Tsim Sha Tsui Properties Limited

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 247)**

# CHAIRMAN'S STATEMENT

I am pleased to present my interim report to shareholders.

## INTERIM RESULTS

The Group's unaudited underlying net profit attributable to shareholders, excluding the effect of fair-value changes on investment properties for the six months ended 31st December, 2014 ("Interim Period") was HK$857.6 million (2013: HK$1,245.3 million). Underlying earnings per share was HK$0.527 (2013: HK$0.787).

The Group's net profit attributable to shareholders for the Interim Period was HK$1,883.4 million (2013: HK$2,523.8 million). Earnings per share was HK$1.156 (2013 : HK$1.596). The reported profit for the period included a revaluation surplus (net of deferred taxation) on investment properties of HK$1,025.8 million compared with a revaluation surplus (net of deferred taxation) of HK$1,278.5 million for the last period.

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

## DIVIDENDS

The Directors have declared an interim dividend of 12 cents per share payable on 10th April, 2015 to those shareholders whose names appear on the Register of Members of the Company on 4th March, 2015.

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

A circular containing details of the scrip dividend scheme will be despatched to shareholders together with the form of election for scrip dividend on or about 10th March, 2015. It is expected that the interim dividend warrants and share certificates will be despatched to shareholders on or about 10th April, 2015.

# 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, 2014, 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

Sino Land's total revenue from property sales recognised for the Interim Period, including property sales of associates and joint ventures recognised by Sino Land, was HK$4,090.4 million (2013 : HK$1,225.4 million).

Total revenue from property sales comprises mainly the sales of residential units in Park Metropolitan in Kwun Tong and Park Ivy in Tai Kok Tsui completed during the Interim Period as well as projects completed in previous financial years. To date, approximately 99% of the units in Park Metropolitan and 99% of the units in Park Ivy have been sold. In respect of sales derived from projects completed in previous financial years, these mainly included The Avenue (Site B) in Wan Chai, The Graces • Providence Bay and Providence Peak in Pak Shek Kok and to date, approximately 99%, 89% and 81% of the units in the respective projects have been sold.

Sino Land continues to seek good opportunities to sell its projects to enhance shareholders' value. During the Interim Period, Sino Land launched Dragons Range located in Kau To, Shatin for sale and to date, approximately 62% of the units in the project have been sold. In China, 252 residential units in Phase II of Dynasty Park were launched for sale during the Interim Period. Together with Phase I of Dynasty Park, a total of 854 residential units have been launched for sale and to date, 95% of these residential units have been sold.

## (2) Land Bank

As at 31st December, 2014, Sino Land has a land bank of approximately 40.2 million square feet of attributable floor area in Hong Kong, China and Singapore which comprises a balanced portfolio of properties of which 64.7% is residential; 22.8% commercial; 5.6% industrial; 3.7% car parks and 3.2% hotels. In terms of breakdown of the land bank by status, 27.9 million square feet were properties under development, 11.4 million square feet of properties for investment and hotels, together with 0.9 million square feet of properties held for sale. Sino Land will continue to be selective in replenishing its land bank to optimise its earnings potential.

During the Interim Period, Sino Land was awarded the development rights of Kwun Tong Town Centre Development Areas 2 and 3 from Urban Renewal Authority of Hong Kong and acquired a site in Fanling from the HKSAR Government with a total attributable floor area of approximately 1.5 million square feet. Details of the projects are as follows:

| Location | Usage | Group's Interest | Attributable Floor Area *(Square feet)* |
|---|---|---|---|
| 1. Kwun Tong Town Centre Development Areas 2 and 3, Kwun Tong, Kowloon, Hong Kong | Residential | Joint Venture | 1,346,383 |
| 2. FSSTL 255 Junction of Luen Hing St., Wo Fung St. and Luen Shing St., Luen Wo Hui, Fanling New Territories Hong Kong | Residential / Commercial/ Car Park | 100% | 209,907 |
| | | | 1,556,290 |

## (3) Property Development

During the Interim Period, Sino Land obtained Occupation Permits for the following projects in Hong Kong with a total attributable floor area of approximately 287,076 square feet. Details of these projects are presented as follows:

| Location | Usage | Group's Interest | Attributable Floor Area *(Square feet)* |
|---|---|---|---|
| 1. Park Metropolitan 8 Yuet Wah Street, Kwun Tong, Kowloon, Hong Kong | Residential | Joint Venture | 232,825 |

| Location | Usage | Group's Interest | Attributable Floor Area *(Square feet)* |
|---|---|---|---|
| 2. Park Ivy<br>8 Ivy Street,<br>Tai Kok Tsui,<br>Kowloon,<br>Hong Kong | Residential/<br>Commercial | Joint Venture | 54,251 |
| | | | 287,076 |

# (4) Rental Activities

For the Interim Period, Sino Land's gross rental revenue, including attributable share from associates and joint ventures, increased 6.8% to HK$1,814.9 million (2013: HK$1,699.7 million) and net rental income increased 7.6% to HK$1,595.5 million (2013: HK$1,482.7 million). The increase in rental revenue was mainly due to higher rental rates on renewals and improvement in occupancy rates in both retail and office properties. Overall occupancy of Sino Land's investment property portfolio was at approximately 98% (2013: 97%) for the Interim Period.

Sino Land's retail portfolio in Hong Kong recorded rental growth with overall occupancy rate increasing to approximately 99% for the Interim Period from 98% for the corresponding period last year as Sino Land's flagship shopping malls, namely Tuen Mun Town Plaza Phase I, Olympian City 1, 2 and 3 showed steady leasing performance.

The leasing performance of Sino Land's office portfolio saw stable rental growth while overall occupancy rate was at approximately 98% (2013: 95%) for the Interim Period. The leasing performance of Sino Land's industrial portfolio continued to perform well with overall occupancy rate remaining the same at approximately 98% (2013: 98%).

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 conditions of the properties together with the quality of service provided to customers are of paramount importance. To ensure that the properties are in good condition with the proper layout and design, Sino Land would perform regular review of the properties and collect customers' feedback to decide if asset enhancement work is required. To assess the effectiveness of capital expenditure, benefits to customers, payback and return on investment will be analysed. 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 meet 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. These indicators are vital for management to review what additional work needs to be done as part of Sino Land's efforts for continuous improvement.

As at 31st December, 2014, Sino Land has approximately 11.4 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 63.4%, industrial 15.4%, car parks 12.9%, hotels 6.6%, and residential 1.7%.

## (5) Hotels

Overall business performance of Sino Land's hotels, namely The Fullerton Hotel, The Fullerton Bay Hotel and Conrad Hong Kong was steady during the Interim Period. 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.

## (6) China Business

The 4th Plenary Session of 18th CPC Central Committee held in October 2014 focused on the rule of law and the role of the constitution which play an important part in directing party governance and in the ongoing reforms of the country. The changes announced in the Plenum have significant implications and cover a wide spectrum of areas including improvement in the legislative system and law enforcement and a monitoring system to deal with injustices as well as the protection of citizens and property rights. These reforms and policy direction will further improve not only the efficiency and effectiveness of policy implementation, but also social aspects of the country.

The People's Bank of China lowered its lending rates in November 2014 and gave banks more flexibility on the requirement of loan-to-deposit ratio representing a new round of expansionary monetary policy to increase the liquidity in the banking system. These easing measures have the effect of stimulating the economy and together with the relaxation of the home purchase restrictions in many cities across China, the residential property market is expected to be more active with a pick-up in sales volume.

Throughout the years, Sino Land has completed a number of projects in Xiamen, Fuzhou and the first phase of its residential project in Zhangzhou. 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, namely The Palazzo in Chengdu, The Coronation in Chongqing and Dynasty Park in Zhangzhou will be sold and completed in phases over the next few years.

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, 2014.

# FINANCE

As at 31st December, 2014, the Group had cash and bank deposits of HK$15,409.6 million. After netting off total borrowings of HK$8,320.6 million, the Group had net cash of HK$7,089.0

million as at 31st December, 2014. Of the total borrowings, 2.0% was repayable within one year, 38.3% repayable between one and two years and 59.7% repayable between two and five years.

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 Interim Period. The majority of the Group's cash are denominated in Hong Kong dollars, with a 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, heritage conservation, and staff team-building activities. In recognition of Sino Land's continuous efforts in promoting sustainability and upholding high standards in environmental, social and corporate governance aspects, the Company has been selected as a constituent member of the Hang Seng Corporate Sustainability Index since September 2012.

During the Interim Period, Sino Land published its 2014 Sustainability Review which has been prepared with reference to Hong Kong Exchanges and Clearing Limited's 'Environmental, Social and Governance Reporting Guide' under Appendix 27 to the Main Board Listing Rules. Sino Land also published its fourth annual Sustainability Report that highlighted its corporate sustainability footprints and initiatives to demonstrate its commitment to engaging its stakeholders in building a greener future.

Sino Land encourages staff of all levels to serve the community and care for those in need; this commitment is extended to supporting staff in joining voluntary service for at least one day a year during office hours. Sino Land is dedicated to playing a part in building a better community through participating in voluntary services and charity events, with a strong emphasis on children and youth development. Sino Land appreciates the importance of providing guidance to the young generation in their learning stage, and joined hands with various community partners to provide learning opportunities for children and teenagers from underprivileged families through different programmes.

Continuous efforts have been made by Sino Land to make its properties more environmental-friendly through architectural planning, landscaping, energy saving and green management initiatives. Sino Property Services, Sino Land's property management arm provides fully integrated property management service, stretches and demonstrates Sino Land's dedication to environmental protection.

Dedicated to promoting local art and culture, Sino Land initiated 'Sino Art' project in 2006, under which Sino Art provides local and international artists with opportunities to showcase their works through exhibitions and public art installations at Sino Land's properties. Sino Land has initiated 'Sino Art in Community' to extend our reach and charitable efforts to local communities with art. During the Interim Period, Sino Land launched its third project of 'Sino Art in Community' in partnership with Precious Blood Children's Village ("Village") in Fanling. The project involved organising art workshops and creation of mural paintings at the houses in the Village.

Sino Heritage was established in 2011 with the belief that conservation of cultural heritage helps the community build a sense of identity and strengthen relationships in the city. Sino Heritage identifies and showcases the heritage significance of historical projects in both Hong Kong and Singapore. In March 2008, the Ng Teng Fong Family, the major shareholder of the Group, 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. Named Tai O Heritage Hotel ("Hotel"), it is home to nine colonial-style rooms and suites and commenced operation in March 2012. The Hotel, operated by HCF as a non-profit-making social enterprise, is part of the HKSAR Government's 'Revitalising Historic Buildings Through Partnership Scheme'. HCF is an award winner at UNESCO Asia-Pacific 2013 Awards for Cultural Heritage Conservation. In November 2014, HCF has been honoured by the American Institute of Architects Hong Kong Chapter with a Citation Award, in recognition of its contributions to heritage conservation in Hong Kong.

## PROSPECTS

The world's economic situation has been sensitive to policy changes. Whilst the US economy continued its recovery trend, economic growth in both Euro zone and Japan has fallen below the desired levels. In Euro zone, bank lending activity to businesses remains low and structural reforms in the areas of labour markets, banking and public finance are still in progress. The European Central Bank's decision to announce its quantitative easing programme in January 2015 would provide more monetary stimulus to support the economic recovery of the Euro zone. In Japan, its government continued with its quantitative easing programme to revive the economy. With the strengthening of the US dollar, other currencies have seen volatility in the market. The discontinuation of the minimum exchange rate system between Swiss Franc and

Euro by the Swiss National Bank announced in January 2015 has led to more uncertainty in the financial markets. The divergence in world economic conditions would add more obstacles for policymakers in managing their economies.

The economic integration between China and Hong Kong continued to strengthen with the establishment of Shanghai-Hong Kong Stock Connect scheme in November 2014 and further liberalisation of the service industry between Guangdong and Hong Kong under the Closer Economic Partnership Arrangement in December 2014. Together with the regulatory change by the Hong Kong Monetary Authority to remove the Renminbi daily conversion limit of RMB20,000 with effect from 17th November, 2014 for Hong Kong residents should help cement Hong Kong's lead as an offshore yuan centre, which should be supportive to the city's business environment.

The Hong Kong property market has been going through a period of change as a result of economic and property–related policies. In the second half of 2014, buying sentiment improved and primary transaction volume saw favourable growth. The growth was predominantly driven by good demand and availability of new project launches. The Long-term Housing Strategy Committee released on 15th December, 2014 a comprehensive plan for housing supply in the next ten years to balance housing demand and supply and is conducive to maintaining stability of the Hong Kong property market. Sino Land, with a good mix of residential projects to be launched for sale in the next 12 months, will benefit from the prevailing market conditions. Further, Sino Land's resilient recurrent businesses, which comprise property leasing, hospitality and property management services, continue to contribute stable stream of income. With a good financial position, Sino Land is well-positioned to respond to challenges ahead.

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, 11th February, 2015

Tsim Sha Tsui Properties Limited

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 247)**

## INTERIM RESULTS

The unaudited results of the Group for the six months ended 31st December, 2014 are as follows:

**Consolidated Statement of Profit or Loss**

| | *Notes* | **Six months ended 31st December, 2014 HK$ (Unaudited)** | 31st December, 2013 HK$ (Unaudited) |
|---|---|---|---|
| Turnover | 2 | **5,298,008,885** | 2,355,682,528 |
| Cost of sales | | **(2,244,577,637)** | - |
| Direct expenses | | **(1,080,605,252)** | (865,201,747) |
| Gross profit | | **1,972,825,996** | 1,490,480,781 |
| Other income and other gains or losses | | **53,088,301** | 118,046,605 |
| Change in fair value of investment properties | | **1,675,864,294** | 2,046,142,531 |
| Gain on disposal of investment properties | | **7,217,307** | 946,462,977 |
| (Loss) gain arising from change in fair value of trading securities | | **(39,963,650)** | 93,178,784 |
| Administrative expenses | | **(377,420,844)** | (358,381,513) |
| Other operating expenses | | **(89,041,823)** | (83,864,998) |
| Finance income | | **233,948,708** | 193,134,679 |
| Finance costs | | **(135,747,228)** | (171,868,020) |
| Less: Interest capitalised | | **8,208,135** | 16,062,250 |
| Finance income, net | | **106,409,615** | 37,328,909 |
| Share of results of associates | 3 | **553,776,934** | 912,595,259 |
| Share of results of joint ventures | 4 | **185,913,686** | 130,132,957 |
| Profit before taxation | 5 | **4,048,669,816** | 5,332,122,292 |
| Income tax expense | 6 | **(320,941,799)** | (249,629,158) |
| Profit for the period | | **3,727,728,017** | 5,082,493,134 |
| Profit for the period attributable to: | | | |
| The Company's shareholders | | **1,883,441,030** | 2,523,860,922 |
| Non-controlling interests | | **1,844,286,987** | 2,558,632,212 |
| | | **3,727,728,017** | 5,082,493,134 |
| Interim dividend at HK12 cents *(2013: HK12 cents)* per share | | **198,893,273** | 193,537,190 |
| Earnings per share (reported earnings per share) – basic | 7(a) | **1.156** | 1.596 |
| Earnings per share (underlying earnings per share) – basic | 7(b) | **0.527** | 0.787 |

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**
**For the six months ended 31st December, 2014**

| | Six months ended | |
|---|---|---|
| | **31st December, 2014** | 31st December, 2013 |
| | **HK$** | HK$ |
| | **(Unaudited)** | (Unaudited) |
| Profit for the period | **3,727,728,017** | 5,082,493,134 |
| **Other comprehensive income** | | |
| ***Items that may be reclassified subsequently to profit or loss:*** | | |
| (Loss) gain on fair value change of available-for-sale investments | **(99,702,141)** | 560,891 |
| Exchange differences arising on translation of foreign operations | **(134,925,063)** | 305,213,829 |
| Other comprehensive (expense) income for the period | **(234,627,204)** | 305,774,720 |
| Total comprehensive income for the period | **3,493,100,813** | 5,388,267,854 |
| Total comprehensive income attributable to: | | |
| The Company's shareholders | **1,772,010,939** | 2,677,473,575 |
| Non-controlling interests | **1,721,089,874** | 2,710,794,279 |
| | **3,493,100,813** | 5,388,267,854 |

**Consolidated Statement of Financial Position**
**At 31st December, 2014**

| | *Notes* | **31st December, 2014 HK$ (Unaudited)** | 30th June, 2014 HK$ (Audited) |
|---|---|---|---|
| Non-current assets | | | |
| Investment properties | | **56,740,460,885** | 56,281,352,385 |
| Hotel properties | | **1,763,505,106** | 1,891,263,436 |
| Property, plant and equipment | | **139,344,843** | 129,532,837 |
| Goodwill | | **739,233,918** | 739,233,918 |
| Prepaid lease payments – non-current | | **1,210,289,336** | 1,303,292,089 |
| Interests in associates | | **18,016,818,050** | 17,508,916,023 |
| Interests in joint ventures | | **2,442,847,626** | 2,242,353,923 |
| Available-for-sale investments | | **929,331,442** | 1,012,878,225 |
| Advances to associates | | **7,780,728,976** | 8,132,002,059 |
| Advances to joint ventures | | **1,007,474,042** | 1,553,726,462 |
| Advance to non-controlling interests | | **-** | 96,082,492 |
| Advance to an investee company | | **14,956,822** | 17,617,226 |
| Long-term loans receivable | | **184,550,931** | 49,834,713 |
| | | **90,969,541,977** | 90,958,085,788 |
| Current assets | | | |
| Properties under development | | **30,553,511,932** | 27,884,031,411 |
| Stocks of completed properties | | **2,089,943,235** | 1,718,044,524 |
| Hotel inventories | | **18,590,887** | 18,708,821 |
| Prepaid lease payments – current | | **23,696,759** | 20,390,423 |
| Trading securities | | **519,310,824** | 559,238,213 |
| Amounts due from associates | | **950,931,505** | 970,529,537 |
| Amounts due from joint ventures | | **2,210,210** | - |
| Account and other receivables | 8 | **1,479,555,732** | 1,118,823,936 |
| Current portion of long-term loans receivable | | **3,781,786** | 3,794,836 |
| Taxation recoverable | | **161,167,929** | 147,713,722 |
| Restricted bank deposits | | **371,910,999** | 412,983,955 |
| Time deposits, bank balances and cash | | **15,037,755,013** | 14,091,245,244 |
| | | **51,212,366,811** | 46,945,504,622 |
| Current liabilities | | | |
| Account and other payables | 9 | **4,069,610,304** | 3,522,007,260 |
| Deposits received on sales of properties | | **7,886,730,470** | 2,613,997,918 |
| Amounts due to associates | | **3,953,279,713** | 3,836,204,380 |
| Amounts due to joint ventures | | **159,820** | - |
| Taxation payable | | **919,466,321** | 1,107,363,033 |
| Current portion of long-term bank borrowings | | **-** | 28,548,714 |
| Bank loans – secured | | **-** | 192,000,000 |
| Other loans – secured | | **64,195,460** | - |
| – unsecured | | **102,235,089** | 89,776,997 |
| | | **16,995,677,177** | 11,389,898,302 |
| Net current assets | | **34,216,689,634** | 35,555,606,320 |
| Total assets less current liabilities | | **125,186,231,611** | 126,513,692,108 |

**Consolidated Statement of Financial Position – continued**
**At 31st December, 2014**

| | **31st December, 2014 HK$ (Unaudited)** | 30th June, 2014 HK$ (Audited) |
|---|---|---|
| Capital and reserves | | |
| Share capital | **8,671,424,235** | 8,058,064,197 |
| Reserves | **47,461,485,083** | 46,313,553,536 |
| Equity attributable to the Company's shareholders | **56,132,909,318** | 54,371,617,733 |
| Non-controlling interests | **56,233,757,433** | 56,254,567,220 |
| Total equity | **112,366,666,751** | 110,626,184,953 |
| | | |
| Non-current liabilities | | |
| Long-term bank and other borrowings – due after one year | **5,950,080,459** | 7,919,616,786 |
| Other loans – due after one year | **2,204,124,774** | 2,989,184,836 |
| Deferred taxation | **1,734,510,849** | 1,731,184,190 |
| Advances from associates | **1,694,434,786** | 1,652,248,300 |
| Advances from non-controlling interests | **1,236,413,992** | 1,595,273,043 |
| | **12,819,564,860** | 15,887,507,155 |
| | **125,186,231,611** | 126,513,692,108 |

*Notes:*

**1. Basis of preparation**

The unaudited interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The accounting policies used in the unaudited interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30th June, 2014 except as described below.

In the current interim period, the Group has applied, for the first time, the following new interpretation and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA:

| | |
|---|---|
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2010 – 2012 Cycle |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2011 – 2013 Cycle |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 27 | Investment Entities |
| Amendments to HKAS 19 | Defined Benefit Plans: Employee Contributions |
| Amendments to HKAS 32 | Offsetting Financial Assets and Financial Liabilities |
| Amendments to HKAS 36 | Recoverable Amount Disclosures for Non-Financial Assets |
| Amendments to HKAS 39 | Novation of Derivatives and Continuation of Hedge Accounting |
| HK(IFRIC) – Int 21 | Levies |

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

## 2. Segment information

The following is an analysis of the Group's revenue and results by reportable and operating segments for the period under review:

Six months ended 31st December, 2014

| | 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 | **2,821,663,364** | **331,139,767** | **1,268,803,402** | **153,885,480** | **4,090,466,766** | **485,025,247** |
| Property rental | **1,445,369,817** | **1,240,666,237** | **395,870,922** | **367,750,287** | **1,841,240,739** | **1,608,416,524** |
| | **4,267,033,181** | **1,571,806,004** | **1,664,674,324** | **521,635,767** | **5,931,707,505** | **2,093,441,771** |
| Property management and other services | **530,592,003** | **114,188,163** | **46,780,800** | **9,844,501** | **577,372,803** | **124,032,664** |
| Hotel operations | **468,335,990** | **193,532,208** | **119,176,200** | **64,061,100** | **587,512,190** | **257,593,308** |
| Investments in securities | **31,427,653** | **31,427,598** | **1,950** | **1,950** | **31,429,603** | **31,429,548** |
| Financing | **620,058** | **620,058** | **571,572** | **571,572** | **1,191,630** | **1,191,630** |
| | **5,298,008,885** | **1,911,574,031** | **1,831,204,846** | **596,114,890** | **7,129,213,731** | **2,507,688,921** |

Six months ended 31st December, 2013

| | 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 | - | (93,462,746) | 1,225,383,360 | 294,342,693 | 1,225,383,360 | 200,879,947 |
| Property rental | 1,393,683,321 | 1,193,883,554 | 346,382,494 | 318,663,000 | 1,740,065,815 | 1,512,546,554 |
| | 1,393,683,321 | 1,100,420,808 | 1,571,765,854 | 613,005,693 | 2,965,449,175 | 1,713,426,501 |
| Property management and other services | 488,721,869 | 105,267,989 | 41,458,831 | 6,777,167 | 530,180,700 | 112,045,156 |
| Hotel operations | 439,040,050 | 190,372,045 | 119,646,000 | 49,245,900 | 558,686,050 | 239,617,945 |
| Investments in securities | 33,246,883 | 33,064,771 | 1,950 | 1,950 | 33,248,833 | 33,066,721 |
| Financing | 990,405 | 990,405 | 476,084 | 476,084 | 1,466,489 | 1,466,489 |
| | 2,355,682,528 | 1,430,116,018 | 1,733,348,719 | 669,506,794 | 4,089,031,247 | 2,099,622,812 |

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, gain on disposal of investment properties 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 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, finance costs net of finance income and income tax expense. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

## 2. Segment information – continued

Reconciliation of profit before taxation

| | Six months ended | |
|---|---|---|
| | **31st December, 2014 HK$** | 31st December, 2013 HK$ |
| Segment profit | **2,507,688,921** | 2,099,622,812 |
| Other income and other gains or losses | **50,102,108** | 115,219,322 |
| Change in fair value of investment properties | **1,675,864,294** | 2,046,142,531 |
| Gain on disposal of investment properties | **7,217,307** | 946,462,977 |
| (Loss) gain arising from change in fair value of trading securities | **(39,963,650)** | 93,178,784 |
| Administrative expenses and other operating expenses | **(402,022,074)** | (378,939,779) |
| Finance income, net | **106,207,180** | 37,214,223 |
| Results shared from associates and joint ventures | | |
| - Other income and other gains or losses | **45,982,186** | 9,782,444 |
| - Change in fair value of investment properties | **401,956,085** | 630,489,819 |
| - Administrative expenses and other operating expenses | **(144,262,974)** | (81,692,487) |
| - Finance costs, net | **(82,805,039)** | (69,732,806) |
| - Income tax expense | **(77,294,528)** | (115,625,548) |
| | **143,575,730** | 373,221,422 |
| Profit before taxation | **4,048,669,816** | 5,332,122,292 |

During the six months ended 31st December, 2014, inter-segment sales of HK$39,198,556 *(six months ended 31st December, 2013: HK$38,877,946)* were not included in the segment of "property management and other services". There were no inter-segment sales in other operating segments. Inter-segment sales were charged at cost plus margin basis as agreed between both parties.

## 3. Share of results of associates

Share of results of associates included the Group's share of change in fair value of investment properties of the associates of HK$271,241,719 *(six months ended 31st December, 2013: HK$530,863,218).*

## 4. Share of results of joint ventures

Share of results of joint ventures included the Group's share of change in fair value of investment properties of the joint ventures of HK$130,714,366 *(six months ended 31st December, 2013: HK$99,626,601).*

## 5. Profit before taxation

| | Six months ended | |
|---|---|---|
| | **31st December, 2014 HK$** | 31st December, 2013 HK$ |
| Profit before taxation has been arrived at after charging (crediting): | | |
| Release of prepaid lease payments (included in other operating expenses) | **12,218,562** | 9,625,252 |
| Cost of properties sold recognised as cost of sales | **2,244,577,637** | - |
| Cost of hotel inventories recognised as direct expenses | **59,990,972** | 53,478,869 |
| Depreciation of owner-operated hotel properties | **14,129,238** | 13,015,655 |
| Depreciation of property, plant and equipment | **29,418,368** | 25,081,658 |
| (Reversal) recognition of impairment loss on trade receivables | **(1,114,582)** | 1,721,983 |
| (Gain) loss on disposal of property, plant and equipment | **(160,091)** | 750,566 |

## 6. Income tax expense

| | Six months ended | |
|---|---|---|
| | **31st December, 2014 HK$** | 31st December, 2013 HK$ |
| The charge comprises: | | |
| Current taxation | | |
| Hong Kong Profits Tax | **140,199,244** | 106,659,381 |
| Other jurisdictions | **56,397,345** | 52,480,051 |
| Land Appreciation Tax ("LAT") in the People's Republic of China (the "PRC") | **56,207,247** | - |
| | **252,803,836** | 159,139,432 |
| Deferred taxation | **68,137,963** | 90,489,726 |
| | **320,941,799** | 249,629,158 |

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, 2013: 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, 2013: 17% in Singapore and 25% in the PRC).*

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

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

## 7. Earnings per share

(a) Reported earnings per share

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

| | Six months ended 31st December, 2014 HK$ | Six months ended 31st December, 2013 HK$ |
|---|---|---|
| Earnings for the purpose of basic earnings per share | **1,883,441,030** | 2,523,860,922 |
| | **Number of shares** | Number of shares |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | **1,628,770,846** | 1,581,582,164 |

(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$857,606,123 *(six months ended 31st December, 2013: HK$1,245,335,077)* is also presented, excluding the net effect of changes in fair value of the Group's and the associates' and joint ventures' investment properties. The denominators used are the same as those detailed above for reported earnings per share. A reconciliation of profit is as follows:

| | Six months ended 31st December, 2014 HK$ | Six months ended 31st December, 2013 HK$ |
|---|---|---|
| Earnings for the purpose of basic earnings per share | **1,883,441,030** | 2,523,860,922 |
| Change in fair value of investment properties | **(1,675,864,294)** | (2,046,142,531) |
| Effect of corresponding deferred taxation charges | **52,731,938** | 81,896,373 |
| Share of results of associates | | |
| - Change in fair value of investment properties | **(271,241,719)** | (530,863,218) |
| - Effect of corresponding deferred taxation charges | **-** | 3,300,000 |
| Share of results of joint ventures | | |
| - Change in fair value of investment properties | **(130,714,366)** | (99,626,601) |
| | **(2,025,088,441)** | (2,591,435,977) |
| Non-controlling interests | **999,253,534** | 1,312,910,132 |
| Net effect of changes in fair value of investment properties | **(1,025,834,907)** | (1,278,525,845) |
| Underlying profit attributable to the Company's shareholders | **857,606,123** | 1,245,335,077 |

## 8. Account and other receivables

At 31st December, 2014, included in account and other receivables of the Group are trade receivables (net of allowance for doubtful debts) of HK$368,783,954 *(30th June, 2014: HK$376,460,637),* of which HK$148,477,141 *(30th June, 2014: HK$60,295,975)* are to be settled based on the terms of 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 presented based on invoice date (net of allowance for doubtful debts) at the end of the reporting period:

| | **31st December, 2014 HK$** | 30th June, 2014 HK$ |
|---|---|---|
| Not yet due | **148,477,141** | 60,295,975 |
| Overdue: | | |
| 1-30 days | **131,597,683** | 233,666,876 |
| 31-60 days | **44,944,786** | 30,614,849 |
| 61-90 days | **11,885,335** | 8,811,889 |
| Over 90 days | **31,879,009** | 43,071,048 |
| | **368,783,954** | 376,460,637 |

## 9. Account and other payables

At 31st December, 2014, included in account and other payables of the Group are trade payables of HK$107,693,984 *(30th June, 2014: HK$193,729,486).*

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

| | **31st December, 2014 HK$** | 30th June, 2014 HK$ |
|---|---|---|
| 0-30 days | **79,233,758** | 166,881,608 |
| 31-60 days | **17,397,467** | 15,237,368 |
| 61-90 days | **1,726,184** | 1,058,678 |
| Over 90 days | **9,336,575** | 10,551,832 |
| | **107,693,984** | 193,729,486 |

## 10. Pledge of assets

(a) At 31st December, 2014, the aggregate facilities of bank loans and other loans granted to the Group amounting to approximately HK$3,559,928,000 *(30th June, 2014: HK$5,811,840,000)* were secured by certain of the Group's listed investments, properties, account and other receivables, restricted bank deposits, shares of Sino Land Company Limited ("Sino Land") and floating charges on bank balances amounting to a total carrying amount of HK$4,593,655,430 *(30th June, 2014: HK$9,614,959,922).* At that date, the facilities were utilised by the Group to the extent of approximately HK$2,160,928,000 *(30th June, 2014: HK$4,384,840,000).*

(b) At 31st December, 2014, investments in certain associates in aggregate amounting to approximately HK$10,000 *(30th June, 2014: HK$10,000)* and advances to certain associates in aggregate amounting to approximately HK$3,987,585,000 *(30th June, 2014: HK$3,916,628,000)* and certain assets of the associates were pledged to or assigned to secure loan facilities made available by banks to such associates. The Group's attributable portion of these facilities amounted to approximately HK$4,719,384,000 *(30th June, 2014: HK$4,719,384,000),* of which approximately HK$2,919,784,000 *(30th June, 2014: HK$2,716,184,000)* was utilised by the associates and guaranteed by Sino Land.

## 11. Contingent liabilities

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

| | **31st December, 2014 HK$** | 30th June, 2014 HK$ |
|---|---|---|
| Guarantees given to banks in respect of: | | |
| Banking facilities of associates: | | |
| - Utilised | **2,919,783,832** | 2,716,183,832 |
| - Unutilised | **1,799,600,000** | 2,003,200,000 |
| | **4,719,383,832** | 4,719,383,832 |
| Mortgage loans granted to property purchasers | **367,706,772** | 402,205,650 |

At 31st December, 2014 and 30th June, 2014, the Group issued corporate financial guarantees to banks in respect of banking facilities granted to associates. At the end of both reporting periods, the Group did not recognise any liabilities in respect of such corporate financial guarantees in the consolidated statement of financial position.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 2nd March, 2015 to Wednesday, 4th March, 2015, 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 Wednesday, 4th March, 2015.

In order to qualify for the interim dividend, shareholders should ensure that all transfers accompanied by the relevant share certificates are lodged with the Company’s Registrars, Tricor Friendly Limited, Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 27th February, 2015.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

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

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the six months ended 31st December, 2014, the Company has complied with all the code provisions as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), except that there was no separation of the roles of the chairman and the chief executive 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 has worked effectively in enabling it to discharge its responsibilities satisfactorily. In addition, the Independent Non-Executive Directors have contributed valuable views and proposals for the Board’s deliberation and decisions. The Board will review the management structure regularly to ensure it continues to meet these objectives and is in line with the industry practices.

## REVIEW OF INTERIM RESULTS

The unaudited interim results of the Group for the six months ended 31st December, 2014 have been reviewed by the Audit Committee and the auditor of the Company, Deloitte Touche Tohmatsu.

**2014-2015 INTERIM REPORT**

The 2014-2015 interim report containing all the information required by the Listing Rules will be published on the website of Hong Kong Exchanges and Clearing Limited and the Company's website www.sino.com while printed copies will be sent to shareholders on or about Thursday, 5th March, 2015.

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

Hong Kong, 11th February, 2015

*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.*