

2019-2020 INTERIM REPORT

二零一九至二零二零年
中期報告

tmtplaza
屯門市廣場

AEON

MARKS &
SPENCER

TASTE
MORE THAN FOOD

自家湯涼茶坊
HERBAL TEA & SOUP SQUARE

涼茶專家組
一致認定
有效
解熱

tmtplaza
屯門市廣場

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Shareholders who have chosen or are deemed to have consented to receive the Corporate Communications using electronic means through the Company's website and who have difficulty in receiving or gaining access to the Interim Report posted on the Company's website will upon request be sent the Interim Report in printed form free of charge.

Shareholders may at any time choose to change their choice of language and means of receipt (i.e. in printed form or by electronic means through the Company's website) of all future Corporate Communications from the Company by giving notice in writing by post to the Company's Share Registrars, Tricor Friendly Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong or by email at tst247-ecom@hk.tricorglobal.com.

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CONTENTS

CORPORATE INFORMATION	3
CHAIRMAN'S STATEMENT	4
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS	12
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	13
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	14
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	16
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	17
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	19
CLOSURE OF REGISTER OF MEMBERS	47
PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES	47
DIRECTORS' INTERESTS	47
SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS	50
DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES	52
DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES	53
REMUNERATION COMMITTEE	54
NOMINATION COMMITTEE	54
AUDIT COMMITTEE	55
COMPLIANCE COMMITTEE	55
CODES FOR DEALING IN THE COMPANY'S SECURITIES	55
COMPLIANCE WITH CORPORATE GOVERNANCE CODE	56
REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	57

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*

(# 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
Daryl Ng Win Kong, JP

Company Secretary

Valencia Lee, Chief Financial Officer

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants, Hong Kong

Solicitors

Woo, Kwan, Lee & Lo
Clifford Chance

Shareholders' Calendar

Closure of Register of Members for dividend entitlement 12th to 16th March, 2020 (both dates inclusive)

Record Date for interim dividend entitlement 16th March, 2020

Last Date for lodging form of election for scrip dividend 6th April, 2020 4:30 p.m.

Interim Dividend Payable HK14 cents per share 20th April, 2020

Principal Bankers

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

Investor Relations Contact

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Email : info@sino.com

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Listing Information

Stock Code 247

CHAIRMAN'S STATEMENT

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

INTERIM RESULTS

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

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

The unaudited results for the Interim Period have been reviewed by the Company's auditor, Deloitte Touche Tohmatsu and they reflect the adoption of all Hong Kong Financial Reporting Standards applicable to the Group that are effective for the accounting period.

DIVIDEND

The Directors have declared an interim dividend of 14 cents per share payable on 20th April, 2020 to those shareholders whose names appear on the Register of Members of the Company on 16th March, 2020.

The interim dividend will be payable in cash, but shareholders will be given the option of electing to receive the interim dividend in the form of new shares in lieu of cash in respect of part or all of such dividend. The new shares to be issued pursuant to the scrip dividend scheme are subject to their listing being granted by the Listing Committee of The Stock Exchange of Hong Kong Limited.

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

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS

The operations under Sino Land Company Limited ("Sino Land") represent a substantial portion of the operations of the Group as a whole. As at 31st December, 2019, Tsim Sha Tsui Properties Limited had 54.69% interest in Sino Land. Therefore, for discussion purposes, the focus here will be on the operations of Sino Land.

(1) Sales Activities

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

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

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

(2) Land Bank

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

CHAIRMAN'S STATEMENT (Continued)

REVIEW OF OPERATIONS (Continued)

(2) Land Bank (Continued)

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

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

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

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

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

(3) Rental Activities

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

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

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

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

(4) Hotels

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

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

(5) Mainland China Business

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

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

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

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

FINANCE

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

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

CHAIRMAN'S STATEMENT *(Continued)*

CORPORATE GOVERNANCE

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

CUSTOMER SERVICE

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

CORPORATE SOCIAL RESPONSIBILITY

As a committed corporate citizen, Sino Land has been actively participating in a wide range of community programmes, volunteer services, green initiatives, arts and cultural events and staff engagement activities to promote sustainability, environmental protection, heritage and culture. In recognition of Sino Land's continuous efforts in promoting sustainability and upholding high standards in environmental, social and governance aspects, Sino Land has been selected as a constituent company of the Hang Seng Corporate Sustainability Index Series since September 2012.

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

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

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

CHAIRMAN'S STATEMENT *(Continued)*

CORPORATE SOCIAL RESPONSIBILITY *(Continued)*

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

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

PROSPECTS

Hong Kong economy has been challenging for the period under review due to unprecedented and exceptional circumstances where businesses have been operating under significant pressure. It is a good opportunity for management to review the processes, procedures, as well as the structure of operations in order to streamline them for further improvement in efficiency and effectiveness. When the situation improves and economic recovery returns, Sino Land is able to leverage on an optimal operational structure which will lead to higher shareholders' value.

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

CHAIRMAN'S STATEMENT *(Continued)*

PROSPECTS *(Continued)*

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

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

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

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

STAFF AND MANAGEMENT

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

Robert NG Chee Siang
Chairman

Hong Kong, 26th February, 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31st December, 2019

		Six months ended	
		31st December, 2019 HK\$ (Unaudited)	31st December, 2018 HK\$ (Unaudited)
Notes			
Revenue	3, 4	3,194,211,241	4,622,931,557
Cost of sales		(231,714,970)	(1,247,812,970)
Direct expenses		(1,081,514,157)	(1,147,005,257)
		<hr/>	<hr/>
Gross profit		1,880,982,114	2,228,113,330
Change in fair value of investment properties	13	169,336,043	635,658,916
Other income and other gains or losses		55,629,624	41,221,010
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")		(1,903,457)	(264,070)
Gain on disposal of investment properties		119,985,974	44,145,508
Administrative expenses		(467,218,287)	(555,143,724)
Other operating expenses		(104,122,784)	(101,389,945)
		<hr/>	<hr/>
Finance income	5	538,598,600	294,025,721
Finance costs	6	(77,471,916)	(57,905,666)
Less: interest capitalised	6	32,522,384	24,787,451
		<hr/>	<hr/>
Finance income, net		493,649,068	260,907,506
Share of results of associates	7	947,791,237	833,855,451
Share of results of joint ventures	8	(3,121,861)	95,094,797
		<hr/>	<hr/>
Profit before taxation	9	3,091,007,671	3,482,198,779
Income tax expense	10	(308,464,229)	(346,649,158)
		<hr/>	<hr/>
Profit for the period		2,782,543,442	3,135,549,621
		<hr/>	<hr/>
Profit for the period attributable to:			
The Company's shareholders		1,491,890,187	1,664,631,643
Non-controlling interests		1,290,653,255	1,470,917,978
		<hr/>	<hr/>
		2,782,543,442	3,135,549,621
		<hr/>	<hr/>
Earnings per share (reported earnings per share)			
Basic	12(a)	0.80	0.91
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31st December, 2019

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2019

	Notes	31st December, 2019 HK\$ (Unaudited)	30th June, 2019 HK\$ (Audited)
Non-current assets			
Investment properties	13	64,933,882,900	65,035,087,581
Hotel properties		1,800,562,474	1,892,461,633
Property, plant and equipment	14	198,527,684	219,848,019
Right-of-use assets		1,263,106,906	–
Goodwill		739,233,918	739,233,918
Prepaid lease payments – non-current		–	1,103,916,724
Interests in associates	15	21,404,612,542	21,977,291,368
Interests in joint ventures	16	3,322,884,292	3,344,737,242
Equity instruments at FVTOCI	24	828,049,158	866,712,547
Advances to associates	15	2,931,741,118	2,051,559,285
Advances to joint ventures	16	10,733,916,207	7,505,992,744
Advance to a non-controlling interest		368,563,617	–
Long-term loans receivable		2,227,277,885	2,245,722,825
Other assets		615,000	615,000
		110,752,973,701	106,983,178,886
Current assets			
Properties under development		27,947,238,945	25,866,538,169
Stocks of completed properties		1,595,728,448	1,825,625,869
Hotel inventories		21,753,851	21,276,567
Prepaid lease payments – current		–	20,135,984
Financial assets at FVTPL	24	15,491,365	17,371,656
Amounts due from associates	15	2,063,492,948	3,375,515,148
Amounts due from joint ventures	16	2,816,899,126	2,895,614,759
Amounts due from non-controlling interests		74,710,116	75,505,655
Trade and other receivables	17	1,547,800,006	1,245,519,362
Current portion of long-term loans receivable		86,310,968	80,941,385
Taxation recoverable		193,785,648	149,887,249
Restricted bank deposits		101,108,902	383,731,024
Time deposits		31,937,427,580	27,322,778,220
Bank balances and cash		9,678,717,289	11,524,945,562
		78,080,465,192	74,805,386,609
Assets classified as held for sale	19	287,243,020	–
		78,367,708,212	74,805,386,609

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

At 31st December, 2019

		31st December, 2019 HK\$ (Unaudited)	30th June, 2019 HK\$ (Audited)
	<i>Notes</i>		
Current liabilities			
Trade and other payables	18	4,876,577,710	4,994,664,419
Lease liabilities		49,097,262	–
Contract liabilities		22,507,804,772	16,208,373,613
Amounts due to associates	15	2,711,984,842	2,637,954,369
Amounts due to joint ventures	16	22,589	–
Amounts due to non-controlling interests		727,673,960	881,155,371
Taxation payable		871,460,931	738,324,928
Other loans – unsecured		111,755,688	110,207,809
		<hr/>	<hr/>
		31,856,377,754	25,570,680,509
Liabilities associated with assets classified as held for sale	19	6,804,782	–
		<hr/>	<hr/>
		31,863,182,536	25,570,680,509
		<hr/>	<hr/>
Net current assets		46,504,525,676	49,234,706,100
		<hr/>	<hr/>
Total assets less current liabilities		157,257,499,377	156,217,884,986
		<hr/>	<hr/>
Capital and reserves			
Share capital	21	14,039,871,076	13,285,452,664
Reserves		65,654,335,860	64,551,971,946
		<hr/>	<hr/>
Equity attributable to the Company's shareholders		79,694,206,936	77,837,424,610
Non-controlling interests		67,443,932,334	67,840,852,670
		<hr/>	<hr/>
Total equity		147,138,139,270	145,678,277,280
		<hr/>	<hr/>
Non-current liabilities			
Long-term bank borrowings			
– due after one year	20	4,216,642,383	5,026,688,387
Other loans – due after one year		1,340,131,771	1,323,425,929
Lease liabilities		11,983,929	–
Deferred taxation		2,521,320,657	2,460,823,898
Advances from associates	22	1,889,569,164	1,622,090,423
Advances from non-controlling interests	23	139,712,203	106,579,069
		<hr/>	<hr/>
		10,119,360,107	10,539,607,706
		<hr/>	<hr/>
		157,257,499,377	156,217,884,986
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31st December, 2019

	Share capital <i>HK\$</i>	Capital reserve <i>HK\$</i>	Investment revaluation reserve <i>HK\$</i>	Exchange reserve <i>HK\$</i>	Retained profits <i>HK\$</i>	Attributable to the Company's shareholders <i>HK\$</i>	Non- controlling interests <i>HK\$</i>	Total <i>HK\$</i>
At 1st July, 2018 (audited)	12,308,150,098	1,665,281,800	118,101,444	182,889,459	59,772,513,192	74,046,935,993	65,907,528,744	139,954,464,737
Adjustments	-	-	(227,773,759)	-	227,773,759	-	-	-
At 1st July, 2018 (restated)	12,308,150,098	1,665,281,800	(109,672,315)	182,889,459	60,000,286,951	74,046,935,993	65,907,528,744	139,954,464,737
Profit for the period	-	-	-	-	1,664,631,643	1,664,631,643	1,470,917,978	3,135,549,621
Other comprehensive expense for the period	-	-	(61,894,082)	(161,922,598)	-	(223,816,680)	(190,738,997)	(414,555,677)
Total comprehensive (expense) income for the period	-	-	(61,894,082)	(161,922,598)	1,664,631,643	1,440,814,963	1,280,178,981	2,720,993,944
Shares issued in lieu of cash dividend	720,492,162	-	-	-	-	720,492,162	-	720,492,162
Deemed acquisition of partial interest in a listed subsidiary	-	260,507,018	-	-	-	260,507,018	(261,240,915)	(733,897)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,229,459,870)	(1,229,459,870)
Scrip dividend re-invested by non-controlling interests	-	-	-	-	-	-	526,783,406	526,783,406
Final dividend declared and paid – 2018	-	-	-	-	(725,626,212)	(725,626,212)	-	(725,626,212)
At 31st December, 2018 (unaudited)	13,028,642,260	1,925,788,818	(171,566,397)	20,966,861	60,939,292,382	75,743,123,924	66,223,790,346	141,966,914,270
At 1st July, 2019 (audited)	13,285,452,664	1,951,978,060	(156,235,062)	24,647,757	62,731,581,191	77,837,424,610	67,840,852,670	145,678,277,280
Profit for the period	-	-	-	-	1,491,890,187	1,491,890,187	1,290,653,255	2,782,543,442
Other comprehensive expense for the period	-	-	(24,981,646)	(78,727,380)	-	(103,709,026)	(85,671,692)	(189,380,718)
Total comprehensive (expense) income for the period	-	-	(24,981,646)	(78,727,380)	1,491,890,187	1,388,181,161	1,204,981,563	2,593,162,724
Shares issued in lieu of cash dividend	754,418,412	-	-	-	-	754,418,412	-	754,418,412
Deemed acquisition of partial interest in a listed subsidiary	-	473,359,684	-	-	-	473,359,684	(473,092,198)	267,486
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,296,251,428)	(1,296,251,428)
Scrip dividend re-invested by non-controlling interests	-	-	-	-	-	-	167,441,727	167,441,727
Final dividend declared and paid – 2019	-	-	-	-	(759,176,931)	(759,176,931)	-	(759,176,931)
At 31st December, 2019 (unaudited)	14,039,871,076	2,425,337,744	(181,216,708)	(54,079,623)	63,464,294,447	79,694,206,936	67,443,932,334	147,138,139,270

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31st December, 2019

	Six months ended	
	31st December, 2019 HK\$ (Unaudited)	31st December, 2018 HK\$ (Unaudited)
Net cash from (used in) operating activities	5,496,071,849	(12,341,820)
Net cash from (used in) investing activities		
Advances to associates	(2,810,143,256)	(565,372,843)
Advances to joint ventures	(3,256,483,717)	(39,821,977)
Advances to non-controlling interests	(368,563,617)	(18,899,926)
Additions to investment properties	(133,360,685)	(70,065,053)
Additions to property, plant and equipment	(20,907,678)	(29,677,086)
Decrease (increase) in time deposits with original maturity over three months	11,222,974,781	(5,687,088,994)
Dividend received from associates	1,304,675,000	178,428,746
Decrease in restricted bank deposits	282,622,122	380,739,209
Proceeds from disposal of investment properties	199,879,080	129,238,608
Repayments from associates	3,272,990,741	807,508,977
Repayments from joint ventures	120,661,106	3,028,750,661
Repayments from non-controlling interests	795,539	2,855
Acquisition of interests in associates	–	(1,100,000,000)
Acquisition of interests in joint ventures	(15,535,872)	–
Other investing activities	540,622,813	193,848,572
	<u>10,340,226,357</u>	<u>(2,792,408,251)</u>
Net cash (used in) from financing activities		
New bank borrowings raised	–	2,000,000,000
New other loans raised	11,928,798	6,363,026
Advances from associates	342,533,722	480,148,578
Advances from joint ventures	22,589	7,373
Advances from non-controlling interests	72,724,263	239,125,815
Repayments of bank borrowings	(811,000,000)	(143,618,750)
Repayments of lease liabilities	(25,169,738)	–
Repayments to associates	(9,033,713)	(51,007,342)
Repayments to non-controlling interests	(193,072,540)	(25,666,533)
Dividend paid to non-controlling interests	(1,128,809,887)	(702,676,570)
Interest paid	(62,443,785)	(40,800,764)
Other financing activities	(6,023,385)	(11,477,142)
	<u>(1,808,343,676)</u>	<u>1,750,397,691</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

For the six months ended 31st December, 2019

	Six months ended	
	31st December, 2019 <i>HK\$</i> (Unaudited)	31st December, 2018 <i>HK\$</i> (Unaudited)
Net increase (decrease) in cash and cash equivalents	14,027,954,530	(1,054,352,380)
Bank balances and cash transferred to assets held for sale	(1,461,369)	–
Cash and cash equivalents at the beginning of the period	16,559,848,522	7,926,572,924
Effect of foreign exchange rate changes	(35,097,293)	(63,304,774)
	30,551,244,390	6,808,915,770
Analysis of the balances of cash and cash equivalents		
Restricted bank deposits	101,108,902	53,106,483
Time deposits	31,937,427,580	22,658,608,703
Bank balances and cash	9,678,717,289	4,010,504,110
	41,717,253,771	26,722,219,296
Deposits, bank balances and cash in the condensed consolidated statement of financial position	41,717,253,771	26,722,219,296
Less: Time deposits with original maturity over three months	(11,064,900,479)	(19,860,197,043)
Restricted bank deposits	(101,108,902)	(53,106,483)
	30,551,244,390	6,808,915,770
Cash and cash equivalents in the condensed consolidated statement of cash flows	30,551,244,390	6,808,915,770

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31st December, 2019

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

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

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”) and new accounting policy on assets held for sale by the Group in the current period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31st December, 2019 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30th June, 2019.

Assets held for sale

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2019

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Assets held for sale *(Continued)*

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

Application of new and amendments to HKFRSs

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

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

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

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

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

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2019

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

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

2.1 Impacts and changes in accounting policies of application of HKFRS 16 “Leases” *(Continued)*

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2019

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Application of new and amendments to HKFRSs (Continued)

2.1 Impacts and changes in accounting policies of application of HKFRS 16 “Leases” *(Continued)*

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 *(Continued)*

As a lessee (Continued)

Right-of-use assets (Continued)

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

Properties under development and stocks of completed properties

Properties under development which are developed in the ordinary course of business and stocks of completed properties are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets upon the application of HKFRS 16, properties under development and stocks of completed properties are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales.

Leasehold land and building

For acquisition of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the purchase consideration cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

Refundable rental deposits

Refundable rental deposits paid are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2019

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

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

2.1 Impacts and changes in accounting policies of application of HKFRS 16 “Leases” *(Continued)*

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 *(Continued)*

As a lessee *(Continued)*

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2019

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

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

2.1 Impacts and changes in accounting policies of application of HKFRS 16 “Leases” *(Continued)*

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 *(Continued)*

As a lessee *(Continued)*

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 “Income Taxes” requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

As a lessor

Allocation of consideration to components of a contract

Effective from 1st July, 2019, the Group applies HKFRS 15 “Revenue from Contracts with Customers” to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2019

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

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

2.1 Impacts and changes in accounting policies of application of HKFRS 16 “Leases” *(Continued)*

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

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

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

As a lessee

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

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets” as an alternative of impairment review;
- ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and
- iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee’s incremental borrowing rate applied is 3.2%.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of new and amendments to HKFRSs (Continued)

2.1 Impacts and changes in accounting policies of application of HKFRS 16 “Leases” (Continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

	At 1st July, 2019 HK\$
Operating lease commitments disclosed as at 30th June, 2019	92,634,364
Lease liabilities discounted at relevant incremental borrowing rates	91,945,733
Less: Recognition exemption – short-term leases	(160,001)
Practical expedient – leases with lease term ending within 12 months from the date of initial application	(10,751,256)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 and lease liabilities as at 1st July, 2019	81,034,476
Analysed as	
Current	48,777,912
Non-current	32,256,564
	81,034,476

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of new and amendments to HKFRSs (Continued)

2.1 Impacts and changes in accounting policies of application of HKFRS 16 “Leases” (Continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

The carrying amount of right-of-use assets as at 1st July, 2019 comprises the following:

	<i>Notes</i>	Right-of-use assets HK\$
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		81,034,476
Reclassified from hotel properties	<i>(a)</i>	84,318,013
Reclassified from prepaid lease payments	<i>(b)</i>	1,124,052,708
		<hr/> 1,289,405,197
By class:		
Leasehold lands		1,208,370,721
Premises		81,034,476
		<hr/> 1,289,405,197

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 31st December, 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of new and amendments to HKFRSs (Continued)

2.1 Impacts and changes in accounting policies of application of HKFRS 16 “Leases” (Continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

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

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

Notes:

- (a) Leasehold land in Hong Kong was classified as hotel properties as at 30th June, 2019. Upon application of HKFRS 16, the leasehold land in Hong Kong amounting to HK\$84,318,013 was reclassified from hotel properties to right-of-use assets.
- (b) Upfront payments for leasehold lands in Singapore were classified as prepaid lease payments as at 30th June, 2019. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to HK\$20,135,984 and HK\$1,103,916,724 respectively were reclassified to right-of-use assets.
- (c) For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 31st December, 2019, movements in working capital have been computed based on opening condensed consolidated statement of financial position as at 1st July, 2019 as disclosed above.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2019

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

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

2.1 Impacts and changes in accounting policies of application of HKFRS 16 “Leases” *(Continued)*

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 *(Continued)*

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

- (a) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted for as if the existing leases are modified as at 1st July, 2019. The application has had no impact on the Group’s condensed consolidated statement of financial position at 1st July, 2019. However, effective from 1st July, 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.
- (b) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets. The discounting effect has had no material impact on the condensed consolidated financial statements of the Group for the current period.
- (c) Effective from 1st July, 2019, the Group has applied HKFRS 15 to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the condensed consolidated financial statements of the Group for the current period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2019

3. REVENUE

	Six months ended	
	31st December, 2019 HK\$	31st December, 2018 HK\$
Sales of properties	412,238,609	1,864,337,609
Property management and other services	566,833,244	548,320,270
Hotel operations	484,398,475	485,146,079
	<hr/>	<hr/>
Revenue from goods and services	1,463,470,328	2,897,803,958
Gross rental income from properties	1,671,785,911	1,666,642,939
Interest income from loans receivable	35,511,520	32,979,195
Dividend income		
– Listed investments	23,443,482	21,298,565
– Unlisted investments	–	4,206,900
	<hr/>	<hr/>
	3,194,211,241	4,622,931,557
	<hr/>	<hr/>
Geographical market:		
Hong Kong	2,584,266,734	3,869,244,847
People's Republic of China (the "PRC")	49,287,700	198,723,010
Singapore	560,656,807	554,963,700
	<hr/>	<hr/>
	3,194,211,241	4,622,931,557
	<hr/>	<hr/>

For the six months ended 31st December, 2019, revenue from contracts with customers recognised over time mainly consists of property management and other services fee income and hotel room revenue of HK\$566,833,244 and HK\$240,530,701 (*six months ended 31st December, 2018: 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\$412,238,609 and HK\$243,867,774 (*six months ended 31st December, 2018: HK\$1,864,337,609 and HK\$252,278,677*) respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2019

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, 2019

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

Six months ended 31st December, 2018

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2019

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2019

5. FINANCE INCOME

	Six months ended	
	31st December, 2019 HK\$	31st December, 2018 HK\$
Interest income on:		
advances to associates and joint ventures	23,172,884	18,175,513
bank deposits	476,247,176	250,133,928
Imputed interest income on non-current interest-free advances to associates and joint ventures	39,178,540	25,716,280
	<u>538,598,600</u>	<u>294,025,721</u>

6. FINANCE COSTS

	Six months ended	
	31st December, 2019 HK\$	31st December, 2018 HK\$
Interest on bank and other borrowings	61,454,543	43,674,305
Interest on lease liabilities	1,191,925	–
Imputed interest expense on non-current interest-free advances from associates	8,009,205	6,584,297
Imputed interest expense on non-current interest-free unsecured other loans	5,789,306	5,758,227
Loan facility arrangement fees and finance charges	1,026,937	1,888,837
	<u>77,471,916</u>	<u>57,905,666</u>
Less: Amounts capitalised to properties under development	<u>(32,522,384)</u>	<u>(24,787,451)</u>
	<u>44,949,532</u>	<u>33,118,215</u>

7. SHARE OF RESULTS OF ASSOCIATES

Share of results of associates included the Group's share of increase in fair value of investment properties of the associates of HK\$34,992,531 (six months ended 31st December, 2018: HK\$257,971,016).

8. SHARE OF RESULTS OF JOINT VENTURES

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2019

9. PROFIT BEFORE TAXATION

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

10. INCOME TAX EXPENSE

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2019

10. INCOME TAX EXPENSE (Continued)

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 16.5% (six months ended 31st December, 2018: 16.5%).

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

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

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

11. DIVIDEND PAID

	Six months ended	
	31st December, 2019 HK\$	31st December, 2018 HK\$
Final dividend paid for the year ended 30th June, 2019 of HK41 cents per share (six months ended 31st December, 2018: HK40 cents per share for the year ended 30th June, 2018), with a scrip dividend option	759,176,931	725,626,212

Subsequent to the end of the reporting period, the Directors determined that an interim dividend for the six months ended 31st December, 2019 of HK14 cents (six months ended 31st December, 2018: HK14 cents) per share amounting to HK\$263,457,581 (six months ended 31st December, 2018: HK\$257,848,747) would be paid to the Company's shareholders whose names appear on the Register of Members on 16th March, 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

No diluted earnings per share has been presented for the periods ended 31st December, 2019 and 2018 as there were no potential ordinary shares outstanding during the current and prior 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\$1,460,613,130 (*six months ended 31st December, 2018: HK\$1,257,961,329*) is also presented, excluding the net effect of changes in fair value of the Group's, associates' and joint ventures' investment properties and fair value adjustments of the residual interest arising from the disposal of a subsidiary, taking into account tax effect and the amount attributable to the Company's shareholders. The denominators used are the same as those detailed above for reported earnings per share.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

For the six months ended 31st December, 2019

12. EARNINGS PER SHARE (Continued)

(b) Underlying earnings per share (Continued)

A reconciliation of profit is as follows:

	Six months ended	
	31st December, 2019 HK\$	31st December, 2018 HK\$
Earnings for the purpose of basic earnings per share	<u>1,491,890,187</u>	<u>1,664,631,643</u>
Change in fair value of investment properties	(169,336,043)	(635,658,916)
Effect of corresponding deferred taxation charges	54,849,859	29,046,664
Share of results of associates		
– Change in fair value of investment properties	(34,992,531)	(257,971,016)
– Effect of corresponding deferred taxation charges	2,185,888	130,762
Share of results of joint ventures		
– Change in fair value of investment properties	<u>34,973,982</u>	<u>(10,015,255)</u>
	(112,318,845)	(874,467,761)
Amount attributable to non-controlling interests	<u>52,707,759</u>	<u>411,591,188</u>
Unrealised change in fair value of investment properties attributable to the Company's shareholders	(59,611,086)	(462,876,573)
Realised fair value gain on investment properties disposed of during the period, net of taxation	51,517,407	89,831,911
Realised fair value gain on the disposal of a subsidiary upon sales of the underlying properties during the period	913,113	15,256,374
Amount attributable to non-controlling interests	<u>(24,096,491)</u>	<u>(48,882,026)</u>
	<u>(31,277,057)</u>	<u>(406,670,314)</u>
Underlying profit attributable to the Company's shareholders	<u>1,460,613,130</u>	<u>1,257,961,329</u>
Underlying earnings per share	<u>0.78</u>	<u>0.69</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2019

13. INVESTMENT PROPERTIES

The Group's investment properties at 31st December, 2019 and 30th June, 2019 were fair-valued by Knight Frank Petty Limited and Knight Frank Pte Ltd., independent valuers not connected with the Group. The valuations for completed properties 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. For investment properties under redevelopment, the valuations had been arrived at by adopting direct comparison approach with reference to comparable transactions in the locality and assuming that the investment properties will be completed in accordance with the development proposals and the relevant approvals for the proposals have been obtained. The valuations had also taken into account the relevant future cost of development, including construction costs, finance costs, professional fees and developer's profit as of completion, which duly reflected the risks associated with the development of the properties.

The resulting fair value gain on investment properties of HK\$169,336,043 has been recognised directly in profit or loss for the six months ended 31st December, 2019 (six months ended 31st December, 2018: HK\$635,658,916).

14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31st December, 2019, additions to property, plant and equipment amounted to HK\$20,907,678 (six months ended 31st December, 2018: HK\$29,677,086).

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

	31st December, 2019 HK\$	30th June, 2019 HK\$
Interests in associates:		
Unlisted shares, at cost	5,696,517,226	5,696,318,223
Share of post-acquisition profits, net of dividends received	15,708,095,316	16,280,973,145
	<u>21,404,612,542</u>	<u>21,977,291,368</u>
Advances to associates	4,287,442,956	3,429,828,974
Less: Allowance	(1,355,701,838)	(1,378,269,689)
	<u>2,931,741,118</u>	<u>2,051,559,285</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2019

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

The advances to associates of the Group are unsecured and have no fixed repayment terms. At 31st December, 2019, out of the Group's advances to associates net of allowance, HK\$238,426,605 (30th June, 2019: HK\$130,153,825) bears interest and the remaining balance is interest-free. 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 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.

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

	31st December, 2019 HK\$	30th June, 2019 HK\$
Interests in joint ventures:		
Unlisted shares	526,339,450	522,239,132
Share of post-acquisition profits, net of dividends received	2,796,544,842	2,822,498,110
	<u>3,322,884,292</u>	<u>3,344,737,242</u>
Advances to joint ventures	<u>10,733,916,207</u>	<u>7,505,992,744</u>

The advances to joint ventures of the Group are unsecured and have no fixed repayment terms. At 31st December, 2019, out of the Group's advances to joint ventures, HK\$7,977,972,244 (30th June, 2019: HK\$5,705,499,063) bear interest and the remaining balance of HK\$2,755,943,963 (30th June, 2019: HK\$1,800,493,681) is interest-free. 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2019

17. TRADE AND OTHER RECEIVABLES

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

The following is an aged analysis of trade receivables (net of allowance for credit losses) at the end of the reporting period. The amounts not yet due mainly represent receivables from property management and other services. 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, 2019 HK\$	30th June, 2019 HK\$
Not yet due	71,313,954	37,026,249
Overdue:		
1 – 30 days	81,416,090	98,494,874
31 – 60 days	30,020,299	31,263,713
61 – 90 days	8,874,784	12,408,794
Over 90 days	50,866,357	43,541,539
	<hr/>	<hr/>
	242,491,484	222,735,169

Other receivables mainly comprise receivables in relation to rental, utility and other deposits paid of approximately HK\$185,000,000 (30th June, 2019: HK\$181,000,000), prepayments for operating expenses of approximately HK\$40,000,000 (30th June, 2019: HK\$29,000,000), other payment in advance of approximately HK\$140,000,000 (30th June, 2019: HK\$113,000,000) which is mainly related to property development projects, interest receivables of approximately HK\$249,000,000 (30th June, 2019: HK\$297,000,000) and prepayment for sales commission of approximately HK\$394,000,000 (30th June, 2019: HK\$47,000,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2019

18. TRADE AND OTHER PAYABLES

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

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

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

Other payables mainly comprise construction cost payable of approximately HK\$780,000,000 (30th June, 2019: HK\$857,000,000), rental and utilities deposits received of approximately HK\$851,000,000 (30th June, 2019: HK\$863,000,000), receipt in advance of approximately HK\$1,590,000,000 (30th June, 2019: HK\$2,297,000,000) which is mainly related to property development projects and rental receipt in advance of approximately HK\$187,000,000 (30th June, 2019: HK\$164,000,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2019

19. ASSETS CLASSIFIED AS HELD FOR SALE

During the six months ended 31st December, 2019, the Group disposed its entire interest in Silver Target Limited, a wholly-owned subsidiary of Sino Land Company Limited ("Sino Land"), for a cash consideration of HK\$285,370,000 to an independent third party. The disposal was completed on 10th January, 2020. Assets and liabilities of the disposed subsidiary were classified as held for sale as at 31st December, 2019.

The following assets and liabilities were reclassified as held for sale as at 31st December, 2019:

	HK\$
Investment property	285,000,000
Trade and other receivables	781,651
Bank balances and cash	1,461,369
	<hr/>
Total assets classified as held for sale	287,243,020
	<hr/>
Trade and other payables	2,778,026
Taxation payable	1,684,885
Deferred taxation	2,341,871
	<hr/>
Total liabilities associated with assets classified as held for sale	6,804,782
	<hr/>

20. BANK BORROWINGS

During the six months ended 31st December, 2019, the Group did not obtain any new bank loan (*six months ended 31st December, 2018: HK\$2,000,000,000*) and repaid bank loan of HK\$811,000,000 (*six months ended 31st December, 2018: HK\$149,618,750*). 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 31st December, 2019

21. SHARE CAPITAL

	2019		2018	
	Number of ordinary shares	Share capital HK\$	Number of ordinary shares	Share capital HK\$
Ordinary shares issued and fully paid with no par value:				
At 1st July	1,851,651,051	13,285,452,664	1,814,065,529	12,308,150,098
Issue of shares in lieu of cash dividend	30,188,812	754,418,412	27,711,237	720,492,162
	<u>1,881,839,863</u>	<u>14,039,871,076</u>	<u>1,841,776,766</u>	<u>13,028,642,260</u>
At 31st December				

On 4th December, 2019, the Company issued and allotted a total of 30,188,812 (*six months ended 31st December, 2018: 27,711,237*) ordinary shares at an issue price of HK\$24.99 (*six months ended 31st December, 2018: HK\$26.00*) per ordinary share in lieu of cash for the 2019 final dividend (*six months ended 31st December, 2018: 2018 final dividend*).

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

22. 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.

23. ADVANCES FROM NON-CONTROLLING INTERESTS

The advances from non-controlling interests of the Group amounted to HK\$68,037,976 (*30th June, 2019: HK\$35,644,803*) are unsecured, bear interest at 6.25% (*30th June, 2019: 6.25%*) per annum and have no fixed repayment terms. The remaining balance of HK\$71,674,227 (*30th June, 2019: HK\$70,934,266*) 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2019

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, 2019 HK\$	30th June, 2019 HK\$	Fair value hierarchy
Financial assets			
Equity instruments at FVTOCI			
– Listed equity securities (Note a)	825,087,580	863,750,969	Level 1
– Unlisted equity securities (Note b)	2,961,578	2,961,578	Level 3
Financial assets at FVTPL			
– Listed equity securities (Note a)	15,491,365	17,371,656	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, 2019 and 30th June, 2019.

(b) As at 31st December, 2019 and 30th June, 2019, the Directors of the Company consider the costs of unlisted equity securities approximate their fair values.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2019

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 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 HK\$
At 1st July, 2019 and 31st December, 2019	2,961,578

25. PLEDGE OF ASSETS

- (a) Certain of the Group's assets with the following carrying amounts have been pledged to secure banking facilities of the Group:

	31st December, 2019 HK\$	30th June, 2019 HK\$
Investment properties	–	254,647,250
Hotel properties	–	778,781,122
Prepaid lease payments	–	713,044,039
	–	1,746,472,411

- (b) At 31st December, 2019, shares in certain associates and joint ventures, advances to certain associates and joint ventures in aggregate carrying amount of approximately HK\$11,764,314,000 (30th June, 2019: HK\$10,025,869,000) and certain assets of the associates and joint ventures were pledged to or assigned to secure loan facilities made available by banks to such associates and joint ventures. Loan facilities granted to certain associates and joint ventures were jointly guaranteed by Sino Land and the other shareholders of the associates and joint ventures. Details of the relevant guarantees granted are set out in Note 26.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31st December, 2019

26. CONTINGENT LIABILITIES

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

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

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

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 each reporting period.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 12th March, 2020 to Monday, 16th March, 2020, both dates inclusive, during which period no transfer of shares will be effected. The record date for the interim dividend is at the close of business on Monday, 16th March, 2020.

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the interim period.

DIRECTORS' INTERESTS

As at 31st December, 2019, 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	1,356,283,970 <i>(Note)</i>	Beneficial owner of 728,358 shares and trustee interest in 1,355,555,612 shares in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	72.07%
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. Daryl Ng Win Kong	—	—	—

Note:

The trustee interest in 1,355,555,612 shares comprises:

- (a) 1,248,571,703 shares which were held through companies 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong, namely, 129,414,432 shares by Fanlight Investment Limited, 175,375,435 shares by Nippomo Limited, 4,029,939 shares by Orient Creation Limited, 344,926,580 shares by Strathallan Investment Limited, 514,724,118 shares by Tamworth Investment Limited and 80,101,199 shares by Transpire Investment Limited; and*
- (b) 106,983,909 shares which were held by the co-executors of the estate of the late Mr. Ng Teng Fong.*

DIRECTORS' INTERESTS (Continued)

(B) Long Positions in Shares of Associated Corporations

(i) Subsidiary

Sino Land Company Limited

Name of Director	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Shares
Mr. Robert Ng Chee Siong	3,986,088,177 <i>(Note)</i>	Beneficial owner of 228,791 shares, spouse interest in 4,895,582 shares and trustee interest in 3,980,963,804 shares in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	57.28%
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. Daryl Ng Win Kong	131,143	Beneficial owner	≈0%

Note:

The trustee interest in 3,980,963,804 shares comprises:

- (a) *1,703,635,553 shares which were held by Tsim Sha Tsui Properties Limited, which was 72.03% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong;*
- (b) (i) *53,498,941 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) *2,049,036,100 shares which were held through wholly-owned subsidiaries of Tsim Sha Tsui Properties Limited;*
- (c) *128,805,630 shares which were held through companies 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong, namely, 213,290 shares by Fanlight Investment Limited, 205,940 shares by Garford Nominees Limited, 46,345,794 shares by Karaganda Investments Inc., 19,988,742 shares by Orient Creation Limited, 9,715,011 shares by Strathallan Investment Limited, 29,281,237 shares by Strong Investments Limited, 22,438,262 shares by Tamworth Investment Limited and 617,354 shares by Transpire Investment Limited; and*
- (d) *45,987,580 shares which were held by the co-executors of the estate of the late Mr. Ng Teng Fong.*

DIRECTORS' INTERESTS (Continued)

(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.

DIRECTORS' INTERESTS *(Continued)*

Save as disclosed above, as at 31st December, 2019, 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, 2019, 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	1,358,356,976 <i>(Notes 1, 2, 3, 4 and 5)</i>	Interest of controlled corporations in 2,801,364 shares and trustee interest in 1,355,555,612 shares in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	72.18%
Tamworth Investment Limited	474,423,302 <i>(Notes 3 and 5)</i>	Beneficial owner	27.34%
Strathallan Investment Limited	317,920,220 <i>(Notes 3 and 5)</i>	Beneficial owner	18.32%
Name of Other Shareholder	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Shares
Nippomo Limited	161,644,248 <i>(Notes 3 and 5)</i>	Beneficial owner	9.31%
Fanlight Investment Limited	124,724,897 <i>(Notes 3 and 5)</i>	Beneficial owner	6.87%

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS (Continued)

Long Positions in Shares of the Company (Continued)

Notes:

1. 2,801,364 shares were held through companies 100% controlled by Mr. Philip Ng Chee Tat, namely, 2,440,591 shares by Far East Ventures Pte. Ltd. and 360,773 shares by Western Properties Pte Ltd.
2. The trustee interest in 1,355,555,612 shares comprises:
 - (a) 1,248,571,703 shares which were held through companies 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong, namely, 129,414,432 shares by Fanlight Investment Limited, 175,375,435 shares by Nippomo Limited, 4,029,939 shares by Orient Creation Limited, 344,926,580 shares by Strathallan Investment Limited, 514,724,118 shares by Tamworth Investment Limited and 80,101,199 shares by Transpire Investment Limited; and
 - (b) 106,983,909 shares which were held by the co-executors of the estate of the late Mr. Ng Teng Fong.
3. The interests of Tamworth Investment Limited, Strathallan Investment Limited, Nippomo Limited and Fanlight Investment Limited were duplicated in the interests of the co-executors of the estate of the late Mr. Ng Teng Fong.
4. 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.
5. 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, 2019, 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

Sino Land Company Limited (“Sino Land”) is a subsidiary of the Company. On a consolidated basis, the Company also had a general disclosure obligation under Rule 13.22 of the Listing Rules with respect to the advances to, and guarantees given for the benefits of its affiliated companies by the Company (through Sino Land and/or its subsidiaries). 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 Sino Land and/or its subsidiaries as at the end of the most recent financial period.

	At 31st December, 2019 HK\$	At 30th June, 2019 HK\$
Sino Land’s share of total indebtedness of its affiliated companies		
– Bank loans	7,667,394,556	6,863,153,000
Advances from Sino Land and its subsidiaries	<u>19,996,826,507</u>	<u>18,838,557,885</u>
	<u>27,664,221,063</u>	<u>25,701,710,885</u>
Sino Land’s share of capital commitments and contingent liabilities of its affiliated companies	<u>–</u>	<u>–</u>

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:

Mr. Adrian David Li Man-kiu

- appointed as a member of Mastercard's Asia Pacific Advisory Board.

Mr. Daryl Ng Win Kong

- ceased as a member of the Executive Committee of Hong Kong Sheng Kung Hui Welfare Council Limited;
- ceased as a member of the Social Welfare Advisory Committee of the Government of Hong Kong Special Administrative Region;
- appointed as the Chairman of Yeo Hiap Seng Limited;
- appointed as an Advisor of Our Hong Kong Foundation;
- appointed as a Council Member of Hong Kong Chronicles Institute Limited; and
- appointed as a member of International Advisory Council of Singapore Management University.

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

Directors' Emoluments

During the interim period, Mr. Daryl Ng Win Kong received a discretionary bonus in the amount of HK\$160,990 from the Company's subsidiary, Sino Land, for which he is one of the Directors.

The basis of determining the Directors' emoluments (including bonus payments) remain unchanged during the six months ended 31st December, 2019.

Save as disclosed above, as at 31st December, 2019, 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 2020, 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, 2019.

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 Director 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 management reports on ongoing compliance regarding continuing connected transactions and usage of annual caps, provide a forum for regulatory updates for the management, consider corporate governance issues 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, 2019. 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, 2019, 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 three Independent Non-Executive Directors have contributed valuable views and proposals for the Board's deliberation and decisions. The Board reviews the management structure regularly to ensure it continues to meet these objectives and is in line with the industry practices.

By Order of the Board

Velencia LEE

Company Secretary

Hong Kong, 26th February, 2020

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF TSIM SHA TSUI PROPERTIES LIMITED

(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Tsim Sha Tsui Properties Limited (the “Company”) and its subsidiaries set out on pages 12 to 46, which comprise the condensed consolidated statement of financial position as of 31st December, 2019 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-month period then ended, and certain explanatory notes. The Main Board Listing 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
26th February, 2020

