# 2018-2019 INTERIM REPORT

# 二零一八至二零一九年度 中期報告

信和置業有限公司
Sino Land Company Limited

Lee Tung Avenue
利東街

STOCK CODE: 83

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# CONTENTS

## CORPORATE INFORMATION

***Board of Directors***
Robert Ng Chee Siong, Chairman
Daryl Ng Win Kong, JP, Deputy Chairman
Ronald Joseph Arculli, GBM, CVO, GBS, OBE, JP#
Allan Zeman, GBM, GBS, JP*
Adrian David Li Man-kiu, JP*
Steven Ong Kay Eng*
Wong Cho Bau, JP*
Ringo Chan Wing Kwong
Gordon Lee Ching Keung
Sunny Yeung Kwong

(# Non-Executive Director)
(* Independent Non-Executive Directors)

***Audit Committee***
Adrian David Li Man-kiu, JP, Chairman
Allan Zeman, GBM, GBS, JP
Steven Ong Kay Eng

***Nomination Committee***
Robert Ng Chee Siong, Chairman
Allan Zeman, GBM, GBS, JP
Adrian David Li Man-kiu, JP

***Remuneration Committee***
Steven Ong Kay Eng, Chairman
Allan Zeman, GBM, GBS, JP
Adrian David Li Man-kiu, JP
Daryl Ng Win Kong, JP

***Authorized Representatives***
Robert Ng Chee Siong
Ringo Chan Wing Kwong

***Chief Financial Officer and Company Secretary***
Velencia Lee

***Auditor***
Deloitte Touche Tohmatsu
Certified Public Accountants, Hong Kong

***Solicitors***
Woo, Kwan, Lee & Lo
Clifford Chance

***Principal Bankers***
Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
DBS Bank Ltd., Hong Kong Branch
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China (Asia) Limited
China Construction Bank (Asia) Corporation Limited
Bangkok Bank Public Company Limited
The Bank of East Asia, Limited

***Investor Relations Contact***
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Fax : (852) 2861 1465
Email : sinoland83-ecom@hk.tricorglobal.com

***Shareholders' Calendar***

| | |
|---|---|
| **Closure of Register of Members for dividend entitlement** | 15th to 19th March, 2019 (both dates inclusive) |
| **Record Date for interim dividend entitlement** | 19th March, 2019 |
| **Last Date for lodging form of election for scrip dividend** | 10th April, 2019 4:30 p.m. |
| **Interim Dividend** | HK14 cents per share |
| Payable | 23rd April, 2019 |

***Listing Information***

| | |
|---|---|
| **Stock Code** | 83 |
| **American Depositary Receipt** | |
| CUSIP Number | 829344308 |
| Trading Symbol | SNLAY |
| ADR to Ordinary Share Ratio | 1:5 |
| Listing | Level One (OTC) |
| Depositary Bank | The Bank of New York 101 Barclay Street, 22nd Floor – West, New York, NY 10286, U.S.A. |

# CHAIRMAN'S STATEMENT

I am pleased to present my interim report to the shareholders.

## INTERIM RESULTS

The Group's unaudited net profit attributable to shareholders for the six months ended 31st December, 2018 ("Interim Period") was HK$3,130.6 million. Unaudited net profit for the six months ended 31st December, 2017 ("Last Interim Period") was HK$10,366.6 million and during the Last Interim Period, the Group disposed 80% interest in its property development project The Palazzo, Chengdu and recorded a one-off gain on disposal of subsidiary of HK$5,653.0 million and a fair value gain on the 20% interest retained of HK$761.9 million. Excluding the one-off gain on disposal and a fair value gain on the 20% interest retained for The Palazzo, the Group's net profit for the Last Interim Period would be HK$3,951.7 million. Earnings per share for the Interim Period was HK$0.47 (2017: HK$1.64). The reported profit for the Interim Period included a revaluation surplus (net of deferred taxation) on investment properties of HK$865.4 million compared with a revaluation surplus (net of deferred taxation) of HK$869.1 million for the Last Interim Period.

The Group's underlying net profit attributable to shareholders, excluding the effect of fair-value changes on investment properties for the Interim Period was HK$2,370.3 million (2017: HK$8,927.6 million, restated). Underlying earnings per share was HK$0.35 (2017: HK$1.41, restated). If the one-off gain on disposal of 80% interest in The Palazzo, Chengdu was excluded, the Group's underlying profit for the Last Interim Period would be HK$3,274.6 million.

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 23rd April, 2019 to those shareholders whose names appear on the Register of Members of the Company on 19th March, 2019.

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 25th March, 2019. It is expected that the interim dividend warrants and share certificates will be despatched to the shareholders on or about 23rd April, 2019.

## BUSINESS REVIEW

### (1) Sales Activities

Total revenue from property sales for the Interim Period, including property sales of associates and joint ventures recognised by the Group, was HK$2,146.5 million (2017: HK$4,560.2 million).

Total revenue from property sales comprises mainly the sales of residential units in Commune Modern in Fanling (98% sold), The Spectra in Yuen Long (99% sold) and Providence Bay in Pak Shek Kok (99% sold) as well as the sales of carparking spaces in The Coronation, The Mediterranean and The Spectra.

During the Interim Period, the Group launched two residential projects for sale, namely Grand Central in Kwun Tong which has 1,999 residential units (75% sold) and Madison Park in Cheung Sha Wan which has 100 residential units (67% sold). Subsequent to the Interim Period, Mayfair By The Sea 8 in Pak Shek Kok which has 528 residential units, was launched for sale in January 2019 and approximately 50% have been sold. To date, attributable revenue from property sales derived from Grand Central, Mayfair By The Sea 8 and Madison Park amounted to approximately HK$19.3 billion.

### (2) Land Bank

As at 31st December, 2018, the Group has a land bank of approximately 21.7 million square feet of attributable floor area in Mainland China, Hong Kong, Singapore and Sydney which comprises a balanced portfolio of properties of which 40% is commercial; 36% residential; 11% industrial; 7% car parks and 6% hotels. In terms of breakdown of the land bank by status, 9.1 million square feet were properties under development, 11.9 million square feet of properties for investment and hotels, together with 0.7 million square feet of properties held for sale. The Group will continue to be selective in replenishing its land bank to optimise its earnings potential.

## BUSINESS REVIEW *(Continued)*

### (2) Land Bank *(Continued)*

During the Interim Period, the Group acquired a site in Hong Kong from the HKSAR Government with total attributable floor area of approximately 11,582 square feet. Details of the project are as follows:

| Location | Usage | Group's Interest | Attributable Floor Area |
|---|---|---|---|
| | | | *(Square feet)* |
| Lot No. 765 in Demarcation District No. 332, South Lantau Road, Cheung Sha, Lantau Island, New Territories, Hong Kong | Residential | 100% | 11,582 |

### (3) Property Development

The Group obtained Certificates of Compliance for Commune Modern and The Hillside in November 2018 and January 2019 respectively and details of these two projects are as follows:

| Location | Usage | Group's Interest | Attributable Floor Area |
|---|---|---|---|
| | | | *(Square feet)* |
| 1. Commune Modern 28 Wo Fung Street, Luen Wo Hui, Fanling, New Territories, Hong Kong | Residential/ Commercial/ Car Park | 100% | 209,909 |
| 2. The Hillside 9 Sik On Street, Wan Chai, Hong Kong | Residential | 100% | 11,195 |
| | | | 221,104 |

## BUSINESS REVIEW *(Continued)*

### (4) Rental Activities

For the Interim Period, the Group's gross rental revenue, including attributable share from associates and joint ventures, increased 4.8% to HK$2,097.5 million (2017: HK$2,000.4 million) and net rental income increased 4.7% to HK$1,830.1 million (2017: HK$1,747.2 million). Overall occupancy of the Group's investment property portfolio was at approximately 96% (2017: 96%) for the Interim Period.

The Group's retail portfolio in Hong Kong recorded an increase in rental income with overall occupancy rate maintained at approximately 97% (2017: 97%) for the Interim Period. The Group's flagship shopping malls, namely Tuen Mun Town Plaza Phase I, Olympian City 1, 2 and 3 showed steady leasing performance.

The leasing performance of the Group's office portfolio saw stable rental growth while overall occupancy rate was at approximately 96% (2017: 96%) for the Interim Period. Leasing performance of the Group's industrial portfolio saw a steady rental growth with slight improvement in the occupancy rate to approximately 94% (2017: 93%).

The Group'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 with the proper layout and design, the Group would perform regular review of the properties. On service quality, the Group 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, 2018, the Group 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 62%, industrial 15%, car parks 13%, hotels 7%, and residential 3%.

## BUSINESS REVIEW *(Continued)*

**(5) Hotels**

The Group's portfolio of hotels comprises The Fullerton Hotel Singapore, The Fullerton Bay Hotel Singapore, Conrad Hong Kong, The Westin Sydney and The Olympian Hong Kong. Overall business performance of the Group's hotels was steady during the Interim Period. The Group will continue to improve the quality of its hotel services to ensure our discerning guests have enjoyable experiences during their stays in the hotels.

**(6) Mainland China Business**

China's residential property market continued to consolidate in 2018 as a result of policy control on mortgage lending and home prices. The growth in residential property prices has been contained and the market has been stabilised. Central Government continues to implement its policies on urbanisation and housing reforms which should lead to a more sustainable housing market in Mainland China.

As at 31st December, 2018, the Group has approximately 5.3 million attributable square feet of land bank in Mainland China. Of the total, approximately 4.3 million square feet are projects under development. These projects include 100% interest in Dynasty Park in Zhangzhou, 50% interest in a serviced apartment project in Qianhai and 20% interest in The Palazzo in Chengdu.

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, 2018.

## FINANCE

As at 31st December, 2018, the Group had cash and bank deposits of HK$26,574.6 million. After netting off total borrowings of HK$4,228.1 million, the Group had net cash of HK$22,346.5 million as at 31st December, 2018. Of the total borrowings, 14% was repayable within one year, 19% repayable between one and two years, 47% repayable between two and three years and the remaining between three and four years. The Group's borrowings are all subject to floating interest rates. Total assets and shareholders' funds of the Group were HK$161,738.6 million and HK$141,594.9 million respectively.

The majority of the Group's debts are denominated in Hong Kong dollars, with a portion in Singapore and Australian dollars. The Singapore dollars denominated debts are mainly used to fund the projects in Singapore while the Australian dollars denominated debts are mainly used to fund the project in Sydney. 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 of 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

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

## CORPORATE SOCIAL RESPONSIBILITY

The Group 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, arts and culture. In recognition of the Group's continuous efforts in promoting sustainability and upholding high standards in environmental, social and corporate governance aspects, Sino Land has been selected as a constituent company of the Hang Seng Corporate Sustainability Index Series since September 2012.

During the Interim Period, Sino Land published its Environmental, Social and Governance Report ("ESG Report"), highlighting the corporate sustainability footprints and initiatives and demonstrating its commitment to building a more sustainable future. The ESG Report 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. In addition, Sino Land established its Green Finance Framework and successfully raised its first green loan to finance sustainable building developments which will deliver environmental benefits in line with the Group's sustainability visions.

In March 2008, the Ng Teng Fong 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 non-profit-making social enterprise since March 2012. 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'. The Hotel has received more than 1.2 million visitors and guests from Hong Kong and overseas since opening. It provides long-term employment opportunities for Tai O and Lantau residents, and has organised more than 100 community engagement programmes including cultural activities, community services and home care services for the elderly living in Tai O.

## PROSPECTS

40 years of economic reforms since the third Plenary Session of the 11th Central Committee of the Communist Party of China held in December 1978 has turned China from a primary production based economy to a service and innovation based economy with rising middle-class households. Like most developed countries, economic growth has changed gradually from an exponential rate to more steady. The successful management of such a country's economic development with over 1.3 billion population and 670 cities over the last 40 years has been a tremendous achievement and is unprecedented. It requires insightful planning and management skill at national and international levels.

Central Government's economic policy to develop the Greater Bay Area ("GBA") is an integral part of the Belt and Road Initiative. The objective is for the 11 key cities in the GBA to complement and synergise their economic strengths and potentials so that the economic development in GBA can be managed in a more organised and orderly manner. Integrating each city's specialty with that of other neighbouring cities in GBA will yield economies of scale and resources can be used more efficiently and effectively.

On 18th February, 2019, the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area was released by the Central Government. It outlines the economic objectives that each of the major cities in the GBA should focus on. The policy framework provides a roadmap for the GBA to be a world-class city cluster that is vibrant and highly innovative. The timeframe for the development plan of GBA to build the bay area, the city cluster is by 2022, with a view to complete the integration by 2035. We are delighted to learn that Hong Kong has been given an important role to further develop its strengths in the areas of aviation, trade, technology industries, legal services and international finance including banking, asset management and risk management. It opens up more economic growth opportunities for Hong Kong and allows its people to develop their career or businesses in a much bigger territory.

The Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link connecting to the 29,000-kilometre national high-speed rail network in Mainland China started operations in September 2018 and the Hong Kong-Zhuhai-Macao Bridge, known to be the longest bridge-cum-tunnel sea crossing in the world, was opened in October 2018. These two mega infrastructure developments set the milestones for the integration of the GBA.

Trade dispute between China and the United States will affect the global economy if it continues. Market sentiment fluctuates as economic outlook becomes uncertain causing volatility in financial markets and the World Bank lowering its forecasts for global economic growth. The negotiation on the bilateral trade arrangement between China and the United States is not expected to be straightforward. Although much needed to be discussed and mutually agreed among both parties, the progress is positive as both sides have started to work out solutions to narrow their differences.

## PROSPECTS *(Continued)*

The Policy Address announced in October 2018 sets out a comprehensive and practical approach to build a housing ladder that caters to the housing needs of families of different income groups. The pilot schemes announced comprise the redevelopment of existing aged public housing and some buildings developed under the Civil Servants' Co-operative Building Society Scheme together with the initiatives to increase transitional housing through revitalisation and conversion of industrial buildings. All are feasible solutions to increase the housing supply in the short to medium term. Under the concept of Lantau Tomorrow as described in the Policy Address that covers the development areas at the artificial islands near Kau Yi Chau and Hei Ling Chau at North Lantau as well as the coastal areas of Tuen Mun as long-term solution to increase supply of land is both visionary and insightful. It will solve the land supply shortage which would support the growth of Hong Kong.

Management will continue to optimise earnings, enhance efficiency and productivity and improve the quality of products and services. The Group will continue to maintain a policy of selectively and continuously replenishing its land bank, which will enable it to strengthen earnings and shareholders' value. The Group's recurrent businesses, which comprise property leasing, hospitality and property management services, continue to contribute stable stream of income. With a good financial position, the Group is well-positioned to respond to the changing economic environment.

## STAFF AND MANAGEMENT

Ms. Alice Ip Mo Lin, who served on the Board for more than 7 years, resigned with effect from 11th February, 2019. I would like to express my appreciation for her valuable contributions during her directorship with the Company.

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, 28th February, 2019

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 31st December, 2018*

| | | Six months ended | |
|---|---|---|---|
| | *Notes* | **31st December, 2018** *HK$* **(Unaudited)** | 31st December, 2017 *HK$* (Unaudited) |
| Revenue | *3, 4* | **4,597,773,093** | 3,927,930,833 |
| Cost of sales | | **(1,247,812,970)** | (622,072,066) |
| Direct expenses | | **(1,126,163,371)** | (974,808,345) |
| Gross profit | | **2,223,796,752** | 2,331,050,422 |
| Change in fair value of investment properties | *13* | **635,658,916** | 434,304,569 |
| Other income and other gains or losses | | **43,981,369** | 596,805,779 |
| Change in fair value of trading securities | | **–** | 1,327,667 |
| Change in fair value of financial assets at fair value through profit or loss ("FVTPL") | | **(580,399)** | – |
| Gain on partial disposal of a subsidiary | *23* | **–** | 7,054,614,889 |
| Gain on disposal of investment properties | | **44,145,508** | 24,772,940 |
| Administrative expenses | | **(551,010,790)** | (433,522,762) |
| Other operating expenses | | **(101,157,741)** | (94,311,799) |
| Finance income | *5* | **292,808,582** | 240,121,651 |
| Finance costs | *6* | **(51,212,909)** | (53,373,412) |
| Less: interest capitalised | *6* | **24,787,451** | 9,972,304 |
| Finance income, net | | **266,383,124** | 196,720,543 |
| Share of results of associates | *7* | **833,855,451** | 1,330,510,700 |
| Share of results of joint ventures | *8* | **95,094,797** | 105,689,592 |
| Profit before taxation | *9* | **3,490,166,987** | 11,547,962,540 |
| Income tax expense | *10* | **(345,906,846)** | (1,159,784,881) |
| Profit for the period | | **3,144,260,141** | 10,388,177,659 |
| Profit for the period attributable to: | | | |
| The Company's shareholders | | **3,130,676,100** | 10,366,603,116 |
| Non-controlling interests | | **13,584,041** | 21,574,543 |
| | | **3,144,260,141** | 10,388,177,659 |
| Earnings per share (reported earnings per share) | | | |
| Basic | *12(a)* | **0.47** | 1.64 |

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 31st December, 2018*

| | | Six months ended | |
|---|---|---|---|
| | *Note* | **31st December, 2018** *HK$* **(Unaudited)** | 31st December, 2017 *HK$* (Unaudited) |
| Profit for the period | | **3,144,260,141** | 10,388,177,659 |
| **Other comprehensive (expense) income** | | | |
| ***Item that will not be reclassified to profit or loss:*** | | | |
| Change in fair value of equity instruments at fair value through other comprehensive income ("FVTOCI") | | **(114,412,117)** | – |
| ***Items that may be reclassified subsequently to profit or loss:*** | | | |
| Change in fair value of available-for-sale investments | | **–** | 71,477,604 |
| Exchange differences arising on translation of foreign operations | | **(300,589,064)** | 294,806,142 |
| | | **(300,589,064)** | 366,283,746 |
| ***Items that have been reclassified to profit or loss:*** | | | |
| Reserve released upon partial disposal of a subsidiary | *23* | **–** | (238,051,292) |
| Reserve released upon disposal of an associate | | **–** | (250,654,404) |
| | | **–** | (488,705,696) |
| Other comprehensive expense for the period | | **(415,001,181)** | (122,421,950) |
| Total comprehensive income for the period | | **2,729,258,960** | 10,265,755,709 |
| Total comprehensive income attributable to: | | | |
| The Company's shareholders | | **2,715,674,919** | 10,244,181,166 |
| Non-controlling interests | | **13,584,041** | 21,574,543 |
| | | **2,729,258,960** | 10,265,755,709 |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 31st December, 2018*

| | Notes | 31st December, 2018 HK$ (Unaudited) | 30th June, 2018 HK$ (Audited) |
|---|---|---|---|
| Non-current assets | | | |
| Investment properties | 13 | **63,716,634,160** | 62,712,904,952 |
| Hotel properties | | **1,906,993,223** | 1,914,892,089 |
| Property, plant and equipment | 14 | **225,170,068** | 238,035,246 |
| Prepaid lease payments – non-current | | **1,110,794,307** | 1,118,004,432 |
| Interests in associates | 15 | **21,757,244,162** | 20,157,208,184 |
| Interests in joint ventures | 16 | **3,320,590,241** | 3,262,044,031 |
| Available-for-sale investments | 24 | **–** | 916,125,322 |
| Equity instruments at FVTOCI | 24 | **819,561,577** | – |
| Advances to associates | 15 | **2,153,720,033** | 2,858,796,861 |
| Advances to joint ventures | 16 | **7,748,887,897** | 10,843,649,095 |
| Long-term loans receivable | | **1,473,331,576** | 1,841,372,646 |
| Other asset | | **300,000** | – |
| | | **104,233,227,244** | 105,863,032,858 |
| Current assets | | | |
| Properties under development | | **24,346,175,670** | 24,892,353,735 |
| Stocks of completed properties | | **1,991,769,426** | 2,139,272,389 |
| Hotel inventories | | **22,018,549** | 20,933,472 |
| Prepaid lease payments – current | | **20,078,315** | 20,027,636 |
| Trading securities | 24 | **–** | 10,449,495 |
| Financial assets at FVTPL | 24 | **9,869,657** | – |
| Amounts due from associates | 15 | **769,815,981** | 305,893,240 |
| Amounts due from joint ventures | 16 | **2,378,576,655** | 2,318,510,095 |
| Amounts due from non-controlling interests | | **84,660,166** | 65,763,095 |
| Trade and other receivables | 17 | **1,113,392,743** | 1,014,388,336 |
| Current portion of long-term loans receivable | | **48,423,649** | 63,369,452 |
| Taxation recoverable | | **145,987,205** | 139,032 |
| Restricted bank deposits | | **53,106,483** | 433,845,692 |
| Time deposits | | **22,621,473,036** | 18,538,666,235 |
| Bank balances and cash | | **3,900,020,289** | 3,420,751,766 |
| | | **57,505,367,824** | 53,244,363,670 |
| Current liabilities | | | |
| Trade and other payables | 18 | **5,202,324,682** | 5,943,918,338 |
| Deposits received on sales of properties | | **–** | 1,325,650,079 |
| Contract liabilities | | **1,378,891,106** | – |
| Amounts due to associates | 15 | **2,509,858,162** | 2,364,904,027 |
| Amounts due to joint ventures | 16 | **73,318** | 65,945 |
| Amounts due to non-controlling interests | | **17,316,262** | 36,094,469 |
| Taxation payable | | **521,986,337** | 1,740,926,555 |
| Bank borrowings – due within one year | 19 | **576,838,211** | 719,684,111 |
| | | **10,207,288,078** | 12,131,243,524 |
| Net current assets | | **47,298,079,746** | 41,113,120,146 |
| Total assets less current liabilities | | **151,531,306,990** | 146,976,153,004 |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*(Continued)*

*At 31st December, 2018*

| | Notes | 31st December, 2018 HK$ (Unaudited) | 30th June, 2018 HK$ (Audited) |
|---|---|---|---|
| Capital and reserves | | | |
| Share capital | *20* | **46,498,563,956** | 44,560,016,005 |
| Reserves | | **95,096,375,131** | 95,021,924,733 |
| Equity attributable to the Company's shareholders | | **141,594,939,087** | 139,581,940,738 |
| Non-controlling interests | | **873,759,786** | 860,175,745 |
| Total equity | | **142,468,698,873** | 140,442,116,483 |
| Non-current liabilities | | | |
| Long-term bank borrowings – due after one year | *19* | **3,651,221,167** | 1,656,000,000 |
| Deferred taxation | | **2,397,488,068** | 2,387,146,526 |
| Advances from associates | *21* | **1,552,706,241** | 1,261,934,843 |
| Advances from non-controlling interests | *22* | **1,461,192,641** | 1,228,955,152 |
| | | **9,062,608,117** | 6,534,036,521 |
| | | **151,531,306,990** | 146,976,153,004 |

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended 31st December, 2018*

| | Share capital *HK$* | Investment revaluation reserve *HK$* | Exchange reserve *HK$* | Retained profits *HK$* | Attributable to the Company's shareholders *HK$* | Non-controlling interests *HK$* | Total *HK$* |
|---|---|---|---|---|---|---|---|
| As 1st July, 2017 (audited) | 40,590,631,436 | 193,097,169 | 858,652,185 | 86,711,386,892 | 128,353,767,682 | 971,301,683 | 129,325,069,365 |
| Profit for the period | – | – | – | 10,366,603,116 | 10,366,603,116 | 21,574,543 | 10,388,177,659 |
| Other comprehensive income (expense) for the period | – | 71,477,604 | (193,899,554) | – | (122,421,950) | – | (122,421,950) |
| Total comprehensive income (expense) for the period | – | 71,477,604 | (193,899,554) | 10,366,603,116 | 10,244,181,166 | 21,574,543 | 10,265,755,709 |
| Shares issued in lieu of cash dividend | 1,807,471,453 | – | – | – | 1,807,471,453 | – | 1,807,471,453 |
| Cancellation upon repurchase of own shares | – | – | – | (12,200,920) | (12,200,920) | – | (12,200,920) |
| Dividend paid to non-controlling interests | – | – | – | – | – | (8,959,564) | (8,959,564) |
| Final dividend declared and paid – 2017 | – | – | – | (2,526,229,908) | (2,526,229,908) | – | (2,526,229,908) |
| At 31st December, 2017 (unaudited) | 42,398,102,889 | 264,574,773 | 664,752,631 | 94,539,559,180 | 137,866,989,473 | 983,916,662 | 138,850,906,135 |
| At 1st July, 2018 (audited) | 44,560,016,005 | 173,425,953 | 419,701,643 | 94,428,797,137 | 139,581,940,738 | 860,175,745 | 140,442,116,483 |
| Adjustments *(Note 2)* | – | (438,077,414) | – | 438,077,414 | – | – | – |
| At 1st July, 2018 (restated) | 44,560,016,005 | (264,651,461) | 419,701,643 | 94,866,874,551 | 139,581,940,738 | 860,175,745 | 140,442,116,483 |
| Profit for the period | – | – | – | 3,130,676,100 | 3,130,676,100 | 13,584,041 | 3,144,260,141 |
| Other comprehensive expense for the period | – | (114,412,117) | (300,589,064) | – | (415,001,181) | – | (415,001,181) |
| Total comprehensive (expense) income for the period | – | (114,412,117) | (300,589,064) | 3,130,676,100 | 2,715,674,919 | 13,584,041 | 2,729,258,960 |
| Shares issued in lieu of cash dividend | 1,938,547,951 | – | – | – | 1,938,547,951 | – | 1,938,547,951 |
| Final dividend declared and paid – 2018 | – | – | – | (2,641,224,521) | (2,641,224,521) | – | (2,641,224,521) |
| **At 31st December, 2018 (unaudited)** | **46,498,563,956** | **(379,063,578)** | **119,112,579** | **95,356,326,130** | **141,594,939,087** | **873,759,786** | **142,468,698,873** |

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

*For the six months ended 31st December, 2018*

| | Six months ended | |
|---|---|---|
| | **31st December, 2018** | 31st December, 2017 |
| | ***HK$*** | *HK$* |
| | **(Unaudited)** | (Unaudited) |
| Net cash used in operating activities | | |
| Increase in properties under development | **(979,074,172)** | (5,608,242,516) |
| Decrease in stocks of completed properties | **1,280,085,025** | 586,539,419 |
| Other operating activities | **(337,732,317)** | 368,930,469 |
| | **(36,721,464)** | (4,652,772,628) |
| Net cash (used in) from investing activities | | |
| Advances to associates | **(565,372,843)** | (169,691,599) |
| Advances to joint ventures | **(39,821,977)** | (9,677,214,333) |
| Advances to non-controlling interests | **(18,899,926)** | (2,836,227) |
| Additions to investment properties | **(70,065,053)** | (116,200,114) |
| Additions to property, plant and equipment | **(29,677,086)** | (55,371,096) |
| Installments received for the sale of an associate and assignment of loan | **–** | 1,050,000,000 |
| Proceeds from partial disposal of a subsidiary (net of cash and cash equivalents disposed of) | **–** | 7,756,711,990 |
| (Increase) decrease in time deposits with original maturity over three months | **(5,687,441,078)** | 4,493,998,894 |
| Dividend received from associates | **178,428,746** | 190,100,000 |
| Decrease in restricted bank deposits | **380,739,209** | 593,246,716 |
| Proceeds from disposal of investment properties | **129,238,608** | 49,037,815 |
| Repayments from associates | **807,508,977** | 224,162,798 |
| Repayments from joint ventures | **3,028,750,661** | 397,881,694 |
| Repayments from non-controlling interests | **2,855** | 8,360,000 |
| Acquisition of interests in associates | **(1,100,000,000)** | – |
| Other investing activities | **211,276,491** | 251,156,724 |
| | **(2,775,332,416)** | 4,993,343,262 |
| Net cash from (used in) financing activities | | |
| New bank borrowing raised | **2,000,000,000** | – |
| Advances from associates | **480,148,578** | 553,529,421 |
| Advances from joint ventures | **7,373** | 159,078 |
| Advances from non-controlling interests | **239,125,815** | 39,170,508 |
| Repayments of bank and other loans | **(149,618,750)** | (3,994,125,000) |
| Repayments to associates | **(51,007,342)** | (1,206,159,503) |
| Repayments to non-controlling interests | **(25,666,533)** | (20,755,890) |
| Dividend paid to non-controlling interests | **–** | (8,959,564) |
| Dividend paid to ordinary shareholders of the Company | **(702,676,570)** | (718,758,455) |
| Payment of repurchase of own shares | **–** | (12,200,920) |
| Interest paid | **(39,866,234)** | (46,102,161) |
| Other financing activities | **(343,092)** | (68,082) |
| | **1,750,103,245** | (5,414,270,568) |

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

*For the six months ended 31st December, 2018*

| | Six months ended | |
|---|---|---|
| | **31st December, 2018** | 31st December, 2017 |
| | ***HK$*** | *HK$* |
| | **(Unaudited)** | (Unaudited) |
| Net decrease in cash and cash equivalents | **(1,061,950,635)** | (5,073,699,934) |
| Cash and cash equivalents at the beginning of the period | **7,823,797,702** | 9,922,476,572 |
| Effect of foreign exchange rate changes | **(63,415,119)** | 46,952,501 |
| Cash and cash equivalents at the end of the period | **6,698,431,948** | 4,895,729,139 |
| Analysis of the balances of cash and cash equivalents | | |
| Restricted bank deposits | **53,106,483** | 1,333,182,853 |
| Time deposits | **22,621,473,036** | 19,751,332,010 |
| Bank balances and cash | **3,900,020,289** | 1,946,873,267 |
| Deposits, bank balances and cash in the condensed consolidated statement of financial position | **26,574,599,808** | 23,031,388,130 |
| Less: Time deposits with original maturity over three months | **(19,823,061,377)** | (16,802,476,138) |
| Restricted bank deposits | **(53,106,483)** | (1,333,182,853) |
| Cash and cash equivalents in the condensed consolidated statement of cash flows | **6,698,431,948** | 4,895,729,139 |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 31st December, 2018*

## 1. BASIS OF PREPARATION AND DISCLOSURE REQUIRED BY SECTION 436 OF THE HONG KONG COMPANIES ORDINANCE

The condensed consolidated 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 (the "Stock Exchange") 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, 2018 included in the condensed 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, 2018 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.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated 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"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31st December, 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 30th June, 2018.

**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, 2018 for the preparation of the Group's condensed consolidated financial statements:

| | |
|---|---|
| HKFRS 9 | Financial Instruments |
| HKFRS 15 | Revenue from Contracts with Customers and the related Amendments |
| HK(IFRIC) – Int 22 | Foreign Currency Transactions and Advance Consideration |
| Amendments to HKFRS 2 | Classification and Measurement of Share-based Payment Transactions |
| Amendments to HKFRS 4 | Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts |
| Amendments to HKAS 28 | As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle |
| Amendments to HKAS 40 | Transfers of Investment Property |

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### Application of new and amendments to HKFRSs *(Continued)*

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

### 2.1 Impacts and changes in accounting policies of application on HKFRS 15 *"Revenue from Contracts with Customers"*

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 *"Revenue"*, HKAS 11 *"Construction Contracts"* and the related interpretations.

The Group recognises revenue from the following major sources:

- Property sales
- Property rental (not within the scope of HKFRS 15)
- Property management and other services
- Hotel operations
- Investment in securities (not within the scope of HKFRS 15)
- Financing (not within the scope of HKFRS 15)

Revenue from leasing of properties continues to be accounted for in accordance with HKAS 17 "*Leases*" and revenue from investment in securities and financing is accounted for in accordance with HKFRS 9 "*Financial Instrument*", whereas revenue from other sources is accounted for under HKFRS 15.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1st July, 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1st July, 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 and HKAS 11 and the related interpretations.

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

**Application of new and amendments to HKFRSs** *(Continued)*

### 2.1 Impacts and changes in accounting policies of application on HKFRS 15 *"Revenue from Contracts with Customers"* *(Continued)*

*2.1.1 Key changes in accounting policies resulting from application of HKFRS 15*

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

**Application of new and amendments to HKFRSs** *(Continued)*

### 2.1 Impacts and changes in accounting policies of application on HKFRS 15 *"Revenue from Contracts with Customers"* (Continued)

*2.1.1 Key changes in accounting policies resulting from application of HKFRS 15 (Continued)*

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Revenue from sales of properties is recognised at a point in time when the customer obtains the control of the completed properties, being the point when the legal title of the property is passed to the customer.

Revenue from property management and service fee income and hotel room revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation, as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

Revenue from hotel food and beverage sales is recognised at a point in time when the food and beverage are served.

*Contracts with multiple performance obligations (including allocation of transaction price)*

For contracts that contain more than one performance obligations (hotel room revenue and other ancillary services), the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

**Application of new and amendments to HKFRSs** *(Continued)*

### 2.1 Impacts and changes in accounting policies of application on HKFRS 15 *"Revenue from Contracts with Customers"* (Continued)

*2.1.1 Key changes in accounting policies resulting from application of HKFRS 15 (Continued)*

*Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation*

*Output method*

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

*Existence of significant financing component*

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

*Incremental costs of obtaining a contract*

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (sales commissions) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The asset is included in trade and other receivables and subject to impairment review.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

**Application of new and amendments to HKFRSs** *(Continued)*

### 2.1 Impacts and changes in accounting policies of application on HKFRS 15 *"Revenue from Contracts with Customers"* (Continued)

*2.1.2 Summary of effects arising from initial application of HKFRS 15*

The application of HKFRS 15 has no significant impact on the amount of revenue in the current interim period and the opening retained profits at 1st July, 2018.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1st July, 2018. Line items that were not affected by the changes have not been included.

| | Carrying amounts previously reported at 30th June, 2018 | Reclassification | Carrying amounts under HKFRS 15 at 1st July, 2018 |
|---|---|---|---|
| | *HK$* | *HK$* | *HK$* |
| **Current liabilities** | | | |
| Deposits received on sales of properties *(Note)* | 1,325,650,079 | (1,325,650,079) | – |
| Contract liabilities *(Note)* | – | 1,325,650,079 | 1,325,650,079 |

*Note: At the date of initial application, deposits received on sales of properties of HK$1,325,650,079 were reclassified to contract liabilities.*

The following table summarises the impacts of applying HKFRS 15 on the Group's condensed consolidated statement of financial position as at 31st December, 2018 for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the condensed consolidated statement of financial position

| | As reported | Reclassification | Amounts without application of HKFRS 15 |
|---|---|---|---|
| | *HK$* | *HK$* | *HK$* |
| **Current liabilities** | | | |
| Deposits received on sales of properties | – | 1,378,891,106 | 1,378,891,106 |
| Contract liabilities | 1,378,891,106 | (1,378,891,106) | – |

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

**Application of new and amendments to HKFRSs** *(Continued)*

### 2.2 Impacts and changes in accounting policies of application on HKFRS 9 *"Financial Instruments"*

In the current period, the Group has applied HKFRS 9 *"Financial Instruments"* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities; (ii) expected credit losses ("ECL") for financial assets and other items (including lease receivables and financial guarantee contracts); and (iii) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1st July, 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1st July, 2018. The difference between carrying amounts as at 30th June, 2018 and the carrying amounts as at 1st July, 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *"Financial Instruments: Recognition and Measurement"*.

*2.2.1 Key changes in accounting policies resulting from application of HKFRS 9*

*Classification and measurement of financial assets*

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under HKAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**2. PRINCIPAL ACCOUNTING POLICIES** *(Continued)*

**Application of new and amendments to HKFRSs** *(Continued)*

**2.2 Impacts and changes in accounting policies of application on HKFRS 9 *"Financial Instruments"*** *(Continued)*

*2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)*

*Classification and measurement of financial assets (Continued)*

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *"Business Combinations"* applies.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

*Equity instruments designated as at FVTOCI*

At the date of initial application/initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with HKFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "revenue" line item in profit or loss.

**2. PRINCIPAL ACCOUNTING POLICIES** *(Continued)*

**Application of new and amendments to HKFRSs** *(Continued)*

**2.2 Impacts and changes in accounting policies of application on HKFRS 9 *"Financial Instruments"*** *(Continued)*

*2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)*

*Classification and measurement of financial assets (Continued)*

*Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset.

The directors of the Company reviewed and assessed the Group's financial assets as at 1st July, 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group's financial assets and the impacts thereof are detailed in Note 2.2.2.

*Impairment under ECL model*

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, advances to associates/joint ventures, loans receivable, amounts due from associates/joint ventures/non-controlling interests, restricted bank deposits, time deposits, bank balances and cash, lease receivables and financial guarantee contracts). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and lease receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

**2. PRINCIPAL ACCOUNTING POLICIES** *(Continued)*

**Application of new and amendments to HKFRSs** *(Continued)*

**2.2 Impacts and changes in accounting policies of application on HKFRS 9 *"Financial Instruments"*** *(Continued)*

*2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)*

*Impairment under ECL model (Continued)*

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

*Significant increase in credit risk*

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

**Application of new and amendments to HKFRSs** *(Continued)*

### 2.2 Impacts and changes in accounting policies of application on HKFRS 9 *"Financial Instruments"* *(Continued)*

*2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)*

*Impairment under ECL model (Continued)*

*Significant increase in credit risk (Continued)*

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

*Measurement and recognition of ECL*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

**2. PRINCIPAL ACCOUNTING POLICIES** *(Continued)*

**Application of new and amendments to HKFRSs** *(Continued)*

**2.2 Impacts and changes in accounting policies of application on HKFRS 9 *"Financial Instruments"*** *(Continued)*

*2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)*

*Impairment under ECL model* *(Continued)*

*Measurement and recognition of ECL (Continued)*

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKAS 17.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables and lease receivables as a separate group. Advances to and amounts due from related parties are assessed for ECL on an individual basis); and

- Past-due status.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

**Application of new and amendments to HKFRSs** *(Continued)*

### 2.2 Impacts and changes in accounting policies of application on HKFRS 9 *"Financial Instruments"* *(Continued)*

*2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)*

*Impairment under ECL model* *(Continued)*

*Measurement and recognition of ECL (Continued)*

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with HKFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

Except for financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

As at 1st July, 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The application of the ECL model of HKFRS 9 has no material impact on the accumulated amount of impairment loss of the Group as at 1st July, 2018 as compared to the accumulated amount recognised under HKAS 39.

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

**Application of new and amendments to HKFRSs** *(Continued)*

### 2.2 Impacts and changes in accounting policies of application on HKFRS 9 *"Financial Instruments"* *(Continued)*

*2.2.2 Summary of effects arising from initial application of HKFRS 9*

The table below illustrates the classification and measurement of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1st July, 2018.

| | *Notes* | Other asset *HK$* | Available-for-sale investments *HK$* | Trading securities *HK$* | Financial assets at FVTPL *HK$* | Equity instruments at FVTOCI *HK$* | Investment revaluation reserve *HK$* | Retained profits *HK$* |
|---|---|---|---|---|---|---|---|---|
| Closing balance at 30th June, 2018 – HKAS 39 | | – | 916,125,322 | 10,449,495 | – | – | 173,425,953 | 94,428,797,137 |
| Reclassification | | | | | | | | |
| From available-for- sale investments | *(a)* | 300,000 | (916,125,322) | – | – | 915,825,322 | (438,077,414) | 438,077,414 |
| From trading securities | *(b)* | – | – | (10,449,495) | 10,449,495 | – | – | – |
| Opening balance at 1st July, 2018 – HKFRS 9 | | 300,000 | – | – | 10,449,495 | 915,825,322 | (264,651,461) | 94,866,874,551 |

*Notes:*

*(a) Available-for-sale investments*

*The Group elected to present in OCI for the fair value changes of all its equity investments previously classified as available-for-sale investments. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, HK$915,825,322 was reclassified from available-for-sale investments to equity instruments at FVTOCI. The impairment loss previously recognised on available-for-sale investments now classified as equity instruments at FVTOCI under HKFRS 9 of HK$438,077,414 was transferred from retained profits to investment revaluation reserve as at 1st July, 2018. In addition, the Group's club debenture of HK$300,000 was reclassified from available-for-sale investments to other asset.*

*(b) Trading securities*

*The amount represents equity securities held for trading which are required to be classified as FVTPL under HKFRS 9. There was no impact on the amounts recognised in relation to these assets from the application of HKFRS 9.*

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

**Application of new and amendments to HKFRSs** *(Continued)*

Except as described above, the application of other amendments to HKFRSs in the current interim period has had no material impact on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

## 3. REVENUE

| | Six months ended | |
|---|---|---|
| | **31st December, 2018** | 31st December, 2017 |
| | ***HK$*** | *HK$* |
| Sales of properties | **1,864,337,609** | 1,302,961,192 |
| Property management and service fee income | **548,320,270** | 540,072,305 |
| Hotel operations | **485,146,079** | 467,243,104 |
| Revenue from goods and services | **2,897,803,958** | 2,310,276,601 |
| Gross rental income from properties | **1,641,617,907** | 1,554,926,706 |
| Interest income from loans receivable | **32,979,195** | 26,935,907 |
| Dividend income | | |
| Listed investments | **21,165,133** | 22,968,719 |
| Unlisted investments | **4,206,900** | 12,822,900 |
| | **4,597,773,093** | 3,927,930,833 |
| **Geographical market:** | | |
| Hong Kong | **3,869,098,815** | 2,272,552,756 |
| People’s Republic of China (the “PRC”) | **198,723,010** | 1,143,605,863 |
| Singapore | **529,951,268** | 511,772,214 |
| | **4,597,773,093** | 3,927,930,833 |

For the six months ended 31st December, 2018, revenue from contracts with customers recognised over time mainly consists of property management and service fee income and hotel room revenue of HK$548,320,270 and HK$232,867,402 respectively. The revenue recognised at a point in time mainly consists of income from sales of properties and income from hotel food and beverage sales of HK$1,864,337,609 and HK$252,278,677 respectively.

## 4. 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, 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 | **1,641,617,907** | **1,415,502,634** | **466,169,388** | **422,869,860** | **2,107,787,295** | **1,838,372,494** |
| | **3,505,955,516** | **1,800,415,723** | **748,350,410** | **530,162,042** | **4,254,305,926** | **2,330,577,765** |
| 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 | **25,372,033** | **25,372,033** | **1,950** | **1,950** | **25,373,983** | **25,373,983** |
| Financing | **32,979,195** | **32,979,195** | **8,085,149** | **8,085,149** | **41,064,344** | **41,064,344** |
| | **4,597,773,093** | **2,155,427,713** | **1,030,602,957** | **650,515,425** | **5,628,376,050** | **2,805,943,138** |

Six months ended 31st December, 2017

| | 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 | 1,302,961,192 | 556,751,495 | 3,257,264,639 | 992,158,037 | 4,560,225,831 | 1,548,909,532 |
| Property rental | 1,554,926,706 | 1,339,608,812 | 434,431,878 | 397,319,514 | 1,989,358,584 | 1,736,928,326 |
| | 2,857,887,898 | 1,896,360,307 | 3,691,696,517 | 1,389,477,551 | 6,549,584,415 | 3,285,837,858 |
| Property management and other services | 540,072,305 | 131,357,264 | 52,201,043 | 7,104,431 | 592,273,348 | 138,461,695 |
| Hotel operations | 467,243,104 | 176,375,913 | 239,388,801 | 121,651,054 | 706,631,905 | 298,026,967 |
| Investments in securities | 35,791,619 | 35,791,619 | 1,950 | 1,950 | 35,793,569 | 35,793,569 |
| Financing | 26,935,907 | 26,935,907 | 6,458,609 | 6,458,609 | 33,394,516 | 33,394,516 |
| | 3,927,930,833 | 2,266,821,010 | 3,989,746,920 | 1,524,693,595 | 7,917,677,753 | 3,791,514,605 |

**4. SEGMENT INFORMATION** *(Continued)*

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/trading securities, gain on partial disposal of a subsidiary, 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.

**Reconciliation of profit before taxation**

| | **Six months ended** | |
|---|---|---|
| | **31st December, 2018** | 31st December, 2017 |
| | ***HK$*** | *HK$* |
| Segment profit | **2,805,943,138** | 3,791,514,605 |
| Change in fair value of investment properties | **635,658,916** | 434,304,569 |
| Other income and other gains or losses | **42,940,874** | 594,282,802 |
| Change in fair value of trading securities | **–** | 1,327,667 |
| Change in fair value of financial assets at FVTPL | **(580,399)** | – |
| Gain on partial disposal of a subsidiary | **–** | 7,054,614,889 |
| Gain on disposal of investment properties | **44,145,508** | 24,772,940 |
| Administrative expenses and other operating expenses | **(581,893,330)** | (460,696,780) |
| Finance income, net | **265,517,457** | 196,335,151 |
| Results shared from associates and joint ventures | | |
| – Other income and other gains or losses | **99,296,417** | (166,517,985) |
| – Change in fair value of investment properties | **267,986,271** | 528,251,094 |
| – Gain on disposal of investment properties | **146,034,360** | 3,403,500 |
| – Administrative expenses and other operating expenses | **(118,527,276)** | (100,180,751) |
| – Finance costs, net | **(4,953,789)** | (32,962,485) |
| – Income tax expense | **(111,401,160)** | (320,486,676) |
| | **278,434,823** | (88,493,303) |
| Profit before taxation | **3,490,166,987** | 11,547,962,540 |

During the six months ended 31st December, 2018, inter-segment sales of HK$55,786,942 *(six months ended 31st December, 2017: HK$51,739,245)* 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.

## 5. FINANCE INCOME

| | Six months ended | |
|---|---|---|
| | **31st December, 2018** | 31st December, 2017 |
| | ***HK$*** | *HK$* |
| Interest income on: | | |
| advances to associates and joint ventures | **18,175,513** | 23,525,306 |
| advance to an investee company | **–** | 366,694 |
| bank deposits | **248,916,789** | 196,359,730 |
| Imputed interest income on non-current interest-free advances to associates and joint ventures | **25,716,280** | 19,869,921 |
| | **292,808,582** | 240,121,651 |

## 6. FINANCE COSTS

| | Six months ended | |
|---|---|---|
| | **31st December, 2018** | 31st December, 2017 |
| | ***HK$*** | *HK$* |
| Interest on bank and other borrowings | **42,739,775** | 42,686,979 |
| Imputed interest expense on non-current interest-free advances from associates | **6,584,297** | 8,478,096 |
| Loan facility arrangement fees and finance charges | **1,888,837** | 2,208,337 |
| | **51,212,909** | 53,373,412 |
| Less: Amounts capitalised to properties under development | **(24,787,451)** | (9,972,304) |
| | **26,425,458** | 43,401,108 |

## 7. SHARE OF RESULTS OF ASSOCIATES

Share of results of associates included the Group's share of change in fair value of investment properties of the associates of HK$257,971,016 *(six months ended 31st December, 2017: HK$504,615,243)*.

## 8. SHARE OF RESULTS OF JOINT VENTURES

Share of results of joint ventures included the Group's share of change in fair value of investment properties of the joint ventures of HK$10,015,255 *(six months ended 31st December, 2017: HK$23,635,851)*.

## 9. PROFIT BEFORE TAXATION

| | Six months ended | |
|---|---|---|
| | **31st December, 2018** | 31st December, 2017 |
| | ***HK$*** | *HK$* |
| Profit before taxation has been arrived at after charging (crediting): | | |
| Release of prepaid lease payments (included in other operating expenses) | **10,026,488** | 10,061,875 |
| Cost of properties sold recognised as cost of sales | **1,247,812,970** | 622,072,066 |
| Cost of hotel inventories recognised as direct expenses | **67,307,488** | 63,081,734 |
| Amortisation and depreciation of owner-operated hotel properties | **19,128,505** | 17,703,365 |
| Depreciation of property, plant and equipment | **41,398,467** | 37,036,557 |
| Loss on disposal of property, plant and equipment | **1,311,544** | 1,090,796 |
| Recognition of impairment loss on trade receivables | **459,597** | 409,361 |
| Gain on disposal of an associate (included in other income and other gains or losses) *(Note 15)* | **–** | (542,434,342) |

## 10. INCOME TAX EXPENSE

| | Six months ended | |
|---|---|---|
| | **31st December, 2018** | 31st December, 2017 |
| | ***HK$*** | *HK$* |
| The charge comprises: | | |
| Current taxation | | |
| Hong Kong Profits Tax | **211,148,786** | 167,339,473 |
| Other jurisdictions | **86,154,219** | 93,276,365 |
| Land Appreciation Tax ("LAT") in the PRC | **4,408,685** | 152,626,169 |
| Enterprise Income Tax on the disposals of a subsidiary and an associate | **–** | 692,982,405 |
| | **301,711,690** | 1,106,224,412 |
| Deferred taxation | **44,195,156** | 53,560,469 |
| | **345,906,846** | 1,159,784,881 |

## 10. INCOME TAX EXPENSE *(Continued)*

Hong Kong Profits Tax is recognised based on management's best estimate of the 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, 2017: 16.5%)*.

Taxes on profits assessable in Singapore and the PRC are recognised based on management's best estimate of the annual income tax rates prevailing in the respective countries and the regions in which the Group operates. The estimated annual tax rates used are 17% in Singapore and 25% in the PRC *(six months ended 31st December, 2017: 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.

## 11. DIVIDEND PAID

| | **Six months ended** | |
|---|---|---|
| | **31st December, 2018** | 31st December, 2017 |
| | ***HK$*** | *HK$* |
| Final dividend paid for the year ended 30th June, 2018 of HK40 cents per share *(six months ended 31st December, 2017: HK40 cents per share for the year ended 30th June, 2017)*, with a scrip dividend option | **2,641,224,521** | 2,526,229,908 |

Subsequent to the end of the reporting period, the Directors determined that an interim dividend for the six months ended 31st December, 2018 of HK14 cents *(six months ended 31st December, 2017: HK13 cents)* per share amounting to HK$946,414,706 *(six months ended 31st December, 2017: HK$838,300,093)* with no special dividend *(six months ended 31st December, 2017: HK45 cents per share amounting to HK$2,901,808,013)* would be paid to the Company's shareholders whose names appear on the Register of Members on 19th March, 2019.

## 12. 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, 2018** | 31st December, 2017 |
| | ***HK$*** | *HK$* |
| Earnings for the purpose of basic earnings per share | **3,130,676,100** | 10,366,603,116 |
| | **Number of shares** | Number of shares |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | **6,626,959,263** | 6,335,139,564 |

No diluted earnings per share has been presented for both periods as there were no potential ordinary shares outstanding during both periods.

### (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$2,370,328,649 *(six months ended 31st December, 2017: HK$8,927,646,574 (restated))* is also presented, excluding the net effect of change in fair value of investment properties of the Group and its associates and joint ventures and the fair value adjustment of the residual interest arising from the partial 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.

## 12. EARNINGS PER SHARE *(Continued)*

### (b) Underlying earnings per share *(Continued)*

A reconciliation of profit is as follows:

| | Six months ended | |
|---|---|---|
| | **31st December, 2018** | 31st December, 2017 |
| | ***HK$*** | *HK$* |
| Earnings for the purpose of basic earnings per share | **3,130,676,100** | 10,366,603,116 |
| Change in fair value of investment properties | **(635,658,916)** | (434,304,569) |
| Effect of corresponding deferred taxation charges | **29,046,664** | 13,717,548 |
| Share of results of associates | | |
| – Change in fair value of investment properties | **(257,971,016)** | (504,615,243) |
| – Effect of corresponding deferred taxation charges | **130,762** | 72,503,131 |
| Share of results of joint ventures | | |
| – Change in fair value of investment properties | **(10,015,255)** | (23,635,851) |
| | **(874,467,761)** | (876,334,984) |
| Amount attributable to non-controlling interests | **9,032,025** | 7,241,773 |
| Unrealised change in fair value of investment properties attributable to the Company's shareholders | **(865,435,736)** | (869,093,211) |
| Realised fair value gain of investment properties disposed of during the period, net of taxation | **89,831,911** | 8,159,005* |
| Fair value gain on the residual interest arising from the partial disposal of a subsidiary | **–** | (761,878,226) |
| Fair value adjustment of the residual interest arising from the partial disposal of a subsidiary realised in current period | **15,256,374** | 183,855,890* |
| Underlying profit attributable to the Company's shareholders | **2,370,328,649** | 8,927,646,574 |
| Underlying earnings per share | **0.35** | 1.41* |

* *The comparative underlying profit and underlying earnings per share for the six months ended 31st December, 2017 have been restated to conform to the current period's presentation basis.*

## 13. INVESTMENT PROPERTIES

The Group's investment properties at 31st December, 2018 and 30th June, 2018 were fair-valued by Knight Frank Petty Limited and Knight Frank Pte Ltd., independent valuers not connected with the Group. The valuations were arrived at by reference to market evidence of recent transaction prices for similar properties and/or on the basis of discounted cash flow projections based on estimates of future rental income from properties using current market rentals and yields as inputs. During the six months ended 31st December, 2018, the Group did not acquire any investment properties *(six months ended 31st December, 2017: HK$79,882,414)*, incurred construction cost in investment properties under redevelopment of HK$2,103,886 *(six months ended 31st December, 2017: Nil)*, incurred renovation cost on investment properties of HK$67,961,167 *(six months ended 31st December, 2017: HK$36,317,700)*, transferred from properties under development of HK$466,714,067 *(six months ended 31st December, 2017: HK$146,389,290)*, disposed of certain investment properties of HK$85,093,100 *(six months ended 31st December, 2017: HK$24,264,875)* and recognised fair value gain on investment properties of HK$635,658,916 *(six months ended 31st December, 2017: HK$434,304,569)*.

## 14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31st December, 2018, additions to property, plant and equipment amounted to HK$29,677,086 *(six months ended 31st December, 2017: HK$55,371,096)*.

## 15. INTERESTS IN ASSOCIATES/ADVANCES TO ASSOCIATES/AMOUNTS DUE FROM/TO ASSOCIATES

| | **31st December, 2018** *HK$* | 30th June, 2018 *HK$* |
|---|---|---|
| Interests in associates: | | |
| Unlisted shares, at cost | **5,670,406,301** | 4,570,304,026 |
| Share of post-acquisition profits, net of dividends received | **16,086,837,861** | 15,586,904,158 |
| | **21,757,244,162** | 20,157,208,184 |
| Advances to associates | **3,563,752,098** | 4,261,007,450 |
| Less: Allowance | **(1,410,032,065)** | (1,402,210,589) |
| | **2,153,720,033** | 2,858,796,861 |

The advances to associates of the Group are unsecured and have no fixed repayment terms. At 31st December, 2018, out of the Group's advances to associates net of allowance, HK$150,130,460 *(30th June, 2018: HK$782,444,019)* bears interest which is determined based on the cost-of-funds of the Group plus a margin and the remaining balance of HK$2,003,589,573 *(30th June, 2018: HK$2,076,352,842)* is interest-free. The effective interest rate for imputed interest income for the interest-free loan is determined based on the cost-of-funds of the borrower. In the opinion of the Directors, the Group will not demand for repayment within the next twelve months from the end of the reporting period and the advances are therefore shown as non-current.

## 15. INTERESTS IN ASSOCIATES/ADVANCES TO ASSOCIATES/AMOUNTS DUE FROM/TO ASSOCIATES *(Continued)*

The amounts due from associates of the Group classified under current assets are unsecured, interest-free and are expected to be repaid within one year from the end of the reporting period.

The amounts due to associates of the Group classified under current liabilities are unsecured, interest-free and repayable on demand.

On 19th October, 2015, the Group entered into an agreement with an independent third party (the "Purchaser") for the disposal of a wholly-owned subsidiary and assignment of shareholder's loan for an aggregate cash consideration of HK$3,500,000,000. The wholly-owned subsidiary holds 50% equity interest in an associate of the Group, which indirectly owns 100% interest in a project company which owns, develops and operates a property development project in Chongqing, the PRC. The consideration was fully paid by the Purchaser as at 31st December, 2017. During the six months ended 31st December, 2017, the disposal of the subsidiary was completed and a gain of disposal of an associate of approximately HK$542,000,000 was recognised and included in other income and other gains or losses.

## 16. INTERESTS IN JOINT VENTURES/ADVANCES TO JOINT VENTURES/AMOUNTS DUE FROM/TO JOINT VENTURES

| | **31st December, 2018** *HK$* | 30th June, 2018 *HK$* |
|---|---|---|
| Interests in joint ventures: | | |
| Unlisted shares | **511,095,364** | 537,365,214 |
| Share of post-acquisition profits, net of dividends received | **2,809,494,877** | 2,724,678,817 |
| | **3,320,590,241** | 3,262,044,031 |
| Advances to joint ventures | **7,748,887,897** | 10,843,649,095 |

The advances to joint ventures of the Group are unsecured and have no fixed repayment terms. At 31st December, 2018, out of the Group's advances to joint ventures, HK$5,511,202,552 *(30th June, 2018: HK$8,440,900,729)* bear interest at effective rate determined based on the cost-of-funds of the Group plus a margin and the remaining balance of HK$2,237,685,345 *(30th June, 2018: HK$2,402,748,366)* is interest-free. The effective interest rate for imputed interest income is determined based on the cost-of-fund of the borrowers. In the opinion of the Directors, the Group will not demand for repayment within the next twelve months from the end of the reporting period and the advances are therefore shown as non-current.

The amounts due from/to joint ventures of the Group grouped under current assets/liabilities are unsecured, interest-free and are expected to be repaid within one year from the end of the reporting period.

## 17. TRADE AND OTHER RECEIVABLES

At 31st December, 2018, included in trade and other receivables of the Group are trade receivables (net of allowance for doubtful debts) of HK$244,748,191 *(30th June, 2018: HK$205,530,033)*. Trade receivables mainly comprise rental receivables and properties sales receivables. Rental receivables are billed and payable in advance by tenants. Properties sales receivables are to be settled by the purchasers based on the terms of sale and purchase agreements of property.

The following is an aged analysis of trade receivables (net of allowance for doubtful debts) at the end of the reporting period. The amounts not yet due represent properties sales receivables. The amounts overdue mainly represent rental receivables billed on a monthly basis and payable by the tenants in advance of the rental periods.

| | **31st December, 2018** | 30th June, 2018 |
|---|---|---|
| | ***HK$*** | *HK$* |
| Not yet due | **53,209,111** | 46,456,391 |
| Overdue: | | |
| 1 – 30 days | **84,841,987** | 78,437,598 |
| 31 – 60 days | **59,021,309** | 37,653,894 |
| 61 – 90 days | **14,971,415** | 10,582,561 |
| Over 90 days | **32,704,369** | 32,399,589 |
| | **244,748,191** | 205,530,033 |

Other receivables mainly comprise receivables in relation to rental, utility and other deposits paid of approximately HK$190,000,000 *(30th June, 2018: HK$173,000,000)*, prepayments for operating expenses of approximately HK$46,000,000 *(30th June, 2018: HK$50,000,000)*, other payment in advance of approximately HK$135,000,000 *(30th June, 2018: HK$202,000,000)* which is mainly related to property development projects, interest receivables of approximately HK$204,000,000 *(30th June, 2018: HK$155,000,000)* and contract costs of approximately HK$325,000 *(30th June, 2018: Nil)*.

## 18. TRADE AND OTHER PAYABLES

At 31st December, 2018, included in trade and other payables of the Group are trade payables of HK$156,498,771 *(30th June, 2018: HK$147,047,844)*.

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

| | **31st December, 2018** *HK$* | 30th June, 2018 *HK$* |
|---|---|---|
| 0 – 30 days | **108,813,939** | 83,491,895 |
| 31 – 60 days | **28,271,174** | 40,951,949 |
| 61 – 90 days | **1,352,355** | 7,500,098 |
| Over 90 days | **18,061,303** | 15,103,902 |
| | **156,498,771** | 147,047,844 |

Other payables mainly comprise construction cost payable of approximately HK$988,000,000 *(30th June, 2018: HK$983,000,000)*, rental and utilities deposits received of approximately HK$830,000,000 *(30th June, 2018: HK$813,000,000)*, receipt in advance of approximately HK$2,285,000,000 *(30th June, 2018: HK$3,177,000,000)* which is mainly related to property development projects and rental receipt in advance of approximately HK$177,000,000 *(30th June, 2018: HK$156,000,000)*.

## 19. BANK BORROWINGS

During the six months ended 31st December, 2018, the Group obtained a new bank borrowing amounting to HK$2,000,000,000 *(six months ended 31st December, 2017: Nil)*. All of the bank borrowings carry interest at contracted interest rates (which are also the effective interest rates) at Hong Kong Interbank Offered Rate or Singapore Interbank Offered Rate plus a margin per annum.

## 20. SHARE CAPITAL

| | **2018** | | 2017 | |
|---|---|---|---|---|
| | **Number of ordinary shares** | **Share capital** *HK$* | Number of ordinary shares | Share capital *HK$* |
| Ordinary shares issued and fully paid: | | | | |
| At 1st July | **6,603,061,302** | **44,560,016,005** | 6,315,574,771 | 40,590,631,436 |
| Issue of shares in lieu of cash dividend | **157,043,742** | **1,938,547,951** | 133,807,481 | 1,807,471,453 |
| Cancellation upon buy-backs of own shares | **–** | **–** | (920,000) | – |
| At 31st December | **6,760,105,044** | **46,498,563,956** | 6,448,462,252 | 42,398,102,889 |

On 4th December, 2018, the Company issued and allotted a total of 157,043,742 *(six months ended 31st December, 2017: 133,807,481)* ordinary shares at an issue price of HK$12.344 *(six months ended 31st December, 2017: HK$13.508)* per ordinary share in lieu of cash for the 2018 final dividend *(six months ended 31st December, 2017: 2017 final dividend)*.

During the six months ended 31st December, 2018, no ordinary share was bought back on the Stock Exchange. During the six months ended 31st December, 2017, 920,000 ordinary shares bought back on the Stock Exchange were cancelled and the relevant aggregate consideration of HK$12,200,920 was paid out from the Company's retained profits.

The shares issued during the period rank pari passu with the then existing shares in all respects.

## 21. ADVANCES FROM ASSOCIATES

The advances from associates of the Group are unsecured, interest-free and have no fixed repayment terms. The associates have agreed not to demand repayment within the next twelve months from the end of the reporting period. The effective interest rate for imputed interest expense for these interest-free loans is determined based on the cost-of-funds of the Group.

## 22. ADVANCES FROM NON-CONTROLLING INTERESTS

The advances from non-controlling interests of the Group amounted to HK$14,678,959 *(30th June, 2018: HK$11,018,987)* are unsecured, bear interest at 6.25% *(30th June, 2018: 1% to 6.25%)* per annum and have no fixed repayment terms. The remaining balance of HK$1,446,513,682 *(30th June, 2018: HK$1,217,936,165)* is unsecured, interest-free and have no fixed repayment terms. The non-controlling interests have agreed not to demand repayment within the next twelve months from the end of the reporting period and the advances are therefore shown as non-current.

## 23. PARTIAL DISPOSAL OF A SUBSIDIARY

During the six months ended 31st December, 2017, the Group disposed of 80% equity interest in 信和置業（成都）有限公司, a wholly-owned subsidiary of the Group, for a consideration of RMB8,767,500,000 (equivalent to approximately HK$10,510,000,000) to an independent third party as detailed in the Company's announcement dated 7th September, 2017. The disposal was completed on 9th November, 2017 and the residual interest is accounted for as an associate upon completion. The net assets of 信和置業（成都）有限公司 at the date of disposal were as follows:

| | *HK$* |
|---|---|
| Net assets disposed of: | |
| Property, plant and equipment | 7,660,278 |
| Properties under development | 6,285,311,977 |
| Stocks of completed properties | 67,200,692 |
| Amount due from a subsidiary of the Group | 1,205,785,467 |
| Trade and other receivables | 6,973,772 |
| Taxation recoverable | 188,609,418 |
| Bank balances and cash | 652,049,234 |
| Trade and other payables | (263,225,794) |
| Deposits received on sales of properties | (3,041,208,130) |
| Taxation payable | (882,001) |
| | 5,108,274,913 |
| Fair value of residual interest in an associate | (1,783,533,209) |
| Reserve released upon partial disposal of a subsidiary | (238,051,292) |
| Gain on partial disposal of a subsidiary | 7,054,614,889 |
| | 10,141,305,301 |
| Satisfied by: | |
| Cash consideration received | |
| – during the six months ended 31st December, 2017 | 8,408,761,224 |
| – during the six months ended 30th June, 2018 | 2,102,190,306 |
| Expenses incurred for disposal | (369,646,229) |
| | 10,141,305,301 |

Net cash inflow arising on partial disposal during the six months ended 31st December, 2017:

| | |
|---|---|
| Cash consideration received | 8,408,761,224 |
| Less: Bank balances and cash disposed of | (652,049,234) |
| | 7,756,711,990 |

The subsidiary partially disposed of during the prior period did not contribute significantly to the turnover, operating results or cash flows to the Group for the period ended 31st December, 2017.

## 24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

**Fair value of the Group's financial assets that are measured at fair value on a recurring basis**

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

| | **Fair value at** | | |
|---|---|---|---|
| | **31st December, 2018** ***HK$*** | 30th June, 2018 *HK$* | Fair value hierarchy |
| **Financial assets** | | | |
| Equity instruments at FVTOCI *(30th June, 2018: Available-for-sale investments)* | | | |
| – Listed equity securities *(Note a)* | **816,599,999** | 912,863,744 | Level 1 |
| – Unlisted equity securities *(Note b)* | **2,961,578** | – | Level 3 |
| Financial assets at FVTPL *(30th June, 2018: Trading securities)* | | | |
| – Listed equity securities *(Note a)* | **9,869,657** | 10,449,495 | Level 1 |

*Notes:*

(a) *The fair values of all listed equity securities are determined with reference to quoted market bid prices in an active market as at 31st December, 2018 and 30th June, 2018.*

(b) *As at 31st December, 2018, the Directors of the Company consider the costs of unlisted equity securities approximate to their fair values.*

## 24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

**Fair value of the Group's financial assets that are measured at fair value on a recurring basis** *(Continued)*

The Directors of the Company consider that the carrying amounts of financial assets and liabilities classified as current assets or liabilities and recorded at amortised costs in the condensed consolidated financial statements approximate their fair values as these financial instruments are short-term in nature. For non-current financial assets and liabilities which are interest-free, the Directors consider that their carrying amounts approximate their fair values as their carrying amounts are discounted using the relevant effective interest rates which approximated to the prevailing borrowing rates. For non-current financial assets and liabilities which bear interest at fixed interest rates, these rates approximated to the prevailing borrowing rates of the respective group entities and accordingly, the Directors consider that their carrying amounts approximate their fair values.

There was no transfer among different levels of the fair value hierarchy in the current and prior periods.

**Reconciliation of Level 3 fair value measurements of financial assets**

| | **Equity instruments at FVTOCI – unlisted equity securities** | **Available-for-sale investments – unlisted equity securities** |
|---|---|---|
| | *HK$* | *HK$* |
| At 30th June, 2018 | – | 2,961,578 |
| Reclassified from available-for-sale investments upon the application of HKFRS 9 | 2,961,578 | (2,961,578) |
| At 1st July, 2018 and 31st December, 2018 | 2,961,578 | – |

The Group has initially applied HKFRS 9 at 1st July, 2018. Under the transition method chosen, comparative information is not restated.

## 25. PLEDGE OF ASSETS

(a) At 31st December, 2018, the aggregate facilities of bank borrowings granted to the Group amounting to approximately HK$34,469,000 *(30th June, 2018: HK$177,638,000)* were secured by certain of the Group's assets with an aggregate carrying amount of HK$1,754,274,336 *(30th June, 2018: HK$1,761,551,516)*. At the end of the reporting period, all the facilities were utilised by the Group.

Assets with the following carrying amounts have been pledged to secure borrowings of the Group:

| | **31st December, 2018** | 30th June, 2018 |
|---|---|---|
| | ***HK$*** | *HK$* |
| Investment properties | **249,896,625** | 249,265,875 |
| Hotel properties | **785,980,724** | 788,325,506 |
| Prepaid lease payments | **718,396,987** | 723,960,135 |
| | **1,754,274,336** | 1,761,551,516 |

(b) At 31st December, 2018, shares in certain associates and joint ventures with aggregate investment costs amounting to HK$291 *(30th June, 2018: HK$52)*, advances to certain associates and joint ventures in aggregate carrying amount of approximately HK$9,775,956,000 *(30th June, 2018: HK$4,354,618,000)* 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 the Company and the other shareholders of the associates and joint ventures. Details of the relevant guarantees granted are set out in Note 26.

## 26. CONTINGENT LIABILITIES

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

| | **31st December, 2018** | 30th June, 2018 |
|---|---|---|
| | ***HK$*** | *HK$* |
| Guarantees given to banks in respect of: | | |
| Banking facilities of an associate and joint ventures attributable to the Group | | |
| – Utilised | **5,513,567,631** | 2,462,157,872 |
| – Unutilised | **2,425,605,000** | 681,000,000 |
| | **7,939,172,631** | 3,143,157,872 |
| Mortgage loans granted to property purchasers | **272,283,109** | 459,943,156 |

At 31st December, 2018 and 30th June, 2018, 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. The amounts of loss allowances determined in accordance with HKFRS 9 (since 1st July, 2018) / HKAS 37 *"Provision, Contingent Liabilities and Contingent Assets"* (before application of HKFRS 9 on 1st July, 2018) at the end of the reporting period are insignificant.

Guarantees are given to banks with respect to loans procured by the purchasers of the Group's properties. Such guarantees will be released by banks upon completion of the relevant mortgage properties registration. In the opinion of the Directors, the fair values of these financial guarantee contracts of the Group are insignificant at initial recognition and the Directors consider that the possibility of default of the parties involved is remote; accordingly, no value has been recognised at the inception of these guarantee contracts and at the end of the reporting period. The amounts of loss allowances determined in accordance with HKFRS 9 (since 1st July, 2018) / HKAS 37 (before application of HKFRS 9 on 1st July, 2018) 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 Friday, 15th March, 2019 to Tuesday, 19th March, 2019, 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 Tuesday, 19th March, 2019.

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 Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 14th March, 2019.

## 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.

## DIRECTORS' INTERESTS

As at 31st December, 2018, the interests and short positions held by the Directors of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), were as follows:

**(A) Long Positions in Shares of the Company**

| Name of Director | Number of Ordinary Shares | Capacity and Nature of Interest | % of Issued Shares |
|---|---|---|---|
| Mr. Robert Ng Chee Siong | 3,815,997,428 *(Note)* | Beneficial owner of 219,001 shares, spouse interest in 4,686,077 shares and trustee interest in 3,811,092,350 shares in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong | 56.44% |
| The Honourable Ronald Joseph Arculli | 1,191,997 | Beneficial owner | 0.01% |
| Dr. Allan Zeman | – | – | – |
| Mr. Adrian David Li Man-kiu | – | – | – |
| Mr. Steven Ong Kay Eng | – | – | – |
| Mr. Wong Cho Bau | – | – | – |
| Mr. Daryl Ng Win Kong | 125,531 | Beneficial owner | ≃0% |
| Mr. Ringo Chan Wing Kwong | – | – | – |
| * Ms. Alice Ip Mo Lin | – | – | – |
| Mr. Gordon Lee Ching Keung | – | – | – |
| Mr. Sunny Yeung Kwong | – | – | – |

* *retired on 11th February, 2019*

## DIRECTORS' INTERESTS *(Continued)*

### (A) Long Positions in Shares of the Company *(Continued)*

*Note:*

*The trustee interest in 3,811,092,350 shares comprises:*

*(a) 1,630,728,908 shares which were held by Tsim Sha Tsui Properties Limited, which was 72.02% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong;*

*(b) (i) 51,703,087 shares which were held by Orchard Centre Holdings (Private) Limited, in which Nam Lung Properties Development Company Limited, a wholly-owned subsidiary of Tsim Sha Tsui Properties Limited, had a 95.23% control; and*

*(ii) 1,961,348,136 shares which were held through wholly-owned subsidiaries of Tsim Sha Tsui Properties Limited;*

*(c) 123,292,665 shares which were held through companies 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong, namely, 203,821 shares by Fanlight Investment Limited, 197,127 shares by Garford Nominees Limited, 44,362,440 shares by Karaganda Investments Inc., 19,133,330 shares by Orient Creation Limited, 9,299,261 shares by Strathallan Investment Limited, 28,028,155 shares by Strong Investments Limited, 21,478,024 shares by Tamworth Investment Limited and 590,507 shares by Transpire Investment Limited; and*

*(d) 44,019,554 shares which were held by the co-executors of the estate of the late Mr. Ng Teng Fong.*

## (B) Long Positions in Shares of Associated Corporations

### (i) Holding Company

**Tsim Sha Tsui Properties Limited**

| Name of Director | Number of Ordinary Shares | Capacity and Nature of Interest | % of Issued Shares |
|---|---|---|---|
| Mr. Robert Ng Chee Siong | 1,327,246,691 *(Note)* | Beneficial owner of 712,766 shares and trustee interest in 1,326,533,925 shares in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong | 72.06% |
| The Honourable Ronald Joseph Arculli | 60,000 | Beneficial owner | ≃0% |
| Dr. Allan Zeman | – | – | – |
| Mr. Adrian David Li Man-kiu | – | – | – |
| Mr. Steven Ong Kay Eng | – | – | – |
| Mr. Wong Cho Bau | – | – | – |
| Mr. Daryl Ng Win Kong | – | – | – |
| Mr. Ringo Chan Wing Kwong | – | – | – |
| * Ms. Alice Ip Mo Lin | – | – | – |
| Mr. Gordon Lee Ching Keung | – | – | – |
| Mr. Sunny Yeung Kwong | – | – | – |

* *retired on 11th February, 2019*

*Note:*

*The trustee interest in 1,326,533,925 shares comprises:*

*(a) 1,221,840,481 shares which were held through companies 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong, namely, 126,643,741 shares by Fanlight Investment Limited, 171,620,745 shares by Nippomo Limited, 3,943,661 shares by Orient Creation Limited, 337,541,894 shares by Strathallan Investment Limited, 503,704,163 shares by Tamworth Investment Limited and 78,386,277 shares by Transpire Investment Limited; and*

*(b) 104,693,444 shares which were held by the co-executors of the estate of the late Mr. Ng Teng Fong.*

**(B) Long Positions in Shares of Associated Corporations** *(Continued)*

**(ii) Associates and joint ventures**

Mr. Robert Ng Chee Siong was deemed to be interested in shares of the following companies through corporations controlled by him:

| Name of Company | Number of Ordinary Shares | | % of Issued Shares |
|---|---|---|---|
| Brighton Land Investment Limited | 1,000,002 | *(Notes 1 and 2)* | 100% |
| Empire Funds Limited | 1 | *(Notes 1 and 3)* | 50% |
| Erleigh Investment Limited | 110 | *(Notes 1 and 3)* | 55% |
| Eternal Honest Finance Company Limited | 1 | *(Notes 1 and 3)* | 50% |
| Famous Empire Properties Limited | 5,000 | *(Notes 1 and 4)* | 50% |
| FHR International Limited | 1 | *(Note 5)* | 33.33% |
| Island Resort Estate Management Company Limited | 10 | *(Notes 1 and 3)* | 50% |
| Jade Result Limited | 500,000 | *(Notes 1 and 3)* | 50% |
| Murdoch Investments Inc. | 2 | *(Notes 1 and 2)* | 100% |
| Real Maker Development Limited | 20,000 | *(Notes 1 and 6)* | 10% |
| Rich Century Investment Limited | 500,000 | *(Notes 1 and 3)* | 50% |
| Sea Dragon Limited | 70 | *(Notes 1 and 3)* | 70% |
| Silver Link Investment Limited | 10 | *(Notes 1 and 3)* | 50% |
| Sino Club Limited | 2 | *(Note 7)* | 100% |
| Sino Parking Services Limited | 450,000 | *(Note 8)* | 50% |
| Sino Real Estate Agency Limited | 50,000 | *(Note 8)* | 50% |

*Notes:*

1. *Osborne Investments Ltd. ("Osborne") was a wholly-owned subsidiary of Seaview Assets Limited which was in turn 100% owned by Boswell Holdings Limited in which Mr. Robert Ng Chee Siong had a 50% control.*

2. *The shares were held by Erleigh Investment Limited, a company 55% controlled by Osborne.*

3. *The share(s) was(were) held by Osborne.*

4. *The shares were held by Standard City Limited, a wholly-owned subsidiary of Osborne.*

5. *The share was held by Smart Link Limited in which Mr. Robert Ng Chee Siong had a 100% control.*

6. *The shares were held by Goegan Godown Limited, a wholly-owned subsidiary of Osborne.*

7. *The shares were held by Sino Real Estate Agency Limited, a company 50% controlled by Deansky Investments Limited in which Mr. Robert Ng Chee Siong had a 100% control.*

8. *The shares were held by Deansky Investments Limited.*

Save as disclosed above, as at 31st December, 2018, none of the Directors had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations which were recorded in the register required to be kept by the Company under Section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

As at 31st December, 2018, the interests and short positions of the substantial shareholders and other shareholders (other than Directors of the Company) in the shares and underlying shares of the Company as notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO were as follows:

**Long Positions in Shares of the Company**

| **Name of Substantial Shareholder** | **Number of Ordinary Shares** | **Capacity and Nature of Interest** | **% of Issued Shares** |
|---|---|---|---|
| Mr. Philip Ng Chee Tat | 3,824,943,622 *(Notes 1, 2, 3, 4, 5 and 6)* | Interest of controlled corporations in 13,851,272 shares and trustee interest in 3,811,092,350 shares in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong | 56.58% |
| Tsim Sha Tsui Properties Limited | 3,643,780,131 *(Notes 2(a), 2(b), 3, 4 and 6)* | Beneficial owner of 1,630,728,908 shares and interest of controlled corporations in 2,013,051,223 shares | 53.90% |

| **Name of Other Shareholder** | **Number of Ordinary Shares** | **Capacity and Nature of Interest** | **% of Issued Shares** |
|---|---|---|---|
| Spangle Investment Limited | 403,368,756 *(Notes 3 and 6)* | Beneficial owner | 6.44% |
| Ka Fai Land Investment Limited | 403,936,881 *(Notes 4 and 6)* | Beneficial owner | 5.97% |

**Long Positions in Shares of the Company** *(Continued)*

*Notes:*

1. *13,851,272 shares were held through companies 100% controlled by Mr. Philip Ng Chee Tat, namely, 4,274,770 shares by Far East Ventures Pte. Ltd. and 9,576,502 shares by Western Properties Pte Ltd.*

2. *The trustee interest in 3,811,092,350 shares comprises:*

   (a) *1,630,728,908 shares which were held by Tsim Sha Tsui Properties Limited, which was 72.02% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong;*

   (b) (i) *51,703,087 shares which were held by Orchard Centre Holdings (Private) Limited, in which Nam Lung Properties Development Company Limited, a wholly-owned subsidiary of Tsim Sha Tsui Properties Limited, had a 95.23% control; and*

   (ii) *1,961,348,136 shares which were held through wholly-owned subsidiaries of Tsim Sha Tsui Properties Limited (including 450,931,699 shares held by Spangle Investment Limited (Note 3) and 403,936,881 shares held by Ka Fai Land Investment Limited (Note 4));*

   (c) *123,292,665 shares which were held through companies 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong, namely, 203,821 shares by Fanlight Investment Limited, 197,127 shares by Garford Nominees Limited, 44,362,440 shares by Karaganda Investments Inc., 19,133,330 shares by Orient Creation Limited, 9,299,261 shares by Strathallan Investment Limited, 28,028,155 shares by Strong Investments Limited, 21,478,024 shares by Tamworth Investment Limited and 590,507 shares by Transpire Investment Limited; and*

   (d) *44,019,554 shares which were held by the co-executors of the estate of the late Mr. Ng Teng Fong.*

3. *Spangle Investment Limited is a wholly-owned subsidiary of Tsim Sha Tsui Properties Limited and its shareholding was duplicated in the interests of the co-executors of the estate of the late Mr. Ng Teng Fong and Tsim Sha Tsui Properties Limited.*

4. *Ka Fai Land Investment Limited is a wholly-owned subsidiary of Tsim Sha Tsui Properties Limited and its shareholding was duplicated in the interests of the co-executors of the estate of the late Mr. Ng Teng Fong and Tsim Sha Tsui Properties Limited.*

5. *The trustee interest of Mr. Philip Ng Chee Tat was duplicated in the trustee interest of Mr. Robert Ng Chee Siong as disclosed under the section headed "Directors' Interests" above as the co-executors of the estate of the late Mr. Ng Teng Fong.*

6. *The number and the percentage of shares as disclosed are based on the substantial shareholder notices filed with the Stock Exchange.*

Save as disclosed above and so far as the Directors of the Company are aware, as at 31st December, 2018, no other person (other than Directors of the Company) had an interest or short position in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and were recorded in the register required to be kept under Section 336 of the SFO, or was otherwise a substantial shareholder of the Company.

## DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

In accordance with Rule 13.22 of the Listing Rules, the Company discloses the following statement of indebtedness, capital commitments and contingent liabilities reported on by the affiliated companies of the Company and/or its subsidiaries as at the end of the most recent financial period.

| | **At 31st December, 2018** *HK$* | At 30th June, 2018 *HK$* |
|---|---|---|
| The Group's share of total indebtedness of its affiliated companies | | |
| – Bank loans | **6,195,403,219** | 2,462,157,872 |
| Advances from the Group | **16,547,946,017** | 15,979,289,612 |
| | **22,743,349,236** | 18,441,447,484 |
| The Group's share of capital commitments and contingent liabilities of its affiliated companies | **–** | – |

*Note: "Affiliated companies" mentioned above refers to associates and joint ventures of the Group.*

## DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

**Directors' Updated Biographical Details**

The changes in the biographical details of the Directors are set out below:

***Dr. Allan Zeman***

– appointed as an Independent Non-Executive Director of Fosun Tourism Group.

***Mr. Wong Cho Bau***

– appointed as a Chief Director of Federation of Hong Kong Chiu Chow Community Organizations.

***Mr. Daryl Ng Win Kong***

– appointed as a member of the Estate Agents Authority of the Government of Hong Kong Special Administrative Region.

Directors' updated biographies are available on the Company's website.

**Directors' Emoluments**

During the interim period, Mr. Daryl Ng Win Kong, Mr. Ringo Chan Wing Kwong, Ms. Alice Ip Mo Lin (retired on 11th February, 2019), Mr. Gordon Lee Ching Keung and Mr. Sunny Yeung Kwong received discretionary bonuses in the amounts of HK$767,560, HK$1,219,930, HK$1,538,985, HK$1,440,000 and HK$1,495,380 respectively.

The basis of determining the Directors' emoluments (including bonus payments) remain unchanged during the six months ended 31st December, 2018.

Save as disclosed above, as at 31st December, 2018, there had not been any other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## REMUNERATION COMMITTEE

The Company has established its Remuneration Committee with written terms of reference which are available at the Company's website www.sino.com and the Stock Exchange's website.

The Remuneration Committee is responsible for making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy. The Committee makes recommendations to the Board on the remuneration package of individual Executive Directors and senior management, and it also makes recommendations to the Board on the remuneration of Non-Executive Directors. The Committee meets at least once a year and is provided with sufficient resources enabling it to discharge its duties.

The Remuneration Committee currently comprises Mr. Steven Ong Kay Eng (Committee Chairman), Dr. Allan Zeman and Mr. Adrian David Li Man-kiu, all of whom are Independent Non-Executive Directors, and Mr. Daryl Ng Win Kong, the Deputy Chairman of the Board.

## NOMINATION COMMITTEE

The Company has established its Nomination Committee with written terms of reference which are available at the Company's website www.sino.com and the Stock Exchange's website.

The Nomination Committee is responsible for regularly reviewing the structure, size and composition of the Board with reference to the board diversity policy of the Company and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy. Its duties include making recommendations to the Board on the selection of individuals nominated for directorships, the appointment or re-appointment of Directors and succession planning for Directors, and regularly reviewing the time required from a Director to perform his responsibilities. The Committee is also responsible for assessing the independence of Independent Non-Executive Directors and reviewing their annual confirmations on independence. The Committee meets at least once a year and is provided with sufficient resources enabling it to discharge its duties.

The Nomination Committee currently comprises Mr. Robert Ng Chee Siong (Committee Chairman), the Chairman of the Board, as well as Dr. Allan Zeman and Mr. Adrian David Li Man-kiu, both of whom are Independent Non-Executive Directors.

## AUDIT COMMITTEE

The Company has set up its Audit Committee with written terms of reference which are available at the Company's website www.sino.com and the Stock Exchange's website.

The Audit Committee reports to the Board and holds regular meetings to assist the Board in discharging its responsibilities for effective financial reporting controls, risk management and internal control. The Committee meets at least four times a year and is provided with sufficient resources enabling it to discharge its duties.

The Audit Committee currently comprises Mr. Adrian David Li Man-kiu (Committee Chairman), Dr. Allan Zeman and Mr. Steven Ong Kay Eng, all of whom are Independent Non-Executive Directors.

In the first quarter of 2019, the Audit Committee has reviewed the accounting policies and practices adopted by the Company and the interim report for the six months ended 31st December, 2018.

## COMPLIANCE COMMITTEE

The Company has set up its Compliance Committee with written terms of reference to enhance the corporate governance standard of the Company. The Compliance Committee has dual reporting lines. A principal reporting line is to the Board through the Committee Chairman. A secondary reporting line is to the Audit Committee. The Compliance Committee currently comprises the Deputy Chairman of the Board Mr. Daryl Ng Win Kong (Committee Chairman), the other Executive Directors of the Company, the Chief Financial Officer and Head of Legal and Company Secretarial Departments, the Head of Internal Audit Department, other department heads and the Compliance Officer. The Committee holds regular meetings on a bi-monthly basis to review and make recommendations to the Board and the Audit Committee on the Company's corporate governance issues and Listing Rules compliance matters.

## CODES FOR DEALING IN THE COMPANY'S SECURITIES

The Company has adopted its own code for dealing in the Company's securities by Directors ("Directors Dealing Code") on terms no less exacting than the required standard set out in the Model Code. The Company has made specific enquiries of all Directors who held such offices during the period under review. All of them confirmed their compliance with the required standard set out in the Directors Dealing Code during the six months ended 31st December, 2018. The Company has also adopted a code for dealing in the Company's securities by relevant employees, who are likely to be in possession of inside information in relation to the securities of the Company, on no less exacting terms than the Model Code.

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the six months ended 31st December, 2018, the Company has complied with all the code provisions as set out in Appendix 14 to 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 four 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.

By Order of the Board
**Velencia LEE**
*Company Secretary*

Hong Kong, 28th February, 2019

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte. 德勤

**TO THE BOARD OF DIRECTORS OF SINO LAND COMPANY LIMITED**
*(incorporated in Hong Kong with limited liability)*

**Introduction**

We have reviewed the condensed consolidated financial statements of Sino Land Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 12 to 50, which comprise the condensed consolidated statement of financial position as of 31st December, 2018 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

**Scope of Review**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**
*Certified Public Accountants*
Hong Kong
28th February, 2019

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