

ANNUAL RESULTS

year ended 30 June 2020

Analysts' Briefing
26 August 2020

 SINO LAND COMPANY LIMITED



St. George's Mansions

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Annual Results for the year ended 30 June 2020

	Page
Result Snapshots	1
Financial highlights	
A. Revenue	2
B. Property Rental	3-4
C. Hotel Operations	5
D. Revaluation of Investment Properties and other financial highlights	6-7
Business review	8-15
Q&As	
Appendix	16-17

Result Snapshots

Profit

Underlying Net Profit

HK\$4,557.0m

↓ 2.4% yoy

Net Profit

HK\$1,688.0m

↓ 75.6% yoy

Mainly due to revaluation
loss on investment
properties

Dividend

Final DPS

HK\$0.41

Full Year DPS

HK\$0.55

5.6% yield* p.a.

Balance sheet

Net Cash of

HK\$38,414m

NBV per share

HK\$20.57

* Based on closing price of HK\$9.75 per share on 30 June 2020

Financial Highlights



Revenue

	FY19/20	% Change	Total Attributable*	% Change
Revenue	HK\$5,886.8m	↓ 26.5%	HK\$8,643.2m	↓ 13.2%
mainly comprise of:				
Property sales	HK\$864.0m	↓ 66.0%	HK\$2,372.7m	↓ 20.6%
Property rental	HK\$3,161.9m	↓ 5.0%	HK\$4,061.9m	↓ 4.2%
Property management and other related services	HK\$1,146.9m	↑ 4.5%	HK\$1,262.3m	↑ 3.3%
Hotel operations	HK\$611.3m	↓ 34.5%	HK\$811.3m	↓ 40.0%

* Including attributable share of associates and joint ventures

Although revenue at subsidiary level declined by 26.5%, including associates and joint ventures, total revenue attributable to the Group declined by 13.2%. Reduction in total revenue was mainly due to:

- **Property sales** - No new completion of projects at subsidiary level this financial year, whereas there was the booking of property sales of HK\$1,305m from Commune Modern last year.
- **Hotel operations** was adversely impacted by the outbreak of COVID-19 pandemic

Property Rental

	FY19/20	FY18/19	% Change
Attributable Gross Property Rental*	HK\$4,061.9m	HK \$4,239.9m	↓ 4.2%
Attributable Net Rental Income*	HK\$3,599.8m	HK \$3,685.1m	↓ 2.3%

* Including attributable share of associates and joint ventures, and excluding minority interest

- **Gross rental revenue** decreased by 4.2% (excluding additions/disposals during the year, the decrease is 4.0%)
- **Net rental income** declined less (2.3% yoy) due to lower operating costs
- Despite challenging environment, **occupancy rates** remained steady

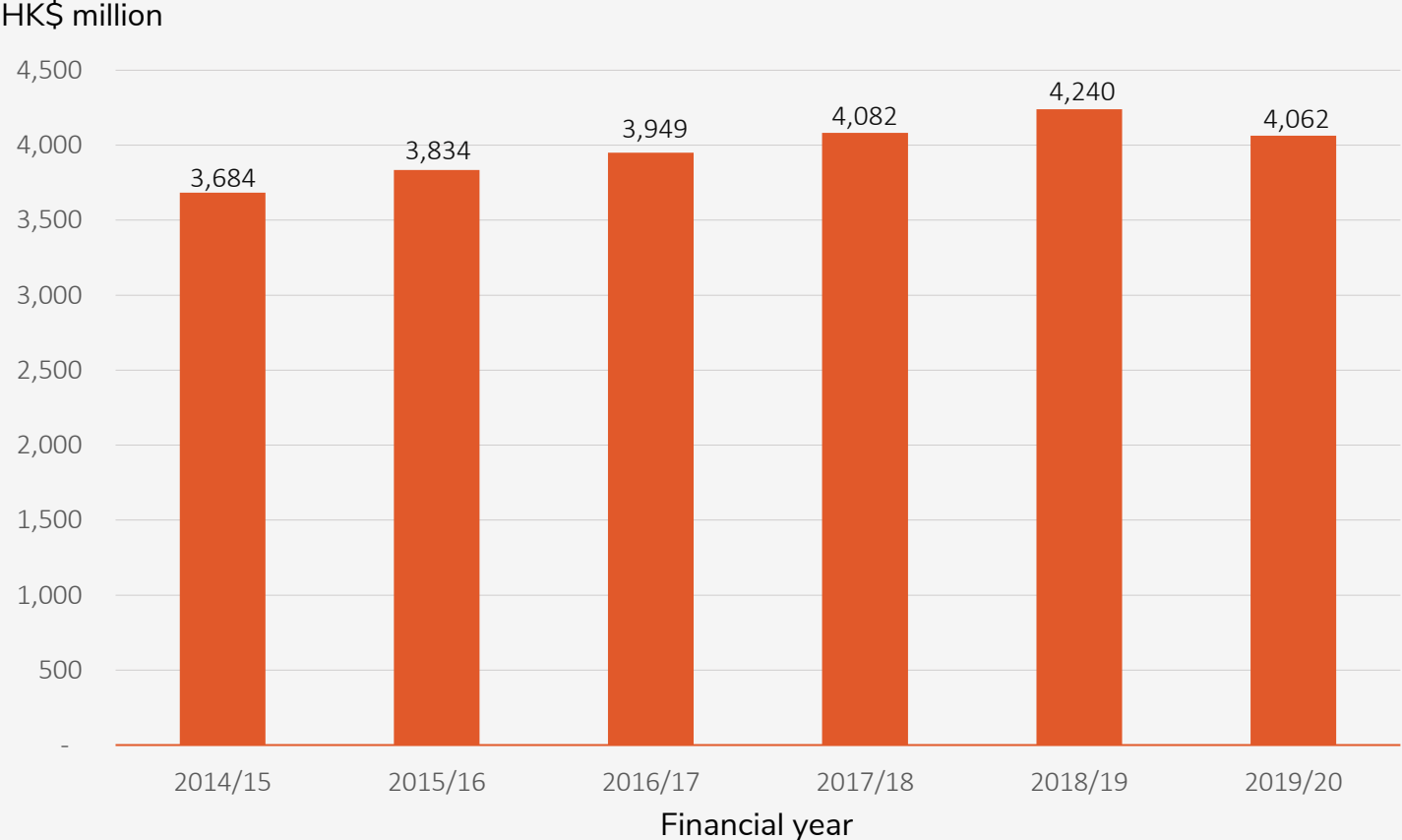
Occupancy rates	FY19/20	FY18/19
Overall	95%	96%
Retail	96%	97%
Office	95%	96%
Industrial	90%	94%
Residential	89%	91%

- **Retail** was most impacted by COVID-19 with revenue decline of 6.1%.
 - ✓ To help our tenants weather through this difficult time, various multi-faceted solutions have been taken, including rental relief, rental deferral, and other assistance in-kind
 - ✓ Protective measures have been taken to strengthen the standard of hygiene at the Group's shopping malls, offices, and other properties to offer a safe and clean environment for customers, residents and staff.
- **Office** rental has been quite resilient and saw a slight rental growth of +1.6% thanks to positive rental reversion on certain lease renewals

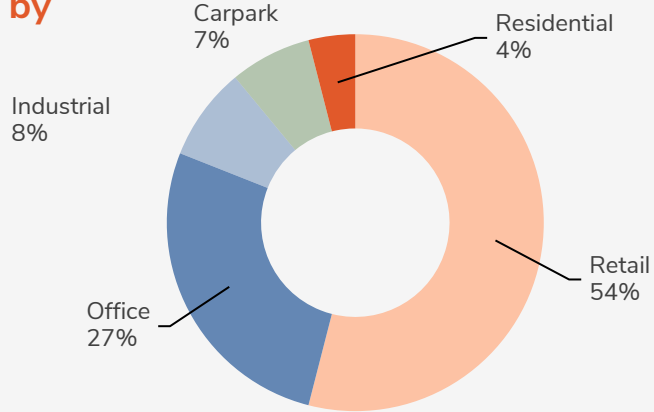
Investment properties

Diversified and balanced portfolio providing steady rental income

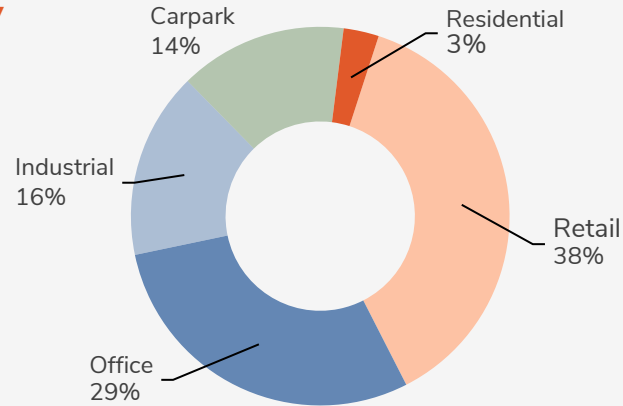
Gross rental revenue* for the past six financial years



Breakdown by sectors



Breakdown by Floor Area



* Including attributable share of associates and joint ventures and excluding minority interest

Hotel Operations

	FY19/20	FY18/19	% Change
Hotel Operations*	HK\$811.3m	HK\$1,353.0m	↓ 40.0%
Segment Results*	HK\$192.6m	HK\$537.4m	↓ 64.1%

* Figures are on attributable basis

- The hotel industry has been severely impacted by the COVID-19 pandemic and its adverse impact on cross border and international travel with significant decrease in visitor arrivals
- As a result, occupancy levels for our hotels have been significantly reduced.

Occupancy levels	FY19/20	FY18/19
The Fullerton Hotel Singapore	55%	86%
The Fullerton Bay Hotel Singapore	56%	85%
The Olympian Hong Kong	58%	83%
The Fullerton Hotel Sydney (50%)	51%	89%
Conrad Hong Kong (30%)	35%	89%

- Management have rolled out various measure and initiatives to reduce the impact:
 - ✓ Strict sanitization and hygiene protocol to deliver a feeling of safety
 - ✓ Targeting the domestic market for staycation
 - ✓ Introducing new food & beverage products to cater to the increased demand for takeaways
 - ✓ Reviewed and streamline workflow to enhance efficiency
 - ✓ Taken decisive decisions to achieve cost savings

Revaluation of Investment Properties

- The revaluation loss on investment properties (net of deferred tax) were HK\$2,532m, which is a non-cash item
- Total attributable value of investment properties amounted to HK\$83.38 billion, down 3.36% yoy (30 June 2019: HK\$86.28 billion)
- Excluding additions/disposals during the year, value of investment properties were down 2.83% yoy
- The Hong Kong portfolio, represents 92% of total value of investment properties
- Overall gross rental yield for investment properties for FY19/20 is 4.9% (FY18/19: 5.1%)

Other Financial Highlights

Remain vigilant on cost control

- Decisive decisions to achieved cost savings across the organization
- Direct expenses lower by 13.8% yoy thanks to savings in general promotion expenses and hotel operating costs

Net Financing Income
HK\$995m

- Mainly bank deposit interest income of HK\$926m (FY18/19: HK\$564m)
- Average deposit interest rate of 2.473% slightly higher than 2.245% last year, and increase cash on sales of properties

Strong financial position and ample liquidity

- Net cash position of HK\$38,413.9 million
- Interest cover: 41 times
- Enables the group to acquire land with good development value when opportunity arise

BUSINESS REVIEW

Land bank - 22.3 million sq. ft. (as at 30 June 2020)

Balanced and diversified portfolio

(in million square feet)	Mainland China	Hong Kong	Overseas		Total
			Singapore	Sydney	
Properties under development*	4.5	5.3	-	-	9.8
Investment properties & hotels	0.9	10.0	0.7	0.2	11.8
Completed properties for sale	0.1	0.6	-	-	0.7
	5.5	15.9	0.7	0.2	22.3
No. of projects under development	5	19	-	-	24

* Best-in-class projects

Development properties in Hong Kong (as at 30 June 2020)

Expected CC date	Project Name / Site	Location	Stake (%)	Attributable plot ratio area (sq. ft.)
FY 2020/2021	Madison Park	Cheung Sha Wan	100*	52,571
	133 Portofino	Sai Kung	100	51,592
	Grand Central	Kwun Tong	90*	1,346,383
	Mayfair By The Sea 8	Pak Shek Kok	100	412,530
	The Fullerton Ocean Park Hotel Hong Kong	Aberdeen	60****	262,020
FY 2021/2022	AIL 462	Wong Chuk Hang	60	141,731
	KCTL 524	Kwai Chung	100	176,906
FY 2022/2023	YLTL 532	Yuen Long	100	497,601
	Silversands	Ma On Shan	100	119,351
	St George's Mansions, 24A Kadoorie Avenue	Ho Man Tin	100***	309,707
	Lot 765 in D.D. No. 332	Lantau	100	11,582
	Grand Victoria, NKIL 6549	South West Kowloon	22.5	222,258
FY 2023/2024	AIL 467 (Site B) Wong Chuk Hang Station Package Two Property Development	Wong Chuk Hang	50**	246,496
	KIL 11254	Mongkok	60*	67,320
	IL 9064, (Site A) Peel Street	Central	100*	84,260
	Lot 1040 in D.D. No. 103 Kam Sheung Road Station Package One Property Development	Yuen Long	33.3**	412,247
	LOHAS Park Station Package Eleven Development	Tseung Kwan O	40**	382,587
FY 2024/2025	NKIL 6602, Yau Tong Ventilation Building Property Development	Yau Tong	80**	260,274
	AIL 467 (Site D) Wong Chuk Hang Station Package Four Property Development	Wong Chuk Hang	25**	159,576
Total 19 projects in Hong Kong				5,216,992

* URA's projects ** MTR's projects *** Tender from CLP Holdings Ltd. **** Tender from Ocean Park

Projects in Hong Kong already launched but not yet recognized

Over HK\$24 billion of total contracted sales

Grand Central
Kwun Tong, Kowloon



Total no. of units: 1,999
Percentage of units sold: 82%
Equity Interest: 90%*
First launch date: December 2018

Mayfair By The Sea 8
Pak Shek Kok, New Territories



Total no. of units: 528
Percentage of units sold: 86%
Equity Interest: 100%
First launch date: January 2019

Madison Park
Cheung Sha Wan, Kowloon



Total no. of units: 100
Percentage of units sold: 92%
Equity Interest: 100%*
First launch date: August 2018

* URA's project

Projects in Hong Kong expected to obtain pre-sale consent in FY2020/2021

6 new residential projects in the sales pipeline

Location	Stake (%)	Attributable plot ratio area (s.f.)	Attributable number of residential units
St George's Mansions, 24A Kadoorie Avenue	100*	309,707	175
Silversands, Whitehead, Ma On Shan	100	119,351	160
Grand Victoria, NKIL 6549, South West Kowloon	22.5	222,258	323
KIL 11254, Reclamation Street, Mongkok	60**	67,320	193
IL 9064, (Site A) Peel Street, Central	100**	84,260	121
AIL 467 (Site B), Wong Chuk Hang	50 [#]	246,496	300
		1,049,392	1,272

* Tender from CLP Holdings

** JV project with URA

JV project with MTRC

St. George's Mansions obtained pre-sale consent in July 2020 subsequent to the financial year ended

St. George's Mansions

St. George's Mansions

24A Kadoorie Avenue

- A rare and collectable opportunity located at the legendary address
- One of the most prestigious and sought-after location with public figures, celebrities, world-class musicians and professionals living in the areas
- This low-density residential property provides a total of 175 units
- Approximately 63% of the units are of the size of 1,800 – 2,100 square feet. Remaining units, except for 4 specialty units, are around 760 square feet.



Development properties in Mainland China (as at 30 June 2020)

Project Name	Location	Stake (%)	Attributable plot ratio area (sq. ft.) (in 000's)
Dynasty Park	Zhangzhou	100	2,310
The Palazzo	Chengdu	20	1,685
T102 – 0261, Qianhai	Shenzhen	30	258
T102 – 0262, Qianhai	Shenzhen	50	248
Chengdu International Community	Chengdu	20	39
Total			4,540

Investment properties to be completed and added to the portfolio

Providing an increase of ~12% in terms of plot ratio area

			Attributable plot ratio area (sq. ft.)
Retail	Hong Kong	YLTL 532, Yuen Long	117,138
		ALL 462, Wong Chuk Hang	18,496
		Retail of Madison Park	8,762
			<hr/> 144,396
	Mainland China	Dynasty Park in Zhangzhou	93,502
		T102-0261 Land Parcel 03, Unit 7, Qianhai	25,832
			<hr/> 119,334
		Retail subtotal	263,730
Office	Hong Kong	YLTL 532, Yuen Long	380,463
		ALL 462, Wong Chuk Hang	123,235
			<hr/> 503,698
	Mainland China	T102-0261 Land Parcel 03, Unit 7, Qianhai	232,504
		Office subtotal	736,202
Industrial	Hong Kong	KCTL 524, Kwai Chung	176,906
Service Apartment	Mainland China	T102—262 Land Parcel 04, Unit 7 Qianhai	247,572
		Total	<hr/> 1,424,410 <hr/>
Subtotal for Hong Kong:	825,000 s.f.		
Subtotal for Mainland China:	599,410 s.f.		

Well placed to meet the challenging environment and to grasp opportunities when they arise

- Sizable quality land bank adequate for the next 5-6 years
- Over HK\$24 billion of total contracted sales yet to be recognized
- 6 new residential projects in the sales pipeline for FY2020/2021
- Diversified and growing investment properties portfolio providing steady recurrent income
- Enhanced structure of operations and costs base
- Strong financial position enables the group to acquire land with good development value when opportunities arise

The **residential property market in Hong Kong remains resilient** and fundamentally sound. Record low interest rates and favorable mortgage terms continue to encourage home ownership and providing support to the Hong Kong residential market

While **uncertainty remains about the duration of the pandemic** and the effect it will have on the economies, we have strong faith that Hong Kong will overcome this challenging period

Thank You

Q&As



Appendix

Segment information for the year ended 30 June 2020

For the year ended 30 June 2020	The Company and its subsidiaries				Associates and joint ventures				Total			
	External Revenue	Y-o-Y % change	Segment Results	Y-o-Y % change	Share of Revenue	Y-o-Y % change	Share of Results	Y-o-Y % change	Segment Revenue	Y-o-Y % change	Segment Results	Y-o-Y % change
	HK\$		HK\$		HK\$		HK\$		HK\$		HK\$	
Property												
Property sales	863,945,244	-66%	40,361,945	-95%	1,508,777,294	239%	795,840,388	267%	2,372,722,538	-21%	836,202,333	-20%
Property rental	3,161,890,218	-5%	2,777,356,718	-3%	920,891,726	-3%	839,210,641	-2%	4,082,781,944	-4%	3,616,567,359	-3%
	4,025,835,462	-31%	2,817,718,663	-23%	2,429,669,020	75%	1,635,051,029	52%	6,455,504,482	-11%	4,452,769,692	-6%
Property management and other services	1,146,927,916	4%	279,841,512	28%	115,379,064	-7%	18,850,815	-42%	1,262,306,980	3%	298,692,327	19%
Hotel operations	611,302,969	-35%	167,860,371	-52%	200,048,841	-52%	24,767,439	-87%	811,351,810	-40%	192,627,810	-64%
Investments in securities	32,847,427	-32%	32,847,427	-32%	3,900	0%	3,900	0%	32,851,327	-32%	32,851,327	-32%
Financing	69,974,228	15%	69,974,228	15%	11,245,400	-24%	11,245,400	-24%	81,219,628	7%	81,219,628	7%
	5,886,888,002	-27%	3,368,242,201	-23%	2,756,346,225	41%	1,689,918,583	29%	8,643,234,227	-13%	5,058,160,784	-11%

- Operating profits for FY2019/2020 mainly contributed by property rental
- Earnings from property sales comprises mainly sales of units in completed projects in previous years at subsidiary level (Park Mediterranean, The Mediterranean, and The Palazzo etc.), as well as property sales of associates and joint ventures
- Combined property sales margin was **35.2%** (2019 : 34.9%)
- Rental margin (net of direct costs) was **88.6%** (2019 : 86.8%)

Land acquisitions

since January 2017

Date	Project Name / Site	Stake (%)	Usage	Attributable plot ratio area (sq. ft.)
5/1/2017	The Fullerton Ocean Park Hotel Hong Kong	60	Hotel	262,020
1/3/2017	IL 9064, (Site A) Peel St, Central	100*	Residential	84,260
2/5/2017	T102-0262, Qianhai, Shenzhen	50	Serviced Apartment	247,572
5/5/2017	KCTL 524, Kwai Chung	100	Industrial	176,906
26/5/2017	Kam Sheung Road Station Package One Property Development	33.3**	Residential	412,247
21/7/2017	Silversands, Whitehead, Ma On Shan	100	Residential	119,351
15/11/2017	Grand Victoria, South West Kowloon	22.5	Residential	222,258
5/12/2017	AIL 467 Site B, Wong Chuk Hang Station Package Two Property Development	50**	Residential	246,496
13/12/2017	St. George's Mansions, 24A Kadoorie Avenue	100***	Residential	309,707
18/12/2017	KIL 11254, Reclamation Street, Mongkok	60*	Residential	67,320
8/5/2018	NKIL 6602, Yau Tong Ventilation Building Property Development	80**	Residential	260,274
5/12/2018	Lot 765 in DD 332, Cheung Sha, Lantau	100	Residential	11,582
25/4/2019	LOHAS Park Package Eleven Property Development	40**	Residential	382,587
15/7/2019	T102-0261 Qianhai, Shenzhen	30	Commercial	258,336
28/10/2019	AIL 467 (Site D) Wong Chuk Hang Station Package Four Property Development	25**	Residential	159,576
				3,220,492

* URA's projects ** MTR's projects *** Tender from CLP Holdings Ltd.

END
