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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 the 2010/2011 Annual Report to shareholders.

FINAL RESULTS

For the financial year ended 30th June, 2011, the Group's net profit attributable to shareholders was HK\$5,436.5 million, representing an increase of 65.3% compared with HK\$3,287.2 million in the last financial year. Excluding revaluation surplus (net of deferred taxation) on investment properties of HK\$3,165.8 million, the underlying net profit from operations was HK\$2,270.7 million, an increase of 16.5% compared with HK\$1,948.0 million in the last financial year.

The turnover of the Group for the financial year 2010/2011 was HK\$6,010.3 million (2009/2010 : HK\$7,776.5 million).

Earnings per share was HK\$3.64, an increase of 63.2% when compared with HK\$2.23 in the last financial year.

DIVIDENDS

The Directors have resolved to recommend a final dividend of 35 cents per share in respect of the financial year ended 30th June, 2011 to shareholders whose names appear on the Register of Members of the Company on 4th November, 2011. Together with the interim dividend of 10 cents per share, the total dividend for the full financial year is 45 cents per share.

The Directors propose that shareholders be given the option to receive the final dividend in new shares in lieu of cash. The scrip dividend proposal is subject to: (1) the approval of the proposed final dividend at the Annual General Meeting to be held on 28th October, 2011; and (2) The

Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued pursuant to this proposal.

A circular containing details of the scrip dividend proposal will be despatched to shareholders together with the form of election for scrip dividend on or about 14th November, 2011. It is expected that the final dividend warrants and share certificates will be despatched to shareholders on or about 9th December, 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 30th June, 2011 Tsim Sha Tsui Properties Limited (the “Company”) had 49.7% interest in Sino Land. Therefore, for discussion purposes, we have focused on the operations of Sino Land.

To celebrate Sino Land’s 30th anniversary of listing on the stock exchange in Hong Kong, the Directors of Sino Land propose a bonus issue of shares on the basis of one new ordinary share for every ten ordinary shares held. The bonus issue of shares is subject to approval at the Sino Land’s Annual General Meeting and to the listing of and permission to deal in the new shares being granted by The Stock Exchange of Hong Kong Limited.

Sales Activities

Sino Land’s total revenue from property sales for the financial year ended 30th June, 2011, including property sales of associates attributable to Sino Land, was HK\$9,290.0 million, representing an increase of 91.6% when compared with last financial year (2009/2010 : HK\$4,848.6 million).

Total revenue from property sales of Sino Land comprises mainly the sales of residential units in projects completed during the financial year 2010/2011 as well as those completed in previous financial years. Projects completed in the financial year 2010/2011 were The Hermitage and Maison Rosé. Market responses to the sales of the units in these two projects were robust with over 99.0% of the total units sold in The Hermitage and all of the units in Maison Rosé completely sold out. With regard to projects completed in previous financial years, these mainly included The Palazzo, The Balmoral, Goodwood Park, Lake Silver, One New York, The Dynasty and Vision City. Contributions from property sales, including property sales of associates attributable to Sino Land, was HK\$3,240.7 million, representing an increase of 56.8% when compared with the previous financial year (2009/2010 : HK\$2,066.6 million). Sino Land will continue to seek for good opportunities to launch new projects for sale in order to enhance shareholders’ value.

During the financial year 2010/2011, Sino Land completed four projects with a total attributable gross floor area of over 1.2 million square feet. Details of the completed projects are presented in the table below:-

<u>Location</u>	<u>Usage</u>	<u>Group'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. 18 Kowloon East, 18 Wang Chiu Road, Kowloon Bay, Hong Kong	Commercial	50%	174,310
4. Maison Rosé 270 Cheung Sha Wan Road, Kowloon, Hong Kong	Residential / Retail	100%	39,120
			<u>1,246,932</u>

Land Bank

As at 30th June, 2011, Sino Land has a land bank of approximately 40.6 million square feet of attributable gross floor area comprising a balanced portfolio of properties of which 64.3% is residential; 24.0% commercial; 5.3% industrial; 3.6% car parks and 2.8% hotels. In terms of breakdown of the land bank by status, 28.1 million square feet consist of properties under development, 11.7 million square feet of properties for investment/own use and 0.8 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 financial year 2010/2011, Sino Land was awarded the development rights of a site from Urban Renewal Authority of Hong Kong mainly for residential development. Details of project are as follows:

<u>Location</u>	<u>Usage</u>	<u>Group'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>

Subsequent to the financial year ended 30th June, 2011, Sino Land together with two joint venture partners successfully acquired a plot of land located in Shatin in a government land auction held on 9th August, 2011. The site will be used for residential development. Details of the site are shown as follows:-

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> <i>(Square feet)</i>
STTL525, Shatin Area 56A, Kau To (Site A), New Territories	Residential	40%	412,588
			<u>412,588</u>

Property Development

Sino Land expects to complete a total of seven projects with an attributable gross floor area of over 1.1 million square feet in the financial year ending 30th June, 2012. Details of the projects are shown below :

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> <i>(Square feet)</i>
1. Providence Bay TPTL 186, Pak Shek Kok, Tai Po, New Territories	Residential	35%	250,072
2. One Mayfair 1 Broadcast Drive, Kowloon Tong, Kowloon	Residential	100%	196,592
3. Providence Bay TPTL 188, Pak Shek Kok, Tai Po, New Territories	Residential	25%	187,447
4. Providence Bay TPTL 187, Pak Shek Kok, Tai Po, New territories	Residential / Commercial	50%	172,703

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> (Square feet)
5. Baker Residences Baker Court, Hung Hom, Kowloon, Hong Kong	Residential / Commercial	Joint Venture	26,824
6. Chengdu International Community Xipu Zhen, Pi Xian, Jin Niu District, Chengdu Sichuan	Residential / Commercial / Hotel	20%	191,344
7. Le Sommet West Side of Jia He Lu & North of Song Bai Zhong Lu, Xiamen	Residential / Commercial	100%	124,535
			<u>1,149,517</u>

Subsequent to the financial year ended 30th June, 2011, the Occupation Permit for Baker Residences was issued by the Building Authority of the HKSAR Government in July 2011.

Sino Land will continuously improve its developments and services through stringent quality control, and applying environmentally friendly features and facilities to enhance the lifestyles of residents and tenants. Environmental sustainability is an important guiding principle in Sino Land's project development. Efforts to reduce carbon emissions, use more sustainable materials, apply energy efficient designs and layouts as well as employ environmentally friendly landscaping, fixture and fittings are encouraged and pursued.

Rental Activities

Sino Land's gross rental revenue, including attributable share from associates, was HK\$2,642.4 million for the financial year ended 30th June, 2011, representing an increase of 10.2% compared with HK\$2,396.9 million in the last financial year. The increase in rental revenue was mainly due to higher rental rates on renewals and new leases, as well as improvements in occupancy levels of the existing rental portfolio. Full rental contributions are also expected for financial year 2011/12 from Sino International Plaza in Fuzhou and Olympian City 3, which were completed in financial year 2010/2011.

Leasing markets for retail, office and industrial sectors in Hong Kong have been active throughout the year and are gaining momentum with both occupancy and rental rates on an upward trend.

The retail sector in Hong Kong has grown strongly primarily due to economic growth in Hong Kong, Mainland China and other parts of Asia. Improving economic environment, as reflected by a favourable job market, rises in income and increase in household formation, has driven domestic consumption. The economic growth in Mainland China and other parts of Asia together with the strengthening of Renminbi and other major Asian currencies against the Hong Kong dollar have further stimulated inbound visitor arrivals, benefiting a spectrum of retail businesses. Given the overall business condition, the prospects of retail sector are encouraging. Sino Land's shopping malls including Tuen Mun Town Plaza, Olympian City, Citywalk and Citywalk 2 are set for further growth.

The office sector in Hong Kong continues to show good growth in terms of absorption and rental rates as new companies set up their offices, together with existing companies expanding their business operations and headcount due to economic growth. The capital market fund-raising activities done during the period under review have also increased the demand for quality office. As Sino Land owns a number of office-cum-retail buildings in the prime locations and among them include The Centrium, Tsim Sha Tsui Centre, China Hong Kong City, Skyline Tower and Exchange Tower, combined with Sino Land's ongoing asset enhancement initiatives, it is well positioned to capitalise on the uptrend of the office market.

The continuous growth of trade in both Hong Kong and Mainland China and the increase in consumption of a wide range of consumer products have induced industrial investment activities, pushing demand for industrial space to a higher level. These factors are positive to Sino Land's industrial buildings. The HKSAR Government's incentives to convert the industrial buildings into office use will not only be conducive to balance the demand and supply in the sector but they also revitalise the existing industrial buildings and surrounding areas. Sino Land will continue to review and assess the feasibility of its industrial buildings that are qualified under the scheme whenever possible.

As at 30th June, 2011, Sino Land has approximately 11.7 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 65.1%, industrial developments 13.9%, car parks 12.4%, hotels 6.1%, and residential 2.5%. Sino Land expects to complete a total of approximately 2.0 million square feet of attributable gross floor area of investment properties in the next few years. These new investment properties will further strengthen Sino Land's recurrent income base.

Hotels

The Fullerton Hotel Singapore and The Fullerton Bay Hotel

Supported by the resurgence of the Asian economies, the improving business environment in the region and the opening of a number of new attractions in Singapore, namely Resorts World Sentosa and Marina Bay Sands, Singapore's hospitality sector grew impressively in 2010 and the trend continued throughout the first half of calendar year 2011. Visitor arrivals to Singapore increased to 11.6 million in 2010 from 9.6 million in 2009, representing an annual increase of approximately 20.8%. It further increased by 14.9% in the first half of 2011 compared to the corresponding period last year. Both The Fullerton Hotel and The

Fullerton Bay Hotel have benefited from the positive market conditions and they yielded good financial and operating results for the financial year ended 30th June, 2011. Both hotels received a number of awards from respected organisations and publications in recognition of its service quality.

Conrad Hong Kong

2010 saw an encouraging growth of visitor arrivals of 21.8% to 36.0 million in Hong Kong (2009 : 29.6 million). The trend is continuing for the first half of 2011 with visitor arrivals reaching 19.3 million for the first 6 months of 2011, representing an increase of 14.7% year-on-year. The growth was mainly due to rise in income and wealth in Mainland China and neighbouring countries; strengthening of Renminbi and certain other Asian currencies against Hong Kong dollar; and growing interests in visiting Hong Kong from other markets, namely South Korea, Russia and India. The high level of capital market activities in Hong Kong during the year also stimulated the demand for business conferences and events. Benefiting from the growth of tourism and business environment, the financial and operating results of Conrad Hong Kong were favourable for the financial year 2010/2011 with average room rate, occupancy and gross operating margin growing steadily. During the financial year 2010/2011, Conrad Hong Kong received a number of awards from respected organisations and publications in recognition of its service quality. Looking forward, hospitality industry in Hong Kong is expected to continue to grow with visitor arrivals being estimated to reach 39.6 million in 2011.

Mainland China Business

China, the largest economy in Asia and the second largest in the world based on GDP, recorded resilient growth in 2010 and the trend is expected to continue. It has set in place a system to aim at sustainable economic growth in the years to come. The Central Government's efforts in promoting the regional multi-lateral economic co-operation with its trading partners and East Asian economies will also support prosperity in the region.

Building on the framework and success of The Eleventh Five-Year Plan, The Twelfth Five-Year Plan passed in March this year will set a blueprint for the overall development of China economy in the next five years. As urbanisation continues to speed up, demand for housing and public amenities increases. The rise in wealth and standards of living will also generate higher upgrading demand for high-quality housing. The policy direction on housing set out in the Plan, under which investment in affordable housing and supply of land for private residential developments will increase, balance the demand and supply of housing as well as cater to demand from various income groups of households and individuals. Other policies on infrastructure developments, transportation network, transformation from a manufacturing-base economy to a service-base economy, broadening of the taxation system, reform of the education system and so forth, bode well for the long-term growth of the economy. With these policies in place, the Plan will help build a more balanced, coordinated and sustainable society.

Sino Land has strengthened its platform of property business in Mainland China. The completion of the development and selling 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 have built up Sino Land's experience and execution track records in Mainland China. Sino Land's interest in the commercial project Raffles City Shanghai located in the central business area of Shanghai has also established its presence in the city.

As at 30th June 2011, Sino Land's land bank in Mainland China totaled 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 projects currently being developed, and the remaining represents completed properties for investment and sale. Approximately 91.0% 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. The major property developments in Chengdu, Chongqing and Zhangzhou will be completed by phases over the next few years when expected 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 will be retained mainly for investment purposes. Mainland China is an important market for Sino Land to grow in the medium to long term, Sino Land will continue to seek for attractive sites with good development value 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 30th June, 2011, the Group's gearing ratio was at approximately 18.5%, expressed as a percentage of total borrowings to the total assets. Of the total borrowings, 20.6% was repayable within one year, 34.2% repayable between one and two years and 45.2% repayable between two and five years. The Group, including the attributable share of its associates, had cash resources of approximately HK\$20,081.7 million, comprising cash on hand of approximately HK\$9,008.0 million together with committed undrawn facilities of approximately HK\$11,073.7 million. All the cash on hand is in the form of deposits in banks of high credit ratings.

The majority of the Group's debts are denominated in Hong Kong dollars, with the balance in Singapore dollars, mainly used to fund The Fullerton Heritage project in Singapore. Other than the above mentioned, there was no material change in foreign currency borrowings and the capital structure of the Group for the financial year ended 30th June, 2011. The majority of the Group's cash are denominated in Hong Kong dollars, with a relative small portion of Renminbi denominated deposits. Foreign exchange exposure has been prudently kept at a minimal level.

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 practicing good corporate governance, the Group has formed Audit, Compliance and Remuneration Committees. Sino Land is committed to maintaining corporate transparency and disseminates information about new developments through various channels, including press releases, its corporate website, results briefings, site visits, participation in non-deal roadshows and investor conferences. In recognition of the outstanding performance of Sino Land's management in corporate governance, Sino Land has been honoured with the 'Corporate Governance Asia Annual Recognition Awards 2011' by the Corporate Governance Asia.

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 financial year 2010/2011, 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 wide range of community programmes, voluntary services, green initiatives to promote environmental protection, art and cultural events, and staff teambuilding activities. Over the years, Sino Land has been actively supporting and participating in a wide array of charitable fund raising activities and it has been a longstanding supporter of a number of organisations serving the community. 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 make its properties more environmental friendly through well thought

through architectural planning, energy saving and management initiatives. Green Sino Carnival was organised, providing a full range of green activities. On the property management side, facilities to support the government's push for the use of environmental-friendly vehicles have been developed. Further, in response to the trend towards electric vehicles, electric vehicle chargers have been installed at some of Sino Land's car parks and this project will be reviewed and expanded to cover more car parks. A number of awards were also received in the period in recognition of the efforts in environmental protection.

Believing that art and culture enrich the quality of life and promote creativity, Sino Land introduced the 'Art in Hong Kong' programme in 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 converted some of its properties into public galleries and provides professional assistance spanning 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. Over the past years, 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

Recent global economic environment has seen challenges mainly due to the downgrade of sovereign rating of the US by a rating agency and the debt problems in the Euro zone, that have affected market sentiment in the short-term. The agreement among the policymakers in the US to raise the statutory debt ceiling, and the objective to accomplish a more conservative fiscal policy have relieved market concerns on the financial position of the US Government. In Europe, the debt problems will lead to structural economic and social reforms in the affected countries and restore financial stability in the region. The global economic recovery is expected to continue despite recent volatilities in the market.

China's economic growth is expected to remain steady as a result of positive fundamentals notwithstanding Central Government's monetary tightening efforts and measures as they should be helpful to sustain economic expansion over the medium and long-term. The Twelfth Five-Year Plan, which aims at setting out the directions for a sustainable economic development, will take Chinese economy to a new level. In particular, the plan to impel the new round of western development with Chengdu and Chongqing being the focus of such policy will create additional business opportunities benefiting Sino Land as it has one sizable property development in each of the cities. The housing measures are integral part of the housing reform and social policy in Mainland China that are important to establish a healthy and resilient property market environment. The Plan, together with its policies and measures, will provide good support for future economic development of Mainland China.

The Hong Kong property market is going through a period of changes that are important to establish a more sustainable framework of a healthy property market. They broadly cover the needs of different income groups. The home-buyer protection measures introduced in mid-2010 has increased transparency in property transactions. The housing measures stated in the Policy Address in October 2010 help maintain a good balance in demand and supply. The implementation of additional stamp duties and lowering of the loan-to-value ratios in November

2010 help reduce excessive speculative home purchase activity and ensure a healthy mortgage lending business. The housing measures including the introduction of government-initiated land auctions and tender and 'My Home Purchase Plan' in the 2011-12 Budget announced in February 2011 set out a more broad based housing policy to stabilise residential property prices. And the most recently, further restrictions on loan-to-value ratios as credit control management is an extension of previous one implemented earlier on in November 2010. These measures will forestall potential risks in property and banking sectors, helping to build strong economic fundamentals. Hong Kong property market has shown consolidation in the past few months reflecting the impact of the measures by the HKSAR Government to stabilize the property prices and external factors in the US and Euro zone, nevertheless, the market outlook is positive for the medium and long-term.

With GDP rising over several consecutive quarters, improved employment prospects, good income growth, affordable mortgage rates, favourable rental yields on residential properties, increasing marriages and births, increasing availability of development sites due to government initiated auctions and tenders, good external demand from Mainland Chinese, better quality housing with environmentally-friendly features, these are conducive to a healthy growth of the economy and property market of Hong Kong.

Management will strive to optimise earnings; enhance efficiency and productivity; improve the quality of products and services, 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 Sino Land is in a strong financial position, management will continue to be proactive in seeking for expansion of land bank with good development value thereby enhancing shareholders' value. 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 would like to take this opportunity to express my sincere appreciation to all staff for their commitment, dedication and continuing support. I would also like to express my gratitude to my fellow Directors for their guidance and wise counsel.

Robert NG Chee Siong
Chairman

Hong Kong, 1st September, 2011



Tsim Sha Tsui Properties Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 247)

FINAL RESULTS

The audited results of the Group for the year ended 30th June, 2011 are as follows:

Consolidated Income Statement

	Notes	2011 HK\$	2010 HK\$
Turnover	3	6,010,307,935	7,776,569,089
Cost of sales		(1,076,645,840)	(2,261,293,907)
Direct expenses		(1,459,500,161)	(1,368,335,442)
Gross profit		3,474,161,934	4,146,939,740
Increase in fair value of investment properties		5,999,114,359	2,562,741,141
Other income		90,338,038	254,285,478
Fair value gain on non-current interest-free unsecured other loans		50,650,084	64,990,283
Gain on disposal of available-for-sale investments		131,076,070	4,538,434
Gain arising from change in fair value of trading securities		192,335,668	196,440,452
Gain on disposal of investment properties		15,364,869	-
Administrative expenses		(738,413,346)	(543,093,155)
Other operating expenses		(169,281,503)	(86,914,042)
Finance income		153,396,824	138,954,901
Finance costs		(338,736,518)	(365,944,103)
Less: Interest capitalised		81,118,571	53,211,025
Finance costs net of finance income		(104,221,123)	(173,778,177)
Share of results of associates	4	3,627,544,720	904,972,687
Profit before taxation	5	12,568,669,770	7,331,122,841
Income tax expense	6	(1,656,310,424)	(989,952,779)
Profit for the year		10,912,359,346	6,341,170,062
Attributable to:			
Owners of the Company		5,436,560,830	3,287,255,658
Non-controlling interests		5,475,798,516	3,053,914,404
		10,912,359,346	6,341,170,062
Interim dividend at HK10 cents (2010: HK10 cents) per share		149,919,412	147,727,049
Proposed final dividend at HK35 cents (2010: HK30 cents) per share		526,972,739	444,692,031
Earnings per share – basic	7	3.64	2.23

Consolidated Statement of Comprehensive Income

	2011 HK\$	2010 HK\$
Profit for the year	<u>10,912,359,346</u>	<u>6,341,170,062</u>
Other comprehensive income (expense)		
Gain on fair value changes of available-for-sale investments	188,605,106	96,759,062
Exchange differences arising on translation of foreign operations to the Group's presentation currency	571,100,346	127,414,313
Reclassification adjustments upon disposal of available-for-sale investments	<u>(132,018,435)</u>	<u>(4,721,865)</u>
Other comprehensive income for the year	<u>627,687,017</u>	<u>219,451,510</u>
Total comprehensive income for the year	<u>11,540,046,363</u>	<u>6,560,621,572</u>
Total comprehensive income attributable to:		
Owners of the Company	5,751,198,752	3,397,913,634
Non-controlling interests	<u>5,788,847,611</u>	<u>3,162,707,938</u>
	<u>11,540,046,363</u>	<u>6,560,621,572</u>

Consolidated Statement of Financial Position
At 30th June, 2011

	<i>Notes</i>	2011 HK\$	2010 HK\$
Non-current assets			
Investment properties		47,773,861,006	41,327,376,460
Hotel properties		1,657,579,976	1,416,100,684
Property, plant and equipment		150,596,151	161,695,043
Goodwill		739,233,918	739,233,918
Prepaid lease payments – non-current		1,261,852,876	1,123,367,152
Interests in associates		11,217,192,063	7,745,445,630
Interest in a jointly controlled entity		55,792,466	70,251,382
Available-for-sale investments		1,259,919,936	1,259,735,585
Advances to associates		9,578,579,709	11,472,718,600
Advance to a jointly controlled entity		1,697,282,249	1,599,853,118
Advance to non-controlling interests		162,149,657	-
Advances to investee companies		17,179,670	17,632,820
Long-term loans receivable		29,272,858	43,899,373
		75,600,492,535	66,977,309,765
Current assets			
Properties under development		22,812,356,603	20,800,713,801
Stocks of completed properties		1,160,982,428	2,022,430,753
Hotel inventories		27,271,674	22,630,641
Prepaid lease payments – current		19,809,674	17,363,023
Trading securities		1,305,491,817	1,119,205,831
Amounts due from associates		25,733,746	86,757,552
Accounts and other receivables	8	1,285,264,962	1,008,789,448
Current portion of long-term loans receivable		1,237,374	1,619,111
Taxation recoverable		6,092,665	115,946,793
Restricted bank deposits		273,972,025	372,604,974
Time deposits, bank balances and cash		7,930,343,986	4,620,377,490
		34,848,556,954	30,188,439,417
Current liabilities			
Accounts and other payables	9	3,499,227,204	3,530,617,792
Amounts due to associates		1,728,128,683	592,285,885
Taxation payable		768,397,511	997,147,314
Current portion of long-term bank borrowings		202,212,486	212,416,918
Bank loans			
– secured		3,562,429,107	6,262,896,494
– unsecured		-	200,000,000
Other loans			
– secured		247,484,250	13,371,976
– unsecured		193,380,119	147,074,915
Financial guarantee contracts – current		1,645,869	7,222,665
		10,202,905,229	11,963,033,959
Net current assets		24,645,651,725	18,225,405,458
Total assets less current liabilities		100,246,144,260	85,202,715,223

Consolidated Statement of Financial Position – continued
At 30th June, 2011

	2011	2010
	HK\$	HK\$
Capital and reserves		
Share capital	301,127,280	296,461,354
Share premium and reserves	35,242,831,647	29,223,577,249
Equity attributable to owners of the Company	35,543,958,927	29,520,038,603
Non-controlling interests	41,259,240,229	31,625,356,065
Total equity	76,803,199,156	61,145,394,668
Non-current liabilities		
Long-term bank borrowings		
– due after one year	12,501,197,133	14,356,972,700
Other loans		
– due after one year	3,729,105,012	3,636,866,389
Financial guarantee contracts		
– non-current	948	1,646,817
Deferred taxation	4,590,535,092	3,524,805,068
Advances from associates	2,188,632,210	2,130,277,184
Advances from non-controlling interests	433,474,709	406,752,397
	23,442,945,104	24,057,320,555
	100,246,144,260	85,202,715,223

Notes:

1. General

As more fully described in a joint announcement made by 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 direction 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 30th June, 2011.

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Company and its subsidiaries (the "Group") have applied the following new and revised Hong Kong Accounting Standards ("HKAS"), Amendments and Hong Kong (IFRIC) Interpretations ("HK(IFRIC) – Int") ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

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 (Amendments)	Classification of Right Issues
HKFRS 1 (Amendments)	Additional Exemptions for First-time Adopters
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKFRS 2 (Amendments)	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.

3. Operating segments

The Group's operating segments are reported by five operating divisions - property, property management and other services, hotel operations, investments in securities and financing.

Certain segment information in the prior year has been reclassified to conform with the change in the internal reports.

Segment results

For the year ended 30th June, 2011

	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	2,256,316,924	1,003,525,519	7,033,689,320	2,237,227,602	9,290,006,244	3,240,753,121
Property rental	2,199,094,316	1,825,283,837	506,273,523	459,293,209	2,705,367,839	2,284,577,046
	<u>4,455,411,240</u>	<u>2,828,809,356</u>	<u>7,539,962,843</u>	<u>2,696,520,811</u>	<u>11,995,374,083</u>	<u>5,525,330,167</u>
Property management and other services	793,478,962	194,525,211	64,094,512	9,041,431	857,573,474	203,566,642
Hotel operations	677,979,850	267,976,089	214,359,600	121,282,200	892,339,450	389,258,289
Investments in securities	82,564,689	81,643,996	203,900	203,900	82,768,589	81,847,896
Financing	873,194	873,194	138,696	118,416	1,011,890	991,610
	<u>6,010,307,935</u>	<u>3,373,827,846</u>	<u>7,818,759,551</u>	<u>2,827,166,758</u>	<u>13,829,067,486</u>	<u>6,200,994,604</u>

For the year ended 30th June, 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	4,566,945,534	1,989,158,347	281,732,907	77,476,683	4,848,678,441	2,066,635,030
Property rental	1,963,493,475	1,635,497,757	489,535,593	451,391,115	2,453,029,068	2,086,888,872
	<u>6,530,439,009</u>	<u>3,624,656,104</u>	<u>771,268,500</u>	<u>528,867,798</u>	<u>7,301,707,509</u>	<u>4,153,523,902</u>
Property management and other services	701,181,766	185,656,442	62,238,160	10,715,214	763,419,926	196,371,656
Hotel operations	439,844,781	169,696,156	188,439,900	107,247,129	628,284,681	276,943,285
Investments in securities	103,683,625	99,527,456	3,900	3,900	103,687,525	99,531,356
Financing	1,419,908	1,419,908	237,899	211,371	1,657,807	1,631,279
	<u>7,776,569,089</u>	<u>4,080,956,066</u>	<u>1,022,188,359</u>	<u>647,045,412</u>	<u>8,798,757,448</u>	<u>4,728,001,478</u>

3. Operating segments – continued

Measurement

Segment results represent the profit earned by each segment without allocation of certain other income, certain administrative expenses and other operating expenses, changes in fair values of investment properties and trading securities, gains on disposal of available-for-sale investments and investment properties, fair value gain on non-current interest-free unsecured other loans and certain 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, certain administrative expenses and other operating expenses, change in fair value of investment properties, finance costs net of finance income and income tax expense. This is the measure reported to the chief operating decision makers for the purposes of resources allocation and performance assessment.

Reconciliation of profit before taxation

	2011 HK\$	2010 HK\$
Segment profit	6,200,994,604	4,728,001,478
Other income	85,097,947	249,034,027
Administrative expenses and other operating expenses	(802,063,234)	(558,766,310)
Increase in fair value of investment properties	5,999,114,359	2,562,741,141
Gain arising from change in fair value of trading securities	192,335,668	196,440,452
Gain on disposal of available-for-sale investments	131,076,070	4,538,434
Gain on disposal of investment properties	15,364,869	-
Fair value gain on non-current interest-free unsecured other loans	50,650,084	64,990,283
Finance costs net of finance income	(104,278,559)	(173,783,939)
Results shared from associates		
- Other income	32,005,020	15,416,882
- Administrative expenses and other operating expenses	(97,852,968)	(86,160,440)
- Increase in fair value of investment properties	1,754,727,073	630,590,516
- Finance costs net of finance income	(108,883,320)	(83,584,723)
- Income tax expense	(779,617,843)	(218,334,960)
	800,377,962	257,927,275
Profit before taxation	12,568,669,770	7,331,122,841

During the year ended 30th June, 2011, all inter-segment sales of HK\$35,932,550 (2010: HK\$37,466,105) were eliminated within property management and other services segment. There were no inter-segment sales in other operating segments. Inter-segment sales were charged at cost plus margin basis as agreed between both parties.

Geographical segments

Most of the activities of the Group are based in Hong Kong and more than 90% of the Group's turnover, profit before taxation, total non-current assets are derived from activities in Hong Kong.

4. Share of results of associates

The Group's share of results of associates included the Group's share of increase in fair value of investment properties of the associates, net of deferred taxation, of HK\$1,459,035,872 (2010: HK\$518,847,559) recognised in the income statement of the associates.

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 2004/05 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\$135,038,000 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 tax reserve certificates (the "TRCs") of approximately HK\$18,212,000 for those years of assessments. These TRCs 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 30th June, 2011 is estimated to be approximately HK\$30,197,000 (2010: HK\$29,996,000). During the year, 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\$15,600,000 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\$3,500,000 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.

5. Profit before taxation

	2011 HK\$	2010 HK\$
Profit before taxation has been arrived at after charging (crediting):		
Release of prepaid lease payments (included in other operating expenses)	18,586,349	5,018,324
Cost of hotel inventories consumed	83,668,823	57,927,959
Cost of properties sold	1,076,645,840	2,252,941,628
Depreciation (included in other operating expenses)	93,213,329	38,402,836
(Gain) loss on disposal of property, plant and equipment	(150,816)	887,608
Recognition (reversal) of impairment loss on trade receivables	1,487,421	(137,383,448)

6. Income tax expense

	2011 HK\$	2010 HK\$
The charge comprises:		
Taxation attributable to the Company and its subsidiaries		
Hong Kong Profits Tax		
Provision for the year calculated at 16.5% (2010: 16.5%)	324,454,903	418,121,746
Overprovision in previous years	(16,114,493)	(4,506,856)
Additional provisions in respect of tax inquiries (Note)	<u>208,282,240</u>	<u>-</u>
	<u>516,622,650</u>	<u>413,614,890</u>
Taxation in other jurisdictions		
Provision for the year	44,263,094	78,340,369
Underprovision in previous years	<u>46,639,061</u>	<u>5,132,002</u>
	<u>90,902,155</u>	<u>83,472,371</u>
	607,524,805	497,087,261
Deferred taxation		
Current year	<u>1,048,785,619</u>	<u>492,865,518</u>
	<u>1,656,310,424</u>	<u>989,952,779</u>

Taxation in other jurisdictions is provided for in accordance with the respective local tax requirements.

Note:

The IRD initiated tax inquiries for the years of assessment 1995/96 to 2004/05 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\$673,880,000 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 TRCs of approximately HK\$109,940,000 for those years of assessments. These TRCs were purchased by the Group in prior years. During the year, 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\$114,000,000 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.

7. Earnings per share – basic

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

	2011 HK\$	2010 HK\$
Earnings for the purpose of basic earnings per share	<u>5,436,560,830</u>	<u>3,287,255,658</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,493,273,536</u>	<u>1,474,062,611</u>

8. Accounts and other receivables

At 30th June, 2011, included in accounts and other receivables of the Group are trade receivables of HK\$844,914,676 (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). Rental receivables are billed and payable in advance by tenants. Considerations in respect of sold properties are payable by the purchasers pursuant to the terms of the sales and purchase agreements:

	2011 HK\$	2010 HK\$
0-30 days	786,983,782	467,953,059
31-60 days	19,527,205	20,972,016
61-90 days	3,911,603	4,142,548
Over 90 days	<u>34,492,086</u>	<u>71,473,194</u>
	<u>844,914,676</u>	<u>564,540,817</u>

Trade receivables over 90 days amounting to HK\$34,492,086 (2010: HK\$71,473,194) are sufficiently covered by rental deposits received from the respective tenants and no allowance is required for these receivables under the Group's allowance policy.

9. Accounts and other payables

At 30th June, 2011, included in accounts and other payables of the Group are trade payables of HK\$214,781,517 (2010: HK\$94,475,108).

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

	2011 HK\$	2010 HK\$
0-30 days	155,486,907	65,632,861
31-60 days	42,830,169	15,684,767
61-90 days	3,564,369	2,800,783
Over 90 days	12,900,072	10,356,697
	<u>214,781,517</u>	<u>94,475,108</u>

10. Pledge of assets

- (a) At 30th June, 2011, the aggregate facilities of bank loans and other loans granted to the Group amounting to approximately HK\$22,785,202,000 (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 of HK\$41,428,516,799 (2010: HK\$56,046,003,670). At that date, the facilities were utilised by the Group to the extent of approximately HK\$16,043,702,000 (2010: HK\$20,636,556,000).
- (b) At 30th June, 2011, investments in and advances to certain associates amounting to approximately HK\$7,337,904,000 (2010: HK\$6,553,299,000), in addition to certain assets pledged by the associates, were pledged to or assigned to secure loan facilities made available by banks to such associates. The Group's attributable portion of these facilities amounted to HK\$9,058,000,000 (2010: HK\$10,834,550,000), of which HK\$6,779,550,000 (2010: HK\$7,683,750,000) was utilised by the associates and guaranteed by Sino Land.

11. Contingent liabilities

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

	2011	2010
	HK\$	HK\$
Guarantees in respect of banking facilities of:		
Associates		
- Utilised	6,779,550,000	7,683,750,000
- Unutilised	<u>2,278,450,000</u>	<u>3,150,800,000</u>
	<u>9,058,000,000</u>	<u>10,834,550,000</u>

As at 30th June, 2011, the Group issued corporate financial guarantees to banks in respect of banking facilities granted to associates. At the end of the reporting period, an amount of HK\$1,646,817 (2010: HK\$8,869,482) has been recognised in the consolidated statement of financial position as liabilities.

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

	2011	2010
	HK\$	HK\$
Share of contingent liabilities arising		
from tax affairs of an associate	<u>23,772,000</u>	<u>29,996,000</u>

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the Annual General Meeting to be held on Friday, 28th October, 2011, the register of members of the Company will be closed from Wednesday, 26th October, 2011 to Friday, 28th October, 2011, both dates inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the Annual General Meeting, 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, 25th October, 2011.

The proposed final dividend is subject to the approval of the shareholders at the Annual General Meeting. The record date for the proposed final dividend is at the close of business on Friday, 4th November, 2011. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Thursday, 3rd November, 2011 to Friday, 4th November, 2011, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final 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 Wednesday, 2nd November, 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 year.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted its own Code on Corporate Governance Practices and during the year has complied with all code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") except that there was no separation of the roles of the chairman and the chief executive officer, both of the roles are currently undertaken by the Chairman of the Board.

The Board is of the view that the current management structure has been effective in facilitating the Company's operation and business development and that necessary checks and balances consistent with sound corporate governance practices are in place. The implementation of strategies and policies of the Board and the operations of each business unit are overseen and monitored by designated responsible Executive Directors. The Board 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 AUDITED FINANCIAL STATEMENTS

The audited consolidated financial statements of the Group for the year ended 30th June, 2011 have been reviewed by the audit committee of the Company.

2011 ANNUAL REPORT

The 2011 annual 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 Monday, 26th September, 2011.

By Order of the Board
Eric IP Sai Kwong
Secretary

Hong Kong, 1st September, 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.