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 the shareholders.

INTERIM RESULTS

The Group's unaudited net profit attributable to shareholders for the six months ended 31st December, 2018 ("Interim Period") was HK$1,664.6 million. Unaudited net profit for the six months ended 31st December, 2017 ("Last Interim Period") was HK$5,401.1 million and during the Last Interim Period, Sino Land Company Limited ("Sino Land") disposed 80% interest in its property development project The Palazzo, Chengdu and recorded a one-off gain on disposal of subsidiary of HK$2,949.4 million and a fair value gain on the 20% interest retained of HK$397.5 million. Excluding the one-off gain on disposal and a fair value gain on the 20% interest retained for The Palazzo, the Group's net profit for the Last Interim Period would be HK$2,054.2 million. Earnings per share for the Interim Period was HK$0.91 (2017: HK$3.09). The reported profit for the Interim Period included a revaluation surplus (net of deferred taxation) on investment properties of HK$462.8 million compared with a revaluation surplus (net of deferred taxation) of HK$453.4 million for the Last Interim Period.

The Group's underlying net profit attributable to shareholders, excluding the effect of fair-value changes on investment properties for the Interim Period was HK$1,257.9 million (2017: HK$4,650.3 million, restated). Underlying earnings per share was HK$0.69 (2017: HK$2.66, restated). If the one-off gain on disposal of 80% interest in The Palazzo, Chengdu was excluded, the Group's underlying profit for the Last Interim Period would be HK$1,700.9 million.

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

DIVIDEND

The Directors have declared an interim dividend of 14 cents per share payable on 24th April, 2019 to those shareholders whose names appear on the Register of Members of the Company on 19th March, 2019.

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

A circular containing details of the scrip dividend scheme will be despatched to the shareholders together with a form of election for scrip dividend on or about 25th March, 2019. It is expected that the interim dividend warrants and share certificates will be despatched to the shareholders on or about 24th April, 2019.

REVIEW OF OPERATIONS

The operations under Sino Land represent a substantial portion of the operations of the Group as a whole. As at 31st December, 2018, Tsim Sha Tsui Properties Limited (the "Company") had 53.9% 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 for the Interim Period, including property sales of associates and joint ventures recognised by Sino Land, was HK$2,146.5 million (2017 : HK$4,560.2 million).

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

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

(2) Land Bank

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

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

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

(3) Property Development

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

Location	**Usage**	**Group's Interest**	**Attributable Floor Area** *(Square feet)*
1. Commune Modern 28 Wo Fung Street, Luen Wo Hui, Fanling, New Territories, Hong Kong	Residential /Commercial /Car Park	100%	209,909

Location	Usage	Group's Interest	Attributable Floor Area *(Square feet)*
2. The Hillside 9 Sik On Street, Wan Chai, Hong Kong	Residential	100%	11,195
			221,104

(4) Rental Activities

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

Sino Land's retail portfolio in Hong Kong recorded an increase in rental income with overall occupancy rate maintained at approximately 97% (2017: 97%) for the Interim Period. 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 96% (2017: 96%) for the Interim Period. Leasing performance of Sino Land's industrial portfolio saw a steady rental growth with slight improvement in the occupancy rate to approximately 94% (2017: 93%).

Sino Land's investment property portfolio primarily serves the need of its customers which include tenants, shoppers and the communities around the properties. The design and condition of the properties together with the quality of service provided to customers are of paramount importance. To ensure that the properties are in good condition with the proper layout and design, Sino Land would perform regular review of the properties. On service quality, Sino Land places a strong emphasis on regular training particularly for all front-line staff to ensure that the service provided to customers meets their expectations. Comments from customers, reports by silent shoppers and recognitions from professional institutions all play a role in assessing the quality of service delivered by the staff.

As at 31st December, 2018, Sino Land has approximately 11.9 million square feet of attributable floor area of investment properties and hotels in Mainland China, Hong Kong, Singapore and Sydney. Of this portfolio, commercial developments (retail and office) account for 62%, industrial 15%, car parks 13%, hotels 7%, and residential 3%.

(5) Hotels

Sino Land's portfolio of hotels comprises The Fullerton Hotel Singapore, The Fullerton Bay Hotel Singapore, Conrad Hong Kong, The Westin Sydney and The Olympian Hong Kong. Overall business performance of Sino Land's hotels 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) Mainland China Business

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

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

Other than the matters mentioned above, there has been no material change from the information published in the report and accounts for the year ended 30th June, 2018.

FINANCE

As at 31st December, 2018, the Group had cash and bank deposits of HK$26,722.2 million. After netting off total borrowings of HK$5,661.0 million, the Group had net cash of HK$21,061.2 million as at 31st December, 2018. Of the total borrowings, 12% was repayable within one year, 38% repayable between one and two years, 35% repayable between two and three years and the remaining payable between three and four years.

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

CORPORATE GOVERNANCE

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

CUSTOMER SERVICE

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

CORPORATE SOCIAL RESPONSIBILITY

Sino Land has been actively participating in a wide range of community programmes, volunteer services, green initiatives, arts and cultural events and staff engagement activities to promote sustainability, environmental protection, arts and culture. 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 company of the Hang Seng Corporate Sustainability Index Series since September 2012.

During the Interim Period, Sino Land published its Environmental, Social and Governance Report ('ESG Report'), highlighting the corporate sustainability footprints and initiatives and demonstrating its commitment to building a more sustainable future. The ESG Report has been prepared in accordance with Hong Kong Exchanges and Clearing Limited's 'Environmental, Social and Governance Reporting Guide' under Appendix 27 to the Main Board Listing Rules. In addition, Sino Land established its Green Finance Framework and successfully raised its first green loan to finance sustainable building developments which will deliver environmental benefits in line with Sino Land's sustainability visions.

In March 2008, the Ng Teng Fong Family set up a non-profit-making organisation, Hong Kong Heritage Conservation Foundation Limited ('HCF'). HCF revitalised and converted the Old Tai O Police Station, a Grade II historic building, into a boutique hotel, it has been operating as a non-profit-making social enterprise since March 2012. Named Tai O Heritage Hotel ('Hotel'), it is home to nine colonial-style rooms and suites, and is part of the HKSAR Government's 'Revitalising Historic Buildings Through Partnership Scheme'. The Hotel has received more than 1.2 million visitors and guests from Hong Kong and overseas since opening. It provides long-term employment opportunities for Tai O and Lantau residents, and has organised more than 100 community engagement programmes including cultural activities, community services and home care services for the elderly living in Tai O.

PROSPECTS

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

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

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

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

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

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

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

STAFF AND MANAGEMENT

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

Robert NG Chee Siong
Chairman

Hong Kong, 28th February, 2019

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, 2018 are as follows:

Consolidated Statement of Profit or Loss

	Notes	**Six months ended 31st December, 2018 HK$ (Unaudited)**	31st December, 2017 HK$ (Unaudited)
Revenue	2	**4,622,931,557**	3,954,035,304
Cost of sales		**(1,247,812,970)**	(622,072,066)
Direct expenses		**(1,147,005,257)**	(995,499,233)
Gross profit		**2,228,113,330**	2,336,464,005
Change in fair value of investment properties		**635,658,916**	434,304,569
Other income and other gains or losses		**41,221,010**	595,114,695
Change in fair value of trading securities		**-**	1,194,515
Change in fair value of financial assets at fair value through profit or loss (“FVTPL”)		**(264,070)**	-
Gain on partial disposal of a subsidiary		**-**	7,054,614,889
Gain on disposal of investment properties		**44,145,508**	24,772,940
Administrative expenses		**(555,143,724)**	(437,072,574)
Other operating expenses		**(101,389,945)**	(94,543,829)
Finance income		**294,025,721**	240,629,813
Finance costs		**(57,905,666)**	(59,342,653)
Less: interest capitalised		**24,787,451**	9,972,304
Finance income, net		**260,907,506**	191,259,464
Share of results of associates	3	**833,855,451**	1,330,510,700
Share of results of joint ventures	4	**95,094,797**	105,689,592
Profit before taxation	5	**3,482,198,779**	11,542,308,966
Income tax expense	6	**(346,649,158)**	(1,160,560,818)
Profit for the period		**3,135,549,621**	10,381,748,148
Profit for the period attributable to:			
The Company’s shareholders		**1,664,631,643**	5,401,127,454
Non-controlling interests		**1,470,917,978**	4,980,620,694
		3,135,549,621	10,381,748,148
Interim dividend at HK14 cents *(2017: HK13 cents)* per share		**257,848,747**	230,442,412
Special dividend at Nil *(2017: HK45 cents)* per share		**-**	797,685,273
Earnings per share (reported earnings per share) – basic	7(a)	**0.91**	3.09
Earnings per share (underlying earnings per share) – basic	7(b)	**0.69**	2.66

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Six months ended **31st December, 2018 HK$ (Unaudited)**	31st December, 2017 HK$ (Unaudited)
Profit for the period	**3,135,549,621**	10,381,748,148
Other comprehensive (expense) income		
Item that will not be reclassified to profit or loss:		
Change in fair value of equity instruments at fair value through other comprehensive income ("FVTOCI")	**(114,678,341)**	-
Items that may be reclassified subsequently to profit or loss:		
Change in fair value of available-for-sale investments	**-**	71,807,391
Exchange differences arising on translation of foreign operations	**(299,877,336)**	294,117,840
	(299,877,336)	365,925,231
Items that have been reclassified to profit or loss:		
Reserve released upon partial disposal of a subsidiary	**-**	(238,051,292)
Reserve released upon disposal of an associate	**-**	(250,654,404)
	-	(488,705,696)
Other comprehensive expense for the period	**(414,555,677)**	(122,780,465)
Total comprehensive income for the period	**2,720,993,944**	10,258,967,683
Total comprehensive income attributable to:		
The Company's shareholders	**1,440,814,963**	5,335,796,011
Non-controlling interests	**1,280,178,981**	4,923,171,672
	2,720,993,944	10,258,967,683

Consolidated Statement of Financial Position
At 31st December, 2018

	Note	**31st December, 2018 HK$ (Unaudited)**	30th June, 2018 HK$ (Audited)
Non-current assets			
Investment properties		**63,716,634,160**	62,712,904,952
Hotel properties		**1,906,993,223**	1,914,892,089
Property, plant and equipment		**225,981,722**	239,060,406
Goodwill		**739,233,918**	739,233,918
Prepaid lease payments – non-current		**1,110,794,307**	1,118,004,432
Interests in associates		**21,790,254,714**	20,190,218,736
Interests in joint ventures		**3,320,590,241**	3,262,044,031
Available-for-sale investments		**-**	922,235,235
Equity instruments at FVTOCI		**825,174,248**	-
Advances to associates		**2,153,720,033**	2,858,796,861
Advances to joint ventures		**7,748,887,897**	10,843,649,095
Long-term loans receivable		**1,473,331,576**	1,841,372,646
Other assets		**615,000**	-
		105,012,211,039	106,642,412,401
Current assets			
Properties under development		**24,346,175,670**	24,892,353,735
Stocks of completed properties		**2,084,697,288**	2,231,970,767
Hotel inventories		**22,018,549**	20,933,472
Prepaid lease payments – current		**20,078,315**	20,027,636
Trading securities		**-**	16,066,229
Financial assets at FVTPL		**15,851,993**	-
Amounts due from associates		**769,815,981**	305,893,240
Amounts due from joint ventures		**2,378,576,655**	2,318,510,095
Amounts due from non-controlling interests		**84,660,166**	65,763,095
Trade and other receivables	8	**1,118,801,894**	1,019,934,363
Current portion of long-term loans receivable		**48,423,649**	63,369,452
Taxation recoverable		**145,987,205**	139,032
Restricted bank deposits		**53,106,483**	433,845,692
Time deposits		**22,658,608,703**	18,576,153,985
Bank balances and cash		**4,010,504,110**	3,523,526,988
		57,757,306,661	53,488,487,781

Consolidated Statement of Financial Position – continued
At 31st December, 2018

	Note	**31st December, 2018 HK$ (Unaudited)**	30th June, 2018 HK$ (Audited)
Current liabilities			
Trade and other payables	9	**5,240,726,066**	5,971,868,115
Deposits received on sales of properties		**-**	1,325,650,079
Contract liabilities		**1,378,891,106**	-
Amounts due to associates		**2,509,858,162**	2,364,904,027
Amounts due to joint ventures		**73,318**	65,945
Amounts due to non-controlling interests		**17,316,262**	36,094,469
Taxation payable		**567,958,477**	1,788,283,932
Bank borrowings – due within one year		**576,838,211**	719,684,111
Other loans – unsecured		**109,008,416**	107,799,925
		10,400,670,018	12,314,350,603
Net current assets		**47,356,636,643**	41,174,137,178
Total assets less current liabilities		**152,368,847,682**	147,816,549,579
Capital and reserves			
Share capital		**13,028,642,260**	12,308,150,098
Reserves		**62,714,481,664**	61,738,785,895
Equity attributable to the Company's shareholders		**75,743,123,924**	74,046,935,993
Non-controlling interests		**66,223,790,346**	65,907,528,744
Total equity		**141,966,914,270**	139,954,464,737
Non-current liabilities			
Long-term bank borrowings – due after one year		**3,651,221,167**	1,656,000,000
Other loans – due after one year		**1,323,910,261**	1,312,724,719
Deferred taxation		**2,412,903,102**	2,402,470,128
Advances from associates		**1,552,706,241**	1,261,934,843
Advances from non-controlling interests		**1,461,192,641**	1,228,955,152
		10,401,933,412	7,862,084,842
		152,368,847,682	147,816,549,579

Notes:

1. **Basis of preparation and disclosure required by section 436 of the Hong Kong Companies Ordinance**

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

The financial information relating to the year ended 30th June, 2018 included in the consolidated statement of financial position as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 30th June, 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on these financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

The unaudited interim financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the unaudited interim financial statements for the six months ended 31st December, 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 30th June, 2018.

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1st July, 2018 for the preparation of the Group's unaudited interim financial statements:

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

1. Basis of preparation and disclosure required by section 436 of the Hong Kong Companies Ordinance – continued

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

<u>Impacts and changes in accounting policies of application on HKFRS 15 *Revenue from Contracts with Customers*</u>

Summary of effects arising from initial application of HKFRS 15

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

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

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

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

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

Impact on the consolidated statement of financial position

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

1. Basis of preparation and disclosure required by section 436 of the Hong Kong Companies Ordinance – continued

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

Summary of effects arising from initial application of HKFRS 9

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

	Notes	Other assets HK$	Available-for-sale investments HK$	Trading securities HK$	Financial assets at FVTPL HK$	Equity instruments at FVTOCI HK$	Investment revaluation reserve HK$	Retained profits HK$
Closing balance at 30th June, 2018 – HKAS 39		-	922,235,235	16,066,229	-	-	118,101,444	59,772,513,192
Reclassification								
From available-for-sale investments	*(a)*	615,000	(922,235,235)	-	-	921,620,235	(227,773,759)	227,773,759
From trading securities	*(b)*	-	-	(16,066,229)	16,066,229	-	-	-
Opening balance at 1st July, 2018 – HKFRS 9		615,000	-	-	16,066,229	921,620,235	(109,672,315)	60,000,286,951

Notes:

(a) Available-for-sale investments

The Group elected to present in other comprehensive income for the fair value changes of all its equity investments previously classified as available-for-sale investments. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, HK$921,620,235 was reclassified from available-for-sale investments to equity instruments at FVTOCI. The impairment loss previously recognised on available-for-sale investments now classified as equity instruments at FVTOCI under HKFRS 9 of HK$227,773,759 was transferred from retained profits to investment revaluation reserve as at 1st July, 2018. In addition, the Group's club debentures of HK$615,000 were reclassified from available-for-sale investments to other assets.

(b) Trading securities

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

Except as described above, the application of other amendments to HKFRSs in the current interim period has had no material impact on the amounts reported and/or disclosures set out in these unaudited interim 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, 2018

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

Six months ended 31st December, 2017

	The Company and its subsidiaries		Associates and joint ventures		Total	
	External revenue	Results	Share of revenue	Share of results	Segment revenue	Segment results
	HK$	HK$	HK$	HK$	HK$	HK$
Property						
Property sales	1,302,961,192	556,751,495	3,257,264,639	992,158,037	4,560,225,831	1,548,909,532
Property rental	1,580,912,973	1,344,904,191	434,431,878	397,319,514	2,015,344,851	1,742,223,705
	2,883,874,165	1,901,655,686	3,691,696,517	1,389,477,551	6,575,570,682	3,291,133,237
Property management and other services	540,072,305	131,357,264	52,201,043	7,104,431	592,273,348	138,461,695
Hotel operations	467,243,104	176,375,913	239,388,801	121,651,054	706,631,905	298,026,967
Investments in securities	35,909,823	35,909,823	1,950	1,950	35,911,773	35,911,773
Financing	26,935,907	26,935,907	6,458,609	6,458,609	33,394,516	33,394,516
	3,954,035,304	2,272,234,593	3,989,746,920	1,524,693,595	7,943,782,224	3,796,928,188

Segment results represent the profit before taxation earned by each segment without allocation of certain other income and other gains or losses, certain administrative expenses and other operating expenses, changes in fair value of investment properties and financial assets at FVTPL/ trading securities, gain on partial disposal of a subsidiary, gain on disposal of investment properties and certain finance income net of finance costs. The profit before taxation earned by each segment also includes the share of results from the Group's associates and joint ventures without allocation of the associates' and joint ventures' certain other income and other gains or losses, certain administrative expenses and other operating expenses, change in fair value of investment properties, gain on disposal of investment properties, finance costs net of finance income and income tax expense. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

2. Segment information – continued

Reconciliation of profit before taxation

	Six months ended	
	31st December, 2018 HK$	31st December, 2017 HK$
Segment profit	**2,810,259,716**	3,796,928,188
Change in fair value of investment properties	**635,658,916**	434,304,569
Other income and other gains or losses	**40,180,515**	592,591,718
Change in fair value of trading securities	**-**	1,194,515
Change in fair value of financial assets at FVTPL	**(264,070)**	-
Gain on partial disposal of a subsidiary	**-**	7,054,614,889
Gain on disposal of investment properties	**44,145,508**	24,772,940
Administrative expenses and other operating expenses	**(586,258,468)**	(464,478,622)
Finance income, net	**260,041,839**	190,874,072
Results shared from associates and joint ventures		
- Other income and other gains or losses	**99,296,417**	(166,517,985)
- Change in fair value of investment properties	**267,986,271**	528,251,094
- Gain on disposal of investment properties	**146,034,360**	3,403,500
- Administrative expenses and other operating expenses	**(118,527,276)**	(100,180,751)
- Finance costs, net	**(4,953,789)**	(32,962,485)
- Income tax expense	**(111,401,160)**	(320,486,676)
	278,434,823	(88,493,303)
Profit before taxation	**3,482,198,779**	11,542,308,966

During the six months ended 31st December, 2018, inter-segment sales of HK$55,786,942 *(six months ended 31st December, 2017: HK$51,739,245)* were not included in the segment of "property management and other services". There were no inter-segment sales in other operating segments. Inter-segment sales were charged at cost plus margin basis as agreed between both parties.

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$257,971,016 *(six months ended 31st December, 2017: HK$504,615,243).*

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$10,015,255 *(six months ended 31st December, 2017: HK$23,635,851).*

5. Profit before taxation

	Six months ended 31st December, 2018 HK$	31st December, 2017 HK$
Profit before taxation has been arrived at after charging (crediting):		
Release of prepaid lease payments (included in other operating expenses)	**10,026,488**	10,061,875
Cost of properties sold recognised as cost of sales	**1,247,812,970**	622,072,066
Cost of hotel inventories recognised as direct expenses	**67,307,488**	63,081,734
Amortisation and depreciation of owner-operated hotel properties	**19,128,505**	17,703,365
Depreciation of property, plant and equipment	**41,614,294**	37,268,588
Loss on disposal of property, plant and equipment	**1,311,544**	1,090,796
Recognition of impairment loss on trade receivables	**474,200**	147,641
Gain on disposal of an associate (included in other income and other gains or losses)	**-**	(542,434,342)

6. Income tax expense

	Six months ended 31st December, 2018 HK$	31st December, 2017 HK$
The charge comprises:		
Current taxation		
Hong Kong Profits Tax	**211,200,980**	167,317,503
Other jurisdictions	**86,844,337**	94,000,896
Land Appreciation Tax ("LAT") in the People's Republic of China (the "PRC")	**4,408,685**	152,626,169
Enterprise Income Tax on the disposals of a subsidiary and an associate	**-**	692,982,405
	302,454,002	1,106,926,973
Deferred taxation	**44,195,156**	53,633,845
	346,649,158	1,160,560,818

6. Income tax expense – continued

Hong Kong Profits Tax is recognised based on management's best estimate of the annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 16.5% *(six months ended 31st December, 2017: 16.5%).*

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

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

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

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, 2018 HK$	31st December, 2017 HK$
Earnings for the purpose of basic earnings per share	**1,664,631,643**	5,401,127,454
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,818,131,852**	1,747,114,886

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$1,257,961,329 *(six months ended 31st December, 2017: HK$4,650,361,952 (restated))* is also presented, excluding the net effect of change in fair value of investment properties of the Group and its associates and joint ventures and the fair value adjustment of the residual interest arising from the partial disposal of a subsidiary, taking into account tax effect and the amount attributable to the Company's shareholders. The denominators used are the same as those detailed above for reported earnings per share.

A reconciliation of profit is as follows:

	Six months ended	
	31st December, 2018 HK$	31st December, 2017 HK$
Earnings for the purpose of basic earnings per share	**1,664,631,643**	5,401,127,454
Change in fair value of investment properties	**(635,658,916)**	(434,304,569)
Effect of corresponding deferred taxation charges	**29,046,664**	13,717,548
Share of results of associates		
- Change in fair value of investment properties	**(257,971,016)**	(504,615,243)
- Effect of corresponding deferred taxation charges	**130,762**	72,503,131
Share of results of joint ventures		
- Change in fair value of investment properties	**(10,015,255)**	(23,635,851)
	(874,467,761)	(876,334,984)
Amount attributable to non-controlling interests	**411,591,188**	422,891,685
Unrealised change in fair value of investment properties attributable to the Company's shareholders	**(462,876,573)**	(453,443,299)
Realised fair value gain of investment properties disposed of during the period, net of taxation	**89,831,911**	8,159,005*
Amount attributable to non-controlling interests	**(41,785,493)**	(3,902,101)
	48,046,418	4,256,904
Fair value gain on the residual interest arising from the partial disposal of a subsidiary	**-**	(761,878,226)
Fair value adjustment of the residual interest arising from the partial disposal of a subsidiary realised in current period	**15,256,374**	183,855,890*
Amount attributable to non-controlling interests	**(7,096,533)**	276,443,229
	8,159,841	(301,579,107)
Underlying profit attributable to the Company's shareholders	**1,257,961,329**	4,650,361,952

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

8. Trade and other receivables

At 31st December, 2018, included in trade and other receivables of the Group are trade receivables (net of allowance for doubtful debts) of HK$248,757,702 *(30th June, 2018: HK$210,266,159)*. Trade receivables mainly comprise rental receivables and properties sales receivables. Rental receivables are billed and payable in advance by tenants. Properties sales receivables are to be settled by the purchasers based on the terms of sale and purchase agreements of property.

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

	31st December, 2018 HK$	30th June, 2018 HK$
Not yet due	**56,195,025**	49,837,032
Overdue:		
1 - 30 days	**85,233,557**	79,155,994
31 - 60 days	**59,264,835**	37,983,474
61 - 90 days	**15,169,538**	10,589,347
Over 90 days	**32,894,747**	32,700,312
	248,757,702	210,266,159

9. Trade and other payables

At 31st December, 2018, included in trade and other payables of the Group are trade payables of HK$156,984,073 *(30th June, 2018: HK$147,358,510).*

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

	31st December, 2018 HK$	30th June, 2018 HK$
0 - 30 days	**109,204,425**	83,702,929
31 - 60 days	**28,340,090**	40,952,580
61 - 90 days	**1,352,355**	7,503,674
Over 90 days	**18,087,203**	15,199,327
	156,984,073	147,358,510

10. Pledge of assets

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

(b) At 31st December, 2018, shares in certain associates and joint ventures with aggregate investment costs amounting to HK$291 *(30th June, 2018: HK$52)*, advances to certain associates and joint ventures in aggregate carrying amount of approximately HK$9,775,956,000 *(30th June, 2018: HK$4,354,618,000)* and certain assets of the associates and joint ventures were pledged to or assigned to secure loan facilities made available by banks to such associates and joint ventures. Loan facilities granted to certain associates and joint ventures were jointly guaranteed by Sino Land Company Limited and the other shareholders of the associates and joint ventures.

11. Contingent liabilities

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

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

At 31st December, 2018 and 30th June, 2018, the Group issued corporate financial guarantees to banks in respect of banking facilities granted to an associate and joint ventures. At the end of both reporting periods, the Group did not recognise any liabilities in respect of such corporate financial guarantees as the Directors of the Company consider that the fair values of these financial guarantee contracts at their initial recognition and at the end of the reporting period are insignificant. The amounts of loss allowances determined in accordance with HKFRS 9 (since 1st July, 2018)/ HKAS 37 *Provision, Contingent Liabilities and Contingent Assets* (before application of HKFRS 9 on 1st July, 2018) at the end of the reporting period are insignificant.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 15th March, 2019 to Tuesday, 19th March, 2019, both dates inclusive, during which period no transfer of shares will be effected. The record date for the interim dividend is at the close of business on Tuesday, 19th March, 2019.

In order to qualify for the interim dividend, shareholders should ensure that all transfers accompanied by the relevant share certificates are lodged with the Company's Share Registrars, Tricor Friendly Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 14th March, 2019.

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

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the six months ended 31st December, 2018, the Company has complied with all the code provisions as set out in Appendix 14 to the 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, both of the roles are currently undertaken by the Chairman of the Board.

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

REVIEW OF INTERIM RESULTS

The unaudited interim results of the Group for the six months ended 31st December, 2018 have been reviewed by the Audit Committee and the auditor of the Company, Deloitte Touche Tohmatsu.

2018-2019 INTERIM REPORT

The 2018-2019 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 Monday, 18th March, 2019.

By Order of the Board
Velencia LEE
Company Secretary

Hong Kong, 28th February, 2019

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.