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(Incorporated in Hong Kong with limited liability)

(Stock Code: 247)

CHAIRMAN'S STATEMENT

I am pleased to present my Interim Report to the shareholders.

INTERIM RESULTS

The Group's unaudited underlying net profit attributable to shareholders, excluding the effect of fair-value changes on investment properties for the six months ended 31st December, 2019 ("Interim Period") was HK\$1,460.6 million (2018: HK\$1,257.9 million). Underlying earnings per share was HK\$0.78 (2018: HK\$0.69).

The Group's net profit attributable to shareholders for the Interim Period was HK\$1,491.9 million (2018: HK\$1,664.6 million). Earnings per share for the Interim Period was HK\$0.80 (2018: HK\$0.91). The reported profit for the Interim Period included a revaluation surplus (net of deferred taxation) on investment properties of HK\$59.6 million compared with HK\$462.8 million for the same corresponding period last year.

The unaudited results for the Interim Period have been reviewed by the Company's auditor, 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 14 cents per share payable on 20th April, 2020 to those shareholders whose names appear on the Register of Members of the Company on 16th March, 2020.

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 the shareholders together with a form of election for scrip dividend on or about 20th March, 2020. It is expected that the interim dividend warrants and share certificates will be despatched to the shareholders on or about 20th April, 2020.

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, 2019, Tsim Sha Tsui Properties Limited had 54.69% interest in Sino Land. Therefore, for discussion purposes, the focus here will be on the operations of Sino Land.

(1) Sales Activities

Total revenue from property sales for the Interim Period, including property sales of associates and joint ventures recognised by Sino Land, was HK\$1,886.5 million (2018: HK\$2,146.5 million).

Sino Land’s total revenue from property sales comprises mainly the sales of the commercial space in Capital Tower at 38 Wai Yip Street in Kowloon East (51% sold), residential units in Park Mediterranean in Sai Kung (98% sold), Providence Bay in Pak Shek Kok (100% sold) and The Mediterranean in Sai Kung (94% sold) as well as the sales of carparking spaces mainly in Oceania Heights in Tuen Mun, Imperial Villas in Yuen Long and Horizon Place in Kwai Chung.

Subsequent to the Interim Period, in February 2020, Sino Land launched certain units of 133 Portofino in Sai Kung for sale by way of tender. The project has 33 units in total. Sino Land expects to obtain pre-sale consents for five other residential projects in calendar year 2020. They are St. George’s Mansions at 24A Kadoorie Avenue, STTL 611 in Ma On Shan, IL 9064 (Site A) in Central, KIL 11254 in Mongkok and NKIL 6549 in Cheung Sha Wan. The timing for launching the projects for sale will depend on when the pre-sale consents are received and the prevailing market conditions.

(2) Land Bank

As at 31st December, 2019, Sino Land has a land bank of approximately 22.4 million square feet of attributable floor area in Mainland China, Hong Kong, Singapore and Sydney which comprises a balanced portfolio of properties of which 39.6% is commercial; 37.2% residential; 10.8% industrial; 7.0% car parks and 5.4% hotels. In terms of breakdown of the land bank by status, 9.7 million square feet were properties under development, 11.9 million square feet of properties for investment and hotels, together with 0.8 million square feet of properties held for sale. Sino Land will continue to be selective in replenishing its land bank to optimise its earnings potential.

During the Interim Period, Sino Land was awarded the right to develop a residential project at Wong Chuk Hang Station from MTR Corporation Limited with attributable floor area of approximately 159,576 square feet. Details of the project are as follows:

<u>Location</u>	<u>Usage</u>	<u>Sino Land's Interest</u>	<u>Attributable Floor Area</u> (Square feet)
AIL 467 (Site D) Wong Chuk Hang Station Package Four Property Development, Wong Chuk Hang, Aberdeen, Hong Kong	Residential	Joint Venture	159,576

In addition, Sino Land acquired a commercial site in Qianhai in Shenzhen. The project will provide total attributable plot ratio area of 246,065 square feet. Details of the project are as follows:-

<u>Location</u>	<u>Usage</u>	<u>Sino Land's Interest</u>	<u>Attributable Floor Area</u> (Square feet)
Lot No. T102-0261 Land Parcel 03, Unit 7, Qianwan Area, Qianhai, Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, Shenzhen, People's Republic of China	Commercial	30%	246,065

(3) Rental Activities

For the Interim Period, Sino Land's gross rental revenue, including attributable share from associates and joint ventures, increased 0.5% to HK\$2,107.4 million (31st December, 2018: HK\$2,097.5 million) and net rental income decreased 0.1% to HK\$1,828.7 million (31st December, 2018: HK\$1,830.1 million). Overall occupancy of Sino Land's investment property portfolio was stable at approximately 96% (31st December, 2018: 96%) for the Interim Period.

The retail sector in Hong Kong was affected by challenging business environment during the Interim Period. Despite the current market conditions, rental income from Sino Land's retail portfolio recorded a slight increase for the Interim Period with overall occupancy rate at approximately 97% (31st December, 2018: 97%). The leasing performance of Sino Land's office portfolio saw moderate rental growth while overall occupancy rate was steady at approximately 96% (31st December, 2018: 96%) for the Interim Period. Leasing performance of Sino Land's industrial portfolio saw moderate rental growth although the occupancy rate decreased to approximately 92% (31st December, 2018: 94%).

Sino Land's investment property portfolio primarily serves the need of its customers which include tenants, shoppers and the communities around the properties. The design and condition of the properties together with the quality of service provided to customers are of paramount importance. To ensure that the properties are in good condition, Sino Land performs regular review of the properties as part of its asset enhancement initiatives. Going forward, Sino Land will adopt a proactive asset management approach to its balanced portfolio of rental properties. On service quality, Sino Land places a strong emphasis on regular training particularly for all front-line staff to ensure that the service provided to customers meets their expectations. Comments from customers, reports by silent shoppers and recognitions from professional institutions all play a role in assessing the quality of service delivered by the staff.

As at 31st December, 2019, Sino Land has approximately 11.9 million square feet of attributable floor area of investment properties and hotels in Mainland China, Hong Kong, Singapore and Sydney. Of this portfolio, commercial developments (retail and office) account for 61.6%, industrial 14.7%, car parks 13.2%, hotels 7.7%, and residential 2.8%.

(4) Hotels

Sino Land successfully rebranded The Westin Sydney as The Fullerton Hotel Sydney, which was officially opened on 18th October, 2019. As at 31st December, 2019, Sino Land's portfolio of hotels comprises The Fullerton Hotel Singapore, The Fullerton Bay Hotel Singapore and The Fullerton Hotel Sydney, Conrad Hong Kong and The Olympian Hong Kong.

(5) Mainland China Business

National home sales value and volume in Mainland China were stable in 2019 with average selling prices for residential properties showing a resilient growth in most major cities. The decision of the People's Bank of China to lower the Required Reserve Ratio two times since August 2019 has helped increase more liquidity to the economy and this is positive to property market in Mainland China.

Urbanisation continues to play a key role in Central Government's urban planning and policy. In November 2019, Central Government introduced a total of 16 measures to expedite the economic cooperation within the Greater Bay Area. These measures would fortify the economic strengths of the cities within the Greater Bay Area and open a wide spectrum of opportunities for people and enterprises. In December 2019, the Communist Party of China Central Committee and the State Council jointly published an outline for integrating the cities within Yangtze River Delta setting the development goals and roadmap for the region by 2025. The policy of developing city clusters will significantly take urbanisation in Mainland China to the next level.

As at 31st December, 2019, Sino Land has approximately 5.5 million attributable square feet of land bank in Mainland China. Of the total, approximately 4.5 million square feet are projects under development and the remaining are mainly investment properties.

Other than the matters mentioned above, there has been no material change from the information published in the report and accounts for the year ended 30th June, 2019.

FINANCE

As at 31st December, 2019, the Group had cash and bank deposits of HK\$41,717.2 million. After netting off total borrowings of HK\$5,668.5 million, the Group had net cash of HK\$36,048.7 million as at 31st December, 2019. Of the total borrowings, 2.0% repayable within one year, 73.6% repayable between one and two years, 14.9% repayable between two and three years and the remaining between three and four years.

As at 31st December, 2019, the majority of the Group's debts are denominated in Hong Kong dollars. Other than the above-mentioned, there was no material change in foreign currency borrowings and the capital structure of the Group for the Interim Period. The majority of the Group's cash are denominated in Hong Kong dollars with a portion in Renminbi, Australian dollars and US dollars. The Group has maintained a sound financial management policy and foreign exchange exposure has been prudently kept at a minimal level.

CORPORATE GOVERNANCE

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

CUSTOMER SERVICE

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

CORPORATE SOCIAL RESPONSIBILITY

As a committed corporate citizen, Sino Land has been actively participating in a wide range of community programmes, volunteer services, green initiatives, arts and cultural events and staff engagement activities to promote sustainability, environmental protection, heritage and culture. In recognition of Sino Land's continuous efforts in promoting sustainability and upholding high standards in environmental, social and governance aspects, Sino Land has been selected as a

constituent company of the Hang Seng Corporate Sustainability Index Series since September 2012.

Management of Sino Land recognises the importance of its roles in environmental protection, social responsibility and governance for building a more sustainable society (please see Environmental, Social and Governance Report ('ESG Report') in the annual reports). The ESG Report highlights the corporate sustainability footprints and initiatives and it has been prepared in accordance with Hong Kong Exchanges and Clearing Limited's 'Environmental, Social and Governance Reporting Guide' under Appendix 27 to the Main Board Listing Rules.

Sino Land rolled out initiatives to promote environmental sustainability which included (i) recycling and upcycling of trees collected in Sino Land's construction sites and properties for landscaping or transforming them into furniture and art pieces; and (ii) use of water dispensers to reduce the use of plastic bottles in most of the clubhouses where applicable. Sino Land carried out events and activities, also in collaboration with charitable organisations, to promote volunteering and community services for the needy and underprivileged on regular basis. Sino Caring Friends, a volunteering team established by staff of Sino Land, as well as The Fullerton Hotel in Singapore and The Fullerton Hotel Sydney have been active in taking part in community programmes and charitable works.

Support to the Spirit of Hong Kong Awards, which started in 2013, continued. The annual awards recognise Hong Kong's unsung heroes, who are dedicated to helping others and making a positive impact on the community through work on innovation, community care and heritage preservation.

In March 2008, the Ng Family set up a non-profit-making organisation, Hong Kong Heritage Conservation Foundation Limited ('HCF'). HCF revitalised and converted the Old Tai O Police Station, a Grade II historic building, into a boutique hotel, it has been operating as a not-for-profit social enterprise since March 2012 with surpluses used to support maintenance of the site. Named Tai O Heritage Hotel ('Hotel'), it is home to nine colonial-style rooms and suites, and is part of the HKSAR Government's 'Revitalising Historic Buildings Through Partnership Scheme'. It provides permanent employment opportunities for Tai O and Lantau residents, and has organised community engagement programmes encompassing cultural activities, community services and home care services for the elderly living in Tai O. In 2018, HCF initiated 'Tai O Stilt House Restoration Programme' to provide financial assistance to repair and restore stilt houses of elderly villagers, and to preserve the unique architecture in Tai O and its distinctive cultural value. The Hotel won Merit Award at the '2013 UNESCO Asia-Pacific Awards for Cultural Heritage Conservation', becoming the first UNESCO-awarded hotel in Hong Kong.

For more details of Sino Land's corporate social responsibility programmes and awards, please refer to the section of Corporate Social Responsibility in the Review of Operations in the annual report of Sino Land.

PROSPECTS

Hong Kong economy has been challenging for the period under review due to unprecedented and exceptional circumstances where businesses have been operating under significant pressure. It is a good opportunity for management to review the processes, procedures, as well as the structure of operations in order to streamline them for further improvement in efficiency and effectiveness.

When the situation improves and economic recovery returns, Sino Land is able to leverage on an optimal operational structure which will lead to higher shareholders' value.

In addition to Sino Land's recurrent businesses, it is fortunate that through earlier successful sales of residential projects (Grand Central in Kwun Tong, Mayfair By The Sea 8 in Pak Shek Kok and Madison Park in Cheung Sha Wan), Sino Land has built up net cash of HK\$37.3 billion as at 31st December, 2019. This financial resource is important as it will enable Sino Land to have the opportunity to acquire land with good development value. In respect of potential property sales launch for calendar year of 2020, it is estimated that there will be 5 residential projects that are likely to receive pre-sale consents. The actual timing of sales launches will depend on the prevailing market conditions. The sales pipeline will ensure that Sino Land can generate good asset turnover. On the rental portfolio side, Sino Land achieved a small increase in overall rental growth during the period under review and expects there will be pressure on rentals. Sino Land will carry out proactive asset management for its balanced portfolio and enhance the skillsets of the work force to improve service quality. In addition, management has long recognised the importance of applying commercially viable technologies in the business operations to expedite our work. Technology advancement is growing at an exponential speed and Sino Land will stay abreast with the latest digitisation developments and use it to enhance business development and operational efficiency.

China's first special economic zone, Shenzhen, the city that set the precedent of opening-up in the 80s and is one of the key cities in Central Government's Greater Bay Area economic policy, has been designated as a pilot demonstration area of socialism with Chinese characteristics by the Central Government. Under this economic policy announced by Central Government in August 2019, Shenzhen will be developed into a leading and model city in the world focusing on research and development, industrial innovation, medical technology, public services and ecological environment. As Hong Kong is closest proximity to Shenzhen, the economic development brought about by this policy would benefit both cities as well as the Greater Bay Area.

Hong Kong Government announced in its 2019 Policy Address that the threshold on the value of residential properties under the Mortgage Insurance Programme of the Hong Kong Mortgage Corporation for completed properties and first-time buyers was raised from HK\$4 million to HK\$8 million with a maximum loan-to-value ratio of 90%. If value of the residential property is above HK\$8 million but less than HK\$10 million, maximum loan-to-value ratio would be 80%. This is positive for the property market as it will help release more purchasing power from upgrade demand and together with low interest rates, the fundamentals of the Hong Kong residential property market are expected to be resilient.

Sino Land will continue to optimise earnings, enhance efficiency and productivity and improve the quality of products and services. Management shall maintain a policy of selectively and continuously replenishing its land bank. In terms of property sales, product quality and service as well as price are the main critical success factors and Sino Land shall spare no effort to deliver what the customers want in order to build our brand. In regards recurrent businesses of Sino Land, which comprise property leasing, hospitality and property management services, they will continue to contribute stable stream of income.

Sino Land is cautiously optimistic on the outlook of the economy and property market in Hong Kong. Hong Kong will continue to perform its role as an international financial centre and human capital as the backbone, management is confident that the Hong Kong economy will weather through the current headwinds. With a good financial position and sustainable business strategy,

Sino Land is well placed to respond to the changing economic environment and upcoming challenges.

STAFF AND MANAGEMENT

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

Robert NG Chee Siong
Chairman

Hong Kong, 26th February, 2020



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, 2019 are as follows:

Consolidated Statement of Profit or Loss

		Six months ended	
		31st December,	31st December,
		2019	2018
		HK\$	HK\$
	<i>Notes</i>	(Unaudited)	(Unaudited)
Revenue	2	3,194,211,241	4,622,931,557
Cost of sales		(231,714,970)	(1,247,812,970)
Direct expenses		(1,081,514,157)	(1,147,005,257)
Gross profit		1,880,982,114	2,228,113,330
Change in fair value of investment properties		169,336,043	635,658,916
Other income and other gains or losses		55,629,624	41,221,010
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")		(1,903,457)	(264,070)
Gain on disposal of investment properties		119,985,974	44,145,508
Administrative expenses		(467,218,287)	(555,143,724)
Other operating expenses		(104,122,784)	(101,389,945)
Finance income		538,598,600	294,025,721
Finance costs		(77,471,916)	(57,905,666)
Less: interest capitalised		32,522,384	24,787,451
Finance income, net		493,649,068	260,907,506
Share of results of associates	3	947,791,237	833,855,451
Share of results of joint ventures	4	(3,121,861)	95,094,797
Profit before taxation	5	3,091,007,671	3,482,198,779
Income tax expense	6	(308,464,229)	(346,649,158)
Profit for the period		2,782,543,442	3,135,549,621
Profit for the period attributable to:			
The Company's shareholders		1,491,890,187	1,664,631,643
Non-controlling interests		1,290,653,255	1,470,917,978
		2,782,543,442	3,135,549,621
Interim dividend at HK14 cents (2018: HK14 cents) per share		263,457,581	257,848,747
Earnings per share (reported earnings per share)			
– basic	7(a)	0.80	0.91
Earnings per share (underlying earnings per share)			
– basic	7(b)	0.78	0.69

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Six months ended	
	31st December, 2019	31st December, 2018
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Profit for the period	<u>2,782,543,442</u>	<u>3,135,549,621</u>
Other comprehensive expense		
<i>Item that will not be reclassified to profit or loss:</i>		
Change in fair value of equity instruments at fair value through other comprehensive income ("FVTOCI")	(45,059,552)	(114,678,341)
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<u>(144,321,166)</u>	<u>(299,877,336)</u>
Other comprehensive expense for the period	<u>(189,380,718)</u>	<u>(414,555,677)</u>
Total comprehensive income for the period	<u>2,593,162,724</u>	<u>2,720,993,944</u>
Total comprehensive income attributable to:		
The Company's shareholders	1,388,181,161	1,440,814,963
Non-controlling interests	<u>1,204,981,563</u>	<u>1,280,178,981</u>
	<u>2,593,162,724</u>	<u>2,720,993,944</u>

Consolidated Statement of Financial Position
At 31st December, 2019

	31st December, 2019 HK\$ (Unaudited)	30th June, 2019 HK\$ (Audited)
Note		
Non-current assets		
Investment properties	64,933,882,900	65,035,087,581
Hotel properties	1,800,562,474	1,892,461,633
Property, plant and equipment	198,527,684	219,848,019
Right-of-use assets	1,263,106,906	-
Goodwill	739,233,918	739,233,918
Prepaid lease payments – non-current	-	1,103,916,724
Interests in associates	21,404,612,542	21,977,291,368
Interests in joint ventures	3,322,884,292	3,344,737,242
Equity instruments at FVTOCI	828,049,158	866,712,547
Advances to associates	2,931,741,118	2,051,559,285
Advances to joint ventures	10,733,916,207	7,505,992,744
Advance to a non-controlling interest	368,563,617	-
Long-term loans receivable	2,227,277,885	2,245,722,825
Other assets	615,000	615,000
	<u>110,752,973,701</u>	<u>106,983,178,886</u>
Current assets		
Properties under development	27,947,238,945	25,866,538,169
Stocks of completed properties	1,595,728,448	1,825,625,869
Hotel inventories	21,753,851	21,276,567
Prepaid lease payments – current	-	20,135,984
Financial assets at FVTPL	15,491,365	17,371,656
Amounts due from associates	2,063,492,948	3,375,515,148
Amounts due from joint ventures	2,816,899,126	2,895,614,759
Amounts due from non-controlling interests	74,710,116	75,505,655
Trade and other receivables	8 1,547,800,006	1,245,519,362
Current portion of long-term loans receivable	86,310,968	80,941,385
Taxation recoverable	193,785,648	149,887,249
Restricted bank deposits	101,108,902	383,731,024
Time deposits	31,937,427,580	27,322,778,220
Bank balances and cash	9,678,717,289	11,524,945,562
	<u>78,080,465,192</u>	<u>74,805,386,609</u>
Assets classified as held for sale	287,243,020	-
	<u>78,367,708,212</u>	<u>74,805,386,609</u>

Consolidated Statement of Financial Position – continued
At 31st December, 2019

	<i>Note</i>	31st December, 2019 HK\$ (Unaudited)	30th June, 2019 HK\$ (Audited)
Current liabilities			
Trade and other payables	9	4,876,577,710	4,994,664,419
Lease liabilities		49,097,262	-
Contract liabilities		22,507,804,772	16,208,373,613
Amounts due to associates		2,711,984,842	2,637,954,369
Amounts due to joint ventures		22,589	-
Amounts due to non-controlling interests		727,673,960	881,155,371
Taxation payable		871,460,931	738,324,928
Other loans – unsecured		111,755,688	110,207,809
		31,856,377,754	25,570,680,509
Liabilities associated with assets classified as held for sale		6,804,782	-
		31,863,182,536	25,570,680,509
Net current assets		46,504,525,676	49,234,706,100
Total assets less current liabilities		157,257,499,377	156,217,884,986
Capital and reserves			
Share capital		14,039,871,076	13,285,452,664
Reserves		65,654,335,860	64,551,971,946
Equity attributable to the Company's shareholders		79,694,206,936	77,837,424,610
Non-controlling interests		67,443,932,334	67,840,852,670
Total equity		147,138,139,270	145,678,277,280
Non-current liabilities			
Long-term bank borrowings			
– due after one year		4,216,642,383	5,026,688,387
Other loans – due after one year		1,340,131,771	1,323,425,929
Lease liabilities		11,983,929	-
Deferred taxation		2,521,320,657	2,460,823,898
Advances from associates		1,889,569,164	1,622,090,423
Advances from non-controlling interests		139,712,203	106,579,069
		10,119,360,107	10,539,607,706
		157,257,499,377	156,217,884,986

Notes:

1. Basis of preparation and disclosure required by section 436 of the Hong Kong Companies Ordinance

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 Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The financial information relating to the year ended 30th June, 2019 included in the consolidated statement of financial position as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 30th June, 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. The Company’s auditor has reported on these financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

The unaudited interim financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and new accounting policy on assets held for sale by the Group in the current period, the accounting policies and methods of computation used in the unaudited interim financial statements for the six months ended 31st December, 2019 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30th June, 2019.

Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1. Basis of preparation and disclosure required by section 436 of the Hong Kong Companies Ordinance – continued

Assets held for sale – continued

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

Assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, except for financial assets within the scope of HKFRS 9 *Financial Instruments* and investment properties which continue to be measured in accordance with the applicable accounting policies.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1st July, 2019 for the preparation of the Group's unaudited interim financial statements:

HKFRS 16	Leases
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

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

Impacts and changes in accounting policies of application of HKFRS 16 *Leases*

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 *Leases*, and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) - Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1st July, 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

1. Basis of preparation and disclosure required by section 436 of the Hong Kong Companies Ordinance – continued

Impacts and changes in accounting policies of application of HKFRS 16 Leases – continued

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1st July, 2019. As at 1st July, 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1st July, 2019. Line items that were not affected by the changes have not been included.

	Notes	Carrying amounts previously reported at 30th June, 2019 HK\$	Adjustments HK\$	Carrying amounts under HKFRS 16 at 1st July, 2019 HK\$
Non-current assets				
Hotel properties	(a)	1,892,461,633	(84,318,013)	1,808,143,620
Prepaid lease payments - non-current	(b)	1,103,916,724	(1,103,916,724)	-
Right-of-use assets		-	1,289,405,197	1,289,405,197
Current assets				
Prepaid lease payments - current	(b)	20,135,984	(20,135,984)	-
Current liabilities				
Lease liabilities		-	48,777,912	48,777,912
Non-current liabilities				
Lease liabilities		-	32,256,564	32,256,564

Notes:

- (a) Leasehold land in Hong Kong was classified as hotel properties as at 30th June, 2019. Upon application of HKFRS 16, the leasehold land in Hong Kong amounting to HK\$84,318,013 was reclassified from hotel properties to right-of-use assets.
- (b) Upfront payments for leasehold lands in Singapore were classified as prepaid lease payments as at 30th June, 2019. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to HK\$20,135,984 and HK\$1,103,916,724 respectively were reclassified to right-of-use assets.

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, 2019

	The Company and its subsidiaries		Associates and joint ventures		Total	
	External revenue HK\$	Results HK\$	Share of revenue HK\$	Share of results HK\$	Segment revenue HK\$	Segment results HK\$
Property						
Property sales	412,238,609	23,624,741	1,474,256,702	774,163,444	1,886,495,311	797,788,185
Property rental	1,671,785,911	1,414,645,853	471,490,958	426,681,132	2,143,276,869	1,841,326,985
	2,084,024,520	1,438,270,594	1,945,747,660	1,200,844,576	4,029,772,180	2,639,115,170
Property management and other services	566,833,244	124,550,539	58,296,344	9,789,653	625,129,588	134,340,192
Hotel operations	484,398,475	192,151,358	155,403,446	49,441,800	639,801,921	241,593,158
Investments in securities	23,443,482	23,443,482	1,950	1,950	23,445,432	23,445,432
Financing	35,511,520	35,511,520	6,115,399	6,115,399	41,626,919	41,626,919
	3,194,211,241	1,813,927,493	2,165,564,799	1,266,193,378	5,359,776,040	3,080,120,871

Six months ended 31st December, 2018

	The Company and its subsidiaries		Associates and joint ventures		Total	
	External revenue HK\$	Results HK\$	Share of revenue HK\$	Share of results HK\$	Segment revenue HK\$	Segment results HK\$
Property						
Property sales	1,864,337,609	384,913,089	282,181,022	107,292,182	2,146,518,631	492,205,271
Property rental	1,666,642,939	1,419,685,780	466,169,388	422,869,860	2,132,812,327	1,842,555,640
	3,530,980,548	1,804,598,869	748,350,410	530,162,042	4,279,330,958	2,334,760,911
Property management and other services	548,320,270	113,769,248	54,730,242	8,787,782	603,050,512	122,557,030
Hotel operations	485,146,079	182,891,514	219,435,206	103,478,502	704,581,285	286,370,016
Investments in securities	25,505,465	25,505,465	1,950	1,950	25,507,415	25,507,415
Financing	32,979,195	32,979,195	8,085,149	8,085,149	41,064,344	41,064,344
	4,622,931,557	2,159,744,291	1,030,602,957	650,515,425	5,653,534,514	2,810,259,716

Segment results represent the profit before taxation earned by each segment without allocation of certain other income and other gains or losses, certain administrative expenses and other operating expenses, changes in fair value of investment properties and financial assets at FVTPL, gain on disposal of investment properties and certain finance income net of finance costs. The profit before taxation earned by each segment also includes the share of results from the Group's associates and joint ventures without allocation of the associates' and joint ventures' certain other income and other gains or losses, certain administrative expenses and other operating expenses, change in fair value of investment properties, gain on disposal 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.

2. Segment information – continued

Reconciliation of profit before taxation

	Six months ended	
	31st December, 2019 HK\$	31st December, 2018 HK\$
Segment profit	3,080,120,871	2,810,259,716
Change in fair value of investment properties	169,336,043	635,658,916
Other income and other gains or losses	53,938,614	40,180,515
Change in fair value of financial assets at FVTPL	(1,903,457)	(264,070)
Gain on disposal of investment properties	119,985,974	44,145,508
Administrative expenses and other operating expenses	(501,277,155)	(586,258,468)
Finance income, net	492,330,783	260,041,839
Results shared from associates and joint ventures		
- Other income and other gains or losses	87,176,605	99,296,417
- Change in fair value of investment properties	18,549	267,986,271
- Gain on disposal of investment properties	-	146,034,360
- Administrative expenses and other operating expenses	(152,148,960)	(118,527,276)
- Finance costs, net	(48,918,442)	(4,953,789)
- Income tax expense	(207,651,754)	(111,401,160)
	(321,524,002)	278,434,823
Profit before taxation	<u>3,091,007,671</u>	<u>3,482,198,779</u>

During the six months ended 31st December, 2019, inter-segment sales of HK\$37,483,778 (*six months ended 31st December, 2018: HK\$55,786,942*) were not included in the segment of “property management and other services”. There were no inter-segment sales in other operating segments. Inter-segment sales were charged at cost plus margin basis as agreed between both parties.

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\$34,992,531 (*six months ended 31st December, 2018: HK\$257,971,016*).

4. Share of results of joint ventures

Share of results of joint ventures included the Group’s share of decrease in fair value of investment properties of the joint ventures of HK\$34,973,982 (*six months ended 31st December, 2018: share of increase in fair value of investment properties of the joint ventures of HK\$10,015,255*).

5. Profit before taxation

	Six months ended	
	31st December, 2019	31st December, 2018
	HK\$	HK\$
Profit before taxation has been arrived at after charging:		
Release of prepaid lease payments (included in other operating expenses)	-	10,026,488
Cost of properties sold recognised as cost of sales	231,714,970	1,247,812,970
Cost of hotel inventories recognised as direct expenses	62,019,278	67,307,488
Amortisation and depreciation of owner-operated hotel properties	16,578,621	19,128,505
Depreciation of property, plant and equipment	42,702,695	41,614,294
Depreciation of right-of-use assets	36,953,240	-
Loss on disposal of property, plant and equipment	79,466	1,311,544
Impairment loss on trade receivables, net of reversal	1,820,537	474,200

6. Income tax expense

	Six months ended	
	31st December, 2019	31st December, 2018
	HK\$	HK\$
The charge comprises:		
Current taxation		
Hong Kong Profits Tax	170,270,652	211,200,980
Other jurisdictions	55,429,858	86,844,337
Land Appreciation Tax ("LAT") in the People's Republic of China (the "PRC")	4,569,179	4,408,685
	230,269,689	302,454,002
Deferred taxation	78,194,540	44,195,156
	308,464,229	346,649,158

6. Income tax expense – continued

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, 2018: 16.5%*).

Taxes on profits assessable in Singapore and the PRC are recognised based on management's best estimate of the weighted average annual income tax rates prevailing in the countries and the regions in which the Group operates. The estimated weighted average annual tax rates used are 17% in Singapore and 25% in the PRC (*six months ended 31st December, 2018: 17% in Singapore and 25% in the PRC*).

The provision of LAT is calculated according to the requirements set forth in the relevant tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

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

7. 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, 2019 HK\$	31st December, 2018 HK\$
Earnings for the purpose of basic earnings per share	<u>1,491,890,187</u>	<u>1,664,631,643</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,856,245,001</u>	<u>1,818,131,852</u>

7. Earnings per share – continued

(b) Underlying earnings per share

For the purpose of assessing the underlying performance of the Group, basic earnings per share calculated based on the underlying profit attributable to the Company's shareholders of HK\$1,460,613,130 (*six months ended 31st December, 2018: HK\$1,257,961,329*) is also presented, excluding the net effect of changes in fair value of the Group's, associates' and joint ventures' investment properties and fair value adjustments of the residual interest arising from the disposal of a subsidiary, taking into account tax effect and the amount attributable to the Company's shareholders. 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, 2019 HK\$	31st December, 2018 HK\$
Earnings for the purpose of basic earnings per share	<u>1,491,890,187</u>	<u>1,664,631,643</u>
Change in fair value of investment properties	(169,336,043)	(635,658,916)
Effect of corresponding deferred taxation charges	54,849,859	29,046,664
Share of results of associates		
- Change in fair value of investment properties	(34,992,531)	(257,971,016)
- Effect of corresponding deferred taxation charges	2,185,888	130,762
Share of results of joint ventures		
- Change in fair value of investment properties	<u>34,973,982</u>	<u>(10,015,255)</u>
	(112,318,845)	(874,467,761)
Amount attributable to non-controlling interests	<u>52,707,759</u>	<u>411,591,188</u>
Unrealised change in fair value of investment properties attributable to the Company's shareholders	(59,611,086)	(462,876,573)
Realised fair value gain on investment properties disposed of during the period, net of taxation	51,517,407	89,831,911
Realised fair value gain on the disposal of a subsidiary upon sales of the underlying properties during the period	913,113	15,256,374
Amount attributable to non-controlling interests	<u>(24,096,491)</u>	<u>(48,882,026)</u>
	<u>(31,277,057)</u>	<u>(406,670,314)</u>
Underlying profit attributable to the Company's shareholders	<u>1,460,613,130</u>	<u>1,257,961,329</u>

8. Trade and other receivables

At 31st December, 2019, included in trade and other receivables of the Group are trade receivables (net of allowance for credit losses) of HK\$242,491,484 (30th June, 2019: HK\$222,735,169). Trade receivables mainly comprise rental receivables. Rental receivables are billed and payable in advance by tenants.

The following is an aged analysis of trade receivables (net of allowance for credit losses) at the end of the reporting period:

	31st December, 2019 HK\$	30th June, 2019 HK\$
Not yet due	71,313,954	37,026,249
Overdue:		
1 - 30 days	81,416,090	98,494,874
31 - 60 days	30,020,299	31,263,713
61 - 90 days	8,874,784	12,408,794
Over 90 days	50,866,357	43,541,539
	<u>242,491,484</u>	<u>222,735,169</u>

9. Trade and other payables

At 31st December, 2019, included in trade and other payables of the Group are trade payables of HK\$186,887,541 (30th June, 2019: HK\$119,574,018).

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

	31st December, 2019 HK\$	30th June, 2019 HK\$
0 - 30 days	142,386,533	74,284,723
31 - 60 days	23,293,682	20,597,271
61 - 90 days	4,211,137	1,329,600
Over 90 days	16,996,189	23,362,424
	<u>186,887,541</u>	<u>119,574,018</u>

10. Pledge of assets

- (a) At 30th June, 2019, certain of the Group's assets with a total carrying amount of HK\$1,746,472,411 had been pledged to secure banking facilities of the Group. At 31st December, 2019, the Group did not have any pledged assets.
- (b) At 31st December, 2019, shares in certain associates and joint ventures, advances to certain associates and joint ventures in aggregate carrying amount of approximately HK\$11,764,314,000 (30th June, 2019: HK\$10,025,869,000) and certain assets of the associates and joint ventures were pledged to or assigned to secure loan facilities made available by banks to such associates and joint ventures. Loan facilities granted to certain associates and joint ventures were jointly guaranteed by Sino Land Company Limited and the other shareholders of the associates and joint ventures.

11. Contingent liabilities

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

	31st December, 2019 HK\$	30th June, 2019 HK\$
Guarantees given to banks in respect of:		
Banking facilities of an associate and joint ventures attributable to the Group		
- Utilised	6,292,866,556	5,488,625,000
- Unutilised	3,609,334,703	2,425,605,000
	<u>9,902,201,259</u>	<u>7,914,230,000</u>
 Mortgage loans granted to property purchasers	 <u>504,769,884</u>	 <u>464,134,435</u>

At 31st December, 2019 and 30th June, 2019, the Group issued corporate financial guarantees to banks in respect of banking facilities granted to an associate and joint ventures. At the end of both reporting periods, the Group did not recognise any liabilities in respect of such corporate financial guarantees as the Directors of the Company consider that the fair values of these financial guarantee contracts at their initial recognition and at the end of the reporting period are insignificant.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 12th March, 2020 to Monday, 16th March, 2020, 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, 16th March, 2020.

In order to qualify for the interim dividend, shareholders should ensure that all transfers accompanied by the relevant share certificates are lodged with the Company's Share Registrars, Tricor Friendly Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 11th March, 2020.

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 CORPORATE GOVERNANCE CODE

During the six months ended 31st December, 2019, the Company has complied with all the code provisions as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except that there was no separation of the roles of the chairman and the chief executive, both of the roles are currently undertaken by the Chairman of the Board.

The Board is of the view that the current management structure has been effective in facilitating the Company's operation and business development and that necessary checks and balances consistent with sound corporate governance practices are in place. The implementation of strategies and policies of the Board and the operations of each business unit are overseen and monitored by designated responsible Executive Directors. The Board has found that the current arrangement has worked effectively in enabling it to discharge its responsibilities satisfactorily. In addition, the three Independent Non-Executive Directors have contributed valuable views and proposals for the Board's deliberation and decisions. The Board reviews 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, 2019 have been reviewed by the Audit Committee and the auditor of the Company, Deloitte Touche Tohmatsu.

2019-2020 INTERIM REPORT

The 2019-2020 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 Monday, 16th March, 2020.

By Order of the Board
Velencia LEE
Company Secretary

Hong Kong, 26th February, 2020

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.