360,560,410	372,604,974
Time deposits, bank balances and cash		6,130,731,663	4,620,377,490
		<u>32,764,086,571</u>	<u>30,188,439,417</u>
Current liabilities			
Accounts and other payables	8	3,433,560,170	3,530,617,792
Amounts due to associates		269,138,394	592,285,885
Taxation payable		640,795,771	997,147,314
Current portion of long-term bank borrowings		162,088,674	212,416,918
Bank loans			
– secured		5,876,412,294	6,262,896,494
– unsecured		-	200,000,000
Other loans			
– secured		-	13,371,976
– unsecured		175,269,851	147,074,915
Financial guarantee contracts – current		5,063,064	7,222,665
		<u>10,562,328,218</u>	<u>11,963,033,959</u>
Net current assets		<u>22,201,758,353</u>	<u>18,225,405,458</u>
Total assets less current liabilities		<u>92,698,721,634</u>	<u>85,202,715,223</u>

Consolidated Statement of Financial Position – continued
At 31st December, 2010

	31st December, 2010 HK\$ (Unaudited)	30th June, 2010 HK\$ (Audited)
Capital and reserves		
Share capital	299,838,825	296,461,354
Share premium and reserves	<u>32,629,816,000</u>	<u>29,223,577,249</u>
Equity attributable to owners of the Company	32,929,654,825	29,520,038,603
Non-controlling interests	<u>38,730,737,910</u>	<u>31,625,356,065</u>
Total equity	<u>71,660,392,735</u>	<u>61,145,394,668</u>
Non-current liabilities		
Long-term bank borrowings		
– due after one year	10,519,057,716	14,356,972,700
Other loans		
– due after one year	3,797,694,820	3,636,866,389
Financial guarantee contracts		
– non-current	3,386	1,646,817
Deferred taxation	4,019,075,636	3,524,805,068
Advances from associates	2,292,910,252	2,130,277,184
Advances from non-controlling interests	<u>409,587,089</u>	<u>406,752,397</u>
	<u>21,038,328,899</u>	<u>24,057,320,555</u>
	<u>92,698,721,634</u>	<u>85,202,715,223</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 (the "HKICPA").

As more fully described in a joint announcement of the Company and Sino Land Company Limited ("Sino Land") dated 9th November, 2010, Sino Land placed an aggregate of 305,000,000 shares pursuant to the Placing Agreement. Upon completion of the Placing and the Subscription, the shareholdings of the Group in Sino Land decreased to below 50%.

Notwithstanding the said reduction in shareholdings in Sino Land, the Directors of the Company are of the view that the Group continues to control the financial and operating decisions of Sino Land, after taking into consideration the professional advice and the voting power relating to shares of Sino Land which are held by certain beneficial shareholders who have agreed to exercise their voting rights in accordance with the directions of the Company. The voting rights of these beneficial shareholders together with the existing voting rights of the Group in Sino Land account for more than 50% of shareholdings in Sino Land. Accordingly, Sino Land continues to be a subsidiary of the Company immediately upon completion of the Placing and the Subscription and as at 31st December, 2010.

The accounting policies used in the unaudited interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30th June, 2010 except for the application of the following new and revised Standards or Interpretations ("new and revised HKFRSs") issued by the HKICPA and applied by the Group in the current period.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 in relation to the amendments to HKFRS 3 (as revised in 2008), HKAS 1, HKAS 27 and HKAS 28
HKAS 32 (Amendment)	Classification of Right Issues
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments
HK – Int 5	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The application of these new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

2. Segment information

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

Six months ended 31st December, 2010

	The Company and its subsidiaries		Associates		Total	
	Segment revenue	Segment results	Share of revenue	Share of results	Segment revenue	Segment results
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Property						
Property sales	780,774,752	360,060,170	6,128,060,082	1,791,184,358	6,908,834,834	2,151,244,528
Property rental	1,073,253,168	871,471,074	249,684,387	225,811,777	1,322,937,555	1,097,282,851
	1,854,027,920	1,231,531,244	6,377,744,469	2,016,996,135	8,231,772,389	3,248,527,379
Property management and other services	377,668,648	93,054,487	32,004,327	3,479,811	409,672,975	96,534,298
Hotel operations	328,918,006	166,992,110	105,615,600	44,579,100	434,533,606	211,571,210
Investments in securities	35,636,000	35,265,030	1,950	1,950	35,637,950	35,266,980
Financing	485,853	485,853	82,907	71,119	568,760	556,972
	2,596,736,427	1,527,328,724	6,515,449,253	2,065,128,115	9,112,185,680	3,592,456,839

Six months ended 31st December, 2009

	The Company and its subsidiaries		Associates		Total	
	Segment revenue	Segment results	Share of revenue	Share of results	Segment revenue	Segment results
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Property						
Property sales	2,902,590,169	1,320,247,204	136,686,788	19,622,552	3,039,276,957	1,339,869,756
Property rental	956,368,574	811,637,552	246,609,916	231,388,323	1,202,978,490	1,043,025,875
	3,858,958,743	2,131,884,756	383,296,704	251,010,875	4,242,255,447	2,382,895,631
Property management and other services	337,115,488	95,332,401	31,577,372	4,290,776	368,692,860	99,623,177
Hotel operations	217,310,637	113,408,317	94,173,300	40,080,600	311,483,937	153,488,917
Investments in securities	49,331,199	48,959,162	1,950	1,950	49,333,149	48,961,112
Financing	824,837	824,837	74,161	59,643	898,998	884,480
	4,463,540,904	2,390,409,473	509,123,487	295,443,844	4,972,664,391	2,685,853,317

Segment results represent the profit earned by each segment without allocation of other income, administrative expenses, changes in fair value of investment properties and trading securities 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 other income, administrative 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 chief operating decision makers for the purposes of resource allocation and performance assessment. Certain segment information in the prior period has been reclassified to conform with the change in the internal reports.

2. Segment information – continued

Reconciliation of profit before taxation

	Six months ended	
	31st December, 2010 HK\$	31st December, 2009 HK\$
Segment profit	3,592,456,839	2,685,853,317
Other income	61,374,456	124,820,817
Administrative expenses	(494,505,580)	(324,764,845)
Increase in fair value of investment properties	2,755,572,990	1,279,972,185
Increase in fair value of trading securities	255,807,915	249,378,451
Finance costs net of finance income	(59,014,570)	(80,465,764)
Results shared from associates		
- Other income	24,707,115	4,327,644
- Administrative expenses	(47,013,272)	(50,226,351)
- Increase in fair value of investment properties	887,817,612	283,819,520
- Finance costs net of finance income	(72,804,140)	(21,725,747)
- Income tax expense	(507,224,609)	(97,329,862)
	285,482,706	118,865,204
Profit before taxation	6,397,174,756	4,053,659,365

During the six months ended 31st December, 2010, inter-segment sales of HK\$37,005,340 (*six months ended 31st December, 2009: HK\$14,290,454*) 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. 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\$887,817,612 (*six months ended 31st December, 2009: HK\$283,819,520*).

The Inland Revenue Department ("IRD") initiated tax inquiries in respect of the deductions on certain loan interest and related expenses for the years of assessment 1994/95 to 2003/04 on a wholly-owned subsidiary, Murdoch Investments Inc. ("MII"), of the Group's associate, Erleigh Investment Limited. Notices of assessment for additional tax in the aggregate amounts of approximately HK\$127,740,000 were issued to MII for the years under review and objection was properly lodged with the IRD by MII. The IRD agreed to hold over the tax claim subject to the purchase of TRC of approximately HK\$18,212,000 for those years of assessments. These TRC were purchased by the corresponding company in prior years.

In respect of MII case, the effective share of the additional tax attributable to the Group as at 31st December, 2010 is estimated to be approximately HK\$28,483,000 (*30th June, 2010: HK\$29,996,000*). During the current interim period, the management has determined that, based on the available evidence collated so far, provisions for tax payable in respect of the assessments of approximately HK\$29,000,000 and for the estimated interest payable on additional tax of approximately HK\$15,100,000 should be made. The effective share of tax and the estimated interest payable attributable to the Group are approximately HK\$6,400,000 and HK\$3,400,000 respectively. The management considers that such provisions are appropriate having taken into account the current circumstances. The management is also of the opinion that the payment of any additional tax other than the tax provided is not probable and, therefore, no further tax provision has been made by MII.

4. Profit before taxation

	Six months ended	
	31st December, 2010 HK\$	31st December, 2009 HK\$
Profit before taxation has been arrived at after charging (crediting):		
Release of prepaid lease payments (included in administrative expenses)	9,071,145	2,502,146
Cost of properties sold recognised as cost of sales	335,920,367	1,443,664,780
Cost of hotel inventories recognised as direct expenses	44,261,865	31,149,869
Depreciation of owner-operated hotel properties	10,248,103	5,041,096
Depreciation of property, plant and equipment	22,108,432	13,493,980
Recognition (reversal) of provision for doubtful trade receivables	504,498	(80,698,230)
(Gain) loss on disposal of property, plant and equipment	(516,841)	134

5. Income tax expense

Six months ended	
31st December, 2010 HK\$	31st December, 2009 HK\$

The charge comprises:

Taxation attributable to the Company and its subsidiaries

Hong Kong Profits Tax	361,661,896	281,631,975
Other jurisdictions	59,068,671	50,165,683
	<u>420,730,567</u>	<u>331,797,658</u>
Deferred taxation	486,566,221	284,254,994
	<u>907,296,788</u>	<u>616,052,652</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, 2009: 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, 2009: 17%*).

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

The IRD initiated tax inquiries for the years of assessment 1995/96 to 2003/04 on Sing-Ho Finance Company Limited ("Sing-Ho Finance"), a wholly-owned subsidiary of Sino Land which is a subsidiary of the Company. Notices of assessment for additional tax in an aggregate sum of approximately HK\$596,992,000 were issued to Sing-Ho Finance for the years under review and objections were properly lodged with the IRD by Sing-Ho Finance. The IRD agreed to hold over the tax claim subject to the purchase of tax reserve certificates (the "TRC") of approximately HK\$109,940,000 for those years of assessments. These TRC were purchased by the Group in prior years. During the current interim period, the Directors of the Company have determined that, based on the available evidence collated so far, provisions for tax payable in respect of the assessments of approximately HK\$208,000,000 and for the estimated interest payable on additional tax of approximately HK\$110,000,000 should be made by the Group. The Directors of the Company consider that such provisions are appropriate having taken into account the current circumstances. The provisions for additional tax payable and the estimated interest payable are included in the current income tax expense and administrative expenses respectively. The Directors of the Company are also of the opinion that the payment of any additional tax other than the tax provided is not probable and, therefore, no further tax provision has been made.

6. Earnings per share – basic

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

	Six months ended	
	31st December, 2010 HK\$	31st December, 2009 HK\$
Earnings for the purpose of basic earnings per share	<u>2,734,246,637</u>	<u>1,800,222,901</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>1,485,243,701</u>	<u>1,467,799,956</u>

7. Accounts and other receivables

Included in accounts and other receivables are trade receivables of HK\$336,871,988 (*30th June, 2010: HK\$564,540,817*). Trade receivables mainly comprise rental receivables and properties sales receivables.

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

	31st December, 2010 HK\$	30th June, 2010 HK\$
0-30 days	262,393,142	467,953,059
31-60 days	34,102,560	20,972,016
61-90 days	4,384,889	4,142,548
Over 90 days	<u>35,991,397</u>	<u>71,473,194</u>
	<u>336,871,988</u>	<u>564,540,817</u>

8. Accounts and other payables

Included in accounts and other payables are trade payables of HK\$142,208,188 (30th June, 2010: HK\$94,475,108).

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

	31st December, 2010 HK\$	30th June, 2010 HK\$
0-30 days	102,666,429	65,632,861
31-60 days	24,782,766	15,684,767
61-90 days	1,840,422	2,800,783
Over 90 days	12,918,571	10,356,697
	<u>142,208,188</u>	<u>94,475,108</u>

9. Pledge of assets

- (a) At 31st December, 2010, the aggregate facilities of bank loans and other loans amounting to approximately HK\$25,299,482,000 (30th June, 2010: HK\$29,455,722,000) 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 carrying amount of approximately HK\$47,967,895,000 (30th June, 2010: HK\$56,046,004,000). At that date, the facilities were utilised to the extent of approximately HK\$16,340,806,000 (30th June, 2010: HK\$20,636,556,000).
- (b) At 31st December, 2010, investments in and advances to certain associates amounting to approximately HK\$7,074,629,000 (30th June, 2010: HK\$6,553,299,000) and certain assets of the associates were pledged to or assigned to banks to secure loan facilities made available by the banks to such associates.

10. Contingent liabilities

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

	31st December, 2010 HK\$	30th June, 2010 HK\$
Guarantees in respect of banking facilities of associates:		
- Utilised	6,805,750,000	7,683,750,000
- Unutilised	<u>2,353,200,000</u>	<u>3,150,800,000</u>
Total guarantees	<u>9,158,950,000</u>	<u>10,834,550,000</u>

In relation to the financial guarantee provided to banks in respect of banking facilities granted to associates at 31st December, 2010, HK\$5,066,450 (*30th June, 2010: HK\$8,869,482*) was recognised in the consolidated financial statements as financial guarantee contracts.

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

	31st December, 2010 HK\$	30th June, 2010 HK\$
Share of contingent liabilities arising from tax affairs of associates	<u>22,076,000</u>	<u>29,996,000</u>

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 23rd March, 2011 to Friday, 25th March, 2011, 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, 25th March, 2011.

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, 22nd March, 2011.

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, 2010, 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, 2010 have been reviewed by the Audit Committee and the auditor of the Company, Deloitte Touche Tohmatsu.

2010-2011 INTERIM REPORT

The 2010-2011 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 Thursday, 10th March, 2011.

By Order of the Board
Eric IP Sai Kwong
Secretary

Hong Kong, 25th February, 2011

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.