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TSIM SHA TSUI PROPERTIES LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 247)

CHAIRMAN'S STATEMENT

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

INTERIM RESULTS

The Group's unaudited underlying profit attributable to shareholders, excluding the effect of fair-value changes on investment properties for the six months ended 31st December, 2020 ("Interim Period") was HK\$1,161.7 million (2019: HK\$1,460.6 million). Underlying earnings per share was HK\$0.61 (2019: HK\$0.78).

After taking into account the revaluation loss (net of deferred taxation) on investment properties of HK\$466.0 million (2019: revaluation gain of HK\$59.6 million), which is a non-cash item, the Group reported a net profit attributable to shareholders of HK\$692.5 million for the Interim Period (2019: HK\$1,491.9 million). Earnings per share for the Interim Period was HK\$0.36 (2019: HK\$0.80).

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.

DIVIDENDS

The Directors have declared an interim dividend of HK14 cents per share (2019: HK14 cents per share) payable on 21st April, 2021 to those shareholders whose names appear on the Register of Members of the Company on 16th March, 2021.

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 detail of the scrip dividend scheme will be dispatched to shareholders together with the form of election for scrip dividend on or about 22nd March, 2021. It is expected that the interim dividend warrants and share certificates for the scrip dividend will be dispatched to shareholders on or about 21st April, 2021.

REVIEW OF OPERATIONS

The operations under Sino Land Company Limited (“Sino Land”) represent a substantial portion of the operations of the Group as a whole. As at 31st December, 2020, Tsim Sha Tsui Properties Limited had 55.03% interest in Sino Land. Therefore, for discussion purposes, the focus here will be on the operations of Sino Land.

(1) Sales Activities

Total revenue from property sales for the Interim Period, including property sales of associates and joint ventures recognised by Sino Land, was HK\$2,011.8 million (2019: HK\$1,886.5 million).

Total revenue from property sales comprises mainly the sales of residential units completed in the Interim Period including Madison Park in Cheung Sha Wan (97% sold), 133 Portofino in Sai Kung (24% sold) and Dynasty Park Phase III in Zhangzhou (64% sold), as well as the sales of residential units and carparking spaces in projects completed in previous financial years including The Mediterranean in Sai Kung (97% sold), Park Summit in Mong Kok (99% sold) and Park Mediterranean in Sai Kung (100% sold).

During the Interim Period, Sino Land obtained pre-sale consent for St. George’s Mansions at 24A Kadoorie Avenue in Ho Man Tin and certain units of the project were launched for sale by way of tender. Subsequent to the Interim Period end, Sino Land launched certain units of Grand Central in Kwun Tong and Silversands in Ma On Shan for sale, and obtained pre-sale consent for Grand Victoria (NKIL 6549) in South West Kowloon. Sino Land expects to obtain pre-sale consents for five other residential projects in calendar year 2021. These residential projects are (1) ONE SOHO (KIL 11254) in Mong Kok, (2) IL 9064 (Site A) in Central, (3) AIL 467 (Site B) in Aberdeen, (4) Kam Sheung Road Station Package One Property Development in Yuen Long and (5) LOHAS Park Package Eleven Property Development in Tseung Kwan O. The timing for launching the projects for sale will depend on when the pre-sale consents are received and the prevailing market conditions.

(2) Land Bank

As at 31st December, 2020, Sino Land has a land bank of approximately 22.0 million square feet of attributable floor area in Mainland China, Hong Kong, Singapore and Sydney which comprises a balanced portfolio of properties of which 40.3% is commercial; 36.3% residential; 10.9% industrial; 7.1% car parks and 5.4% hotels. In terms of breakdown of the land bank by status, 9.3 million square feet were properties under development, 11.9 million square feet of properties for investment and hotels, together with 0.8 million square feet of properties held for sale. Sino Land will continue to be selective in replenishing its land bank to optimise its earnings potential.

During the Interim Period, Sino Land was awarded the right to develop a residential project at LOHAS Park Station from MTR Corporation Limited with attributable floor area of approximately 386,681 square feet. Details of the project are as follows:

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Floor Area</u> <i>(Square feet)</i>
LOHAS Park Package Thirteen Property Development, Tseung Kwan O, New Territories, Hong Kong	Residential	Joint Venture	386,681

(3) Property Development

During the Interim Period, Sino Land obtained Certificate of Compliance for the following projects in Hong Kong. Details of the projects are as follows:

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Floor Area</u> <i>(Square feet)</i>
1. Madison Park 1 Kowloon Road, Cheung Sha Wan, Kowloon, Hong Kong	Residential/ Retail	Joint Venture	52,571
2. 133 Portofino 133 Hong Kin Road, Sai Kung, New Territories, Hong Kong	Residential	100%	51,592
			<hr/> <hr/> 104,163

In Mainland China, Sino Land completed three out of seven blocks of Dynasty Park Phase III in Zhangzhou during the Interim Period. Details of the project are as follows:

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Floor Area</u> (Square feet)
Dynasty Park Phase III Blocks 8, 12 and 13 No. 298 Tengfei Road, Xiangcheng District, Zhangzhou, Fujian Province, People's Republic of China	Residential/ Commercial	100%	696,034

(4) Rental Activities

For the Interim Period, Sino Land's gross rental revenue, including attributable share from associates and joint ventures, was HK\$1,842.9 million (2019: HK\$2,107.4 million), representing a decrease of 12.6% year-on-year. The decrease was primarily due to the impact of COVID-19, including the decrease in occupancy rate, rental relief granted to selective tenants to help them weather through this difficult time and negative rental reversion rates on renewals. In terms of net rental income, it declined by 10.9% year-on-year, to HK\$1,629.8 million for the Interim Period (2019: HK\$1,828.7 million).

Overall occupancy rate of Sino Land's investment property portfolio was at approximately 90% for the Interim Period (2019: 96%). Amongst the different sectors, retail was the most impacted with its occupancy rate declined by 6 percentage points to 91% (2019: 97%). Retail tenants were affected to varying degrees by social distancing measures imposed by the government, including dine-in restrictions, operation halts and capacity caps. During this challenging time, management has taken the opportunity to refine tenant mix of our community malls to cater for the daily needs of shoppers around the properties. Office and industrial leasing have also declined. Occupancy rate for office and industrial portfolios declined by 4 percentage points and 5 percentage points, to 92% (2019: 96%) and 87% (2019: 92%), respectively.

The design and condition of our properties together with the quality of service provided to customers are of paramount importance. To ensure that the properties are in good condition, Sino Land performs regular review of the properties as part of its asset enhancement initiatives. 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 our staff. With health and safety being our utmost priority, proactive measures have been taken to strengthen the standards of hygiene at Sino Land's shopping malls, offices, and other properties to offer a safe and clean environment for customers, residents, and staff.

As at 31st December, 2020, Sino Land has approximately 11.9 million square feet of attributable floor area of investment properties and hotels in Mainland China, Hong Kong,

Singapore and Sydney. Of this portfolio, commercial developments (retail and office) account for 61.7%, industrial 14.7%, car parks 13.2%, hotels 7.6% and residential 2.8%.

Total attributable value of investment properties (including associates and joint ventures) amounted to HK\$83,153.9 million (30th June, 2020: HK\$83,385.3 million), representing an overall decrease of 0.28% for the Interim Period. Excluding additions and disposals during the period, the decrease in value of the investment properties is 0.35% for the Interim Period.

(5) Hotels

Due to the outbreak of COVID-19 and its adverse impact on cross border and international travel since January 2020, the global hotel industry and the performance of all our hotels have been negatively affected. During the Interim Period, Sino Land's hotel revenue, including attributable share from associates and joint ventures, was HK\$163.5 million (2019: HK\$639.8 million).

Sino Land is taking all practicable measures to cope with the challenges. The first priority is to deliver feeling of safety to our guests therefore we are putting in place strict sanitisation and hygiene protocol to ensure guests returning to stay or dine with us will have complete peace of mind and full assurance in our product and service. Moreover, we are introducing marketing and sales recovery strategies to target the domestic market for staycation and food menus for takeaway, and at the same time, taking decisive decision to reduce operating costs. Sino Land will continue to improve the quality of its hotel services to ensure our guests have enjoyable experiences during their stays in our hotels.

As at 31st December, 2020, Sino Land's portfolio of hotels comprises The Fullerton Hotel Singapore, The Fullerton Bay Hotel Singapore, Conrad Hong Kong, The Fullerton Hotel Sydney and The Olympian Hong Kong.

(6) Mainland China Business

The COVID-19 pandemic and rising external challenges have not derailed China's urbanisation plan. In May 2020, in the Report on the Work of the Government delivered at the 13th National People's Congress of the People's Republic of China, the Central Government mentioned development initiatives such as promoting new urban renewal and fast-tracking regional development strategies such as the Guangdong-Hong Kong-Macao Greater Bay Area, integration of the Yangtze River Delta and coordinated development of the Beijing-Tianjin-Hebei Region. These measures will advance urbanisation in Mainland China to the next level.

As at 31st December, 2020, Sino Land has approximately 4.9 million attributable square feet of land bank in Mainland China. Of the total, approximately 3.8 million square feet are projects under development and the remaining are mainly investment properties. There are four projects under development, out of which two are in Qianhai in the Greater Bay Area, including a 50% interest in a serviced apartment project and 30% interest in a new commercial development site. The other two projects are the 100% interest in Dynasty Park in Zhangzhou 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, 2020.

FINANCE

The Group's financial position remains strong. As at 31st December, 2020, the Group had cash and bank deposits of HK\$42,619.5 million. After netting off total borrowings of HK\$6,720.0 million, the Group had net cash of HK\$35,899.5 million as at 31st December, 2020. Of the total borrowings, 44% is repayable within one year, 41% repayable between one and three years and the remaining between four and five years. Majority of the Group's borrowings are subject to floating interest rates. Total assets and shareholders' funds of the Group were HK\$189.4 billion and HK\$80.3 billion, respectively.

As at 31st December, 2020, the majority of the Group's debts are denominated in Hong Kong dollars. Other than the above-mentioned, there was no material change in foreign currency borrowings and the capital structure of the Group for the Interim Period. The majority of the Group's cash are denominated in Hong Kong dollars with a portion in Renminbi, Australian dollars and US dollars. The Group has maintained a sound financial management policy and foreign exchange exposure has been prudently kept at a minimal level.

CORPORATE GOVERNANCE

The Group places great importance on corporate integrity, business ethics and good governance. In accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Group has formed Audit, Compliance, Remuneration and Nomination Committees to oversee different aspects of the Group's affairs and to assist the Board in the execution of its responsibilities. 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

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

SUSTAINABILITY

Sino Land tries to integrate sustainability into every aspect of its operations and organises its sustainability efforts around six focus areas under our vision of ‘Creating Better Lifescapes’, namely Green, Wellness, Design, Innovation, Heritage & Culture and Community. Sino Land also takes corporate governance, integrity and business ethics to heart, as they are the cornerstones of our efforts to create long-term value for stakeholders.

In December 2020, Sino Land received two accolades at the Hong Kong Corporate Governance Excellence Awards 2020 organised by the Chamber of Hong Kong Listed Companies and the Centre for Corporate Governance and Financial Policy of the Hong Kong Baptist University, namely ‘Awards of Excellence in Corporate Governance’ and ‘Awards of Excellence in Sustainability’, for our efforts in upholding corporate governance and promoting sustainability.

During the Interim Period, Sino Land published the stand-alone sustainability report in accordance with both the HKEx Environmental, Social and Governance (ESG) Reporting Guide under Appendix 27 to the Main Board Listing Rules and GRI Standards (core option), highlighting Sino Land’s sustainability strategies, performance and initiatives.

In October 2020, Sino Land announced its ‘Sustainability Vision 2030’, an important blueprint charting the course for 2030 and beyond. Sustainability goals were set in alignment with the six key areas of focus under the vision of ‘Creating Better Lifescapes’, covering crucial areas such as carbon reduction, renewable energy, plastic reduction, green building certification and innovative sustainability solutions. In 2012, Sino Land set a target of reducing carbon emission by 16% by 2020, and achieved reduction by 17.45% in June 2019. Sino Land have achieved and gone beyond its target, and have renewed the target of reducing carbon emission by 30% by 2030 (from 2012 level) to further improve our energy efficiency.

In an effort to provide educational support for children from families in need amid COVID-19, Sino Land joined hands with the Hong Kong Innovation Foundation, a non-profit organisation founded by the Ng Family in March 2018, to launch the ‘One Laptop Programme’ in August 2020 to provide both hardware and technical support for students. A total of 1,019 laptops have been donated to Primary 4 to Secondary 3 students, who encountered difficulties in procuring a computer for online classes, while technical support has also been provided to meet students’ learning needs.

In the spirit of sharing, Sino Caring Friends, Sino Land’s corporate volunteer team, spread festive joy and blessings by delivering around 1,100 Christmas gift packs in collaboration with NGO partners to less-resourced communities. Beneficiaries included children, the elderly, frontline carers at elderly homes and ethnic minority groups. The Fullerton Hotel Sydney also prepared dry goods and food relief grocery bags for families in need in September 2020 while The Fullerton Hotel Singapore hosted the Annual Charity Car Drive for the fourth consecutive year to send food relief packs to elderly in need.

For the 16th year in a row, Sino Land has been supporting the Operation Santa Claus to help the needy in the community. With the aim of promoting multi-cultural harmony and inclusion, in November 2020, a group of ethnic minority beneficiaries from The Zubin Foundation were invited to enjoy a unique tie-dyeing workshop and prepare healthy drink using butterfly pea flower through a farm-to-table experience at the Sky Farm at Skyline Tower.

To further the sustainability drive, Sino Land launched a group-wide ‘Upcycled Christmas Tree Competition’ between November and December 2020 to encourage employees to think out of the box and create ‘green’ Christmas trees using recycled materials, with an aim to raise awareness of waste reduction and management. Over 100 upcycled Christmas trees have been displayed at Sino Land’s properties across Hong Kong, Singapore and Sydney.

The built environment has a profound impact on health and well-being. 133 Portofino, Sino Land’s latest project at Sai Kung was the first residential property in Hong Kong to receive WELL v2™ pre-certification, followed by St. George’s Mansions in Ho Man Tin receiving WELL v2™ pre-certification and Landmark South (AIL 462) at Wong Chuk Hang receiving WELL™ Platinum Pre-certification (Design & Operations). WELL™ is the world’s first architectural benchmark focused exclusively on human health and wellness to improve sustainability.

Sino Land seeks to foster a culture of innovation to harness technology and explore business applications. In October 2020, Sino Land joined hands with Ping An Smart City to launch ‘PropXTech’, a corporate innovation programme that focuses on property technology. The programme is designed to foster promising technology companies in the Greater Bay Area and develop innovative technology solutions for the real estate industry. Shortlisted proptech companies will receive intensive training through a dedicated account manager and operation team, mentorship opportunities, and connect to Sino Inno Lab for idea incubation and solutions.

PROSPECTS

The outbreak of COVID-19 has brought unprecedented challenges to the world’s economy and businesses. After a year of challenges and changes, the world is now heading for a rebound. Vaccines have been approved and vaccination has been rolled out in many countries; such a breakthrough will be a pivotal step towards normality. This coupled with easing monetary policies by central banks should help drive a broader economic recovery.

While governments around the world are working hard to flatten the COVID-19 curve, China’s swift and decisive responses to bring COVID-19 under control has given it a head start in the recovery. The country is staging a strong rebound in GDP and the ‘dual circulation’ development strategy recently announced is expected to add impetus to the growth. In October 2020, China unveils the new five-year plan at the fifth plenary session of the 19th Central Committee of the Communist Party of China (the “New Five-Year Plan”), outlining China’s development strategies in the run-up to year 2025. Main theme of the New Five-Year Plan is the ‘dual circulation’ development strategy which seeks to steer China’s economy toward the strong domestic drivers, and at the same time reinforcing external markets demand. The reforms are fundamental to establish a more sustainable economy and will lay the framework required to take its economy to the next phase of development. Underpin by its long-term positive economic fundamentals, China is set to remain as one of the main drivers of the world’s growth. The New Five-Year Plan also supports further integration of Hong Kong with the development of the country and the visionary Guangdong-Hong Kong-Macao Greater Bay Area development. These measures would fortify Hong Kong’s unique position as a gateway between the international market and Mainland China, allowing the city to leverage China’s economic growth and to support a stable economic environment for Hong Kong. We have strong faith that Hong Kong will rise to this challenge and continue to be a vibrant international city.

Amid this challenging time, the Group will continue to optimize earnings, enhance efficiency and productivity, and improve the quality of our products and services. Management shall maintain a policy of selectively and continuously replenishing its land bank, and our strong financial position will enable Sino Land to acquire land with good development value when opportunities arise. In terms of property sales, in addition to sales of projects already launched and residential units completed in previous financial years, we expect to obtain pre-sale consents for five residential projects in calendar year 2021. On recurrent businesses of Sino Land, which comprise property leasing, hospitality, and property management services, they will continue to be core pillars of Sino Land contributing a good and steady stream of income. In addition, management recognised the importance of applying commercially viable technology in business operations to expedite our work. The Group will stay abreast with the latest digitalisation developments to enhance business development and operational efficiency.

COVID-19 is reshaping consumer behaviours and has led to major changes in the way people live, work, play and learn. In this testing time, it is more important than ever to remain customer-centric. To meet these challenges, our organisation must adopt a new mindset and remain flexible, nimble and agile so that we can respond to our customers' needs. It is worth noting that Sino Land is incorporating wellness and sustainability principles into design, construction and the management of the Group's developments, and striving to create a clean, safe and sustainable environment for everyone in the community. Sino Land shall make every effort to deliver what our customers want to further enhance our brand and shareholders' value.

While uncertainty remains about the duration of COVID-19 situation, the residential market in Hong Kong remains resilient and fundamentally sound. Interest rates are likely to stay at a low level for a relatively long period of time, this together with the steady demand and favourable mortgage terms, are lending support to the Hong Kong residential market. The Group remains cautiously optimistic on the outlook of the property market in Hong Kong. With a strong financial position and sustainable business growth strategy, the Group is well placed to meet the challenging economic environment and to grasp opportunities.

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, 25th February, 2021



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, 2020 are as follows:

Consolidated Statement of Profit or Loss

	Notes	Six months ended	
		31st December, 2020 HK\$ (Unaudited)	31st December, 2019 HK\$ (Unaudited)
Revenue	2	4,117,082,293	3,194,211,241
Cost of sales		(1,026,390,246)	(231,714,970)
Direct expenses		(884,435,975)	(1,081,514,157)
Gross profit		2,206,256,072	1,880,982,114
Change in fair value of investment properties		(534,848,712)	169,336,043
Other income and other gains or losses		395,810,935	55,629,624
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")		1,125,518	(1,903,457)
Gain on disposal of investment properties		8,325,146	119,985,974
Administrative expenses		(409,852,207)	(467,218,287)
Other operating expenses		(109,482,619)	(104,122,784)
Finance income		330,793,594	538,598,600
Finance costs		(49,460,321)	(77,471,916)
Less: interest capitalised		20,116,394	32,522,384
Finance income, net		301,449,667	493,649,068
Share of results of associates	3	81,659,909	947,791,237
Share of results of joint ventures	4	(93,902,154)	(3,121,861)
Profit before taxation	5	1,846,541,555	3,091,007,671
Income tax expense	6	(575,448,682)	(308,464,229)
Profit for the period		1,271,092,873	2,782,543,442
Profit for the period attributable to:			
The Company's shareholders		692,592,126	1,491,890,187
Non-controlling interests		578,500,747	1,290,653,255
		1,271,092,873	2,782,543,442
Interim dividend at HK14 cents (2019: HK14 cents) per share		269,420,440	263,457,581
Earnings per share (reported earnings per share)			
– basic	7(a)	0.36	0.80
Earnings per share (underlying earnings per share)			
– basic	7(b)	0.61	0.78

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Six months ended	
	31st December, 2020 HK\$ (Unaudited)	31st December, 2019 HK\$ (Unaudited)
Profit for the period	<u>1,271,092,873</u>	<u>2,782,543,442</u>
Other comprehensive income (expense)		
<i>Item that will not be reclassified to profit or loss:</i>		
Change in fair value of equity instruments at fair value through other comprehensive income (“FVTOCI”)	<u>73,841,143</u>	<u>(45,059,552)</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Change in fair value of hedging instruments designated as cash flow hedges	(16,657,442)	-
Reclassification of fair value adjustment to profit or loss on an interest rate swap	2,384,688	-
Exchange differences arising on translation of foreign operations	1,024,553,795	(144,321,166)
Change in fair value of debt instruments at FVTOCI	<u>1,134,241</u>	<u>-</u>
	<u>1,011,415,282</u>	<u>(144,321,166)</u>
Other comprehensive income (expense) for the period	<u>1,085,256,425</u>	<u>(189,380,718)</u>
Total comprehensive income for the period	<u>2,356,349,298</u>	<u>2,593,162,724</u>
Total comprehensive income attributable to:		
The Company’s shareholders	1,289,592,722	1,388,181,161
Non-controlling interests	<u>1,066,756,576</u>	<u>1,204,981,563</u>
	<u>2,356,349,298</u>	<u>2,593,162,724</u>

Consolidated Statement of Financial Position
At 31st December, 2020

	<i>Notes</i>	31st December, 2020 HK\$ (Unaudited)	30th June, 2020 HK\$ (Audited)
Non-current assets			
Investment properties		62,428,594,167	62,658,456,279
Hotel properties		1,792,960,461	1,724,061,091
Property, plant and equipment		171,214,902	181,446,860
Right-of-use assets		1,278,941,137	1,186,301,166
Goodwill		739,233,918	739,233,918
Interests in associates		20,875,755,206	20,798,910,012
Interests in joint ventures		3,015,128,400	2,969,843,643
Equity and debt instruments at FVTOCI		727,204,824	679,630,327
Advances to associates		4,367,374,479	3,363,101,061
Advances to joint ventures		10,544,557,049	10,628,066,644
Long-term loans receivable		2,142,550,172	2,180,114,880
Other assets		615,000	615,000
		108,084,129,715	107,109,780,881
Current assets			
Properties under development		29,565,637,256	29,661,206,200
Stocks of completed properties		2,204,210,680	1,320,403,999
Hotel inventories		20,874,480	19,985,062
Financial assets at FVTPL		13,693,755	12,568,237
Amounts due from associates		1,865,945,807	908,925,877
Amounts due from joint ventures		2,628,024,294	2,434,175,477
Amounts due from non-controlling interests		680,734,417	623,317,300
Trade and other receivables	8	1,469,218,756	1,577,625,529
Current portion of long-term loans receivable		87,415,594	87,741,043
Taxation recoverable		194,147,949	187,591,159
Restricted bank deposits		357,945,306	121,827,414
Time deposits		37,719,606,968	37,632,078,811
Bank balances and cash		4,542,045,148	6,081,049,352
		81,349,500,410	80,668,495,460
Current liabilities			
Trade and other payables	9	5,032,859,096	5,006,724,548
Lease liabilities		47,962,180	32,031,671
Contract liabilities		22,732,415,230	23,454,168,068
Amounts due to associates		1,698,460,739	1,709,937,674
Amounts due to non-controlling interests		748,577,147	738,712,759
Taxation payable		574,586,960	625,867,436
Bank borrowings – due within one year		2,831,006,880	831,996,000
Other loans – unsecured		114,118,785	107,953,771
		33,779,987,017	32,507,391,927
Net current assets		47,569,513,393	48,161,103,533
Total assets less current liabilities		155,653,643,108	155,270,884,414

Consolidated Statement of Financial Position – continued
At 31st December, 2020

	31st December, 2020 HK\$ (Unaudited)	30th June, 2020 HK\$ (Audited)
Capital and reserves		
Share capital	15,073,571,884	14,302,286,718
Reserves	65,258,954,311	64,580,746,144
Equity attributable to the Company's shareholders	80,332,526,195	78,883,032,862
Non-controlling interests	67,024,330,025	66,389,970,003
Total equity	147,356,856,220	145,273,002,865
Non-current liabilities		
Long-term bank borrowings – due after one year	2,420,289,063	4,418,199,715
Other loans – due after one year	1,354,604,934	1,338,591,095
Derivative financial instrument	32,209,188	17,936,434
Lease liabilities	35,956,664	7,537,099
Deferred taxation	2,654,114,775	2,502,226,642
Advances from associates	1,658,305,860	1,570,678,347
Advances from non-controlling interests	141,306,404	142,712,217
	8,296,786,888	9,997,881,549
	155,653,643,108	155,270,884,414

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, 2020 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, 2020 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 those 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 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, 2020 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30th June, 2020.

Application of amendments to HKFRSs

In the current interim period, the Group has applied, the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatory effective for the annual period beginning on or after 1st July, 2020 for the preparation of the Group’s unaudited interim financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendment to HKFRS 16	Covid-19-Related Rent Concessions

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

Application of amendments to HKFRSs – continued

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the 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, 2020

	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 sales	1,949,855,362	781,561,052	61,996,405	26,312,573	2,011,851,767	807,873,625
Property rental	1,436,375,143	1,244,482,615	436,947,039	394,948,371	1,873,322,182	1,639,430,986
	3,386,230,505	2,026,043,667	498,943,444	421,260,944	3,885,173,949	2,447,304,611
Property management and other services	565,387,525	229,914,328	56,758,764	8,697,434	622,146,289	238,611,762
Hotel operations	128,844,437	(20,454,154)	34,697,242	(32,488,876)	163,541,679	(52,943,030)
Investments in securities	2,198,762	2,198,762	1,950	1,950	2,200,712	2,200,712
Financing	34,421,064	34,421,064	5,332,125	5,332,125	39,753,189	39,753,189
	4,117,082,293	2,272,123,667	595,733,525	402,803,577	4,712,815,818	2,674,927,244

Six months ended 31st December, 2019

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

2. Segment information – continued

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

Reconciliation of profit before taxation

	Six months ended	
	31st December, 2020 HK\$	31st December, 2019 HK\$
Segment profit	2,674,927,244	3,080,120,871
Change in fair value of investment properties	(534,848,712)	169,336,043
Other income and other gains or losses	283,199,019	53,938,614
Change in fair value of financial assets at FVTPL	1,125,518	(1,903,457)
Gain on disposal of investment properties	8,325,146	119,985,974
Administrative expenses and other operating expenses	(471,984,123)	(501,277,155)
Finance income, net	300,843,285	492,330,783
Results shared from associates and joint ventures		
- Other income and other gains or losses	113,959,017	87,176,605
- Change in fair value of investment properties	(301,205,349)	18,549
- Administrative expenses and other operating expenses	(116,163,830)	(152,148,960)
- Finance costs, net	(16,056,594)	(48,918,442)
- Income tax expense	(95,579,066)	(207,651,754)
	(415,045,822)	(321,524,002)
Profit before taxation	<u>1,846,541,555</u>	<u>3,091,007,671</u>

During the six months ended 31st December, 2020, inter-segment sales of HK\$45,012,212 (*six months ended 31st December, 2019: HK\$37,483,778*) 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 decrease in fair value of investment properties of the associates of HK\$254,536,419 (*six months ended 31st December, 2019: share of increase in fair value of investment properties of the associates of HK\$34,992,531*) recognised in the statement of profit or loss of the associates.

4. Share of results of joint ventures

Share of results of joint ventures included the Group's share of decrease in fair value of investment properties of the joint ventures of HK\$46,668,930 (*six months ended 31st December, 2019: HK\$34,973,982*) recognised in the statement of profit or loss of the joint ventures.

5. Profit before taxation

	Six months ended	
	31st December, 2020	31st December, 2019
	HK\$	HK\$
Profit before taxation has been arrived at after charging (crediting):		
Cost of properties sold	1,026,390,246	231,714,970
Cost of hotel inventories recognised as direct expenses	17,027,798	62,019,278
Depreciation of hotel properties	16,446,918	16,578,621
Depreciation of property, plant and equipment	39,863,703	42,702,695
Depreciation of right-of-use assets	38,275,103	36,953,240
(Gain) loss on disposal of property, plant and equipment	(253,472)	79,466
Impairment loss on trade receivables, net of reversal	21,040,656	1,820,537

6. Income tax expense

	Six months ended	
	31st December, 2020	31st December, 2019
	HK\$	HK\$
The charge comprises:		
Current taxation		
Hong Kong Profits Tax	189,446,114	170,270,652
Other jurisdictions	114,415,727	55,429,858
Land Appreciation Tax ("LAT") in the People's Republic of China (the "PRC")	196,515,668	4,569,179
	500,377,509	230,269,689
Deferred taxation	75,071,173	78,194,540
	575,448,682	308,464,229

6. Income tax expense – continued

Hong Kong Profits Tax is recognised based on management’s best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 16.5% (*six months ended 31st December, 2019: 16.5%*).

Taxes on profits assessable in Singapore and the PRC are recognised based on management’s best estimate of the weighted average annual income tax rates prevailing in the countries and the regions in which the Group operates. The estimated weighted average annual tax rates used are 17% in Singapore and 25% in the PRC (*six months ended 31st December, 2019: 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, 2020 HK\$	31st December, 2019 HK\$
Earnings for the purpose of basic earnings per share	692,592,126	1,491,890,187
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,896,648,668	1,856,245,001

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\$1,161,781,873 (*six months ended 31st December, 2019: HK\$1,460,613,130*) is also presented, excluding the net effect of changes in fair value of investment properties of the Group and its associates and joint ventures and fair value adjustment of the residual interest arising from the disposal of a subsidiary, taking into account tax effect and the amount attributable to the Company's shareholders. The denominators used are the same as those detailed above for reported earnings per share.

A reconciliation of profit is as follows:

	Six months ended	
	31st December, 2020 HK\$	31st December, 2019 HK\$
Earnings for the purpose of basic earnings per share	<u>692,592,126</u>	<u>1,491,890,187</u>
Change in fair value of investment properties	534,848,712	(169,336,043)
Effect of corresponding deferred taxation charges	21,797,835	54,849,859
Share of results of associates		
- Change in fair value of investment properties	254,536,419	(34,992,531)
- Effect of corresponding deferred taxation (credit) charges	(2,083,077)	2,185,888
Share of results of joint ventures		
- Change in fair value of investment properties	<u>46,668,930</u>	<u>34,973,982</u>
	<u>855,768,819</u>	<u>(112,318,845)</u>
Amount attributable to non-controlling interests	<u>(389,762,812)</u>	<u>52,707,759</u>
Unrealised change in fair value of investment properties attributable to the Company's shareholders	466,006,007	(59,611,086)
Realised fair value gain on investment properties disposed of during the period, net of taxation	5,807,921	51,517,407
Realised fair value gain on the disposal of a subsidiary upon sales of the underlying properties during the period	-	913,113
Amount attributable to non-controlling interests	<u>(2,624,181)</u>	<u>(24,096,491)</u>
	<u>469,189,747</u>	<u>(31,277,057)</u>
Underlying profit attributable to the Company's shareholders	<u>1,161,781,873</u>	<u>1,460,613,130</u>

8. Trade and other receivables

At 31st December, 2020, included in trade and other receivables of the Group are trade receivables (net of allowance for credit losses) of HK\$246,143,861 (30th June, 2020: HK\$258,896,015). Trade receivables mainly comprise rental receivables and property management and other services. Rental receivables are billed and payable in advance by tenants.

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

	31st December, 2020 HK\$	30th June, 2020 HK\$
Current	42,255,651	46,860,965
Overdue:		
1 - 30 days	55,450,422	60,415,256
31 - 60 days	54,756,047	51,605,375
61 - 90 days	15,342,849	25,863,537
Over 90 days	78,338,892	74,150,882
	<u>246,143,861</u>	<u>258,896,015</u>

9. Trade and other payables

At 31st December, 2020, included in trade and other payables of the Group are trade payables of HK\$99,889,097 (30th June, 2020: HK\$90,260,394).

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

	31st December, 2020 HK\$	30th June, 2020 HK\$
0 - 30 days	61,526,921	38,452,416
31 - 60 days	20,823,408	31,826,558
61 - 90 days	4,262,000	3,632,895
Over 90 days	13,276,768	16,348,525
	<u>99,889,097</u>	<u>90,260,394</u>

10. Financial guarantee contracts

At the end of the reporting period, the maximum amount that the Group has guaranteed under the contracts was as follows:

	31st December, 2020 HK\$	30th June, 2020 HK\$
Guarantees given to banks in respect of:		
Banking facilities of an associate and joint ventures attributable to the Group		
- Utilised	7,722,283,901	6,863,909,096
- Unutilised	<u>2,973,132,154</u>	<u>3,892,216,604</u>
	<u>10,695,416,055</u>	<u>10,756,125,700</u>
 Mortgage loans granted to property purchasers	 <u>563,425,442</u>	 <u>502,404,617</u>

At 31st December, 2020 and 30th June, 2020, the Group issued corporate financial guarantees to banks in respect of banking facilities granted to an associate and joint ventures. At the end of both reporting periods, the Group did not recognise any liabilities in respect of such corporate financial guarantees as the Directors of the Company consider that the fair values of these financial guarantee contracts at their initial recognition and at the end of the reporting period are insignificant.

Guarantees are given to banks with respect to loans procured by certain purchasers of the Group's properties. Such guarantees will be released by banks upon completion of the relevant mortgage properties registration. In the opinion of the Directors of the Company, the fair values of these financial guarantee contracts of the Group are insignificant at initial recognition and the Directors of the Company consider that the possibility of default of the parties involved is remote; accordingly, no value has been recognised at the inception of these guarantee contracts and at the end of each reporting period.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 12th March, 2021 to Tuesday, 16th March, 2021, 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, 16th March, 2021.

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 Registrar, Tricor Friendly Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 11th March, 2021.

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, 2020, 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, 2020 have been reviewed by the Audit Committee and the auditor of the Company, Deloitte Touche Tohmatsu.

2020-2021 INTERIM REPORT

The 2020-2021 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 Tuesday, 16th March, 2021.

By Order of the Board
Fanny CHENG Siu King
Company Secretary

Hong Kong, 25th February, 2021

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.