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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, 2011 ("Interim Period") was HK\$2,113.6 million (2010 : HK\$2,734.2 million). Earnings per share were 140.08 cents (2010 : 184.09 cents).

Excluding revaluation surplus (net of deferred taxation) on investment properties of HK\$904.1 million, the underlying net profit from operations was HK\$1,209.4 million for the Interim Period (2010 : HK\$1,239.0 million). Underlying earnings per share were 80.15 cents (2010 : 83.42 cents).

Turnover of the Group for the Interim Period was HK\$5,795.9 million (2010 : HK\$2,596.7 million).

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 24th April, 2012 to those shareholders whose names appear on the Register of Members of the Company on 19th March, 2012.

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 22nd March, 2012. It is expected that the interim dividend warrants and share certificates will be despatched to shareholders on or about 24th April, 2012.

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, 2011 Tsim Sha Tsui Properties Limited (the “Company”) had 50.5% 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 the Group, was HK\$3,957.4 million (2010 : HK\$6,908.8 million).

Total revenue from property sales comprises mainly the sales of residential units in One Mayfair completed during the Interim Period as well as those completed in previous financial years. Market responses to the sales of the units in One Mayfair were good with over 76% of the total units sold as of 31st December, 2011. With regard to projects completed in previous financial years, these mainly included One SilverSea, St. Andrews Place, The Palazzo, The Balmoral and Lake Silver as well as carparking spaces in several residential projects including Vision City and Residences Oasis. Contributions from property sales of Sino Land, including property sales of associates attributable to Sino Land, was HK\$1,700.5 million (2010 : HK\$2,151.2 million).

Sino Land continues to seek good opportunities to launch new projects for sale to enhance shareholders' value. Apart from One Mayfair, new projects launched during the Interim Period were The Coronation in West Kowloon, Marinella in Aberdeen and Providence Bay in Pak Shek Kok. All of the sales launches have been well received. Over 90%, 72% and 35% of the total number of residential units in The Coronation, Marinella and Providence Bay have been sold respectively so far. As for Le Sommet, over 73% of the total number of residential units have been sold.

During the Interim Period, Sino Land completed two residential projects namely One Mayfair and Baker Residences with a total attributable gross floor area of 223,416 square feet. Details of the projects are presented in the following table :-

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> (Square feet)
1. One Mayfair 1 Broadcast Drive, Kowloon Tong, Kowloon	Residential	100%	196,592
2. Baker Residences Baker Court, Hung Hom, Kowloon	Residential / Retail	Joint Venture	26,824
			<u>223,416</u>

Land Bank

As at 31st December, 2011, Sino Land has a land bank of approximately 41.1 million square feet of attributable gross floor area comprising a balanced portfolio of properties of which 64.4% is residential; 23.9% commercial; 5.2% industrial; 3.5% car parks and 3.0% hotels. In terms of breakdown of the land bank by status, 28.5 million square feet consist of properties under development, 11.7 million square feet of properties for investment and hotels, together with 0.9 million square feet of properties held for sale. Sino Land will continue to be selective in replenishing its land bank, both in Hong Kong and China, to optimise its earnings potential.

Sino Land acquired two sites from the HKSAR Government for residential development during the Interim Period. Details of the projects are as follows:

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> (Square feet)
1. STTL525 Shatin Area 56A, Kau To (Site A), New Territories	Residential	40%	412,588
2. Lot No. 726 in Demarcation District No. 4, Mui Wo, Lantau Island, New Territories	Residential	100%	49,407
			461,995

Property Development

Sino Land expects to complete a total of two projects with an attributable gross floor area of 356,385 square feet in the second half of the financial year ending 30th June, 2012. Details of the projects are shown as follows :

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> (Square feet)
1. Marinella Welfare Road, Aberdeen, Hong Kong	Residential	35%	225,359
2. Le Sommet 279 Jiahe Road, (Junction of Changqing Road), Xiamen, Fujian Province, China	Residential Retail	/ 100%	131,026
			356,385

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 of

more sustainable materials, apply energy efficient designs and layouts as well as employ environmentally friendly landscaping, fixture and fittings are encouraged.

Rental Activities

For the Interim Period, Sino Land's gross rental revenue, including attributable share from associates, increased 10.6% to HK\$1,431.1 million (2010 : HK\$1,293.1 million) and net rental income increased 15.2% to HK\$1,239.0 million (2010 : HK\$1,074.7 million). The increase in rental revenue was mainly due to higher rental rates on renewals, as well as improvement in occupancy levels of the existing rental portfolio.

The retail sector in Hong Kong has performed well mainly due to the increase in population, household formation and strong growth in visitor arrivals. These factors are expected to contribute to the continued growth of retail businesses. Given the favourable market conditions and with asset enhancement programme, Sino Land is expected to drive the growth of rental revenue of the retail properties. Overall occupancy for the retail portfolio has been maintained at high level and rental rate has been on an upward trend.

The office market in Hong Kong has been supported by continuous economic growth in China and Asia. Although the global economic environment has been challenging due to the sovereign debt issues in the Euro zone, robust growth in the retail sector and increasing wealth in the regions, in particular, in China, have brought international branded retailers and manufacturers to expand their presences in Hong Kong. Together with new companies established through initial public offerings in Hong Kong in the past few years, demand for office spaces remains stable. The HKSAR Government's policy, as stated in the Policy Address 2011, to develop Kowloon East as a new Central Business District, will bring even better business opportunities.

The growth in trade flow, the retail and office sectors in Hong Kong has strengthened the demand for industrial space, thus raising the occupancy of Sino Land's industrial properties with better rental revenue contributing to Sino Land. The HKSAR Government's policy to revitalise industrial buildings will be conducive for Sino Land to optimise the usage and value of its industrial buildings.

Regular asset enhancement programmes are integral to Sino Land's effort to raise asset quality, property values and rental revenues. These programmes include refurbishment and renovation of properties, developing marketing and promotional events, improving service quality, reconfiguring the layouts of premises with the right trade mix, to meet the needs of tenants and customers. Such improvements enrich shopping experience and support our tenants with a sustained flow of shoppers, all of which bring more business to our tenants and enhance the value of Sino Land's investment properties.

As at 31st December, 2011, Sino Land has approximately 11.7 million square feet of attributable gross floor area of investment properties. Of this portfolio, commercial

developments (retail and office) account for 65.0%, industrial developments 13.9%, car parks 12.5%, hotels 6.1%, and residential 2.5%. Sino Land expects to complete a total of approximately 2.1 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 and The Fullerton Bay Hotel, Singapore

Visitor arrivals to Singapore reached 13.2 million for the full calendar year of 2011 from 11.6 million in 2010, representing an annual increase of approximately 13.7%. Significant growth was seen from visitors from North Asia including China, Japan and Hong Kong as well as Southeast Asia. It is encouraging to learn that Singapore has retained its position as Asia's Top Convention City, according to the latest Global Rankings by the International Congress and Convention Association and rate as one of the Top Five Convention Cities. With continuing growth in both leisure and business travels, The Fullerton Hotel and The Fullerton Bay Hotel yielded good financial results for the Interim Period. Both hotels received a number of awards from respected organisations and publications in recognition of its service quality. Sino Land will continue to improve the quality of its hotel services to ensure our discerning guests have enjoyable stays in the hotels.

Conrad Hong Kong

Visitor arrivals to Hong Kong in 2011 reached historic high of 41.9 million. This represents an annual increase of 16.3% (2010 : 36.0 million) which exceeds the projection of 39.6 million for 2011 estimated by the HKSAR Government. Good growth was seen for visitors from China, Asia and the United States. Benefiting from the growth of tourism, Conrad Hong Kong yielded favourable financial results for the Interim Period. During the Interim Period, Conrad Hong Kong received a number of awards from respected organisations and publications in recognition of its service quality.

China Business

China achieved good economic growth in 2011. It remains one of the most sought after nations in the world for businesses, manufacturers, investors and luxury consumer brands. The growth has created wealth and has improved the livelihoods of people. Economic prosperity, wage rises and increase in high net worth individuals will stimulate domestic consumption. The gradual development of the internationalisation of Renminbi will facilitate

cross-border trades, foreign enterprises to invest in China, international financial transactions and Chinese enterprises to invest in overseas. This reflects China's important position in the world economy in terms of global GDP growth, international finance, environmental protection and international relations.

Economic transformation and restructuring set out in the Twelfth Five-Year Plan in the areas of housing, environment, education and scientific developments will strengthen the structure of the economy that enable it to sustain growth and weather through economic cycles. The Central Government's efforts in improving regional economic disparity will result in better income distribution. Financial stability in China has been recognised as an important objective in the Central Government's policy agenda. Measures for maintaining a healthy financial system and risk management will establish a more resilient economy to withstand any unforeseen changes in economic conditions.

Housing sector is a key element contributing to China's GDP growth. It provides an important source of revenue for the government in public finance. Given the changes of the dynamics of the economy in China with urbanisation accelerating, affluent class growing, household formation rising, desire of people to pursue better quality of life and cultural preference for home-ownership, demand for housing remains strong in China.

Sino Land has strengthened its platform of property business in China. The completion of the development and selling of residential projects have built up Sino Land's experience and execution capability in China. Sino Land's interest in the commercial projects Raffles City Shanghai located in the central business area of Shanghai and leasing of Sino International Plaza in Fuzhou has also established its presence in these cities.

As at 31st December, 2011, Sino Land's land bank in China totaled 25.5 million square feet and these projects are in Shanghai, Chengdu, Chongqing, Zhangzhou, Guangzhou, Xiamen, Fuzhou and Shenzhen. Of this, 24.5 million square feet are projects currently at different stages of the development, and the remaining represents completed properties for investment and sale. Approximately 90% of the development land bank in China is residential developments, the remaining is commercial and hotel developments. Most of the residential portions of the projects are built for sale and some to be kept for investment purposes while commercial portions will be retained mainly for investment purposes. 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 China that can deliver good shareholder value. China is an important market for Sino Land to grow in the medium to long term and Sino Land will continue to seek sites in cities with strong economic fundamentals.

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, 2011.

FINANCE

As at 31st December, 2011, the Group's gearing ratio was at approximately 19.1%, expressed as a percentage of total borrowings to the total assets. Of the total borrowings, 32.9% was repayable within one year, 26.0% repayable between one and two years and 41.1% repayable between two and five years. The Group, including the attributable share of its associates, had cash resources of approximately HK\$18,316.5 million, comprising cash on hand of approximately HK\$9,406.5 million together with committed undrawn facilities of approximately HK\$8,910.0 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 practising good corporate governance, the Group has formed Audit, Compliance and Remuneration Committees. The Group is committed to maintaining corporate transparency and disseminates information about new developments through various channels, including press releases, its corporate website, results briefings, site visits, participation in non-deal roadshows and investor conferences. In recognition of Sino Land's management in corporate governance, Sino Land has been honoured with the 'Corporate Governance Asia Annual Recognition Awards 2012' by Corporate Governance Asia magazine.

CUSTOMER SERVICE

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

Pursuing high-quality standard has long been one of Sino Land's key business objectives. During the Interim Period, Sino Land received the Bronze Award at the 2011 HKMA Quality Award, in recognition of its commitment to quality management and efforts in improving the

standards of quality. Further, Sino Land's property management service division, Sino Property Services, has also been awarded the 'Hong Kong Premier Service Brand' by the Hong Kong Brand Development Council.

CORPORATE SOCIAL RESPONSIBILITY

As a committed corporate citizen, Sino Land has been actively involved in a wide range of community programmes, voluntary services, charitable fund-raising activities and green initiatives to promote environmental protection, art and cultural events, and staff team-building activities. Sino Land has been a long-standing supporter of a number of organisations serving the community. Sino Land encourages staff of all levels to serve the community and care for the needy; this commitment is extended to support staff in joining voluntary service for one day a year during office hours. In recognition of Sino Land's efforts in supporting voluntary community service, the Hong Kong Council of Social Service has awarded Sino Land the '5 Years Plus Caring Company Logo' for the eighth consecutive year.

Sino Land recognises its role in protecting the environment. Efforts have constantly been made through various means to make its properties more environmentally friendly through well thought-through architectural planning, energy-saving and management initiatives. Taking another step in the sustainability journey, Sino Land has published its first Sustainability Report which highlights Sino Land's corporate sustainability performance and initiatives. This report shows Sino Land's dedication to working with its stakeholders in building a better environment. Moreover, Sino Land has been selected as a constituent member of 'Hang Seng Corporate Sustainability Benchmark Index' effective September 2011, signifying Sino Land's contributions in corporate social responsibility.

Dedicated to promoting local art and culture and enriching the daily life of Hong Kong people, Sino Land initiated 'Art in Hong Kong' in 2006. The programme aims at integrating arts and culture into our everyday life by organising art exhibitions and activities at various Sino Group properties. In recognition of its contributions 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' in 2007 and 2008, and the 'Award for Arts Promotion' in 2008. In the second half of 2011, 'Art in Hong Kong' collaborated with shopping malls of Sino Land and acclaimed artists to produce interesting exhibitions, bringing an element of artistic inspiration to the daily life of the general public.

PROSPECTS

Equity markets were volatile in 2011 mainly due to the debt issues in the Euro zone. As demand for housing in Hong Kong continues to increase due to growing household formation and number of births as well as strong interest from Chinese nationals in buying residential properties, the fundamental of the residential property market in Hong Kong remains sound.

Low levels of mortgage interest rates have kept the affordability for the owners and buyers of residential properties. The housing policy, as stated in the Policy Address 2011, sets out the blueprint of the long-term housing framework for Hong Kong, which is positive for developing a more balanced policy to meet the needs of society. Legislating and standardising practices for property transactions will be beneficial for the market as a whole making it more systematic and transparent. The HKSAR Government's 2012-13 Budget, which presents supportive measures and assistances to Hong Kong people and enterprises, is a prudent management to public finance that aims at better income distribution and also providing cushion to weather the effects of possible slowing world growth.

Although the global economic environment was less favourable in 2011, domestic economy in Hong Kong showed resilience due to support from growth of financial services, infrastructure developments, investment in machinery and equipment as well as inbound tourism. GDP growth has been sustained. Unemployment rate remains at a low level. Financial sector has been healthy. Salary and wage rises as well as robust inbound tourism have stimulated domestic consumption. A resilient economy provides a good support for the property market.

The United States has shown signs of recovery in recent months with broad-based improvement in job market, a pick-up in manufacturing activities, return of confidence, growing shipments of goods and increasing housing starts. Despite the sovereign debt problems in the Euro zone that require time to be resolved, with policymakers of the member nations' concerted efforts to address the issues, it will bring the European continent back on a recovery track.

China has entered its second year of its Twelfth Five-Year Plan with more fixed capital investment expected to be put in place, which will drive domestic economic growth and build a more resilient economy. 2011 saw policy measures taking effect with inflation contained, domestic consumption stimulated and property prices under control. Developing an offshore Renminbi market in Hong Kong will further strengthen Hong Kong's position as an international financial centre.

Management will optimise earnings, enhance efficiency and productivity and improve the quality of products and services. In respect of property development and property management, the Group will incorporate more environmentally friendly elements and initiatives in projects. In addition, the Group's strong financial position will enable management to be proactive in expanding its land bank with good development value thereby enhancing shareholders' value. The Group 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, 28th February, 2012



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, 2011 are as follows:

Consolidated Income Statement

		Six months ended	
		31st December, 2011	31st December, 2010
	Notes	HK\$ (Unaudited)	HK\$ (Unaudited)
Turnover	2	5,795,960,779	2,596,736,427
Cost of sales		(1,953,343,506)	(353,983,882)
Direct expenses		(897,660,363)	(705,997,139)
		<u>2,944,956,910</u>	<u>1,536,755,406</u>
Other income		64,888,208	61,371,241
Increase in fair value of investment properties		1,782,318,490	2,755,572,990
Profit on disposal of a subsidiary		143,139,005	-
Gain on disposal of investment properties		74,723,188	-
Gain on disposal of available-for-sale investments		117,792,135	-
(Decrease) increase in fair value of trading securities		(192,200,527)	255,811,130
Administrative expenses		(363,092,725)	(434,965,128)
Other operating expenses		(82,367,881)	(68,967,134)
Finance income		<u>108,336,865</u>	<u>82,262,125</u>
Finance costs		<u>(143,108,116)</u>	<u>(182,322,695)</u>
Less: Interest capitalised		<u>45,864,917</u>	<u>41,046,000</u>
Finance income (costs), net		<u>11,093,666</u>	<u>(59,014,570)</u>
Share of results of associates	3	<u>461,025,498</u>	<u>2,350,610,821</u>
Profit before taxation	4	<u>4,962,275,967</u>	<u>6,397,174,756</u>
Income tax expense	5	<u>(674,392,288)</u>	<u>(907,296,788)</u>
Profit for the period		<u>4,287,883,679</u>	<u>5,489,877,968</u>
Profit for the period attributable to:			
Company's shareholders		2,113,642,799	2,734,246,637
Non-controlling interests		<u>2,174,240,880</u>	<u>2,755,631,331</u>
		<u>4,287,883,679</u>	<u>5,489,877,968</u>
Interim dividend at HK10 cents (2010: HK10 cents) per share		<u>153,188,136</u>	<u>149,919,412</u>
Earnings per share (reported earnings per share) – basic	6(a)	<u>140.08 cents</u>	<u>184.09 cents</u>
Earnings per share (underlying earnings per share) – basic	6(b)	<u>80.15 cents</u>	<u>83.42 cents</u>

Consolidated Statement of Comprehensive Income

	Six months ended	
	31st December, 2011 HK\$ (Unaudited)	31st December, 2010 HK\$ (Unaudited)
Profit for the period	<u>4,287,883,679</u>	<u>5,489,877,968</u>
Other comprehensive (expense) income		
(Loss) gain on fair value changes of available-for-sale investments	(268,680,426)	215,780,160
Exchange difference arising on translation of foreign operation to the Group's presentation currency	58,350,804	372,077,221
Reclassification adjustments upon disposal of available-for-sale investments	<u>(119,216,997)</u>	<u>-</u>
Other comprehensive (expense) income for the period	<u>(329,546,619)</u>	<u>587,857,381</u>
Total comprehensive income for the period	<u>3,958,337,060</u>	<u>6,077,735,349</u>
Total comprehensive income attributable to:		
Company's shareholders	1,923,749,787	3,040,017,199
Non-controlling interests	<u>2,034,587,273</u>	<u>3,037,718,150</u>
	<u>3,958,337,060</u>	<u>6,077,735,349</u>

Consolidated Statement of Financial Position
At 31st December, 2011

	Notes	31st December, 2011 HK\$ (Unaudited)	30th June, 2011 HK\$ (Audited)
Non-current assets			
Investment properties		49,172,671,731	47,773,861,006
Hotel properties		1,553,476,600	1,657,579,976
Property, plant and equipment		135,756,375	150,596,151
Goodwill		739,233,918	739,233,918
Prepaid lease payments – non-current		1,181,367,814	1,261,852,876
Interests in associates		9,898,024,917	11,217,192,063
Interest in a jointly controlled entity		56,054,663	55,792,466
Available-for-sale investments		641,995,450	1,259,919,936
Advances to associates		12,082,980,517	9,578,579,709
Advance to a jointly controlled entity		2,001,194,853	1,697,282,249
Advance to non-controlling interests		140,947,302	162,149,657
Advances to investee companies		15,491,074	17,179,670
Long-term loans receivable		48,694,988	29,272,858
		<u>77,667,890,202</u>	<u>75,600,492,535</u>
Current assets			
Properties under development		21,226,106,475	22,812,356,603
Stocks of completed properties		1,901,313,267	1,160,982,428
Hotel inventories		26,371,715	27,271,674
Prepaid lease payments – current		18,692,883	19,809,674
Trading securities		673,177,470	1,305,491,817
Amounts due from associates		31,438,444	25,733,746
Accounts and other receivables	7	4,097,077,952	1,285,264,962
Current portion of long-term loans receivable		2,385,661	1,237,374
Taxation recoverable		809,930	6,092,665
Restricted bank deposits		104,305,901	273,972,025
Time deposits, bank balances and cash		7,853,902,181	7,930,343,986
		<u>35,935,581,879</u>	<u>34,848,556,954</u>
Current liabilities			
Accounts and other payables	8	3,696,673,200	3,499,227,204
Amounts due to associates		532,389,367	1,728,128,683
Taxation payable		649,520,696	768,397,511
Current portion of long-term bank borrowings		163,574,919	202,212,486
Bank loans			
– secured		6,524,642,245	3,562,429,107
– unsecured		50,000,000	-
Other loans			
– secured		219,160,800	247,484,250
– unsecured		183,128,567	193,380,119
Financial guarantee contracts – current		2,450	1,645,869
		<u>12,019,092,244</u>	<u>10,202,905,229</u>
Net current assets		<u>23,916,489,635</u>	<u>24,645,651,725</u>
Total assets less current liabilities		<u>101,584,379,837</u>	<u>100,246,144,260</u>

Consolidated Statement of Financial Position – continued
At 31st December, 2011

	31st December, 2011 HK\$ (Unaudited)	30th June, 2011 HK\$ (Audited)
Capital and reserves		
Share capital	306,376,271	301,127,280
Share premium and reserves	37,313,903,215	35,242,831,647
Equity attributable to the Company's shareholders	37,620,279,486	35,543,958,927
Non-controlling interests	42,142,157,018	41,259,240,229
Total equity	79,762,436,504	76,803,199,156
Non-current liabilities		
Long-term bank borrowings		
– due after one year	10,480,326,684	12,501,197,133
Other loans		
– due after one year	4,072,074,154	3,729,105,012
Financial guarantee contracts		
– non-current	935	948
Deferred taxation	4,833,059,168	4,590,535,092
Advances from associates	1,995,199,335	2,188,632,210
Advances from non-controlling interests	441,283,057	433,474,709
	21,821,943,333	23,442,945,104
	101,584,379,837	100,246,144,260

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”).

During the six months ended 31st December, 2010, Sino Land Company Limited (“Sino Land”) placed an aggregate of 305,000,000 shares and the shareholdings of the Group in Sino Land decreased to below 50% upon completion of the Placing and the Subscription. Notwithstanding the said reduction in shareholdings in Sino Land, the Directors of the Company were of the view that the Group continued 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 were held by certain beneficial shareholders who had 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 accounted for more than 50% of shareholdings in Sino Land. Accordingly, Sino Land continued to be a subsidiary of the Company immediately upon completion of the Placing and the Subscription and as at 31st December, 2010 and as at 30th June, 2011.

During the current interim period, the shareholdings of the Group in Sino Land rose to more than 50% as a result of acquisition of additional interest in Sino Land and scrip dividend.

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, 2011 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 2010 except for the amendments to HKFRS 3 (as revised in 2008), HKAS 1, HKAS 27 and HKAS 28
HKAS 24 (Revised)	Related Party Disclosures
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement

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 reportable and operating segments for the period under review:

Six months ended 31st December, 2011

	The Company and its subsidiaries		Associates		Total	
	External revenue	Results	Share of revenue	Share of results	Segment revenue	Segment results
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Property						
Property sales	3,735,755,127	1,577,845,720	221,688,825	122,738,619	3,957,443,952	1,700,584,339
Property rental	1,184,130,937	1,009,061,666	281,614,774	255,457,962	1,465,745,711	1,264,519,628
	4,919,886,064	2,586,907,386	503,303,599	378,196,581	5,423,189,663	2,965,103,967
Property management and other services	445,223,901	99,790,606	36,456,767	2,538,260	481,680,668	102,328,866
Hotel operations	399,222,928	171,409,342	116,115,900	67,600,306	515,338,828	239,009,648
Investments in securities	31,073,525	29,151,351	1,950	1,950	31,075,475	29,153,301
Financing	554,361	554,361	11,542	7,157	565,903	561,518
	5,795,960,779	2,887,813,046	655,889,758	448,344,254	6,451,850,537	3,336,157,300

Six months ended 31st December, 2010

	The Company and its subsidiaries		Associates		Total	
	External revenue	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	96,265,910	32,004,327	3,479,811	409,672,975	99,745,721
Hotel operations	328,918,006	125,927,604	105,615,600	60,163,365	434,533,606	186,090,969
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	1,489,475,641	6,515,449,253	2,080,712,380	9,112,185,680	3,570,188,021

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, investment properties and a subsidiary 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 resource allocation and performance assessment. For the six months ended 31st December, 2010, certain expenses and income which were previously presented as unallocated expenses and income have been reclassified and included in the segment results of "property management and other services" and "hotel operations". This is to conform with the change made in the annual financial statements for the year ended 30th June, 2011. There is no material impact on segment results.

2. Segment information – continued

Reconciliation of profit before taxation

	Six months ended	
	31st December, 2011 HK\$	31st December, 2010 HK\$
Segment profit	3,336,157,300	3,570,188,021
Other income	62,575,362	57,567,834
Increase in fair value of investment properties	1,782,318,490	2,755,572,990
Profit on disposal of a subsidiary	143,139,005	-
Gain on disposal of investment properties	74,723,188	-
Gain on disposal of available-for-sale investments	117,792,135	-
(Decrease) increase in fair value of trading securities	(192,200,527)	255,811,130
Administrative expenses and other operating expenses	(385,935,748)	(452,814,377)
Finance income (costs), net	11,025,518	(59,049,283)
Results shared from associates		
- Other income	8,625,419	24,707,115
- Increase in fair value of investment properties	400,758,449	887,817,612
- Administrative expenses and other operating expenses	(190,407,840)	(62,597,537)
- Finance costs, net	(42,749,030)	(72,804,140)
- Income tax expense	(163,545,754)	(507,224,609)
	12,681,244	269,898,441
Profit before taxation	<u>4,962,275,967</u>	<u>6,397,174,756</u>

During the six months ended 31st December, 2011, inter-segment sales of HK\$41,793,128 (*six months ended 31st December, 2010: HK\$37,005,340*) were eliminated within the segment of “property management and other services”. 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\$400,758,449 (*six months ended 31st December, 2010: HK\$887,817,612*).

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 31st December, 2011 is estimated to be approximately HK\$30,668,000 (*30th June, 2011: HK\$30,197,000*). As at 31st December, 2011, based on the available evidence collated so far, a provision for tax payable in respect of the assessments of approximately HK\$29,000,000 (*30th June, 2011: HK\$29,000,000*) was made in prior periods. During the current interim period, there has been no significant progress in relation to the tax dispute and MII provided for an additional interest of approximately HK\$400,000 (*six months ended 31st December, 2010: HK\$15,100,000*). The effective share of tax and the estimated interest payable as at 31st December, 2011 attributable to the Group are approximately HK\$6,600,000 (*30th June, 2011: HK\$6,400,000*) and HK\$3,600,000 (*30th June, 2011: 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.

4. Profit before taxation

	Six months ended	
	31st December, 2011 HK\$	31st December, 2010 HK\$
Profit before taxation has been arrived at after charging (crediting):		
Release of prepaid lease payments (included in other operating expenses)	9,625,836	9,071,145
Cost of properties sold recognised as cost of sales	1,953,343,506	335,920,367
Cost of hotel inventories recognised as direct expenses	45,784,054	44,261,865
Depreciation of owner-operated hotel properties	11,368,939	10,248,103
Depreciation of property, plant and equipment	26,797,080	22,108,432
Recognition of provision for doubtful trade receivables	953,172	504,498
Loss (gain) on disposal of property, plant and equipment	1,467,387	(516,841)

5. Income tax expense

Six months ended	
31st December, 2011 HK\$	31st December, 2010 HK\$

The charge comprises:

Taxation attributable to the Company and its subsidiaries

Hong Kong Profits Tax	328,938,548	361,661,896
Other jurisdictions	28,695,635	59,068,671
	357,634,183	420,730,567
Deferred taxation	316,758,105	486,566,221
	674,392,288	907,296,788

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, 2010: 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, 2010: 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 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. As at 31st December, 2011, based on the available evidence collated so far, a provision for tax payable in respect of the assessments of approximately HK\$208,000,000 (*30th June, 2011: HK\$208,000,000*) was made in prior periods. During the current interim period, there has been no significant progress in relation to the tax dispute and the Group has provided for an additional interest of approximately HK\$4,000,000 (*six months ended 31st December, 2010: HK\$110,000,000*) that was included in administrative expenses. The Directors of the Company consider that such provisions are appropriate having taken into account the current circumstances. 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

(a) Reported earnings per share

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

	Six months ended	
	31st December, 2011 HK\$	31st December, 2010 HK\$
Earnings for the purpose of basic earnings per share	<u>2,113,642,799</u>	<u>2,734,246,637</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,508,917,018</u>	<u>1,485,243,701</u>

(b) Underlying earnings per share

For the purpose of assessing the underlying performance of the Group, basic earnings per share is additionally calculated based on the underlying profit attributable to the Company's shareholders of HK\$1,209,445,138 (*six months ended 31st December, 2010: HK\$1,238,992,628*), excluding the net effect of changes in the valuation of the Group's and the associates' investment properties. The denominators used are the same as those detailed above for reported earnings per share. A reconciliation of profit is as follows:

	Six months ended	
	31st December, 2011 HK\$	31st December, 2010 HK\$
Earnings for the purpose of basic earnings per share	<u>2,113,642,799</u>	<u>2,734,246,637</u>
Increase in fair value of investment properties	(1,782,318,490)	(2,755,572,990)
Effect of corresponding deferred tax charges	297,981,652	444,897,211
Share of results of associates		
- Increase in fair value of investment properties	(400,758,449)	(887,817,612)
- Effect of corresponding deferred tax charges	69,993,554	147,707,784
	<u>(1,815,101,733)</u>	<u>(3,050,785,607)</u>
Non-controlling interests	<u>910,904,072</u>	<u>1,555,531,598</u>
Net effect of changes in the valuation of investment properties	<u>(904,197,661)</u>	<u>(1,495,254,009)</u>
Underlying profit attributable to the Company's shareholders	<u>1,209,445,138</u>	<u>1,238,992,628</u>

7. Accounts and other receivables

Included in accounts and other receivables are trade receivables of HK\$3,149,804,811 (30th June, 2011: HK\$844,914,676), of which HK\$2,974,705,390 (30th June, 2011: HK\$658,534,246) are to be settled based on the terms of sale and purchase agreements. 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, 2011 HK\$	30th June, 2011 HK\$
Not yet due	2,964,909,190	643,093,551
0-30 days overdue	85,088,934	143,890,231
31-60 days overdue	29,554,525	19,527,205
61-90 days overdue	6,282,069	3,911,603
Over 90 days overdue	63,970,093	34,492,086
	<u>3,149,804,811</u>	<u>844,914,676</u>

8. Accounts and other payables

Included in accounts and other payables are trade payables of HK\$232,740,133 (30th June, 2011: HK\$214,781,517).

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

	31st December, 2011 HK\$	30th June, 2011 HK\$
0-30 days	188,920,735	155,486,907
31-60 days	13,645,739	42,830,169
61-90 days	1,734,737	3,564,369
Over 90 days	28,438,922	12,900,072
	<u>232,740,133</u>	<u>214,781,517</u>

9. Pledge of assets

- (a) At 31st December, 2011, the aggregate facilities of bank loans and other loans granted to the Group amounting to approximately HK\$22,062,761,000 (30th June, 2011: HK\$22,785,202,000) 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\$41,145,019,000 (30th June, 2011: HK\$41,428,517,000). At that date, the facilities were utilised to the extent of approximately HK\$16,918,011,000 (30th June, 2011: HK\$16,043,702,000).
- (b) At 31st December, 2011, investments in and advances to certain associates and a jointly controlled entity amounting to approximately HK\$9,482,556,000 (30th June, 2011: HK\$7,337,904,000) and certain assets of the associates and a jointly controlled entity were pledged to or assigned to secure loan facilities made available by banks to such associates and a jointly controlled entity.

10. Contingent liabilities

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

	31st December, 2011 HK\$	30th June, 2011 HK\$
Guarantees in respect of banking facilities of associates and a jointly controlled entity:		
- Utilised	8,432,350,000	6,779,550,000
- Unutilised	2,559,013,290	2,278,450,000
Total guarantees	<u>10,991,363,290</u>	<u>9,058,000,000</u>

In relation to the financial guarantee provided to banks in respect of banking facilities granted to associates and a jointly controlled entity at 31st December, 2011, HK\$3,385 (30th June, 2011: HK\$1,646,817) 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, 2011 HK\$	30th June, 2011 HK\$
Share of contingent liabilities arising from tax affairs of associates	<u>24,142,000</u>	<u>23,772,000</u>

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 15th March, 2012 to Monday, 19th March, 2012, 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 Monday, 19th March, 2012.

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 Wednesday, 14th March, 2012.

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, 2011, 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, 2011 have been reviewed by the Audit Committee and the auditor of the Company, Deloitte Touche Tohmatsu.

2011-2012 INTERIM REPORT

The 2011-2012 interim report containing all the information required by the Listing Rules will be published on the website of Hong Kong Exchanges and Clearing Limited and the Company's website www.sino.com while printed copies will be sent to shareholders on or about Wednesday, 14th March, 2012.

By Order of the Board
Velencia LEE
Secretary

Hong Kong, 28th February, 2012

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.