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Tsim Sha Tsui Properties Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 247)

CHAIRMAN'S STATEMENT

I am pleased to present the 2012/2013 Annual Report to shareholders.

FINAL RESULTS

For the financial year ended 30th June, 2013, the Group's underlying net profit attributable to shareholders, excluding the effect of fair-value changes on investment properties, was HK\$3,418.1 million, an increase of 27.3% from HK\$2,685.6 million in the last financial year. Underlying earnings per share was HK\$2.194, an increase of 24.3% from last financial year.

The Group's reported net profit attributable to shareholders was HK\$5,977.4 million (2011/2012 : HK\$5,380.8 million). Earnings per share was HK\$3.837 (2011/2012 : HK\$3.536). The reported profit for the year included a revaluation surplus (net of deferred taxation) on investment properties of HK\$2,559.3 million compared with a revaluation surplus (net of deferred taxation) of HK\$2,695.2 million last financial year.

DIVIDENDS

The Directors have resolved to recommend a final dividend of 38 cents per share in respect of the financial year ended 30th June, 2013 to shareholders whose names appear on the Register of Members of the Company on 30th October, 2013. Together with the interim dividend of 12 cents per share, the total dividend for the financial year ended 30th June, 2013 is 50 cents per share.

The Directors propose that shareholders be given the option to receive the final dividend in new shares in lieu of cash. The scrip dividend proposal is subject to: (1) the approval of the proposed final dividend at the Annual General Meeting to be held on 23rd October, 2013; and (2) The

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

A circular containing details of the scrip dividend proposal will be dispatched to shareholders together with the form of election for scrip dividend on or about 5th November, 2013. It is expected that the final dividend warrants and share certificates for the scrip dividend will be dispatched to shareholders on or about 3rd December, 2013.

REVIEW OF OPERATIONS

The operations under Sino Land Company Limited (“Sino Land”) represent a substantial portion of the operations of the Group as a whole. As at 30th June, 2013, Tsim Sha Tsui Properties Limited (the “Company”) had 50.79% interest in Sino Land. Therefore, for discussion purposes, we have focused on the operations of Sino Land.

(1) Sales Activities

Total revenue from property sales recognised for the financial year ended 30th June, 2013, including property sales of associates recognised by Sino Land, was HK\$14,128.2 million (2011/2012 : HK\$7,148.8 million).

Total revenue from property sales comprises mainly the sales of residential units in The Coronation in West Kowloon, Providence Bay and Providence Peak both in Pak Shek Kok, Park Summit in Mongkok and Le Sommet in Xiamen completed during the financial year 2012/2013 as well as those completed in previous financial years. Market response to the sales of the units in these five projects was favourable. Over 99% of the total number of residential units in both The Coronation and Park Summit have been sold. As for the two projects in Pak Shek Kok, namely Providence Peak and Providence Bay, over 80% and 60% of the units have been sold respectively. As for Le Sommet in Xiamen, all of the units have been sold. In respect of projects completed in previous financial years, these mainly included One Mayfair, Marinella, The Palazzo, The Balmoral, Goodwood Park and Lake Silver as well as car parking spaces in several residential projects including Island HarbourView, Dynasty View and Ocean View. Contributions from property sales, including property sales of associates recognised by Sino Land, was HK\$4,511.3 million (2011/2012 : HK\$3,017.6 million).

Sino Land continues to seek good opportunities to sell its projects to enhance shareholders’ value. As for China, over 540 residential units in Dynasty Park in Zhangzhou and 212 units in Central Park in Xiamen were launched for sale during the financial year 2012/2013 and over 89% and 94% have been sold respectively.

(2) Land Bank

As at 30th June, 2013, Sino Land has a land bank of approximately 40.1 million square feet of attributable floor area in Hong Kong, China and Singapore which comprises a balanced portfolio of properties of which 64.1% is residential; 23.8% commercial; 5.3% industrial; 3.7% car parks and 3.1% hotels. In terms of breakdown of the land bank by status, 27.8 million square feet were properties under development, 11.3 million square feet of properties

for investment and hotels, together with 1.0 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.

Since July 2011, Sino Land has acquired a total of six sites from the HKSAR Government and the development right of a site at Long Ping Station (North) from MTR Corporation Limited with a total attributable floor area of approximately 1.2 million square feet mainly for residential development. Details of the projects are as follows:

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Floor Area</u> (Square feet)
1. STTL525 Shatin Area 56A, Kau To (Site A), New Territories	Residential	40%	412,588
2. TKOTL 117 Area 66C2, Tseung Kwan O, New Territories	Residential / Commercial	60%	291,936
3. Lot 1949 in Demarcation District 221 Sha Kok Mei, Sai Kung, New Territories	Residential	100%	249,133
4. YLTL 513 Long Ping Station (North), Yuen Long, New Territories	Residential	40%	209,575
5. Lot 726 in Demarcation District No. 4, Mui Wo, Lantau Island, New Territories	Residential / Commercial	100%	49,407
6. Lot 676 in Demarcation District, Peng Chau, New Territories	Residential	100%	36,845
7. Lot 674 in Demarcation District, Peng Chau, New Territories	Residential	100%	14,372
			<u>1,263,856</u>

(3) Property Development

During the financial year 2012/2013, Sino Land obtained Occupation Permits for the following projects in Hong Kong with a total attributable floor area of approximately 1.1 million square feet. Details of these projects are presented as follows :-

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Floor Area</u> (Square feet)
1. The Coronation 1 Yau Cheung Road, South West Kowloon	Residential / Commercial	45%	292,808
2. Providence Bay 5 Fo Chun Road, Pak Shek Kok, Tai Po, New Territories	Residential	35%	250,072
3. Park Summit 88 Beech Street, Mongkok, Kowloon	Residential / Commercial	Joint Venture	225,527
4. Providence Peak 8 Fo Chun Road, Pak Shek Kok, Tai Po, New Territories	Residential	25%	187,447
5. The Graces • Providence Bay 9 Fo Chun Road, Pak Shek Kok, Tai Po, New Territories	Residential / Commercial	50%	172,703
			<u>1,128,557</u>

As for China, Le Sommet, a wholly-owned residential project in Xiamen with total floor area of 131,700 square feet, was completed during the financial year 2012/2013.

(4) Rental Activities

For the financial year ended 30th June, 2013, Sino Land's gross rental revenue, including attributable share from associates, increased 8.5% to HK\$3,185.1 million (2011/2012 : HK\$2,936.0 million) and net rental income increased 9.0% to HK\$2,769.4 million

(2011/2012 : HK\$2,541.5 million). The increase in rental revenue was mainly due to higher rental rates on renewals, as well as improvement in occupancy levels of the existing rental portfolio. Overall occupancy of Sino Land's investment property portfolio was approximately 96% (2011/2012: 94%) for the financial year 2012/2013.

Sino Land's retail rental portfolio in Hong Kong experienced good rental growth with overall occupancy rate of approximately 97% (2011/2012: 96%) for the financial year ended 30th June, 2013. A stable labour market and continuous growth in inbound tourism has been supportive to retail businesses. Sino Land's major shopping malls are located in West Kowloon and Northwestern New Territories and benefit from growing population and local communities in the catchment areas of the West Rail. With new malls, namely Coronation Circle – the retail mall in The Coronation residences in West Kowloon and the retail mall in Park Summit in Mongkok, now opened, Sino Land has expanded its retail portfolio which will enhance its rental revenue from the sector.

The leasing performance of Sino Land's office portfolio saw stable rental growth while overall occupancy rate for the portfolio was approximately 95% (2011/2012: 96%) for the financial year ended 30th June, 2013. The demand for office spaces continued to grow. Looking forward, rental trends remain positive for commercial areas such as Kowloon East and Tsim Sha Tsui. As for the industrial sector, leasing performance continued to gain momentum with overall occupancy rate of approximately 97% (2011/2012: 95%) for the financial year ended 30th June, 2013.

As at 30th June, 2013, Sino Land has approximately 11.3 million square feet of attributable floor area of investment properties and hotels in Hong Kong, China and Singapore. Of this portfolio, commercial developments (retail and office) account for 64.7%, industrial developments 14.4%, car parks 13.0%, hotels 6.3%, and residential 1.6%.

(5) Hotels

The Fullerton Hotel and The Fullerton Bay Hotel, Singapore

With the steady growth in both leisure and business travels during the financial year ended 30th June, 2013, The Fullerton Hotel and The Fullerton Bay Hotel achieved favourable financial and operating results. Sino Land will continue to improve the quality of its hotel services to ensure our discerning guests have enjoyable experiences during their stays in the hotels.

Conrad Hong Kong

The financial and operating performance of Conrad Hong Kong for the financial year ended 30th June, 2013 was supported by both business activities and visitor arrivals. Despite a difficult global economic environment, business activities and tourism in Asia remained resilient benefiting Hong Kong's hotel industry.

(6) China Business

2012/2013 marked a smooth transition of leadership in China and the new Central Government officials were appointed under the National People's Congress in March 2013. The economic and financial reforms shall continue to maintain stability of the country and steer China's economy to grow on a steady path.

Following an era of high growth in the past few decades, policymakers in China have set out the roadmap of economic and financial reforms that cover various economic and financial issues including public finance, capital markets, policy enforcement and operational standards within the government. These reforms will optimise resources allocation, minimise economic disparity among cities and regions, improve distribution of income, strengthen the financial sector which in turn will transform the country into a more consumption-led economy. Efforts have also been made to ensure that such growth is steady and at the same time, address issues such as environmental concerns.

Another key government policy focus is to manage the process of urbanisation. Urbanisation is a long-term process and has been progressing alongside with the development of land, housing, town planning, infrastructure, transportation, education, social service, security and environmental protection. Increasing population in cities and revitalization of local communities offer tremendous business opportunity not only for properties, but also for a wide range of industries.

Throughout the years, Sino Land has completed a number of projects in Xiamen and Fuzhou. The experience gained from developing and leasing projects in China has also built Sino Land's execution capability in the country. Sino Land's projects are situated in cities with good economic and demographic fundamentals. The major property developments in Chengdu, Chongqing and Zhangzhou will be completed by phases over the next few years when expected profit contributions from these projects will be realised.

Other than the matters mentioned above, there has been no material change from the information published in the report and accounts for the financial year ended 30th June, 2012.

FINANCE

As at 30th June, 2013, the Group's gearing was 5.2%, expressed as a percentage of bank and other borrowings net of cash and bank balances over shareholders' equity. Of the total borrowings, 34.7% was repayable within one year, 26.5% repayable between one and two years and 38.8% repayable between two and five years. The Group, including the attributable share of its associates, had cash resources of approximately HK\$20,485.7 million, comprising cash on hand of approximately HK\$14,352.0 million together with committed undrawn banking facilities of approximately HK\$6,133.7 million.

The majority of the Group's debts are denominated in Hong Kong dollars and US dollars, with the balance in Singapore dollars, mainly used to fund The Fullerton Heritage project in

Singapore. Other than the above-mentioned, there was no material change in foreign currency borrowings and the capital structure of the Group for the financial year ended 30th June, 2013. The majority of the Group's cash are denominated in Hong Kong dollars, with a relatively small portion of Renminbi denominated deposits. The Group has maintained a sound financial management policy and foreign exchange exposure has been prudently kept at a minimal level.

CORPORATE GOVERNANCE

The Group places great importance on corporate integrity, business ethics and good governance. With the objective of practising good corporate governance, the Group has formed Audit, Compliance, Remuneration and Nomination Committees. The Group is committed to maintaining corporate transparency and disseminates information about new developments through various channels, including press releases, its corporate website, results briefings, site visits, participation in non-deal roadshows and 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 its 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, voluntary services, charitable activities and green initiatives to promote environmental protection, art and cultural events, and staff team-building activities. In recognition of its continuous efforts in promoting sustainability and high standards of performance in environmental, social and corporate governance aspects, Sino Land Company Limited was selected as a constituent member of the Hang Seng Corporate Sustainability Index in September 2012. Sino Land has published its second annual Sustainability Report that highlights Sino Land's corporate sustainability footprint and initiatives to demonstrate Sino Land's commitment to engaging its stakeholders in building a greener future.

Sino Land has been a long-standing partner of a number of organisations serving the community. Sino Land encourages staff of all levels to serve the community and care for those in need; this commitment is extended to support staff in joining voluntary service for at least one day a year during office hours. In recognition of its efforts and commitment to corporate social responsibility, Sino Land received a number of awards and certifications.

Continuous efforts have been made by Sino Land to make its properties more environmental-friendly through architectural planning, energy saving and estate management initiatives. During

the financial year 2012/2013, Sino Property Services won a number of awards in recognition of its works on this area.

Dedicated to promoting local art and culture, Sino Land initiated Sino Art (formerly ‘Art in Hong Kong’) in 2006. Sino Art organises art exhibitions and activities at various properties of Sino Land. By providing local and international artists and arts groups with more platforms and opportunities to showcase their visual, community and performing arts talents, Sino Art aims to add vigour to a more creative and culturally vibrant Hong Kong. During the financial year 2012/2013, Sino Art collaborated with local and international artists to hold thematic events at Sino Land’s properties to bring art to the daily life of the general public.

In March 2008, the Ng family, the major shareholder of the Group, set up a non-profit-making organisation named Hong Kong Heritage Conservation Foundation Limited (“HCF”). In December 2008, HCF won the tender to revitalise and convert the Old Tai O Police Station, a Grade II historic building, into a boutique hotel. Named Tai O Heritage Hotel (“Hotel”), the Hotel commenced operations in March 2012 and has nine colonial-style rooms and a glass-roof restaurant. The Hotel operates as a non-profit-making social enterprise, dedicating to the sustainability of Tai O through local employment, use of local ingredients and craftsmanship as well as conservation of cultural heritage.

PROSPECTS

Global economic environment remains uncertain despite some positive economic signs of financial stability in certain advanced economies. With world economic growth likely to continue to be weak, management expects there to be challenges in the short and medium term.

The United States economic data have shown that both domestic economy and the financial sector have been improving. Labour market has shown signs of recovery and household spending has advanced. Market has reacted somewhat positively with a view that economic activity is likely to pick up gradually. As stated in the meeting statements of the Federal Open Market Committee, it will maintain an accommodative monetary policy with federal funds rate being kept at low level until there are sustainable evidences of economic recovery.

In the Euro zone, the inauguration of the European Stability Mechanism in 2012 and the concerted policy actions at national and European levels to tackle the crisis have improved the financial conditions and restored confidence in the region. Although the economic growth is expected to strengthen gradually over time as policymakers continue to introduce policies to address the structural weaknesses and challenges, there may still be volatility going forward.

As for China, the Central Government continues its economic reforms for the purpose of building a more resilient, healthier and balanced economy and society. The reforms are important from the perspectives of urban development, income distribution and resources allocation. Not only do they improve people’s standard of living, but also help tackle challenges arising from the domestic economy and changes in global economic environment. The meeting convened by the Political Bureau of the Communist Party of China Central Committee held in July this year reaffirmed the direction of Central Government’s policy stance on economic growth and reforms, and has sent a positive signal to the market for a more sustainable economic and property market outlook.

The Hong Kong property market has been going through a period of change as a result of economic and property-related policies. Sino Land is mindful of the upcoming uncertainties in a challenging market and management will be responsive to market changes. Sino Land's recurrent businesses, namely rental, hospitality and property management services continue to be resilient. With a good financial position, Sino Land is well-positioned to face challenges ahead. As there will be more land for private housing development, Sino Land will also benefit from this opportunity and will continue to acquire land with good development value at the appropriate time.

Management will continue to optimise earnings, enhance efficiency and productivity and improve the quality of products and services. In respect of property development and property management, Sino Land will incorporate more environmentally friendly elements in our projects. Sino Land will maintain a policy of selectively and continuously replenishing its land bank, which will enable it to strengthen earnings and shareholders' value.

STAFF AND MANAGEMENT

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

Robert NG Chee Siong
Chairman

Hong Kong, 28th August, 2013



Tsim Sha Tsui Properties Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 247)

FINAL RESULTS

The audited results of the Group for the year ended 30th June, 2013 are as follows:

Consolidated Statement of Profit or Loss

	Notes	2013 HK\$	2012 HK\$ (Restated)
Turnover	2	7,880,161,528	8,461,180,724
Cost of sales		(2,658,285,013)	(2,283,937,012)
Direct expenses		(1,803,225,246)	(1,677,437,739)
Gross profit		3,418,651,269	4,499,805,973
Increase in fair value of investment properties		3,918,639,739	4,470,950,610
Other income and other gains or losses		89,493,215	99,458,469
Fair value gain on non-current interest-free unsecured other loans		65,037,410	61,349,079
Gain on disposal of available-for-sale investments		-	117,792,135
Gain (loss) arising from change in fair value of trading securities		99,731,458	(158,293,225)
Gain on disposal of a subsidiary		-	143,139,005
Gain on disposal of an associate		-	389,223,795
Gain on disposal of investment properties		622,377,866	224,369,741
Administrative expenses		(651,587,965)	(637,944,617)
Other operating expenses		(166,362,026)	(163,497,602)
Finance income		464,285,307	249,064,207
Finance costs		(346,276,212)	(294,624,806)
Less: Interest capitalised		40,517,094	87,133,774
Finance income, net		158,526,189	41,573,175
Share of results of associates	3	4,973,268,491	2,348,180,657
Profit before taxation	4	12,527,775,646	11,436,107,195
Income tax expense	5	(625,927,349)	(673,387,458)
Profit for the year		11,901,848,297	10,762,719,737
Attributable to:			
Company's shareholders		5,977,422,853	5,380,812,313
Non-controlling interests		5,924,425,444	5,381,907,424
		11,901,848,297	10,762,719,737
Interim dividend at HK12 cents (2012: HK10 cents) per share		188,289,606	153,188,136
Proposed final dividend at HK38 cents (2012: HK36 cents) per share		599,977,026	554,234,964
Earnings per share (reported earnings per share) – basic	6(a)	3.837	3.536
Earnings per share (underlying earnings per share) – basic	6(b)	2.194	1.765

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	2013 HK\$	2012 HK\$ (Restated)
Profit for the year	<u>11,901,848,297</u>	<u>10,762,719,737</u>
Other comprehensive income (expense)		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Gain (loss) on fair value change of available-for-sale investments	259,299,747	(131,274,231)
Exchange differences arising on translation of foreign operations	<u>420,138,410</u>	<u>533,256,348</u>
	679,438,157	401,982,117
Reclassification adjustments upon disposal of available-for-sale investments	-	(116,210,851)
Other comprehensive income for the year	<u>679,438,157</u>	<u>285,771,266</u>
Total comprehensive income for the year	<u>12,581,286,454</u>	<u>11,048,491,003</u>
Total comprehensive income attributable to:		
Company's shareholders	6,325,337,096	5,498,241,947
Non-controlling interests	<u>6,255,949,358</u>	<u>5,550,249,056</u>
	<u>12,581,286,454</u>	<u>11,048,491,003</u>

Consolidated Statement of Financial Position

At 30th June, 2013

	Notes	30th June, 2013 HK\$	30th June, 2012 HK\$ (Restated)	1st July, 2011 HK\$ (Restated)
Non-current assets				
Investment properties		54,610,734,765	51,643,719,403	47,773,861,006
Hotel properties		1,744,677,191	1,609,676,576	1,657,579,976
Property, plant and equipment		118,783,871	123,798,174	150,596,151
Goodwill		739,233,918	739,233,918	739,233,918
Prepaid lease payments – non-current		1,187,175,429	1,197,808,601	1,261,852,876
Interests in associates		17,846,397,994	12,796,238,259	12,216,352,610
Interest in a jointly controlled entity		92,175,631	101,760,704	89,561,407
Available-for-sale investments		1,059,486,948	786,569,326	1,259,919,936
Advances to associates		9,549,972,398	8,490,423,817	9,578,579,709
Advance to a jointly controlled entity		2,144,398,579	2,014,774,277	1,663,513,308
Advance to non-controlling interests		117,965,207	133,210,793	162,149,657
Advance to investee company		16,769,403	16,899,509	17,179,670
Long-term loans receivable		36,780,795	47,178,510	29,272,858
		<u>89,264,552,129</u>	<u>79,701,291,867</u>	<u>76,599,653,082</u>
Current assets				
Properties under development		25,407,957,851	21,869,542,575	22,812,356,603
Stocks of completed properties		1,065,082,543	1,618,071,092	1,160,982,428
Hotel inventories		17,703,917	27,337,338	27,271,674
Prepaid lease payments – current		19,462,924	19,104,164	19,809,674
Trading securities		581,310,064	710,813,181	1,305,491,817
Amounts due from associates		936,218,709	3,097,093,173	25,733,746
Accounts and other receivables	7	836,585,023	2,522,220,649	1,285,264,962
Current portion of long-term loans receivable		4,976,725	2,236,139	1,237,374
Taxation recoverable		48,213,013	275,721	6,092,665
Restricted bank deposits		323,633,103	679,660,662	273,972,025
Time deposits, bank balances and cash		11,624,947,790	5,046,181,552	7,930,343,986
		<u>40,866,091,662</u>	<u>35,592,536,246</u>	<u>34,848,556,954</u>
Assets classified as held for sale		170,000,000	-	-
		<u>41,036,091,662</u>	<u>35,592,536,246</u>	<u>34,848,556,954</u>
Current liabilities				
Accounts and other payables	8	3,341,563,414	3,518,802,532	3,499,227,204
Deposits received on sales of properties		977,093,758	590,130,004	-
Amounts due to associates		3,455,225,003	706,076,620	1,728,128,683
Taxation payable		737,016,430	761,881,080	768,397,511
Current portion of long-term bank borrowings		14,586,873	-	202,212,486
Bank loans – secured		4,872,130,944	2,776,883,954	3,562,429,107
Other loans				
– secured		-	-	247,484,250
– unsecured		173,528,542	188,384,705	193,380,119
Financial guarantee contracts – current		-	887	1,645,869
		<u>13,571,144,964</u>	<u>8,542,159,782</u>	<u>10,202,905,229</u>
Net current assets		<u>27,464,946,698</u>	<u>27,050,376,464</u>	<u>24,645,651,725</u>
Total assets less current liabilities		<u>116,729,498,827</u>	<u>106,751,668,331</u>	<u>101,245,304,807</u>

Consolidated Statement of Financial Position – continued
At 30th June, 2013

	30th June, 2013 HK\$	30th June, 2012 HK\$ (Restated)	1st July, 2011 HK\$ (Restated)
Capital and reserves			
Share capital	315,777,382	307,908,314	301,127,280
Share premium and reserves	49,445,103,971	43,094,543,483	37,391,756,331
Equity attributable to Company's shareholders	49,760,881,353	43,402,451,797	37,692,883,611
Non-controlling interests	52,795,221,926	47,612,643,070	43,566,112,165
Total equity	102,556,103,279	91,015,094,867	81,258,995,776
Non-current liabilities			
Long-term bank and other borrowings			
– due after one year	5,640,192,065	7,823,684,649	12,501,197,133
Other loans			
– due after one year	3,852,623,932	4,351,106,902	3,729,105,012
Financial guarantee contracts – non-current	-	-	948
Deferred taxation	1,539,231,397	1,241,745,914	1,133,899,019
Advances from associates	1,695,792,402	1,862,708,895	2,188,632,210
Advances from non-controlling interests	1,445,555,752	457,327,104	433,474,709
	14,173,395,548	15,736,573,464	19,986,309,031
	116,729,498,827	106,751,668,331	101,245,304,807

Notes:

1. Basis of preparation

In the current year, the Company and its subsidiaries (the “Group”) have applied the following amendments to standards issued by the Hong Kong Institute of Certified Public Accountants.

Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKAS 1	As part of the Annual Improvements to HKFRSs 2009-2011 Cycle issued in 2012
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets

Amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*

The amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income* introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a ‘statement of comprehensive income’ is renamed as a ‘statement of profit or loss and other comprehensive income’ and an ‘income statement’ is renamed as a ‘statement of profit or loss’. The application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Amendments to HKAS 1 *Presentation of Financial Statements (as part of the Annual Improvements to HKFRSs 2009-2011 Cycle issued in June 2012)*

HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a consolidated statement of financial position as at the beginning of the preceding period (third consolidated statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third consolidated statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third consolidated statement of financial position and that related notes are not required to accompany the third consolidated statement of financial position.

In the current year, the Group has applied the amendments to HKAS 12 *Deferred Tax – Recovery of Underlying Assets* for the first time, which has resulted in a material effect on the information in the consolidated statement of financial position as at 1st July, 2011. In accordance with the amendments to HKAS 1, the Group has not presented the related notes of the third consolidated statement of financial position as at 1st July, 2011.

Amendments to HKAS 12 *Deferred Tax – Recovery of Underlying Assets*

Under the amendments to HKAS 12 *Deferred Tax – Recovery of Underlying Assets*, investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property* are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

1. Basis of preparation – continued

Amendments to HKAS 12 Deferred Tax – Recovery of Underlying Assets - continued

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the Directors of the Company reviewed the investment property portfolios of the subsidiaries and associates of the Group and concluded that investment properties held by the subsidiaries and associates of the Group in Hong Kong and the People's Republic of China (the "PRC") are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, and that the presumption set out in the amendments to HKAS 12 is not rebutted.

As a result of the application of the amendments to HKAS 12, no deferred taxes are recognised on changes in fair value of the investment properties held by the subsidiaries and associates of the Group in Hong Kong as those investment properties in Hong Kong are not subject to any income taxes on changes to the fair value.

For those investment properties in the PRC, the deferred taxes on changes in fair value of the investment properties are recognised taking into account the land appreciation tax ("LAT") and enterprise income tax payable upon sales of those investment properties. Previously, the deferred taxes on changes in fair value of investment properties located in the PRC were recognised on the basis that the deferred tax was measured based on the assumption that the carrying amounts of the properties would be recovered through use and no LAT on changes in fair value of investment properties in the PRC was recognised. Amendments to HKAS 12 have been applied retrospectively.

The effects of the change in accounting policy on the results for the current and preceding years described above by line items are as follows:

	2013 HK\$	2012 HK\$ (Restated)
Consolidated statement of profit or loss		
Increase in share of results of associates	133,114,071	135,180,963
Decrease in income tax expense	448,707,229	631,128,344
Increase in profit for the year	<u>581,821,300</u>	<u>766,309,307</u>
Increase in profit for the year attributable to the Company's shareholders	286,687,175	382,880,985
Increase in profit for the year attributable to non-controlling interests	295,134,125	383,428,322
Increase in profit for the year	<u>581,821,300</u>	<u>766,309,307</u>

1. Basis of preparation – continued

Amendments to HKAS 12 Deferred Tax – Recovery of Underlying Assets - continued

	2013 HK\$	2012 HK\$ (Restated)
Consolidated statement of profit or loss and other comprehensive income		
Decrease in exchange differences arising on translation of foreign operations	(9,174,109)	(12,118,585)
Increase in profit for the year	581,821,300	766,309,307
Increase in total comprehensive income for the year	572,647,191	754,190,722
Increase in total comprehensive income for the year attributable to the Company's shareholders	281,962,228	376,694,205
Increase in total comprehensive income for the year attributable to non-controlling interests	290,684,963	377,496,517
Increase in total comprehensive income for the year	572,647,191	754,190,722

	As originally stated HK\$	Adjustments HK\$	As restated HK\$
Consolidated statement of profit or loss for the year ended 30th June, 2012			
Share of results of associates	2,212,999,694	135,180,963	2,348,180,657
Income tax expense	1,304,515,802	(631,128,344)	673,387,458
Profit for the year	9,996,410,430	766,309,307	10,762,719,737
Profit for the year attributable to the Company's shareholders	4,997,931,328	382,880,985	5,380,812,313
Profit for the year attributable to non-controlling interests	4,998,479,102	383,428,322	5,381,907,424

1. Basis of preparation – continued

Amendments to HKAS 12 Deferred Tax – Recovery of Underlying Assets - continued

	As originally <u>stated</u> HK\$	<u>Adjustments</u> HK\$	<u>As restated</u> HK\$
Consolidated statement of profit or loss and other comprehensive income for the year ended 30th June, 2012			
Exchange differences arising on translation of foreign operations	545,374,933	(12,118,585)	533,256,348
Profit for the year	9,996,410,430	766,309,307	10,762,719,737
Total comprehensive income for the year	10,294,300,281	754,190,722	11,048,491,003
Total comprehensive income attributable to the Company's shareholders	5,121,547,742	376,694,205	5,498,241,947
Total comprehensive income attributable to non-controlling interests	<u>5,172,752,539</u>	<u>377,496,517</u>	<u>5,550,249,056</u>

The effect of the change in accounting policy described above on the financial position of the Group as at the beginning of the comparative period, i.e. 1st July, 2011, is as follows:

	As originally <u>stated</u> HK\$	<u>Adjustments</u> HK\$	<u>As restated</u> HK\$
Consolidated statement of financial position as at 1st July, 2011			
Interests in associates	11,217,192,063	999,160,547	12,216,352,610
Deferred taxation	(4,590,535,092)	<u>3,456,636,073</u>	(1,133,899,019)
Effects on net assets		<u>4,455,796,620</u>	
Retained profits	28,635,749,781	2,205,363,786	30,841,113,567
Capital reserve	234,199,933	(52,154,155)	182,045,778
Exchange reserve	563,520,539	(4,284,947)	559,235,592
Non-controlling interests	41,259,240,229	<u>2,306,871,936</u>	43,566,112,165
Effects on equity		<u>4,455,796,620</u>	

1. Basis of preparation – continued

Amendments to HKAS 12 *Deferred Tax – Recovery of Underlying Assets* - continued

The effect of the change in accounting policy described above on the financial position of the Group as at the end of the immediately preceding financial year, i.e. 30th June, 2012, is as follows:

	As originally <u>stated</u> HK\$	<u>Adjustments</u> HK\$	<u>As restated</u> HK\$
Consolidated statement of financial position as at 30th June, 2012			
Interests in associates	11,661,896,749	1,134,341,510	12,796,238,259
Deferred taxation	(5,317,391,746)	4,075,645,832	(1,241,745,914)
Effects on net assets		<u>5,209,987,342</u>	
Retained profits	32,953,520,234	2,588,244,771	35,541,765,005
Capital reserve	404,557,789	(7,777,357)	396,780,432
Exchange reserve	845,172,658	(10,471,727)	834,700,931
Non-controlling interests	44,972,651,415	2,639,991,655	47,612,643,070
Effects on equity		<u>5,209,987,342</u>	
Impact on basic earnings per share			
		2013	2012
		HK\$	HK\$
			(Restated)
Basic earnings per share before adjustments		3.653	3.284
Adjustments arising on the application of the amendments to HKAS 12		<u>0.184</u>	<u>0.252</u>
Basic earnings per share		<u>3.837</u>	<u>3.536</u>

Except as described above, the application of other amendments to standards has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

2. Operating segments

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

Segment Results

For the year ended 30th June, 2013

	The Company and its subsidiaries		Associates		Total	
	External revenue	Results	Share of revenue	Share of results	Segment revenue	Segment results
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Property						
Property sales	3,359,231,812	426,456,472	10,768,950,648	4,084,877,788	14,128,182,460	4,511,334,260
Property rental	2,625,677,445	2,238,905,395	635,627,440	580,853,920	3,261,304,885	2,819,759,315
	5,984,909,257	2,665,361,867	11,404,578,088	4,665,731,708	17,389,487,345	7,331,093,575
Property management and other services	980,364,474	207,564,582	76,217,628	14,132,057	1,056,582,102	221,696,639
Hotel operations	847,518,296	359,529,829	230,418,600	131,036,100	1,077,936,896	490,565,929
Investments in securities	66,469,773	65,712,250	453,900	453,900	66,923,673	66,166,150
Financing	899,728	899,728	656,173	656,173	1,555,901	1,555,901
	7,880,161,528	3,299,068,256	11,712,324,389	4,812,009,938	19,592,485,917	8,111,078,194

For the year ended 30th June, 2012

	The Company and its subsidiaries		Associates		Total	
	External revenue	Results	Share of revenue	Share of results	Segment revenue	Segment results
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Property						
Property sales	4,279,287,892	1,706,189,451	2,869,505,287	1,311,435,731	7,148,793,179	3,017,625,182
Property rental	2,419,995,977	2,058,916,057	585,754,022	529,344,441	3,005,749,999	2,588,260,498
	6,699,283,869	3,765,105,508	3,455,259,309	1,840,780,172	10,154,543,178	5,605,885,680
Property management and other services	888,061,455	198,567,386	73,233,269	7,200,163	961,294,724	205,767,549
Hotel operations	795,932,634	343,461,080	225,791,400	128,556,000	1,021,724,034	472,017,080
Investments in securities	76,758,841	74,830,102	203,900	203,900	76,962,741	75,034,002
Financing	1,143,925	1,143,925	76,665	72,280	1,220,590	1,216,205
	8,461,180,724	4,383,108,001	3,754,564,543	1,976,812,515	12,215,745,267	6,359,920,516

Measurement

Segment results represent the profit 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 trading securities, gains on disposal of available-for-sale investments, investment properties, a subsidiary and an associate, fair value gain on non-current interest-free unsecured other loans and certain finance income net of finance costs. The profit earned by each segment also includes the share of results from the Group's associates without allocation of the associates' certain other income and other gains or losses, certain administrative expenses and other operating expenses, change in fair value of investment properties, finance costs net of finance income and income tax expense. This is the measure reported to the chief operating decision makers for the purposes of resources allocation and performance assessment.

2. Operating segments – continued

Reconciliation of profit before taxation

	2013 HK\$	2012 HK\$ (Restated)
Segment profit	8,111,078,194	6,359,920,516
Other income and other gains or losses	83,318,384	95,095,143
Increase in fair value of investment properties	3,918,639,739	4,470,950,610
Gain (loss) arising from change in fair value of trading securities	99,731,458	(158,293,225)
Gain on disposal of available-for-sale investments	-	117,792,135
Gain on disposal of investment properties	622,377,866	224,369,741
Gain on disposal of a subsidiary	-	143,139,005
Gain on disposal of an associate	-	389,223,795
Administrative expenses and other operating expenses	(691,926,880)	(680,205,770)
Fair value gain on non-current interest-free unsecured other loans	65,037,410	61,349,079
Finance income, net	158,260,922	41,398,024
Results shared from associates		
- Other income and other gains or losses	38,213,973	36,404,992
- Increase in fair value of investment properties	1,448,231,378	1,073,552,768
- Administrative expenses and other operating expenses	(194,511,328)	(262,398,620)
- Finance costs net of finance income	(293,336,871)	(123,203,288)
- Income tax expense	(837,338,599)	(352,987,710)
	161,258,553	371,368,142
Profit before taxation	<u>12,527,775,646</u>	<u>11,436,107,195</u>

During the year ended 30th June, 2013, all inter-segment sales of HK\$40,892,101 (2012: HK\$44,934,044) were eliminated within 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.

Geographical segments

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

3. Share of results of associates

The Group’s share of results of associates included the Group’s share of increase in fair value of investment properties of the associates, net of deferred taxation, of HK\$1,374,581,410 (2012: HK\$1,022,631,439) recognised in the statement of profit or loss of the associates.

4. Profit before taxation

	2013 HK\$	2012 HK\$
Profit before taxation has been arrived at after charging (crediting):		
Release of prepaid lease payments (included in other operating expenses)	19,435,965	19,456,920
Cost of hotel inventories consumed (included in direct expenses)	106,424,464	89,015,976
Cost of properties sold	2,658,285,013	2,283,937,012
Depreciation of property, plant and equipment and hotel properties (included in other operating expenses)	78,541,843	76,685,922
(Gain) loss on disposal of property, plant and equipment	(73,772)	533,686
Recognition (reversal) of impairment loss on trade receivables	42,868	(539,121)
	<u>42,868</u>	<u>(539,121)</u>

5. Income tax expense

	2013 HK\$	2012 HK\$ (Restated)
The charge comprises:		
Taxation attributable to the Company and its subsidiaries		
Hong Kong Profits Tax		
Provision for the year calculated at 16.5% (2012: 16.5%)	329,791,485	454,203,816
Overprovision in previous years	(1,534,547)	(479,870)
Additional provisions in respect of tax inquiries	-	308,180
	<u>328,256,938</u>	<u>454,032,126</u>
Taxation in other jurisdictions		
Provision for the year	101,054,993	53,701,015
Overprovision in previous years	-	(906,873)
	<u>101,054,993</u>	<u>52,794,142</u>
	429,311,931	506,826,268
Deferred taxation		
Current year	196,615,418	166,561,190
	<u>196,615,418</u>	<u>166,561,190</u>
	625,927,349	673,387,458

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

6. Earnings per share

(a) Reported earnings per share

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

	2013 HK\$	2012 HK\$ (Restated)
Earnings for the purpose of basic earnings per share	<u>5,977,422,853</u>	<u>5,380,812,313</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,557,715,922</u>	<u>1,521,759,651</u>

(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\$3,418,141,624 (2012: HK\$2,685,632,210) is also presented, excluding the net effect of changes in fair value of the Group's and the associates' investment properties. The denominators used are the same as those detailed above for reported earnings per share. A reconciliation of profit is as follows:

	2013 HK\$	2012 HK\$ (Restated)
Earnings for the purpose of basic earnings per share	<u>5,977,422,853</u>	<u>5,380,812,313</u>
Increase in fair value of investment properties	3,918,639,739	4,470,950,610
Effect of corresponding deferred tax charges	(123,220,192)	(96,178,550)
Share of results of associates		
- Increase in fair value of investment properties	1,448,231,378	1,073,552,768
- Effect of corresponding deferred tax charges	(73,649,968)	(50,921,329)
	<u>5,170,000,957</u>	<u>5,397,403,499</u>
Non-controlling interests	(2,610,719,728)	(2,702,223,396)
Net effect of changes in fair value of investment properties	<u>2,559,281,229</u>	<u>2,695,180,103</u>
Underlying profit attributable to the Company's shareholders	<u>3,418,141,624</u>	<u>2,685,632,210</u>

7. Accounts and other receivables

At 30th June, 2013, included in accounts and other receivables of the Group are trade receivables (net of allowance for doubtful debts) of HK\$362,767,708 (2012: HK\$2,008,616,664), of which HK\$164,298,159 (2012: HK\$1,819,308,060) are to be settled based on the terms of the sales and purchase agreements of property. Rental receivables are billed and payable in advance by tenants. Trade receivables mainly comprise rental receivables and properties sales receivables.

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

	2013 HK\$	2012 HK\$
Not yet due	164,298,159	1,819,482,087
Overdue:		
1-30 days	105,759,869	119,889,584
31-60 days	39,451,009	23,482,512
61-90 days	9,229,120	6,362,953
Over 90 days	44,029,551	39,399,528
	<u>362,767,708</u>	<u>2,008,616,664</u>

Trade receivables overdue more than 90 days amounting to HK\$44,029,551 (2012: HK\$39,399,528) are sufficiently covered by rental deposits received from the respective tenants and no allowance is required for these receivables under the Group's allowance policy.

8. Accounts and other payables

At 30th June, 2013, included in accounts and other payables of the Group are trade payables of HK\$275,188,472 (2012: HK\$185,621,590).

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

	2013 HK\$	2012 HK\$
0-30 days	98,695,327	149,686,422
31-60 days	158,302,820	20,299,278
61-90 days	1,519,539	1,732,937
Over 90 days	16,670,786	13,902,953
	<u>275,188,472</u>	<u>185,621,590</u>

9. Pledge of assets

- (a) At 30th June, 2013, the aggregate facilities of bank loans and other loans granted to the Group amounting to approximately HK\$10,183,083,000 (2012: HK\$14,888,689,000) were secured by certain of the Group's listed investments, properties, accounts and other receivables, restricted bank deposits, shares of Sino Land Company Limited ("Sino Land") and floating charges on bank balances amounting to a total of HK\$22,748,017,645 (2012: HK\$23,359,640,285). At that date, the facilities were utilised by the Group to the extent of approximately HK\$6,885,083,000 (2012: HK\$10,820,789,000).
- (b) At 30th June, 2013, investments in and advances to certain associates and a jointly controlled entity amounting to approximately HK\$2,000 and HK\$4,178,871,000 respectively (2012: HK\$502,000 and HK\$8,452,659,000, respectively) and certain assets of the associates and a jointly controlled entity were pledged to or assigned to secure loan facilities made available by banks to such associates and jointly controlled entity. The Group's attributable portion of these facilities amounted to HK\$6,211,183,832 (2012: HK\$7,250,900,000), of which HK\$3,883,383,832 (2012: HK\$5,435,900,000) was utilised by the associates and a jointly controlled entity and guaranteed by Sino Land.

10. Contingent liabilities

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

	2013 HK\$	2012 HK\$
Guarantees in respect of banking facilities of associates and a jointly controlled entity:		
- Utilised	3,883,383,832	5,435,900,000
- Unutilised	2,327,800,000	1,815,000,000
	<u>6,211,183,832</u>	<u>7,250,900,000</u>

As at 30th June, 2013, the Group issued corporate financial guarantees to banks in respect of banking facilities granted to associates and a jointly controlled entity. At the end of the reporting period, the amount of Nil (2012: HK\$887) has been recognised in the consolidated statement of financial position as liabilities.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the Annual General Meeting to be held on Wednesday, 23rd October, 2013, the register of members of the Company will be closed from Monday, 21st October, 2013 to Wednesday, 23rd October, 2013, both dates inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the Annual General Meeting, shareholders should ensure that all transfers accompanied by the relevant share certificates are lodged with the Company's Registrars, Tricor Friendly Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 18th October, 2013.

The proposed final dividend is subject to the approval of the shareholders at the Annual General Meeting. The record date for the proposed final dividend is at the close of business on Wednesday, 30th October, 2013. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Tuesday, 29th October, 2013 to Wednesday, 30th October, 2013, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, shareholders should ensure that all transfers accompanied by the relevant share certificates are lodged with the Company's Registrars, Tricor Friendly Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 28th October, 2013.

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

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

The Board is of the view that the current management structure has been effective in facilitating the Company's operation and business development and that necessary checks and balances consistent with sound corporate governance practices are in place. The implementation of strategies and policies of the Board and the operations of each business unit are overseen and monitored by designated responsible Executive Directors. The Board has found that the current arrangement had worked effectively in enabling it to discharge its responsibilities satisfactorily. In addition, the three Independent Non-Executive Directors have contributed valuable views and proposals for the Board's deliberation and decisions. The Board will review the management structure regularly to ensure it continues to meet these objectives and is in line with the industry practices.

REVIEW OF AUDITED FINANCIAL STATEMENTS

The audited consolidated financial statements of the Group for the year ended 30th June, 2013 have been reviewed by the audit committee of the Company.

2013 ANNUAL REPORT

The 2013 annual report containing all the information required by the Listing Rules will be published on the website of Hong Kong Exchanges and Clearing Limited and the Company's website www.sino.com while printed copies will be sent to shareholders on or about Thursday, 19th September, 2013.

By Order of the Board
Velencia LEE
Company Secretary

Hong Kong, 28th August, 2013

As at the date hereof, the Executive Directors of the Company are Mr. Robert Ng Chee Siong and Mr. Daryl Ng Win Kong, the Non-Executive Director is The Honourable Ronald Joseph Arculli and the Independent Non-Executive Directors are Dr. Allan Zeman, Mr. Adrian David Li Man-kiu and Mr. Steven Ong Kay Eng.