Tsim Sha Tsui Properties Limited

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 247)**

# CHAIRMAN'S STATEMENT

I am pleased to present the 2014/2015 Annual Report to shareholders.

## FINAL RESULTS

For the financial year ended 30th June, 2015, the Group's underlying net profit attributable to shareholders, excluding the effect of fair-value changes on investment properties, was HK$2,678.5 million (2013/2014: HK$2,535.1 million). Underlying earnings per share was HK$1.628 (2013/2014: HK$1.584).

The Group's reported net profit attributable to shareholders was HK$4,747.1 million (2013/2014: HK$4,513.3 million). Earnings per share was HK$2.886 (2013/2014: HK$2.820). The reported profit for the year included a revaluation surplus (net of deferred taxation) on investment properties of HK$2,068.6 million (2013/2014: HK$1,978.2 million).

## DIVIDENDS

The Directors have resolved to recommend a final dividend of 38 cents per share in respect of the financial year ended 30th June, 2015 to shareholders whose names appear on the Register of Members of the Company on 30th October, 2015. Together with the interim dividend of 12 cents per share, the total dividend for the financial year ended 30th June, 2015 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, 2015; 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, 2015. 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, 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 30th June, 2015, Tsim Sha Tsui Properties Limited (the "Company") had 50.98% 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 financial year ended 30th June, 2015, including property sales of associates and joint ventures recognised by Sino Land, was HK$23,098.6 million (2013/2014 : HK$4,644.7 million).

Total revenue from property sales of Sino Land comprises mainly the sales of residential units in The Avenue Phase 2 in Wan Chai, Mayfair By The Sea I and II in Pak Shek Kok, Park Metropolitan in Kwun Tong and Park Ivy in Tai Kok Tsui completed during the financial year ended 30th June, 2015 as well as projects completed in previous financial years. To date, approximately 95% of the units in The Avenue Phase 2, 92% of the units in Mayfair By The Sea I, 84% of the units in Mayfair By The Sea II, 99% of the units in Park Metropolitan and all the units in Park Ivy have been sold. In respect of sales derived from projects completed in previous financial years, these mainly included Botanica Bay in Lantau Island, The Avenue Phase 1 in Wan Chai, The Graces • Providence Bay and Providence Peak in Pak Shek Kok and to date, approximately 38%, 99%, 92% and 91% 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 financial year 2014/2015, Sino Land launched Corinthia By The Sea in Tseung Kwan O and Dragons Range in Kau To for sale and to date, approximately 97% and 81% of the units in the respective projects have been sold.

In China, 576 residential units in The Palazzo in Chengdu, 516 residential units in The Coronation in Chongqing and 544 residential units in Dynasty Park in Zhangzhou were launched for sale during the financial year 2014/2015. To date, a total of 1,542 residential units in The Palazzo, 1,036 residential units in The Coronation and 1,146 residential units in Dynasty Park have been launched for sale and approximately 79%, 80% and 89% of the units in the respective projects have been sold. Further, Sino Land launched Mayfair By The Lake in Xiamen for sale in June 2015 and to date, approximately 32% of all the units have been sold.

## (2) Land Bank

As at 30th June, 2015, Sino Land has a land bank of approximately 37.8 million square feet of attributable floor area in Hong Kong, China and Singapore which comprises a balanced portfolio of properties of which 61.9% is residential; 24.7% commercial; 6.0% industrial; 4.0% car parks and 3.4% hotels. In terms of breakdown of the land bank by status, 24.1 million square feet were properties under development, 11.5 million square feet of properties for investment and hotels, together with 2.2 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 financial year 2014/2015, 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 3 sites from the HKSAR Government with a total attributable floor area of approximately 1.7 million square feet. Details of the projects are as follows:

| Location | Usage | Group's Interest | Attributable Floor Area *(Square feet)* |
|---|---|---|---|
| 1. NKIL 6514<br>Kwun Tong Town Centre<br>Development Areas 2 and 3,<br>Kwun Tong,<br>Kowloon,<br>Hong Kong | Residential | Joint Venture | 1,346,383 |
| 2. FSSTL 255<br>Junction of Luen Hing St.,<br>Wo Fung St. and<br>Luen Shing St.,<br>Luen Wo Hui,<br>Fanling,<br>New Territories,<br>Hong Kong | Residential / Commercial/ Car Park | 100% | 209,907 |
| 3. NKIL 6313<br>Junction of Cheung Yip St.,<br>Sheung Yee Rd. and Wai Yip St.,<br>Kowloon Bay,<br>Kowloon,<br>Hong Kong | Commercial | 30% | 147,058 |
| 4. Lot 1181 in DD 215<br>Hong Kin Road,<br>Tui Min Hoi,<br>Sai Kung,<br>New Territories,<br>Hong Kong | Residential | 100% | 51,592 |
| | | | 1,754,940 |

## (3) Property Development

During the financial year 2014/2015, Sino Land obtained Occupation Permits for the following projects in Hong Kong with a total attributable floor area of approximately 2.4 million square feet. Details of these projects are presented as follows:

| Location | Usage | Group's Interest | Attributable Floor Area *(Square feet)* |
|---|---|---|---|
| 1. Mayfair By The Sea II<br>21 Fo Chun Road,<br>Pak Shek Kok,<br>Tai Po, New Territories,<br>Hong Kong | Residential/ Commercial | 100% | 720,757 |
| 2. Mayfair By The Sea I<br>23 Fo Chun Road,<br>Pak Shek Kok,<br>Tai Po, New Territories,<br>Hong Kong | Residential/ Commercial | 85% | 612,643 |
| 3. Dragons Range<br>33 Lai Ping Road,<br>Kau To, New Territories,<br>Hong Kong | Residential | 40% | 412,588 |
| 4. The Avenue Phase 2<br>200 Queen's Road East,<br>Wan Chai,<br>Hong Kong | Residential/ Commercial | Joint Venture | 352,653 |
| 5. Park Metropolitan<br>8 Yuet Wah Street,<br>Kwun Tong,<br>Kowloon,<br>Hong Kong | Residential | Joint Venture | 232,825 |
| 6. The Fairmont<br>53 Conduit Road,<br>Hong Kong Island,<br>Hong Kong | Residential | 100% | 60,421 |
| 7. Park Ivy<br>8 Ivy Street,<br>Tai Kok Tsui,<br>Kowloon,<br>Hong Kong | Residential/ Commercial | Joint Venture | 54,251 |
| | | | 2,446,138 |

In China, Sino Land completed Phase I of The Palazzo in Chengdu and part of Phase I of The Coronation in Chongqing with a total attributable floor area of approximately 1.8 million square feet during the financial year ended 30th June, 2015. Details of these projects are presented as follows:

| Location | Usage | Group's Interest | Attributable Floor Area *(Square feet)* |
|---|---|---|---|
| 1. The Palazzo<br>No. 9 The Second Yufeng Road,<br>Chenghua District (Intersection of Yinghui Road and Tashan Road)<br>Chengdu,<br>PRC | Residential | 100% | 1,605,769 |
| 2. The Coronation<br>No. 288, Beibing Road,<br>Jiang Bei District,<br>Chongqing,<br>PRC | Residential/ Commercial | 50% | 252,566 |
| | | | 1,858,335 |

## (4) Rental Activities

For the financial year ended 30th June, 2015, Sino Land's gross rental revenue, including attributable share from associates and joint ventures, increased 6.7% to HK$3,684.4 million (2013/2014: HK$3,450.7 million) and net rental income increased 7.3% to HK$3,252.2 million (2013/2014: HK$3,030.6 million). The increase in rental revenue was mainly due to higher rental rates on renewals and an improvement in occupancy rate in office properties. Overall occupancy of the investment property portfolio of Sino Land was at approximately 98% (2013/2014: 97%) for the financial year 2014/2015.

Sino Land's retail portfolio in Hong Kong recorded rental growth with overall occupancy rate at approximately 98% for the financial year 2014/2015 (2013/2014: 98%) as Sino Land's flagship shopping malls, namely Tuen Mun Town Plaza Phase I, Olympian City 1, 2 and 3 showed steady leasing performance. In addition, Sino Land completed during the financial year 2014/2015 the retail malls in The Avenue Phase 2 in Wan Chai and Mayfair By The Sea I and II in Pak Shek Kok with total attributable floor area of approximately 127,196 square feet. These new retail malls are expected to open in the coming financial year and will enhance Sino Land's rental revenue from the sector.

The leasing performance of Sino Land's office portfolio saw stable rental growth while overall occupancy rate was at approximately 98% (2013/2014: 96%) for financial year 2014/2015. The leasing performance of Sino Land's industrial portfolio was steady with occupancy rate at approximately 97% (2013/2014: 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 30th June, 2015, Sino Land has approximately 11.5 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 63.6%, industrial 15.2%, car parks 12.7%, hotels 6.6%, and residential 1.9%.

## (5) Hotels

Overall business performance of Sino Land's hotels, namely The Fullerton Hotel, The Fullerton Bay Hotel and Conrad Hong Kong was slightly affected by soft demand and competitive business environment during the financial year 2014/2015. 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 economic and social reforms in China have been progressing well. Liberalisation of the financial market is underway with fiscal policy and public finance reviewed and improved to cater to the needs of the local governments. Capital controls have also been relaxed. Reforms on household-registration system and social services are being studied to reduce inequalities both between cities and between urban and rural areas. Environmental protection initiatives have been addressed. The Central Government has taken steps to roll out various policies to integrate its economy with the rest of the world and China is increasingly taking a bigger role in the world economy while pursuing a more balanced and high quality economic growth. All the policies combined will make China a more resilient economy resulting in an improvement in the livelihoods of people.

During the financial year 2014/2015, the property market in China turned active with improvement in sales volume, pricing and lower inventory levels mainly due to relaxation of home purchase restrictions in most cities in China and monetary easing which included reduction of interest rates, abolishment of loan-to-deposit ratio for banks and an increase in the availability of mortgage loans for home purchasers which is favourable for the property market.

Sino Land has four projects in China mainly for residential developments with a total of approximately 21.2 million square feet of attributable plot ratio area. These projects are situated in cities with good economic and demographic fundamentals. Sino Land's property developments in China, namely The Palazzo in Chengdu, The Coronation in Chongqing, Dynasty Park in Zhangzhou and Mayfair By The Lake in Xiamen will be sold and completed in 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 30th June, 2015, the Group had cash and bank deposits of HK$19,802.3 million. After netting off total borrowings of HK$8,273.8 million, the Group had net cash of HK$11,528.5 million as at 30th June, 2015. Of the total borrowings, 10.8% was repayable within one year, 25.8% repayable between one and two years and 63.4% 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 financial year ended 30th June, 2015. The majority of the Group's cash are denominated in Hong Kong dollars, with a portion of Renminbi, Australian dollars and New Zealand dollars 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, Sino Land has been selected as a constituent member of the Hang Seng Corporate Sustainability Index since September 2012.

During the financial year 2014/2015, 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 collaborates with various community partners to provide learning opportunities for children and teenagers from underprivileged families through different programmes.

Dedicated to promoting arts and culture to enrich the everyday lives of Hong Kong people, Sino Land initiated 'Sino Art' in 2006, under which Sino Art provides local and international artists with opportunities to showcase their works through exhibitions and public art installations at the Sino Land's properties. With the launch of 'Sino Art in Community' in 2013, Sino Land has extended its reach into community facilities such as hospitals, kindergartens and children's homes, where local artists create community art together with the underprivileged, children and educators.

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 US economy continues to be on the path of recovery with improvement in GDP, consumer sentiment, personal consumption expenditure and housing sector activity as well as lower level of unemployment. In the Euro zone, the economic situation has been improving, helped by the decrease in oil price and depreciation of Euro as well as the quantitative-easing programme by the European Central Bank rolled out in March this year.

In China, the Central Government published in March 2015 its first edition of written framework of Silk Road Economic Belt and the 21st-Century Maritime Silk Road also known as “One Belt One Road”. One Belt One Road will foster economic ties spanning different regions in Asia, Europe and Africa. It will promote co-development and multilateral co-operation in the areas of economic, finance, transport, environmental protection, tourism, technology and education as well as bring in prosperity to the nations along the regions. The economic development along One Belt One Road will provide entrepreneurs, professionals and skillful workers in Hong Kong the opportunity to offer their services in the regions.

Over the past year, Central Government has continued its efforts to open up its economy and prepare itself for globalization. In October 2014, China spearheaded the launch of the Asian Infrastructure Investment Bank with the objective to finance the development of infrastructure and other productive sectors in Asia. In November 2014, the trading through Shanghai-Hong Kong Stock Connect commenced which should help expand and integrate the financial and capital markets in China and Hong Kong. In April 2015, China opened three more Free Trade Zones in Guangdong, Fujian and Tianjin in addition to the Shanghai Pilot Free Trade Zone. The Free Trade Zone in Guangdong covers areas in Guangzhou, Zhuhai, Qianhai and Shekou which will benefit trade and finance in Hong Kong as a whole.

The Hong Kong property market has been going through a period of change as a result of economic and property-related policies. During the financial year 2014/2015, 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, 26th August, 2015

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, 2015 are as follows:

### Consolidated Statement of Profit or Loss

| | *Notes* | **2015 HK$** | 2014 HK$ |
|---|---|---|---|
| Turnover | 2 | **21,896,326,522** | 7,510,795,774 |
| Cost of sales | | **(13,631,420,045)** | (1,046,622,645) |
| Direct expenses | | **(2,438,761,280)** | (1,833,657,927) |
| Gross profit | | **5,826,145,197** | 4,630,515,202 |
| Change in fair value of investment properties | | **3,224,578,500** | 3,290,416,953 |
| Other income and other gains or losses | | **77,522,982** | 92,448,810 |
| Fair value gain on non-current interest-free unsecured other loans | | **18,590,490** | 36,172,116 |
| Gain arising from change in fair value of trading securities | | **15,085,775** | 142,191,202 |
| Gain on disposal of investment properties | | **34,837,046** | 1,267,546,033 |
| Administrative expenses | | **(695,453,727)** | (674,352,951) |
| Other operating expenses | | **(178,585,111)** | (167,394,698) |
| Finance income | | **504,713,481** | 368,410,273 |
| Finance costs | | **(276,508,473)** | (324,275,214) |
| Less: Interest capitalised | | **32,838,550** | 20,287,555 |
| Finance income, net | | **261,043,558** | 64,422,614 |
| Share of results of associates | 3 | **1,162,974,740** | 1,429,548,748 |
| Share of results of joint ventures | 4 | **866,758,262** | 208,307,744 |
| Profit before taxation | 5 | **10,613,497,712** | 10,319,821,773 |
| Income tax expense | 6 | **(1,152,558,224)** | (1,286,501,711) |
| Profit for the year | | **9,460,939,488** | 9,033,320,062 |
| Attributable to: | | | |
| Company's shareholders | | **4,747,169,520** | 4,513,349,683 |
| Non-controlling interests | | **4,713,769,968** | 4,519,970,379 |
| | | **9,460,939,488** | 9,033,320,062 |
| Interim dividend at HK12 cents *(2014: HK12 cents)* per share | | **198,893,273** | 193,537,191 |
| Proposed final dividend at HK38 cents *(2014: HK38 cents)* per share | | **633,432,855** | 616,894,357 |
| Earnings per share (reported earnings per share) – basic | 7(a) | **2.886** | 2.820 |
| Earnings per share (underlying earnings per share) – basic | 7(b) | **1.628** | 1.584 |

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

| | **2015** | 2014 |
|---|---|---|
| | **HK$** | HK$ |
| Profit for the year | **9,460,939,488** | 9,033,320,062 |
| **Other comprehensive (expense) income** | | |
| ***Items that may be reclassified subsequently to profit or loss:*** | | |
| Loss on fair value change of available-for-sale investments | **(128,517,536)** | (65,453,907) |
| Exchange differences arising on translation of foreign operations | **(193,915,937)** | 246,368,335 |
| | **(322,433,473)** | 180,914,428 |
| Total comprehensive income for the year | **9,138,506,015** | 9,214,234,490 |
| Total comprehensive income attributable to: | | |
| Company's shareholders | **4,593,451,684** | 4,601,741,790 |
| Non-controlling interests | **4,545,054,331** | 4,612,492,700 |
| | **9,138,506,015** | 9,214,234,490 |

**Consolidated Statement of Financial Position**
**At 30th June, 2015**

| | *Notes* | **2015 HK$** | 2014 HK$ |
|---|---|---|---|
| Non-current assets | | | |
| Investment properties | | **58,409,286,223** | 56,281,352,385 |
| Hotel properties | | **1,695,741,835** | 1,891,263,436 |
| Property, plant and equipment | | **139,070,293** | 129,532,837 |
| Goodwill | | **739,233,918** | 739,233,918 |
| Prepaid lease payments – non-current | | **1,177,613,796** | 1,303,292,089 |
| Interests in associates | | **15,630,975,681** | 17,508,916,023 |
| Interests in joint ventures | | **3,100,573,692** | 2,242,353,923 |
| Available-for-sale investments | | **910,567,069** | 1,012,878,225 |
| Advances to associates | | **8,270,997,179** | 8,132,002,059 |
| Advances to joint ventures | | **1,058,033,279** | 1,553,726,462 |
| Advance to non-controlling interests | | **-** | 96,082,492 |
| Advance to an investee company | | **16,354,049** | 17,617,226 |
| Long-term loans receivable | | **227,559,528** | 49,834,713 |
| | | **91,376,006,542** | 90,958,085,788 |
| Current assets | | | |
| Properties under development | | **20,454,301,162** | 27,884,031,411 |
| Stocks of completed properties | | **7,258,620,820** | 1,718,044,524 |
| Hotel inventories | | **17,357,382** | 18,708,821 |
| Prepaid lease payments – current | | **20,710,267** | 20,390,423 |
| Trading securities | | **15,688,163** | 559,238,213 |
| Amounts due from associates | | **500,370,877** | 970,529,537 |
| Amount due from a joint venture | | **20,176,534** | - |
| Accounts and other receivables | 8 | **2,896,447,101** | 1,118,823,936 |
| Current portion of long-term loans receivable | | **5,276,127** | 3,794,836 |
| Taxation recoverable | | **98,649,164** | 147,713,722 |
| Restricted bank deposits | | **194,566,781** | 412,983,955 |
| Time deposits, bank balances and cash | | **19,607,731,659** | 14,091,245,244 |
| | | **51,089,896,037** | 46,945,504,622 |
| Assets classified as held for sale | | **317,000,000** | - |
| | | **51,406,896,037** | 46,945,504,622 |
| Current liabilities | | | |
| Accounts and other payables | 9 | **8,228,563,195** | 3,522,007,260 |
| Deposits received on sales of properties | | **1,229,453,253** | 2,613,997,918 |
| Amounts due to associates | | **1,177,213,063** | 3,836,204,380 |
| Amounts due to non-controlling interests | | **367,503,811** | - |
| Taxation payable | | **1,136,081,255** | 1,107,363,033 |
| Current portion of long-term bank borrowings | | **-** | 28,548,714 |
| Bank loans – secured | | **801,295,227** | 192,000,000 |
| Other loans – unsecured | | **97,766,579** | 89,776,997 |
| | | **13,037,876,383** | 11,389,898,302 |
| Net current assets | | **38,369,019,654** | 35,555,606,320 |
| Total assets less current liabilities | | **129,745,026,196** | 126,513,692,108 |

**Consolidated Statement of Financial Position – continued**
**At 30th June, 2015**

| | **2015** | 2014 |
|---|---|---|
| | **HK$** | HK$ |
| Capital and reserves | | |
| Share capital | **8,869,463,206** | 8,058,064,197 |
| Reserves | **50,160,601,283** | 46,313,553,536 |
| Equity attributable to the Company's shareholders | **59,030,064,489** | 54,371,617,733 |
| Non-controlling interests | **58,628,888,325** | 56,254,567,220 |
| Total equity | **117,658,952,814** | 110,626,184,953 |
| Non-current liabilities | | |
| Long-term bank and other borrowings | | |
| – due after one year | **5,238,278,939** | 7,919,616,786 |
| Other loans – due after one year | **2,136,489,301** | 2,989,184,836 |
| Deferred taxation | **2,044,659,435** | 1,731,184,190 |
| Advances from associates | **1,685,891,370** | 1,652,248,300 |
| Advances from non-controlling interests | **980,754,337** | 1,595,273,043 |
| | **12,086,073,382** | 15,887,507,155 |
| | **129,745,026,196** | 126,513,692,108 |

*Notes:*

## 1. Basis of preparation

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards and Interpretations (collectively, "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and with applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Companies Ordinance (Cap. 622). In addition, Part 9 of the Companies Ordinance (Cap. 622) "Accounts and Audit" has become fully operational this year. Related presentation and disclosures required by Cap. 622 have been added/revised in this year's consolidated financial statements. The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

The financial information relating to the years ended 30th June, 2015 and 2014 included in this preliminary announcement of annual results 2015 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 30th June, 2014 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance (Cap. 622) and will deliver the financial statements for the year ended 30th June, 2015 in due course.

The Company's auditor has reported on the financial statements of the Company and its subsidiaries (the "Group") for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance (Cap. 622) (or under their equivalent requirements found in section 141 of the predecessor Companies Ordinance (Cap. 32)).

In the current year, the Group has applied the following new and revised HKFRSs and amendments to HKFRSs issued by the HKICPA.

| | |
|---|---|
| Amendments to HKFRS 10, HKFRS 12 and HKAS 27 | Investment Entities |
| 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 |
| Amendments to HKAS 19 | Defined Benefit Plans: Employees Contributions |
| Amendments to HKFRSs | Annual Improvement to HKFRSs 2010 - 2012 Cycle |
| Amendments to HKFRSs | Annual Improvement to HKFRSs 2011 - 2013 Cycle |

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

## 2. Operating segments

The Group's operating segments are reported by six operating divisions – property sales, property rental, property management and other services, hotel operations, investments in securities and financing. This is the measure reported to the chief operating decision makers for the purposes of resources allocation and performance assessment.

Segment Results

For the year ended 30th June, 2015

| | The Company and its subsidiaries | | Associates and joint ventures | | Total | |
|---|---|---|---|---|---|---|
| | External revenue HK$ | Results HK$ | Share of revenue HK$ | Share of results HK$ | Segment revenue HK$ | Segment results HK$ |
| Property | | | | | | |
| Property sales | **16,956,959,680** | **2,546,027,534** | **6,141,684,186** | **690,718,518** | **23,098,643,866** | **3,236,746,052** |
| Property rental | **2,919,958,974** | **2,510,827,210** | **806,107,637** | **748,232,191** | **3,726,066,611** | **3,259,059,401** |
| | **19,876,918,654** | **5,056,854,744** | **6,947,791,823** | **1,438,950,709** | **26,824,710,477** | **6,495,805,453** |
| Property management and other services | **1,073,178,651** | **238,682,791** | **91,404,139** | **20,595,654** | **1,164,582,790** | **259,278,445** |
| Hotel operations | **884,783,794** | **351,306,831** | **233,724,000** | **122,016,900** | **1,118,507,794** | **473,323,731** |
| Investments in securities | **60,289,783** | **60,289,783** | **3,900** | **3,900** | **60,293,683** | **60,293,683** |
| Financing | **1,155,640** | **1,155,640** | **1,401,344** | **1,401,344** | **2,556,984** | **2,556,984** |
| | **21,896,326,522** | **5,708,289,789** | **7,274,325,206** | **1,582,968,507** | **29,170,651,728** | **7,291,258,296** |

For the year ended 30th June, 2014

| | The Company and its subsidiaries | | Associates and joint ventures | | Total | |
|---|---|---|---|---|---|---|
| | External revenue HK$ | Results HK$ | Share of revenue HK$ | Share of results HK$ | Segment revenue HK$ | Segment results HK$ |
| Property | | | | | | |
| Property sales | 2,740,878,101 | 1,404,469,559 | 1,903,836,698 | 450,101,886 | 4,644,714,799 | 1,854,571,445 |
| Property rental | 2,814,417,765 | 2,417,492,560 | 717,277,703 | 661,987,642 | 3,531,695,468 | 3,079,480,202 |
| | 5,555,295,866 | 3,821,962,119 | 2,621,114,401 | 1,112,089,528 | 8,176,410,267 | 4,934,051,647 |
| Property management and other services | 982,273,045 | 214,402,925 | 82,728,077 | 15,993,061 | 1,065,001,122 | 230,395,986 |
| Hotel operations | 863,031,049 | 363,316,051 | 240,810,300 | 132,096,000 | 1,103,841,349 | 495,412,051 |
| Investments in securities | 108,471,173 | 108,207,003 | 3,900 | 3,900 | 108,475,073 | 108,210,903 |
| Financing | 1,724,641 | 1,724,641 | 977,423 | 977,423 | 2,702,064 | 2,702,064 |
| | 7,510,795,774 | 4,509,612,739 | 2,945,634,101 | 1,261,159,912 | 10,456,429,875 | 5,770,772,651 |

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, gain on disposal of investment properties, 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 and joint ventures without allocation of the associates' and joint ventures' certain other income and other gains or losses, certain administrative expenses and other operating expenses, change in fair value of investment properties, gain on disposal of investment properties, finance costs net of finance income and income tax expense.

## 2. Operating segments – continued

Reconciliation of profit before taxation

| | **2015** | 2014 |
|---|---|---|
| | **HK$** | HK$ |
| Segment profit | **7,291,258,296** | 5,770,772,651 |
| Other income and other gains or losses | **69,896,536** | 86,995,532 |
| Change in fair value of investment properties | **3,224,578,500** | 3,290,416,953 |
| Gain arising from change in fair value of trading securities | **15,085,775** | 142,191,202 |
| Gain on disposal of investment properties | **34,837,046** | 1,267,546,033 |
| Administrative expenses and other operating expenses | **(748,253,015)** | (715,174,272) |
| Fair value gain on non-current interest-free unsecured other loans | **18,590,490** | 36,172,116 |
| Finance income, net | **260,739,589** | 64,204,978 |
| Results shared from associates and joint ventures | | |
| - Other income and other gains or losses | **30,395,686** | 26,370,233 |
| - Change in fair value of investment properties | **1,075,912,389** | 829,337,560 |
| - Gain on disposal of investment properties | **48,411,905** | - |
| - Administrative expenses and other operating expenses | **(219,721,611)** | (165,399,373) |
| - Finance costs, net | **(223,898,801)** | (115,637,843) |
| - Income tax expense | **(264,335,073)** | (197,973,997) |
| | **446,764,495** | 376,696,580 |
| Profit before taxation | **10,613,497,712** | 10,319,821,773 |

During the year ended 30th June, 2015, inter-segment sales of HK$34,328,740 *(2014: HK$34,137,154)* 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.

Geographical information

The Group operates in three principal geographical areas – Hong Kong, the People's Republic of China (the "PRC") and Singapore.

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets, excluding financial instruments, are detailed below:

| | Revenue from external customers | | Non-current assets | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **HK$** | HK$ | **HK$** | HK$ |
| Hong Kong | **19,180,842,564** | 4,323,382,053 | **71,449,577,037** | 71,444,613,414 |
| The PRC | **1,652,090,274** | 2,111,926,092 | **5,268,318,860** | 4,042,561,422 |
| Singapore | **1,063,393,684** | 1,075,487,629 | **4,174,599,541** | 4,608,769,775 |
| | **21,896,326,522** | 7,510,795,774 | **80,892,495,438** | 80,095,944,611 |

## 3. Share of results of associates

The Group's share of results of associates included the Group's share of change in fair value of investment properties of the associates, net of deferred taxation, of HK$585,598,241 *(2014: HK$663,910,959)* recognised in the statement of profit or loss of the associates.

## 4. Share of results of joint ventures

The Group's 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$487,344,148 *(2014: HK$162,126,601)* recognised in the statement of profit or loss of the joint ventures.

## 5. Profit before taxation

| | **2015** | 2014 |
|---|---|---|
| | **HK$** | HK$ |
| Profit before taxation has been arrived at after charging (crediting): | | |
| Release of prepaid lease payments (included in other operating expenses) | **21,599,205** | 20,248,714 |
| Cost of hotel inventories consumed (included in direct expenses) | **110,510,255** | 101,228,096 |
| Cost of properties sold | **13,631,420,045** | 1,046,622,645 |
| Depreciation of property, plant and equipment and hotel properties (included in other operating expenses) | **89,742,495** | 78,042,556 |
| (Gain) loss on disposal of property, plant and equipment | **(626,004)** | 928,583 |
| Property, plant and equipment written off | **6,361** | - |
| Reversal of impairment loss on trade receivables | **(1,958,767)** | (3,173,982) |

## 6. Income tax expense

| | **2015** | 2014 |
|---|---|---|
| | **HK$** | HK$ |
| The charge (credit) comprises: | | |
| Taxation attributable to the Company and its subsidiaries | | |
| Hong Kong Profits Tax | | |
| Provision for the year calculated at 16.5% *(2014: 16.5%)* | **626,347,976** | 306,871,307 |
| Under(over)provision in previous years | **6,801,117** | (25,564,531) |
| | **633,149,093** | 281,306,776 |
| Taxation in other jurisdictions | | |
| Provision for the year | **99,556,820** | 292,034,422 |
| Under(over)provision in previous years | **230,403** | (1,376,763) |
| Land Appreciation Tax | **81,201,684** | 525,952,331 |
| | **180,988,907** | 816,609,990 |
| | **814,138,000** | 1,097,916,766 |
| Deferred taxation | | |
| Current year | **338,420,224** | 188,584,945 |
| | **1,152,558,224** | 1,286,501,711 |

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

## 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:

| | **2015** | 2014 |
|---|---|---|
| | **HK$** | HK$ |
| Earnings for the purpose of basic earnings per share | **4,747,169,520** | 4,513,349,683 |
| | **Number of shares** | Number of shares |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | **1,645,120,351** | 1,600,581,577 |

## 7. Earnings per share – continued

(b) Underlying earnings per share

For the purpose of assessing the underlying performance of the Group, basic earnings per share calculated based on the underlying profit attributable to the Company's shareholders of HK$2,678,531,476 *(2014: HK$2,535,085,911)* is also presented, excluding the net effect of changes in fair value of the Group's, 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:

| | **2015** **HK$** | 2014 HK$ |
|---|---|---|
| Earnings for the purpose of basic earnings per share | **4,747,169,520** | 4,513,349,683 |
| Change in fair value of investment properties | **3,224,578,500** | 3,290,416,953 |
| Effect of corresponding deferred taxation charges | **(205,274,726)** | (134,865,999) |
| Share of results of associates | | |
| - Change in fair value of investment properties | **588,568,241** | 667,210,959 |
| - Effect of corresponding deferred taxation charges | **(2,970,000)** | (3,300,000) |
| Share of results of joint ventures | | |
| - Change in fair value of investment properties | **487,344,148** | 162,126,601 |
| | **4,092,246,163** | 3,981,588,514 |
| Non-controlling interests | **(2,023,608,119)** | (2,003,324,742) |
| Net effect of changes in fair value of investment properties | **2,068,638,044** | 1,978,263,772 |
| Underlying profit attributable to the Company's shareholders | **2,678,531,476** | 2,535,085,911 |

## 8. Accounts and other receivables

At 30th June, 2015, included in accounts and other receivables of the Group are trade receivables (net of allowance for doubtful debts) of HK$2,166,321,388 *(2014: HK$376,460,637)*, of which HK$1,866,123,067 *(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 (net of allowance for doubtful debts) at the end of the reporting period:

| | **2015** | 2014 |
|---|---|---|
| | **HK$** | HK$ |
| Not yet due | **1,866,123,067** | 60,295,975 |
| Overdue: | | |
| 1-30 days | **239,661,625** | 233,666,876 |
| 31-60 days | **21,604,473** | 30,614,849 |
| 61-90 days | **8,955,887** | 8,811,889 |
| Over 90 days | **29,976,336** | 43,071,048 |
| | **2,166,321,388** | 376,460,637 |

Trade receivables overdue more than 90 days amounting to HK$29,976,336 *(2014: HK$43,071,048)* 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.

## 9. Accounts and other payables

At 30th June, 2015, included in accounts and other payables of the Group are trade payables of HK$103,021,517 *(2014: HK$193,729,486).*

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

| | **2015** | 2014 |
|---|---|---|
| | **HK$** | HK$ |
| 0-30 days | **68,032,709** | 166,881,608 |
| 31-60 days | **16,762,681** | 15,237,368 |
| 61-90 days | **1,261,730** | 1,058,678 |
| Over 90 days | **16,964,397** | 10,551,832 |
| | **103,021,517** | 193,729,486 |

## 10. Pledge of assets

(a) At 30th June, 2015, the aggregate facilities of bank loans and other loans granted to the Group amounting to approximately HK$3,302,375,000 *(2014: HK$5,811,840,000)* 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$5,414,434,497 *(2014: HK$9,614,959,922).* At that date, the facilities were utilised by the Group to the extent of approximately HK$2,181,375,000 *(2014: HK$4,384,840,000).*

(b) At 30th June, 2015, investments in certain associates in aggregate amounting to Nil *(2014: approximately HK$10,000)* and advances to certain associates in aggregate amounting to approximately HK$2,587,824,000 *(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$2,159,384,000 *(2014: HK$4,719,384,000),* of which approximately HK$1,497,784,000 *(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:

| | **2015** | 2014 |
|---|---|---|
| | **HK$** | HK$ |
| Guarantees given to banks in respect of: | | |
| Banking facilities of associates: | | |
| - Utilised | **1,497,783,832** | 2,716,183,832 |
| - Unutilised | **661,600,000** | 2,003,200,000 |
| | **2,159,383,832** | 4,719,383,832 |
| Mortgage loans granted to property purchasers | **440,534,499** | 402,205,650 |

At 30th June, 2015 and 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.

## 12. Capital commitments

On 25th May, 2015, Sino Land entered into a memorandum of agreement with a connected person for the formation of a joint venture company on a 50:50 basis (the "Joint Venture"). The Joint Venture, through a direct wholly-owned subsidiary (the "Subsidiary"), participated in a private bidding process, and entered into a share sale agreement with the vendor, an independent third party, on 25th May, 2015 under which the Subsidiary agreed to purchase all of the issued shares of the Hotel Owner (as defined below) for the total consideration of AUD445,333,000 (approximately HK$2,739,000,000) (subject to adjustment, if necessary, according to the relevant completion accounts as at the date of completion) subject to the terms and conditions of the share sale agreement. The "Hotel Owner" is a company which owns 100% interest of a hotel in Sydney.

As at 30th June, 2015, the estimated total capital expenditure of Sino Land in respect of the formation of the Joint Venture for the acquisition of the Hotel Owner contracted but not provided for in the consolidated financial statements was approximately AUD227,700,000 (approximately HK$1,349,000,000), representing its 50% indirect interest in the Joint Venture. As at 30th June, 2014, there was no such capital commitment for the Group.

## 13. Event after the reporting period

The acquisition of the Hotel Owner (refer to Note 12) was completed and total consideration of AUD445,333,000 was paid on 31st July, 2015. The total consideration is subject to adjustment, if necessary, according to the relevant completion accounts, which have not been completed at the date of this preliminary announcement.

## CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the Annual General Meeting to be held on Friday, 23rd October, 2015, the register of members of the Company will be closed from Tuesday 20th October, 2015 to Friday, 23rd October, 2015, 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, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 19th October, 2015.

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 Friday, 30th October, 2015. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Thursday, 29th October, 2015 to Friday, 30th October, 2015, 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, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 28th October, 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 year.

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted its own Corporate Governance Code and 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 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, 2015 have been reviewed by the audit committee of the Company.

## 2015 ANNUAL REPORT

The 2015 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 Friday, 18th September, 2015.

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

Hong Kong, 26th August, 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.*