



THE HENNESSY

ANNUAL REPORT 2010



Tsim Sha Tsui Properties Limited

This annual report (“Annual Report”) is available in both English and Chinese. Shareholders who have received either the English or the Chinese version of the Annual Report may request a copy in the language different from that has been received by writing to the Company’s Registrars, Tricor Friendly Limited, 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong.

The Annual Report (in both English and Chinese versions) has been posted on the Company’s website at www.sino.com. Shareholders who have chosen to rely on copies of the Corporate Communications (including but not limited to annual report, summary financial report (where applicable), interim report, summary interim report (where applicable), notice of meeting, listing document, circular and proxy form) posted on the Company’s website in lieu of any or all the printed copies thereof may request printed copy of the Annual Report.

Shareholders who have chosen to receive the Corporate Communications using electronic means through the Company’s website and who for any reason have difficulty in receiving or gaining access to the Annual Report posted on the Company’s website will promptly upon request be sent the Annual Report in printed form free of charge.

Shareholders may at any time choose to change their choice of language and means of receipt (i.e. in printed form or by electronic means through the Company’s website) of all future Corporate Communications from the Company by giving reasonable notice in writing by post to the Company’s Registrars, Tricor Friendly Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong or by email at tst247-ecom@hk.tricorglobal.com.

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CORPORATE INFORMATION

Board of Directors

Robert Ng Chee Siong, Chairman
Ronald Joseph Arculli, GBM, CVO, GBS, OBE, JP[#]
Allan Zeman, GBS, JP*
Adrian David Li Man-kiu, JP*
Steven Ong Kay Eng*
Daryl Ng Win Kong

([#] Non-Executive Director)

(* Independent Non-Executive Directors)

Audit Committee

Adrian David Li Man-kiu, JP, Chairman
Allan Zeman, GBS, JP
Steven Ong Kay Eng

Remuneration Committee

Daryl Ng Win Kong, Chairman
Allan Zeman, GBS, JP
Adrian David Li Man-kiu, JP

Authorized Representatives

Robert Ng Chee Siong
Daryl Ng Win Kong

Secretary

Eric Ip Sai Kwong

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants, Hong Kong

Solicitors

Baker & McKenzie
Clifford Chance
Woo, Kwan, Lee & Lo

Shareholders' Calendar

Closure of Register of Members	25th October, 2010 to 28th October, 2010 (both dates inclusive)
Annual General Meeting	28th October, 2010
Interim Dividend Paid	HK10 cents per share 27th April, 2010
Final Dividend Payable	HK30 cents per share 30th November, 2010
Last Date for lodging scrip dividend election forms	18th November, 2010 4:30 p.m.

Principal Bankers

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking
Corporation Limited
DBS Bank Ltd, Hong Kong Branch
The Bank of East Asia, Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of
China (Asia) Limited
Bangkok Bank Public Company Limited
Sumitomo Mitsui Banking Corporation
Bank of Communications, Hong Kong Branch
Mizuho Corporate Bank, Ltd.
China Construction Bank
Wing Lung Bank Limited

Investor Relations Contact

Please direct enquiries to:
General Manager – Corporate Finance
Telephone : (852) 2734 8312
Fax : (852) 2369 1236
Email : investorrelations@sino.com

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Telephone : (852) 2721 8388
Fax : (852) 2723 5901
Website : www.sino.com
Email : info@sino.com

Registrars

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26th Floor, Tesbury Centre,
28 Queen's Road East,
Hong Kong
Telephone : (852) 2980 1333
Fax : (852) 2861 1465
Email : tst247-ecom@hk.tricorglobal.com

Listing Information

Stock Code 247

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of **Tsim Sha Tsui Properties Limited** will be held at The Pacific Rooms, 9th Floor, Towers Wing, The Royal Pacific Hotel & Towers, 33 Canton Road, Tsim Sha Tsui, Kowloon, on Thursday, the 28th day of October, 2010 at 10:00 a.m. or as soon as the annual general meeting of Sino Land Company Limited closes, whichever is the later, for the following purposes:

1. To receive and consider the audited Financial Statements and the Directors' and Independent Auditor's Reports for the year ended 30th June, 2010.
2. To declare a final dividend.
3. To re-elect retiring Directors and to authorise the Board to fix the Directors' remuneration for the financial year ending 30th June, 2011.
4. To re-appoint Deloitte Touche Tohmatsu as Auditor for the ensuing year and authorise the Board to fix their remuneration.
5. As special business to consider and, if thought fit, pass with or without amendments, the following resolutions as Ordinary Resolutions:

Ordinary Resolutions

(i) **"THAT:**

- (a) subject to paragraph (i)(b) below, the exercise by the Directors of the Company during the Relevant Period of all the powers of the Company to repurchase shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares to be repurchased pursuant to the approval in paragraph (i)(a) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution and the said approval shall be limited accordingly; and
- (c) for the purposes of this resolution:

"Relevant Period" means the period from the passing of this resolution until whichever is the earlier of:

- (1) the conclusion of the next Annual General Meeting of the Company;
- (2) the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held; and
- (3) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting."

NOTICE OF ANNUAL GENERAL MEETING *(Continued)*

(ii) **“THAT:**

- (a) a general mandate be and is hereby unconditionally given to the Directors of the Company to exercise during the Relevant Period all the powers of the Company to allot, issue and deal with additional shares of the Company, to allot, issue or grant securities of the Company, including bonds, debentures and notes convertible into shares of the Company and to make or grant offers, agreements or options which would or might require the exercise of such powers either during or after the Relevant Period, provided that these powers of the Directors and this general mandate is in respect of and in addition to any shares which may be issued on the exercise of the subscription rights under the Company's warrants or pursuant to any scrip dividend scheme or pursuant to a rights issue or pursuant to the exercise of any share option scheme adopted by the Company or pursuant to any rights of conversion under any existing convertible bonds, debentures or notes of the Company, and provided further that these powers of the Directors and this general mandate shall be subject to the restrictions that the aggregate nominal amount of shares allotted or agreed to be allotted or issued pursuant thereto, whether by way of option or conversion or otherwise, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution; and

- (b) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (1) the conclusion of the next Annual General Meeting of the Company;
- (2) the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held; and
- (3) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”

- (iii) **“THAT**, conditional upon the resolutions (i) and (ii) above being passed, the aggregate nominal amount of the shares which are repurchased by the Company under the authority granted pursuant to resolution (i) above (up to a maximum of 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution) shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to resolution (ii) above.”

By Order of the Board
Eric IP Sai Kwong
Secretary

Hong Kong, 27th September, 2010

NOTICE OF ANNUAL GENERAL MEETING *(Continued)*

Notes:

- (a) At the Annual General Meeting, the Chairman of the Meeting will put each of the above resolutions to the vote by way of a poll. On a poll, every shareholder who is present in person or by proxy shall have one vote for every share of which he is the holder.
- (b) Any member entitled to attend and vote at the above meeting may appoint one or more proxies to attend and on a poll vote instead of him. A proxy need not be a member of the Company.
- (c) In order to be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be lodged at the registered office of the Company at 12th Floor, Tsim Sha Tsui Centre, Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the meeting.
- (d) The Register of Members of the Company will be closed from Monday, 25th October, 2010 to Thursday, 28th October, 2010, both dates inclusive, during which period no share transfers will be effected. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Registrars, Tricor Friendly Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 22nd October, 2010.

GROUP FINANCIAL SUMMARY

	Year ended 30th June,				
	2006 HK\$	2007 HK\$	2008 HK\$	2009 HK\$	2010 HK\$
Turnover	<u>8,382,271,778</u>	<u>7,598,901,347</u>	<u>6,338,666,190</u>	<u>9,783,329,056</u>	<u>7,776,569,089</u>
Profit attributable to owners of the Company	<u>3,141,928,270</u>	<u>3,357,484,479</u>	<u>4,678,945,536</u>	<u>1,818,627,113</u>	<u>3,287,255,658</u>
Non-current assets	38,479,062,645	44,290,694,830	53,846,737,050	57,916,675,050	66,977,309,765
Current assets	29,908,399,228	30,428,854,016	34,657,588,930	33,332,598,559	30,188,439,417
Current liabilities	<u>(9,986,435,807)</u>	<u>(11,031,295,823)</u>	<u>(13,167,516,026)</u>	<u>(15,919,724,169)</u>	<u>(11,963,033,959)</u>
	<u>58,401,026,066</u>	<u>63,688,253,023</u>	<u>75,336,809,954</u>	<u>75,329,549,440</u>	<u>85,202,715,223</u>
Share capital	281,674,438	286,315,877	290,187,562	293,220,023	296,461,354
Reserves	<u>16,232,969,114</u>	<u>19,823,674,870</u>	<u>24,461,383,732</u>	<u>25,949,725,481</u>	<u>29,223,577,249</u>
Shareholders' funds	16,514,643,552	20,109,990,747	24,751,571,294	26,242,945,504	29,520,038,603
Equity component of convertible bonds of a listed subsidiary	174,120,907	–	–	–	–
Non-controlling interests	18,252,426,505	22,713,593,244	29,257,946,975	29,403,898,799	31,625,356,065
Non-current liabilities	<u>23,459,835,102</u>	<u>20,864,669,032</u>	<u>21,327,291,685</u>	<u>19,682,705,137</u>	<u>24,057,320,555</u>
	<u>58,401,026,066</u>	<u>63,688,253,023</u>	<u>75,336,809,954</u>	<u>75,329,549,440</u>	<u>85,202,715,223</u>
Shareholders' funds at book value per share	11.72	14.05	17.06	17.90	19.91
Basic earnings per share (cents)	224.59	236.58	324.91	124.64	223.01
Dividend per share (cents)	37.00	38.50	40.00	40.00	40.00

CHAIRMAN'S STATEMENT

I am pleased to present the 2009/2010 Annual Report to shareholders.

FINAL RESULTS

The Group achieved net profit attributable to shareholders of HK\$3,287.2 million for the financial year ended 30th June, 2010, representing an increase of 80.7% compared with HK\$1,818.6 million in the previous financial year. Excluding revaluation surplus (net of deferred taxation) on investment properties of HK\$1,339.2 million, the underlying net profit from operations was HK\$1,948.0 million (2009: HK\$1,750.9 million).

The turnover of the Group for the financial year 2009/2010 was HK\$7,776.5 million. Earnings per share was 223.01 cents, an increase of 78.9% when compared with the previous financial year (2009: 124.64 cents).

DIVIDENDS

The Directors have resolved to recommend a final dividend of 30 cents per share in respect of the year ended 30th June, 2010 to shareholders whose names appear on the Register of Members of the Company on 28th October, 2010. Together with the interim dividend of 10 cents per share, the total dividend for the full year is 40 cents per share.

The Directors propose that shareholders be given the option to receive the final dividend in new shares in lieu of cash. The scrip dividend proposal is subject to: (1) the approval of the proposed final dividend at the Annual General Meeting to be held on 28th October, 2010; and (2) The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued pursuant to this proposal.

A circular containing details of the scrip dividend proposal will be despatched to shareholders together with the form of election for scrip dividend on or about 3rd November, 2010. It is expected that the final dividend warrants and share certificates will be despatched to shareholders on or about 30th November, 2010.

REVIEW OF OPERATIONS

The operations under Sino Land Company Limited ("Sino Land") represent a substantial portion of the operations of the Group as a whole. As at 30th June, 2010 Tsim Sha Tsui Properties Limited (the "Company") had 52.21% interest in Sino Land. Therefore, for discussion purposes, we have focused on the operations of Sino Land.

Sales Activities

Sino Land's turnover and earnings from sales of properties at subsidiary level for the financial year ended 30th June, 2010 were mainly derived from the sales of residential units in new projects namely Lake Silver and Park Place, as well as The Palazzo, The Dynasty, Goodwood Park, Vision City, Vista and One Madison which were completed in the previous financial years.

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

Sales Activities *(Continued)*

Lake Silver is a residential and commercial project located atop the Wu Kai Sha Station on the Ma On Shan Line along the East Rail Extension, as well as a public transport interchange encompassing a bus terminal offering a number of routes to various locations, public light bus and taxi stands. This development comprises a total of 2,169 residential units with approximately 43,000 square feet of retail space and a clubhouse. The clubhouse, named Palace by the Sea, is inspired by world-class holiday resorts and offers a wide range of leisure and recreational facilities for residents and their guests to enjoy. Sales of this project received good market response with over 95% of the total units sold to date. The Occupation Permit and Certificate of Compliance for Lake Silver were obtained in July and November 2009 respectively.

In August 2009, Sino Land launched for sale a residential project named Park Place, in Xiamen, Fujian Province, Mainland China. This project offers a total of 73 residential units and was completed in May 2009. The sale of the project was well received with all the units sold within a short period of time.

Towards the end of first half of calendar year 2010, Sino Land launched residential units in The Balmoral for sale. The project is a residential development consisting of 79 apartments in three medium-rise towers located in Tai Po. Situated in the midst of a green and quiet environment, The Balmoral has attracted interested buyers from different areas and two units have been sold so far. The Occupation Permit and the Certificate of Compliance were obtained in January and June 2010 respectively. Further, Sino Land also rolled out marketing programme for the houses in Goodwood Park. The project offers a total of 13 houses with private gardens and clubhouse facilities. It is located near Beas River with The Hong Kong Golf Club and The Hong Kong Jockey Club Beas River Country Club as its neighbours. The project was completed in December 2008. Approximately 38% of the total number of houses has been sold to date.

The sales of residential units in projects completed in previous years have progressed well throughout the financial year 2009/2010. These include residential units in The Palazzo in Shatin, The Dynasty and Vision City in Tsuen Wan, Vista and One Madison both in Sham Shui Po. To date, over 94% of the total number of residential units in The Palazzo have been sold and approximately 99% of the total number of residential units in The Dynasty and One Madison have been sold. As for Vision City and Vista, all of the residential units in both projects have been sold.

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

Sales Activities *(Continued)*

Earnings from property sales at associate level were mainly derived from sale of the residential units in Chengdu International Community in Chengdu, to which Sino Land has 20% interest. To date, over 92% of the total number of units in the Chengdu International Community have already been sold.

In respect of the projects to be completed in the coming financial year 2010/2011, Sino Land has launched residential units in The Hermitage for sales in June 2010. The Hermitage is ideally located in the heart of West Kowloon with a variety of transport available for residents and commuters to travel seamlessly to and from other parts of the city. It is adjacent to Olympian City shopping mall and within West Kowloon district where the West Kowloon Cultural District, the commercial hub over the Kowloon Station of the Airport Railway and the future Guangzhou-Shenzhen-Hong Kong Express Rail Link are located. It is connected to the Olympian City shopping mall by a covered footbridge and is also accessible to Mongkok through another covered footbridge. The Hermitage comprises six towers, offering a total of 964 residential units. The development faces south overlooking spectacular views of Victoria Harbour and Hong Kong Island and all units feature high ceilings and balconies. Market response was favourable with over 89% of the total number of units sold in the development.

During the financial year ended 30th June, 2010, Sino Land completed five projects. Details of the completed projects are presented in the table below, with a total attributable gross floor area of over 2.2 million square feet.

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> <i>(Square feet)</i>
1. Lake Silver No. 599 Sai Sha Road, Wu Kai Sha Station, Ma On Shan, New Territories, Hong Kong	Residential/ Retail	Joint Venture	1,858,405
2. Chengdu International Community Xipu Zhen, Pi Xian, Jin Niu District, Chengdu, Sichuan, PRC	Residential	20%	218,247
3. The Balmoral 1 Ma Shing Path, Tai Po, New Territories, Hong Kong	Residential	100%	114,486
4. Customs House 70 Collyer Quay, Singapore	Commercial	100%	14,822
5. The Fullerton Bay Hotel 80 Collyer Quay, Singapore	Hotel	100%	79,087
			<hr/> <u>2,285,047</u>

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS

(Continued)

Land Bank

As at 30th June, 2010, Sino Land has a land bank of approximately 42.0 million square feet of attributable gross floor area comprising a balanced portfolio of properties of which 64.4% is residential; 24.7% commercial; 5.1% industrial; 3.5% car parks and 2.3% hotels. In terms of breakdown of the land bank by status, 29.8 million square feet consist of properties under development, 11.0 million square feet of properties for investment/ own use and 1.2 million square feet of properties held for sale. Sino Land will continue to selectively replenish its land bank, both in Hong Kong and Mainland China, to optimise its earnings potential.

During the financial year ended 30th June, 2010, Sino Land acquired a total of three sites mainly for residential development and one investment property through the acquisition of a holding company. The total attributable gross floor area of the three sites was over 1.6 million square feet. Details of the acquisitions and the attributable gross floor area for Sino Land are as follows:

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> <i>(Square feet)</i>
1. TPTL200 Pak Shek Kok Development Area, Site D1, Tai Po, New Territories, Hong Kong	Residential/ Commercial	100%	720,757
2. TPTL201 Pak Shek Kok Development Area, Site D2, Tai Po, New Territories, Hong Kong	Residential/ Commercial	85%	612,643
3. NKIL6499 Yuet Wah Street, Kwun Tong, Kowloon, Hong Kong	Residential	Joint Venture	232,825
4. Fraser Suites Hong Kong 74 – 80 Johnston Road, Wan Chai, Hong Kong Island, Hong Kong	Residential/ Commercial	100%	58,108
			<hr/> 1,624,333

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS

(Continued)

Property Development

Sino Land expects to complete a total of five projects with an attributable gross floor area of approximately 1.3 million square feet in the financial year ending 30th June, 2011. Details of the projects are as follows:

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> <i>(Square feet)</i>
1. The Hermitage 1 Hoi Wang Road, South West Kowloon, Hong Kong	Residential/ Retail	50%	547,986
2. Sino International Plaza 137 Wu Xi Lu, Fuzhou, PRC	Commercial	100%	499,158
3. 18 Kowloon East 18 Wang Chiu Road, Kowloon Bay, Hong Kong	Commercial	50%	174,376
4. NKIL 1069 270 – 274 Cheung Sha Wan Road, Kowloon, Hong Kong	Residential/ Retail	100%	39,120
5. KIL11181 Baker Court, Hung Hom, Kowloon, Hong Kong	Residential/ Retail	Joint Venture	26,824
			<hr/> <u>1,287,464</u>

Of the five projects mentioned above, the commercial projects namely Sino International Plaza and 18 Kowloon East and the retail areas in the residential-cum-retail developments namely The Hermitage, 270 – 274 Cheung Sha Wan Road and Baker Court are developed for investment purposes, providing additional stream of recurrent rental income for Sino Land in future years. Subsequent to the financial year ended 30th June, 2010, Sino Land completed Sino International Plaza in Fuzhou city, Fujian Province.

Sino Land will continuously improve its developments and services by applying stringent quality control, and environmentally friendly features and facilities to enhance the lifestyles of residents and tenants. Management is also mindful of environmental sustainability in terms of project development. Efforts to reduce carbon emissions, use more sustainable materials, apply energy efficient designs and layouts as well as employ environmentally friendly fixture and fittings are highly encouraged and pursued.

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

Property Development *(Continued)*

Management is delighted that Sino Land has received "The Global Award – 3rd Best Developer" voted by the Euromoney's Real Estate Global Poll 2010. Management would like to express heartfelt appreciation to everyone who has nominated Sino Land for this award. Sincere thanks also go to the customers who have supported us and given us valuable suggestions throughout the years helping Sino Land to continuously improve the quality of its properties and service. The support from the voters and customers is great encouragement to Sino Land to continue improving its products and service quality.

Rental Activities

As at 30th June, 2010, Sino Land has approximately 11.0 million square feet of attributable gross floor area of completed properties for investment/own use. Of this portfolio, commercial developments (retail and office) account for 62.8%, industrial developments 14.8%, car parks 13.3%, hotels 6.5%, and residential 2.6%. Excluding Sino International Plaza in Fuzhou, which was completed in July 2010, Sino Land expects to complete a total of approximately 2.9 million square feet of attributable gross floor area of investment properties in the next few years. These new investment properties will further increase Sino Land's recurrent income base.

Sino Land's gross rental revenue, including the attributable share of its associates, increased by 5.8% to HK\$2,396.9 million for the financial year 2009/2010 compared with HK\$2,265.8 million in the previous financial year. On the retail sector side, a better global economic environment, wage rises, better year-end bonuses, improvement in employment prospects and the growth of individual travel from Mainland China boosted retail sales. Rental rates for the retail sector continued to show growth throughout the financial year 2009/2010. On the office sector side, a recovery in trade and capital flows, more positive economic outlooks and rising overall business and financing activities including initial public offerings, conventions and exhibitions were supportive to the sector's recovery, with rental rates firming up in recent months. The industrial sector also benefited from the overall improvement in business, with rental rates showing an improving trend.

Since setting the direction of building up Sino Land's recurrent rental income base, Sino Land has doubled its gross rental revenue over the past five financial years resulting in much stronger cash flows for Sino Land. Over the past few years, a number of investment properties have been completed from Sino Land's development land bank. These include commercial buildings, namely Exchange Tower and The Hennessy; retail malls Citywalk and Citywalk 2 as well as the retail portions of the residential-cum-commercial projects of The Palazzo, Lake Silver and One Madison. The occupancy rates of these properties have been maintained at high levels.

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

Rental Activities *(Continued)*

Sino Land expects further growth in recurrent rental incomes from four new investment properties, namely Customs House in Singapore completed in February 2010, Sino International Plaza in Fuzhou completed in July 2010 as well as the retail space in The Hermitage with approximately 73,000 square feet of attributable gross floor area and commercial development 18 Kowloon East with approximately 174,300 square feet of attributable gross floor area, both of which are estimated to be completed in the financial year 2010/2011.

Customs House, part of The Fullerton Heritage, is a two-storey heritage building with a total floor area of approximately 14,800 square feet. It is located in Marina Bay, Singapore's world class Central Business District, arts, culture, and heritage waterfront area. Built in the '60s, Customs House was formerly home to the Customs Police. The building commands direct waterfront views of Marina Bay. The project was completed in February 2010 and all lettable space has been leased out.

Sino International Plaza is located in the central business district of Fuzhou city, the capital city of Fujian Province and is conveniently accessible through an extensive transportation network making it a good location for local and multinational firms. A number of local attractions, namely Hot Spring Park, West Lake Park and Fujian Museum are also within the catchment area. The development provides approximately 499,000 square feet of commercial space. Its low-E double glazed unitized curtain wall system presents an environmentally friendly architectural characteristic. The property also features an interior layout designed for tenant needs with efficient use of space and lighting. Each floor offers high ceilings which enhance the sense of space and ventilation airflow. Leasing of the project has progressed well, with majority of the space already leased out.

Asset enhancement initiatives are integral to Sino Land's programme of optimising asset quality, value and rental revenues. These initiatives include developing effective marketing and promotional events, raising service quality, reconfiguring the layouts of premises to meet tenants' needs and ensuring the right tenant mix. They aim to enrich our customers' shopping experience and support our tenants with a sustained flow of shoppers, all of which brings more business and enhance the value of Sino Land.

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS

(Continued)

Hotels

Since the second half of 2009, the demand for international tourism has been on an upward trend, according to UNWTO. The world tourism and hospitality industry has benefited from an improved global economic environment with Asia and the Pacific region showing double-digit growth for the first four months of 2010. The June issue of the UNWTO World Tourism Barometer reaffirmed the industry's recovery and forecast global tourist arrivals at 3% to 4% higher for the full year of 2010, indicating a positive outlook.

The Fullerton Hotel Singapore (The Fullerton) has benefited from better economic conditions and rising business activities, including trade fairs and international conferences, and exciting new attractions such as Resorts World Sentosa, Universal Studios Singapore and Marina Bay Sands. The business operations of The Fullerton showed favourable results starting in 2010 with occupancy, average room rates and overall gross operating margins picking up. During the financial year 2009/2010, The Fullerton received a number of awards from respected organisations and magazine in recognition of its service quality and efforts in promoting environmental protection.

The Fullerton Bay Hotel in Singapore, opened in July 2010, is a six-storey 5-star hotel located along the Marina Bay waterfront and in the Central Business District. It is a short walk from the Raffles Place Mass Rapid Transit and close to One Fullerton and Merlion Park. Built in the Marina waters, the Hotel is in the best vantage point to watch marina activities. Adjoining the historical Clifford Pier that was the landing point for early settlers and the Customs House, The Fullerton Bay Hotel is a celebration of Singapore's modernity and its rich heritage. The Hotel comprises 100 guest rooms encompassing five individually-themed suites and a Presidential Suite, each with panoramic marina views, balconies and sun decks. It was opened for guests in July 2010.

Conrad Hong Kong experienced an improvement in overall business growth during the financial year 2009/2010 when compared with the previous financial year. Conrad Hong Kong received a number of awards from reputable organisations and magazines in recognition of its service quality during the financial year.

Part of the retail area of the One SilverSea project in West Kowloon is being converted into a boutique hotel with approximately 32 guest rooms. The amendment and alteration works began in July 2010, and the renovation work for the guest rooms is expected to commence soon. The conversion is progressing well and is expected to be completed in the financial year 2010/2011.

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS

(Continued)

Mainland China Business

China remains one of the fastest-growing countries in terms of GDP growth in the first half of 2010. The fiscal and monetary stimulus measures implemented throughout the critical periods of the global economic turmoil have taken effect to sustain aggregate consumer demand, support investment spending in the private and public sectors and inject the required level of liquidity, which are filtering through the banking and industrial sectors. The Central Government has also made substantial effort to maintain the continuity and stability of macro economic policy with specific and effective measures. This will establish the foundation for the nation's long-term prosperity and the economic development in Mainland China will directly benefit Hong Kong's economy.

This year saw active measures by the Central Government to ensure healthy and sustainable development in the property market, allowing more people to own their own homes, which is important for the welfare of society. Despite tightening measures recently introduced by the Central Government, demand remains good mainly due to income growth, wealth effect as a result of growing number of entrepreneurs and increasing affluent class. Management remains optimistic about the property market in Mainland China.

Sino Land has strengthened its platform in Mainland China for further growth in recent years after successfully completing and selling a number of residential projects, namely One HoneyLake in Shenzhen, Chengdu International Community in Chengdu, Greenfields in Guangzhou as well as Beverly Garden, Colonnades Court and Park Place in Xiamen. These have given Sino Land a good foothold in Mainland China's property market. Sino Land's interest in Raffles City Shanghai, comprising office and retail space in the central business area of Shanghai's Huangpu District, is the stepping stone for Sino Land to establish its presence in this important city and financial centre. Sino Land's track record represents a history of good execution capability for property development and investment in Mainland China.

As at 30th June, 2010, Sino Land's Mainland China land bank totalled 25.7 million square feet in Shanghai, Chengdu, Chongqing, Zhangzhou, Guangzhou, Xiamen, Fuzhou and Shenzhen. Of this, 25.3 million square feet is currently under development and the remaining is completed properties for investment and sale. Approximately 87.3% of the development land bank in Mainland China is for residential developments, the remaining is for commercial developments. Sino Land's property development projects in Mainland China are in different stages of development and progress has been well. They will be completed and launched for sale in phases. All the projects are situated in cities with good economic and demographic fundamentals.

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

Mainland China Business *(Continued)*

Sino Land continues to exercise a focused approach to land bank replenishment and property development in Mainland China that can deliver good shareholder value. The majority of its developments are residential properties, which are built for sale. Commercial portions of sites are retained mainly for investment purposes. As management considers Mainland China an important market for Sino Land to grow in the medium/long term, it has been actively seeking attractive sites in cities with strong economic fundamentals. Sino Land will capitalise on its strengths it has established in Hong Kong and Singapore to execute its property development business in Mainland China and position its products and services as the preferred choice. Sino Land's proven strategy of building quality properties and providing professional after-sales property management services are key to achieving customer satisfaction and we are committed to doing the same for projects in Mainland China.

Other than the matters mentioned above, there has been no material change from the information published in the report and accounts for the financial year ended 30th June, 2009.

FINANCE

As at 30th June, 2010, the Group's gearing ratio was at approximately 25.5%, expressed as a percentage of total borrowings to the total assets. Of the total borrowings, 27.5% was repayable within one year, 33.4% repayable between one and two years and 39.1% repayable between two and five years. The Group, including the attributable share of its associates, had cash resources of approximately HK\$17,357.3 million, comprising cash on hand of approximately HK\$5,534.4 million together with committed undrawn facilities of approximately HK\$11,822.9 million. All the cash on hand is in the form of deposits in banks of high credit ratings.

There was no material change in foreign currency borrowings and the capital structure of the Group for the financial year ended 30th June, 2010. Foreign exchange exposure has been prudently kept at a minimal level. The Group's borrowings are subject to floating interest rates. The Group has maintained a prudent and sound financial management policy and has not entered into any transaction relating to derivatives and/or any other form of accumulators, swap transactions and options.

CORPORATE GOVERNANCE

The Group places great importance on corporate integrity, business ethics and good governance. With the objective of achieving best practice of corporate governance, the Group has established an Audit Committee, a Compliance Committee and a Remuneration Committee. Sino Land is committed to maintaining good corporate transparency as well as good communication with investors and shareholders by various channels such as non-deal roadshows, investor conferences, results briefing, site visits and corporate website to disseminate information on the Sino Land's latest developments.

CHAIRMAN'S STATEMENT *(Continued)*

CUSTOMER SERVICE

Sino Land reaffirms its commitment 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, which are also environmentally friendly, are integral elements of its developments. Management continues to conduct regular reviews of its properties and where necessary makes improvements to maintain its reputation for the highest standards of quality and service.

Delivering high-quality customer service has long been one of the Sino Land's key business objectives. During the financial year 2009/2010, Sino Property Services received a number of awards from HKSAR Government and renowned organisations in recognition of its quality of service, management capability, contributions in community and charity services, and promotion of environmental protection. Sino Land will continue to make improvement in its quality of service so as to ensure customer satisfaction and enhance branding.

CORPORATE SOCIAL RESPONSIBILITY

As a committed corporate citizen, Sino Land has been actively involved in a range of community programmes, voluntary services, initiatives to promote environmental protection, art and cultural events, and staff welfare activities. Over the years, Sino Land has actively sponsored and participated in a wide array of charitable fund raising activities and it has been a longstanding supporter of a number of organisations serving the community and/or of charitable nature. In recognition of Sino Land's efforts in supporting voluntary community service, the Hong Kong Council of Social Service awarded Sino Land with a '5 Years Plus Caring Company Logo' for 2009/2010.

Sino Land recognises its role in protecting the environment. Efforts have constantly been made through various means to reduce wastage, decrease carbon emission, make use of sustainable materials and encourage recycling materials. On the property management side, environmental protection initiatives have been extended to a number of areas including landscaping and increasing the awareness of the residents and customers for protecting environment and nature conservation. Further, in response to the trend towards electric vehicles, electric vehicle chargers have been installed at some of Sino Land's flagship carparks and this project will be reviewed and expanded to cover more carparks.

Dedicated to promoting local art and culture and enriching the daily lives of Hong Kong people, Sino Land initiated 'Art in Hong Kong' in 2006. The programme organises art exhibitions and activities at various Sino Group properties. By providing local, Chinese and international artists and art groups more opportunities to showcase their visual, community and performing arts talents, Sino Group's 'Art in Hong Kong' programme aims to add vigour to a more creative and culturally vibrant Hong Kong. In recognition of Sino Land's contribution to the development of local arts, the Hong Kong Arts Development Council honoured Sino Land with the annual 'Award for Arts Sponsorship' for the second consecutive year, and the 'Award for Arts Promotion' for the first time.

CHAIRMAN'S STATEMENT *(Continued)*

CORPORATE SOCIAL RESPONSIBILITY *(Continued)*

Human capital is an important asset for Sino Land. Sino Land continues to recruit graduates of high potential and provide professional development and personal growth opportunities to enable individual staff members realise their full potential. Staff are encouraged to participate in various voluntary community service, recreational and sports events.

PROSPECTS

The world economy has been improving since the second half of 2009. Policy efforts around the world have been taking effect at varying degree. Monetary conditions remain accommodative with liquidity flowing into the financial system and helping to restore stability in the sector. Governments around the world have been closely monitoring their respective economic situations to ensure a sustainable recovery. Despite the occurrence of sovereign debt crisis in some countries in the Eurozone in the last quarter of 2009, the coordinated policy efforts by the governments of member states in the European Union and the support of intergovernmental organisations have helped the region to weather the difficult time.

The Central Government of PRC has also made tremendous efforts in steering domestic growth from an export-led model to a demand-led model and rebalancing the structure of the economy. Policy efforts since the last quarter of 2009 have largely focused on the domestic property market. These measures help ensure a healthy and sustainable property market. Corrections in terms of transaction volume and prices have been felt through the second quarter of 2010 confirming the effectiveness of measures taken to restore a more balanced growth to the property sector.

The Economic Cooperation Framework Agreement signed in Chongqing in June 2010 by the Mainland's Association for Relations Across the Taiwan Straits and Taiwan's Straits Exchange Foundation will gradually reduce and remove trade and investment barriers. This will facilitate greater trade flows and closer industrial integration between the Mainland and Taiwan, creating more business opportunities and benefiting both economies.

The economic growth of Hong Kong is evident by positive GDP growth for three consecutive quarters with an upward revised forecast in the range of 5% to 6% for the full year of 2010. Improving trade flows; salary increases and better bonuses as well as rising visitor arrivals starting in early 2010 have had a stimulating effect in the economy. Employment prospects have been improving with many industries and businesses planning to hire more people.

A fruitful year, 2010 has seen the property market reach a number of milestones that lay the foundation for better governance, and a more efficient and transparent market. The new guidelines introduced jointly by HKSAR Government and REDA for sales of residential properties help strengthen home-buyers' confidence. To sustain a balance in supply and demand, the land supply arrangements with the MTR Corporation Limited and the Urban Renewal Authority are being fine-tuned, and the pace to bring readily available residential sites from the existing Land Application List for 2010/2011 to the market for auction has been increased. The recent land auctions in Hong Kong have received overwhelming market responses. With low mortgage rates, strong liquidity in the banking sector, willingness of banks to lend for home purchases, continuing interest from Mainland buyers, demand for quality housing remains strong.

CHAIRMAN'S STATEMENT *(Continued)*

PROSPECTS *(Continued)*

On the finance sector side, to prepare for the implementation of the pilot scheme for the use of Renminbi in settling cross-border trade transactions between Mainland China and Hong Kong, a Memorandum of Co-operation has been signed by the Hong Kong Monetary Authority and People's Bank of China in July 2010. This will allow eligible enterprises to open Renminbi denominated bank accounts and will greatly facilitate Renminbi denominated transactions. It will also create considerable market opportunities for businesses involving China trade, industries with factories in Mainland China and property developments in the country. On the infrastructure development side, the high-speed Hong Kong section of the Express Rail Link connecting Mainland China's massive railway network, and the expected 2015/2016 opening of the Hong Kong-Zhuhai-Macau Bridge Hong Kong Link Road connecting major southern coastal cities in The Pearl River Delta Region, will also enhance regional accessibility and connectivity by engendering more efficient flows of traffic, goods and people. These massive developments will also increase employment across a wide range of professions and occupations.

With a further improvement in the global economic situation, Sino Land continues to be well positioned to seek business opportunities. Management will strive to optimise earnings, improve the quality of products and services, and enhance customer lifestyles, which will ultimately lead to better served customers. As Sino Land has a strong financial position with good liquidity, management will continue to deliver value for shareholders. Sino Land will maintain a policy of selectively and continuously replenishing its land bank both in Hong Kong and China, which will enable it to strengthen earnings and profitability. In terms of property development and property management, Sino Land will incorporate more environmentally friendly elements and initiatives in projects, such as measures to reduce carbon emissions so residents and tenants can enjoy a better environment and healthier lifestyles. The Directors are confident in the medium to long term prospects of the Group.

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, 2nd September, 2010

BIOGRAPHICAL DETAILS OF DIRECTORS & SENIOR MANAGEMENT

(I) EXECUTIVE DIRECTORS

Mr. Robert Ng Chee Siong, aged 58, an Executive Director since 1978 and Chairman of the Group since 1991, was called to the Bar in 1975. He has been actively engaged in property investment and development in Hong Kong during the last 34 years and is also the director of a number of subsidiaries and associated companies of the Company. Mr. Ng is the Chairman of Sino Land Company Limited (“Sino Land”), the subsidiary company of the Company, and the Chairman of Sino Hotels (Holdings) Limited (“Sino Hotels”). In addition, he is an Independent Non-Executive Director of The Hongkong and Shanghai Hotels, Limited, a Director of The Real Estate Developers Association of Hong Kong and a Member of the 11th National Committee of the Chinese People’s Political Consultative Conference. Mr. Ng is the father of Mr. Daryl Ng Win Kong, an Executive Director of the Company and the son of the substantial shareholder Mr. Ng Teng Fong (deceased).

Mr. Daryl Ng Win Kong, aged 32, an Executive Director of the Company since April 2005, holds a Bachelor of Arts Degree in Economics and a Master Degree of Science in Real Estate Development from Columbia University in New York. Mr. Ng first joined the Company as Executive (Development) in 2003. He is a director of a number of subsidiaries and associated companies of the Company and is an Executive Director of Sino Land and Sino Hotels. He is also an Independent Non-Executive Director of Blue Cross (Asia-Pacific) Insurance Limited and BEA Life Limited and a Director of Hong Kong Design Centre. He is a member of the Infrastructure Development Advisory Committee of the Hong Kong Trade Development Council, a General Committee member of The Chamber of Hong Kong Listed Companies, a member of the International Advisory Council of Columbia University in the City of New York, a member of the Tenth Sichuan Committee of Chinese People’s Political Consultative Conference, a Committee member of the Tenth and Eleventh All-China Youth Federation, a member of The Greater Pearl River Delta Business Council, a Trustee member of World Wide Fund for Nature Hong Kong, a Director of The Community Chest of Hong Kong and a Director of The Real Estate Developers Association of Hong Kong. He is the eldest son of the Chairman Mr. Robert Ng Chee Siong and the eldest grandson of the substantial shareholder Mr. Ng Teng Fong (deceased).

BIOGRAPHICAL DETAILS OF DIRECTORS & SENIOR MANAGEMENT *(Continued)*

(II) NON-EXECUTIVE DIRECTOR

The Honourable Ronald Joseph Arculli, GBM, CVO, GBS, OBE, JP, aged 71, has been a Director of the Company since 1994 and was re-designated from an Independent Non-Executive Director to a Non-Executive Director in July 2005. The Honourable Ronald Arculli through Arculli and Associates (July – December 2005) and since 1st January, 2006 through Ronald Arculli and Associates provides consultancy services to the Company. He is also a Non-Executive Director of Sino Land and Sino Hotels. The Honourable Ronald Arculli is the Independent Non-Executive Chairman of Hong Kong Exchanges and Clearing Limited. He has a long and distinguished record of public service on numerous government committees and advisory bodies. He was the Chairman of The Hong Kong Jockey Club from 2002 to August 2006. He is a practising solicitor and has served on the Legislative Council from 1988 to 2000. He is currently a non-official member of the Executive Council of The Hong Kong Special Administrative Region Government, the Chairman of the Honorary Advisory Committee of SVHK Foundation Limited, a member of the board of West Kowloon Cultural District Authority (“WKCDA”) and a member of the Consultation Panel appointed under WKCDA. The Honourable Ronald Arculli is an Independent Non-Executive Director of Hang Lung Properties Limited and SCMP Group Limited, and a Non-Executive Director of Hongkong Electric Holdings Ltd., Hutchison Harbour Ring Limited and HKR International Limited, all companies listed on The Stock Exchange of Hong Kong Limited. He was an Independent Non-Executive Director of Shanghai Century Acquisition Corporation, a company listed on the American Stock Exchange, from October 2005 to May 2008.

(III) INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Allan Zeman, GBS, JP, aged 62, an Independent Non-Executive Director of the Company since September 2004, is the holder of Honorary Doctor of Laws Degree from The University of Western Ontario, Canada. He is also an Independent Non-Executive Director of Sino Land. After spending more than 40 years in Hong Kong, Dr. Zeman has established many business interests in Hong Kong and overseas, ranging from property development, entertainment to public relations, in addition to having an interest in Li & Fung Limited, a company listed on The Stock Exchange of Hong Kong Limited. Dr. Zeman is the Chairman of Ocean Park, a major theme park in Hong Kong, and also the Chairman of Lan Kwai Fong Holdings Limited, the major ultimate property owner and developer in Lan Kwai Fong, one of Hong Kong’s most popular tourist destinations. Dr. Zeman is a member of the Tourism Strategy Group for the Hong Kong Tourism Commission, the Business Facilitation Advisory Committee, the Commission on Strategic Development to serve on Economic Development and Economic Cooperation with Mainland. Dr. Zeman serves as a board member on a number of public bodies in Hong Kong, including the Hong Kong Arts Festival, the Hong Kong Community Chest and West Kowloon Cultural District Authority. Dr. Zeman is a Director of The “Star” Ferry Company, Limited and an Independent Non-Executive Director of Pacific Century Premium Developments Limited and The Link Management Limited. Dr. Zeman is also on Board of Wynn, the prominent gaming company in Las Vegas and Macau, China. He is also a Non-Executive Director and Vice-Chairman of Wynn Macau, Limited, a company listed on The Stock Exchange of Hong Kong Limited.

BIOGRAPHICAL DETAILS OF DIRECTORS & SENIOR MANAGEMENT *(Continued)*

(III) INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

Mr. Adrian David Li Man-kiu, JP, aged 37, an Independent Non-Executive Director since April 2005, serves as the Deputy Chief Executive of The Bank of East Asia, Limited and is in charge of the overall management of the Bank's business in Hong Kong. He is also an Independent Non-Executive Director of Sino Land and Sino Hotels. Mr. Li is a member of the Ninth and Tenth Guangdong Provincial Committees of the Chinese People's Political Consultative Conference ("CPPCC"), PRC and was formerly a member of the Ninth and Tenth Guangzhou Committees of the CPPCC. He is also a member of the Ninth, Tenth and Eleventh Committees of the All-China Youth Federation, the Deputy Chairman of the Ninth Committee of the Beijing Youth Federation and a Counsellor of the Hong Kong United Youth Association. In addition, he is a Council Member of the Vocational Training Council and the Chairman of its Banking and Finance Industry Training Board, a Board Member of The Community Chest of Hong Kong, and a member of the Mandatory Provident Fund Industry Schemes Committee of the Mandatory Provident Fund Schemes Authority. He is currently an Independent Non-Executive Director of China State Construction International Holdings Limited and an Alternate Independent Non-Executive Director of San Miguel Brewery Hong Kong Limited. Further, he is an Alternate Non-Independent Non-Executive Director of AFFIN Holdings Berhad, a company which is listed on the main board of the Malaysia Stock Exchange. Mr. Li was formerly a Board Member of Ocean Park Corporation and an advisory board member of the Hong Kong Export Credit Insurance Corporation. Mr. Li holds a Master's Degree in Management from Kellogg Graduate School of Management, Northwestern University, Evanston, Illinois, US, and a Master of Arts Degree and a Bachelor of Arts Degree in Law from the University of Cambridge, UK. He is a member of The Law Society of England and Wales and The Law Society of Hong Kong.

Mr. Steven Ong Kay Eng, aged 64, an Independent Non-Executive Director since July 2005. He is also an Independent Non-Executive Director of Sino Hotels. He is a Director of Altrade Investments Pte. Ltd. in Singapore and a substantial shareholder of Hwa Hong Corporation Limited, which is listed on the main board of the Singapore Stock Exchange. Mr. Ong has been a veteran banker with extensive experience in banking and finance over 43 years. He was the General Manager and Country Head for American Express Bank in Singapore for nearly 10 years and also the Chief Representative and Country Manager in China for Banca Monte dei Paschi di Siena S.p.A. for 16 years. Mr. Ong remained as the Bank's advisor and consultant for 2 years after he left China in 2006 having resided in the country for over 16 years. He was the Chairman of Foreign Bankers' Association in Beijing, People's Republic of China from 1999 to 2000.

(IV) SENIOR MANAGEMENT

Various businesses and functions of the Company are respectively under the direct responsibilities of the Executive Directors who are regarded as senior management of the Company.

CORPORATE GOVERNANCE REPORT

The Board of Directors (the “Board”) is committed to providing effective management and sound control of the Company for maximizing the shareholders’ value. The corporate governance principles of the Company emphasize the attainment and maintenance of a high standard of corporate governance practices and procedures, a quality Board, sound internal controls and high transparency and accountability to the shareholders. The Company has adopted its own Code on Corporate Governance Practices and has complied with all 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”) (the “Code”) except that there was no separation of the roles of the chairman and the chief executive officer. The corporate governance practices of the Company in compliance with the Code during the financial year ended 30th June, 2010 with explanation of the abovementioned deviation are set out below in this report.

CORPORATE GOVERNANCE PRACTICES

DIRECTORS

Corporate Governance Principle

The Board is charged with providing overall leadership and control for the Group in an effective and responsible manner with a view to maximizing the financial performance of the Company and the shareholders’ value. The Board makes decisions on business strategies and corporate governance practices, sets the Group’s objectives, value and standards and oversees and monitors the management performance within the control and delegation framework of the Company. These include the Company’s financial statements, dividend policy, any significant changes in accounting policy, adoption of corporate governance practices and procedures and risk management strategies.

Board Composition

The current Board composes of two Executive Directors including the Chairman of the Board, one Non-Executive Director and three Independent Non-Executive Directors.

The Board members are:

Executive Directors

Mr. Robert Ng Chee Siong (*Chairman*)

Mr. Daryl Ng Win Kong

Non-Executive Director

The Honourable Ronald Joseph Arculli, GBM, CVO, GBS, OBE, JP

Independent Non-Executive Directors

Dr. Allan Zeman, GBS, JP

Mr. Adrian David Li Man-kiu, JP

Mr. Steven Ong Kay Eng

Biographical details of the Directors and their relationships, where applicable, are contained on pages 20 to 22 “Biographical Details of Directors & Senior Management”.

CORPORATE GOVERNANCE REPORT *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

DIRECTORS *(Continued)*

Division of Responsibilities

The Chairman of the Board provides leadership to the Board and undertakes both the roles of chairman and chief executive officer. The Executive Directors constituting the senior management of the Company are delegated with responsibilities in the day-to-day management of the Company and make operational and business decisions within the control and delegation framework of the Company.

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 found that the current arrangement had worked effectively in enabling it to discharge its responsibilities satisfactorily. In addition, the three Independent Non-Executive Directors have contributed valuable views and proposals for the Board's deliberation and decisions. The Board will review the management structure regularly to ensure it continues to meet these objectives and is in line with the industry practices.

Board Meetings

The Board holds at least four regular meetings a year which are scheduled at the beginning of the year and will meet more frequently as and when required. During the financial year ended 30th June, 2010, the Board had held four meetings and the attendance records of the Directors are set out on page 29.

Directors' Appointment, Re-election and Removal

All Non-Executive Directors have entered into letters of appointment with the Company for a specific term of three years. All Directors are subject to retirement from office by rotation and re-election at the annual general meeting once every three years in accordance with the Company's articles of association.

The rotating Directors who are subject to retirement and re-election at the 2010 annual general meeting are set out on page 31.

The Company has not established a nomination committee. The Board is collectively responsible for appointing new Directors either to fill causal vacancies or as additional Board members. The Board is empowered under the Company's articles of association to appoint any person as a Director either to fill a causal vacancy or as an additional Board member. Only the most suitable candidates who are experienced and competent and able to fulfill the fiduciary duties and duties of skill, care and diligence would be selected for directorship.

In accordance with the Company's articles of association, new appointments to the Board are subject to re-election by shareholders of the Company at the next following annual general meeting.

The structure, size and composition of the Board will be reviewed from time to time to ensure that the Board has a balanced skill and expertise for providing effective leadership to the Company.

CORPORATE GOVERNANCE REPORT *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

DIRECTORS *(Continued)*

Confirmation of Independence

The independence of the Independent Non-Executive Directors were assessed in accordance with the applicable Listing Rules. Each of the Independent Non-Executive Directors has provided an annual written confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all the Independent Non-Executive Directors meet the guidelines for assessing independence as set out in Rule 3.13 of the Listing Rules and are independent.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Emolument Policy

The Company's emolument policy is to ensure that the remuneration offered to employees including Executive Directors and senior management is based on the skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of Executive Directors are also determined by reference to the Company's performance and profitability, the prevailing market conditions and the performance or contribution of each Director. The emolument policy for Non-Executive Directors is to ensure that the Non-Executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in the Board Committees. Individual Director and senior management would not be involved in deciding their own remuneration.

Remuneration Committee

The Company established its Remuneration Committee on 23rd June, 2005 with written terms of reference. The Committee comprises three members with the Independent Non-Executive Directors constituting the majority of the Committee. The Chairman of the Committee is the Executive Director, Mr. Daryl Ng Win Kong and two other members are the Independent Non-Executive Directors, namely Dr. Allan Zeman, GBS, JP and Mr. Adrian David Li Man-kiu, JP.

The Remuneration Committee is responsible for, inter alia, making recommendations to the Board on the Company's emolument policy and structure for Directors and senior management and on the establishment of a formal and transparent procedure for developing such policy and structure. In arriving at its recommendations, the Committee will consult with the Chairman and take into consideration factors including but not limited to salaries paid by comparable companies, employment conditions elsewhere in the Company and its subsidiaries and desirability of performance-based remuneration. The Committee would meet at least annually to make recommendations to the Board on the Group's emolument policy including the remuneration of Directors and senior management.

CORPORATE GOVERNANCE REPORT *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

Remuneration Committee *(Continued)*

During the year, the Remuneration Committee has held one meeting, reviewed and endorsed the Company's existing emolument policy and reviewed the remuneration of Directors. No Director was involved in deciding his own remuneration at the meeting of the Committee. The attendance records of individual Committee members are set out on page 29.

The written terms of reference of the Remuneration Committee are available at the Company's website www.sino.com.

Details of the Directors' emoluments for the year are set out in Note 13 to the consolidated financial statements.

ACCOUNTABILITY AND AUDIT

Directors' Responsibilities for the Financial Statements

The Board is responsible for the preparation of the financial statements which should give a true and fair view of the state of affairs of the Group and of the results and cash flows for such reporting period. In preparing the financial statements, the Board has adopted generally accepted accounting standards in Hong Kong and suitable accounting policies and applied them consistently, made judgements and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis. The Board is responsible for ensuring that the Group keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group.

The Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the financial statements.

The auditor is responsible for auditing and reporting his opinion on the financial statements of the Group and the independent auditor's report for the financial year ended 30th June, 2010 is set out on page 47.

Internal Controls and Risk Management

The Board has the responsibility to ensure that the Company maintains sound and effective internal controls to safeguard the interest of the Company and its shareholders.

Based on a guidance (namely, Internal Control and Risk Management – A Basic Framework) issued by the Hong Kong Institute of Certified Public Accountants in June 2005, the Company has enhanced its internal control function by integrating thereto a comprehensive risk management framework which aims to provide reasonable assurance against material errors, losses or fraud. The concepts and practical procedures of the framework are spelled out in the Company's Guideline on Risk Management for the reference of all major business operations and departments to encourage a risk aware and control conscious environment throughout the Group.

CORPORATE GOVERNANCE REPORT *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

ACCOUNTABILITY AND AUDIT *(Continued)*

Internal Controls and Risk Management *(Continued)*

Under the Group's internal control and risk management framework, twice a year each major operation unit or department identifies major risks, assesses and evaluates the risks according to their likely impact and the likelihood of occurrence and develops effective control activities to mitigate the risks. The results of such risks assessment, evaluation and mitigation of each operation unit or department are summarized in a standard and consistent manner for the Internal Audit Department's review. Depending on the nature and exposure of the risks of individual operation units or departments, the Internal Audit Department performs further operational and financial reviews, makes recurring and impromptu site investigations on selected risk areas to ensure the effectiveness of the control activities developed by the relevant operation units or departments. The findings by the Internal Audit Department on the weaknesses of control activities are communicated with the operation units or departments concerned. Relevant control activities are enhanced and post-audit reviews are conducted, where appropriate. The Internal Audit Department's review has also considered the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget. In addition, the external auditor Deloitte Touche Tohmatsu has also carried out certain procedures in relation to the qualifications of the staff of the Company's accounting and financial reporting function. The Internal Audit Department summarizes the results and reports to the Audit Committee, which reports to the Board.

During the year, the Board through the Audit Committee reviewed the appraisal performed by the Internal Audit Department on the Company's systems of internal controls and risk management, including the adequacy of resources, qualifications and experiences of staff of the Company's accounting and financial reporting function, and their training programmes and budget. The Board was satisfied that the systems are effective and adequate for their purposes.

Audit Committee

The Company set up its Audit Committee on 23rd September, 1998 with written terms of reference. The Committee reports to the Board and has held regular meetings since its establishment to review and make recommendations to improve the Group's financial reporting process and to ensure that management has discharged its duty to have effective financial controls, internal controls and risk management systems. The Committee comprises Mr. Adrian David Li Man-kiu, JP (Committee Chairman), Dr. Allan Zeman, GBS, JP and Mr. Steven Ong Kay Eng, all of whom are Independent Non-Executive Directors. During the year, the Committee had held four meetings to review the 2009 annual report and accounts, the 2009/2010 interim report and accounts, the internal audit reports on the internal controls and risk management matters and the Compliance Committee reports on the Listing Rules compliance matters of the Company and reported all such relevant matters to the Board.

CORPORATE GOVERNANCE REPORT *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

ACCOUNTABILITY AND AUDIT *(Continued)*

Audit Committee *(Continued)*

The Audit Committee has reviewed the accounting policies and practices adopted by the Company and the annual report for the financial year ended 30th June, 2010. The attendance records of individual Committee member are set out on page 29.

The written terms of reference of the Audit Committee are available at the Company's website www.sino.com.

Compliance Committee

The Company set up its Compliance Committee on 30th August, 2004 with written terms of reference to enhance the corporate governance of the Group. The Committee has dual reporting lines. A principal reporting line is to the Board through the Committee Chairman. A secondary reporting line is to the Audit Committee. The existing Committee comprises the Executive Director Mr. Daryl Ng Win Kong (Committee Chairman), the other Executive Directors, the two respective Heads of Legal and Company Secretarial Departments, Group General Manager (Hotel), the Chief Financial Officer, Head of Internal Audit Department, department heads and the Compliance Officer. The Committee holds bi-monthly regular meetings to review and make recommendations to the Board and the Audit Committee on the Group's corporate governance issues and Listing Rules compliance matters.

Codes for Dealing in the Company's Securities

The Company has adopted its code for dealing in the Company's securities by Directors (the "Company Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules. The Company has made specific enquiries of all Directors who confirmed compliance with the required standard set out in the Company Code during the year ended 30th June, 2010.

The Company has also adopted a code for dealing in the Company's securities by relevant employees, who are likely to be in possession of unpublished price-sensitive information in relation to the securities of the Company, on no less exacting terms than the Model Code.

Auditors' Remuneration

The fees in respect of audit and non-audit services provided to the Company and its subsidiaries by the auditors for the year ended 30th June, 2010 amounted to HK\$4,526,891 and HK\$974,015 respectively. The non-audit services mainly consist of taxation, review and other reporting services.

CORPORATE GOVERNANCE REPORT *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

COMMUNICATION WITH SHAREHOLDERS

Timely Performance Information

The Board is committed to providing clear performance information of the Company to the investors through timely publication of interim and annual results and reports. Copies of the annual reports and interim reports of the Company are distributed to its shareholders in accordance with statutory and regulatory requirements and also to interested parties recorded in the Company's mailing lists. The publications of the Company, including financial reports, circulars and announcements, are also available for download from the Company's corporate website. The corporate website is another channel through which the Company provides up-to-date key information of the Group to its shareholders.

Annual General Meeting

The Board strives to maintain an on-going dialogue with the shareholders of the Company and use annual general meeting as one of the principal channels for communicating with the shareholders. At the annual general meeting, each substantially separate issue will be considered by a separate resolution, including the election of individual directors. The Chairmen of the Board and the respective Board Committees usually attend annual general meetings to inter-face with and answer questions from the shareholders. The procedures for voting by poll at the annual general meeting are contained in the circular to the shareholders which is dispatched together with the annual report.

Directors' Attendance Records

for meetings held during the financial year ended 30th June, 2010

Name of Directors	Number of meetings attended/held		
	Board	Audit Committee	Remuneration Committee
Mr. Robert Ng Chee Siong	4/4	–	–
The Honourable Ronald Joseph Arculli, GBM, CVO, GBS, OBE, JP	4/4	–	–
Dr. Allan Zeman, GBS, JP	3/4	2/4	1/1
Mr. Adrian David Li Man-kiu, JP	4/4	4/4	1/1
Mr. Steven Ong Kay Eng	4/4	4/4	–
Mr. Daryl Ng Win Kong	4/4	–	1/1

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Company for the year ended 30th June, 2010.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in Note 51 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 48.

An interim dividend of HK10 cents per share amounting to HK\$9,128,741 by way of cash dividends and HK\$138,598,308 by way of scrip alternatives were paid to the shareholders during the year. The Directors now recommend the payment of a final dividend of HK30 cents per share to the shareholders on the Register of Members on 28th October, 2010, amounting to HK\$444,692,031.

INVESTMENT PROPERTIES

During the year, the Group acquired investment properties of HK\$581,139,190, incurred construction cost on investment properties under construction of HK\$194,930,405 and renovation cost on investment properties of HK\$27,884,068, disposed of investment properties of HK\$8,352,279, and also transferred from properties under development of HK\$383,819,266 to investment properties. The Group revalued all its investment properties at the end of reporting period and the increase in fair value of the investment properties amounting to HK\$2,562,741,141 has been credited directly to the consolidated income statement.

Details of these and other movements during the year in the investment properties of the Group are set out in Note 18 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Company and the Group are set out in Note 20 to the consolidated financial statements.

MAJOR PROPERTIES

Details of the major properties of the Group at 30th June, 2010 are set out on pages 148 to 166.

SUBSIDIARIES AND ASSOCIATES

Details of the Company's principal subsidiaries and associates at 30th June, 2010 are set out in Notes 51 and 52 to the consolidated financial statements, respectively.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in Note 36 to the consolidated financial statements.

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

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

DIRECTORS' REPORT *(Continued)*

DISTRIBUTABLE RESERVE OF THE COMPANY

The Company's reserve available for distribution to shareholders as at 30th June, 2010 were the retained profits of HK\$829,891,001 (2009: HK\$601,946,452).

TREASURY, GROUP BORROWINGS AND INTEREST CAPITALISED

The Group maintains a prudent approach in its treasury management with foreign exchange exposure being kept at a minimal level and interest rates on a floating rate bases. Bank borrowings and other loans repayable on demand or within one year are classified as current liabilities. Repayment analysis of bank borrowings and other loans as at 30th June, 2010 are set out in Notes 34 and 35 to the consolidated financial statements.

Interest expenses capitalised by the Group during the year in respect of properties under development amounted to HK\$53,211,025.

DIRECTORS

The Directors of the Company during the year and up to the date of this report are:

Executive Directors

Mr. Robert Ng Chee Siong
Mr. Daryl Ng Win Kong
Mr. Raymond Tong Kwok Tung (resigned on 1st September, 2009)

Non-Executive Director

The Honourable Ronald Joseph Arculli, GBM, CVO, GBS, OBE, JP

Independent Non-Executive Directors

Dr. Allan Zeman, GBS, JP
Mr. Adrian David Li Man-kiu, JP
Mr. Steven Ong Kay Eng

In accordance with the provisions of the Company's Articles of Association and pursuant to Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), The Honourable Ronald Joseph Arculli, GBM, CVO, GBS, OBE, JP and Mr. Daryl Ng Win Kong will retire at the forthcoming Annual General Meeting and, who being eligible, will offer themselves for re-election.

DIRECTORS' REPORT (Continued)

DIRECTORS' INTERESTS

As at 30th June, 2010, the interests and short positions held by the Directors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

(a) Long Positions in Shares of the Company

Name of Directors	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Mr. Robert Ng Chee Siong	573,036	Beneficial owner	0.03%
The Honourable Ronald Joseph Arculli, GBM, CVO, GBS, OBE, JP	60,000	Beneficial owner	≈0%
Dr. Allan Zeman, GBS, JP	-	-	-
Mr. Adrian David Li Man-kiu, JP	-	-	-
Mr. Steven Ong Kay Eng	-	-	-
Mr. Daryl Ng Win Kong	-	-	-

(b) Long Positions in Shares of Associated Corporations

(i) Subsidiary Company

Sino Land Company Limited

Name of Directors	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Mr. Robert Ng Chee Siong	3,092,079	Beneficial owner of 138,060 shares and spouse interest in 2,954,019 shares	0.06%
The Honourable Ronald Joseph Arculli, GBM, CVO, GBS, OBE, JP	1,044,095	Beneficial owner	0.02%
Dr. Allan Zeman, GBS, JP	-	-	-
Mr. Adrian David Li Man-kiu, JP	-	-	-
Mr. Steven Ong Kay Eng	-	-	-
Mr. Daryl Ng Win Kong	79,141	Beneficial owner	≈0%

DIRECTORS' REPORT (Continued)

DIRECTORS' INTERESTS (Continued)

(b) Long Positions in Shares of Associated Corporations (Continued)

(ii) Associated Companies

Mr. Robert Ng Chee Siong was deemed to be interested in shares of the following companies through corporations controlled by him:

Name of Associated Companies	Number of Ordinary Shares	% of Issued Share Capital
Better Chief Limited	50 (Notes 1 and 2)	50%
Brighton Land Investment Limited	1,000,002 (Notes 1 and 3)	100%
Dramstar Company Limited	440 (Notes 1 and 4)	44%
Empire Funds Limited	1 (Notes 1 and 5)	50%
Erleigh Investment Limited	110 (Notes 1 and 5)	55%
Eternal Honest Finance Company Limited	1 (Notes 1 and 5)	50%
Famous Empire Finance Limited	5 (Notes 1 and 6)	50%
Famous Empire Properties Limited	5,000 (Notes 1 and 6)	50%
FHR International Limited	1 (Note 7)	33.33%
Island Resort Estate Management Company Limited	10 (Notes 1 and 5)	50%
Jade Result Limited	500,000 (Notes 1 and 5)	50%
Jumbo Funds Limited	1 (Notes 1 and 8)	50%
Murdoch Investments Inc.	2 (Notes 1 and 3)	100%
Real Maker Development Limited	20,000 (Notes 1 and 9)	10%
Rich Century Investment Limited	500,000 (Notes 1 and 5)	50%
Silver Link Investment Limited	10 (Notes 1 and 5)	50%
Sino Club Limited	2 (Note 10)	100%
Sino Parking Services Limited	450,000 (Note 11)	50%
Sino Real Estate Agency Limited	50,000 (Note 11)	50%

Notes:

1. Osborne Investments Ltd. ("Osborne") was a wholly-owned subsidiary of Seaview Assets Limited which was in turn 100% owned by Boswell Holdings Limited in which Mr. Robert Ng Chee Siong had a 50% control.
2. The shares were held by Devlin Limited, a wholly-owned subsidiary of Osborne.
3. The shares were held by Erleigh Investment Limited, a company 55% controlled by Osborne.
4. The shares were held by Jade Result Limited, a company 50% controlled by Osborne.

DIRECTORS' REPORT *(Continued)*

DIRECTORS' INTERESTS *(Continued)*

(b) Long Positions in Shares of Associated Corporations *(Continued)*

(ii) Associated Companies *(Continued)*

Notes: (Continued)

5. *The share(s) was(were) held by Osborne.*
6. *The shares were held by Standard City Limited, a wholly-owned subsidiary of Osborne.*
7. *The share was held by Smart Link Limited in which Mr. Robert Ng Chee Siong had a 100% control.*
8. *The share was held by Pure Win Company Limited, a wholly-owned subsidiary of Osborne.*
9. *The shares were held by Goegan Godown Limited, a wholly-owned subsidiary of Osborne.*
10. *The shares were held by Sino Real Estate Agency Limited, a company 50% controlled by Deansky Investments Limited in which Mr. Robert Ng Chee Siong had a 100% control.*
11. *The shares were held by Deansky Investments Limited.*

Save as disclosed above, as at 30th June, 2010, none of the Directors had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations which were recorded in the register required to be kept by the Company under Section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEMES

The Company and its subsidiaries have no share option schemes.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its holding company, any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REPORT *(Continued)*

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Pursuant to Rule 8.10 of the Listing Rules, the Company discloses that during the year, the following current Directors held share interests and/or directorships in companies engaged in businesses which compete or likely to compete, either directly or indirectly, with the businesses of the Group:

Mr. Robert Ng Chee Siong and Mr. Daryl Ng Win Kong held share interests and directorships in companies of the Ng Family (including the late Mr. Ng Teng Fong and his estate, Mr. Robert Ng Chee Siong and their respective associates) which engage in businesses of property investment, development and management and hotel operation.

The Honourable Ronald Joseph Arculli, GBM, CVO, GBS, OBE, JP, is an Independent Non-Executive Director of Hang Lung Properties Limited, Non-Executive Director of HKR International Limited and Hutchison Harbour Ring Limited, which engage in businesses of property investment, development and management and/or hotel operation respectively.

As the Board of Directors of the Company is independent of the boards of the aforesaid companies and maintains three Independent Non-Executive Directors, the Group operates its businesses independently of, and at arm's length from, the businesses of the aforesaid companies.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Apart from the transactions disclosed under the heading "Related Party Disclosures" as set out in Note 50 to the consolidated financial statements, there were no other contracts of significance in relation to the Group's business, to which the Company, its holding company, any of its subsidiaries or fellow subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisting at the end of the year or at any time during the year.

SERVICE CONTRACTS

None of the Directors of the Company has a service contract with the Company or any of its subsidiaries not determinable by the employing company within one year without payment of compensation (except for statutory compensation).

CONNECTED TRANSACTIONS

(A) Continuing Connected Transactions up to 30th June, 2010

The Company and Sino Land Company Limited ("Sino Land") jointly announced on 29th June, 2007 that the Group had entered into agreements on 28th June, 2007 ("Agreements" or individually "Agreement") relating to the following non-exempt continuing connected transactions between the Company and/or its subsidiaries and the Ng Family (including the late Mr. Ng Teng Fong and his estate, Mr. Robert Ng Chee Siong, and/or their respective associates) for the three financial years commencing from 1st July, 2007 and ended on 30th June, 2010 with annual caps fixed for each of the years. Particulars of the Agreements together with the total considerations for the year ended 30th June, 2010 are disclosed herein as required under the Listing Rules:

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

(A) Continuing Connected Transactions up to 30th June, 2010 *(Continued)*

(a) Building Cleaning Services

Party A: Best Result Cleaning Services Limited, a wholly-owned subsidiary of Sino Land

Party B: Ng Family

Nature of transactions: Provision of building cleaning services by the Group to properties developed or to be developed, owned or partly owned, or to be owned or partly owned by the Ng Family

Terms: A lump sum fee to be agreed between the parties which shall be determined by reference to cost plus a profit margin

Annual Cap: HK\$82 million

Total consideration for the year: HK\$44.98 million

(b) Car Park Management Services

Party A: Sino Parking Services Limited, a company held as to 50% by Sino Land and 50% by the Ng Family

Party B: The Group

Nature of transactions: Provision of car park management services by the Ng Family to properties developed or to be developed, or owned or to be owned by the Group

Terms: A lump sum fee to be agreed between the parties which shall be determined by reference to a rate of the total gross revenue generated from car parking operations in the properties managed by Sino Parking Services Limited pursuant to the Agreement

Annual Cap: HK\$20 million

Total consideration for the year: HK\$18.44 million

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

(A) Continuing Connected Transactions up to 30th June, 2010 *(Continued)*

(c) Estate Management and General Administrative Services

Party A: Sino Estates Management Limited, a wholly-owned subsidiary of Sino Land

Party B: Ng Family

Nature of transactions: Provision of estate management, life style services, home maintenance services, courtesy services and general administrative services by the Group to properties developed or to be developed, owned or partly owned, or to be owned or partly owned by the Ng Family

Terms: A lump sum fee to be agreed between the parties which shall be a fixed sum or determined by reference to a rate of the management expenditure as shown in the annual budget of or actually incurred by the Ng Family in respect of the properties managed by Sino Estates Management Limited pursuant to the Agreement

Annual Cap: HK\$40 million

Total consideration for the year: HK\$21.31 million

(d) Security Guard Services

Party A: Sino Security Services Limited, a wholly-owned subsidiary of Sino Land

Party B: Ng Family

Nature of transactions: Provision of security guard services by the Group to properties developed or to be developed, owned or partly owned, or to be owned or partly owned by the Ng Family

Terms: A lump sum fee to be agreed between the parties which shall be determined by reference to cost plus a profit margin

Annual Cap: HK\$80 million

Total consideration for the year: HK\$53.87 million

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

(A) Continuing Connected Transactions up to 30th June, 2010 *(Continued)*

(e) Lease of Premises

Party A:	The Group
Party B:	Ng Family
Nature of transactions:	Lease of premises by: <ul style="list-style-type: none">(i) the Group of properties owned or to be owned by the Ng Family(ii) the Ng Family of properties owned or to be owned by the Group
Terms:	A lump sum rent exclusive of rates and management fees to be agreed between the parties which shall be determined by reference to the prevailing market rent of the particular premises
Annual Cap:	HK\$54 million, comprising: <ul style="list-style-type: none">(i) lease of premises by the Group – HK\$53 million; and(ii) lease of premises by the Ng Family – HK\$1 million.
Total consideration for the year:	HK\$42.12 million, comprising: <ul style="list-style-type: none">(i) lease of premises by the Group – HK\$40.83 million; and(ii) lease of premises by the Ng Family – HK\$1.29 million.

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

(A) **Continuing Connected Transactions up to 30th June, 2010** *(Continued)*

Basis of the abovementioned annual caps was by reference to the nature and value of these transactions for the three years ended 30th June, 2007, the existing scale and operations of the business, the anticipated development and growth of such businesses and changes of general economic conditions for the next three years, which management deemed reasonable.

The Ng Family and its associates are connected persons of the Company and its subsidiary Sino Land by virtue of the Ng Family being the substantial shareholder of the Company and therefore the above transactions constituted continuing connected transactions of the Company pursuant to the Listing Rules.

The Group is one of Hong Kong's leading property management services providers, which provides services including building cleaning services, car park management services, estate management services, security guard services and other services. The Board of Directors considered that the above continuing connected transactions were consistent with the business and commercial objectives of the Group and further strengthened the footholds of the Group in the provision of property management services in Hong Kong.

During the year, the above continuing connected transactions were carried out within their respective annual caps (except in respect of the lease of premises by the Ng Family in the aggregate sum of HK\$1.29 million which has exceeded the annual cap of HK\$1 million but was below the de minimis percentage ratios under the Listing Rules and was therefore not required to re-comply with the reporting, announcement or independent shareholders' approval requirements under the Listing Rules). The Independent Non-Executive Directors have reviewed and confirmed that during the year, the above continuing connected transactions were all conducted and entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms (on arm's length basis or on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties);
- (iii) in accordance with the relevant agreements governing such transactions (save as disclosed above); and
- (iv) on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

(A) **Continuing Connected Transactions up to 30th June, 2010** *(Continued)*

The auditor of the Company has provided a letter to the Board of Directors of the Company confirming that the above continuing connected transactions:

- (i) have received the approval of the Board of Directors of the Company;
- (ii) have been entered into in accordance with the pricing policies of the Group;
- (iii) have been entered into in accordance with the terms of the relevant agreements governing the transactions (save as disclosed below); and
- (iv) have not exceeded the respective annual caps as disclosed in the relevant announcement except in respect of the lease of premises by the Ng Family in the aggregate sum of HK\$1.29 million which has exceeded the annual cap of HK\$1 million but was below the de minimis percentage ratios under the Listing Rules and was therefore not required to re-comply with the reporting, announcement or independent shareholders' approval requirements under the Listing Rules.

(B) **Renewal of Continuing Connected Transactions**

Reference is made to the continuing connected transactions mentioned in section (A) above. The Agreements expired on 30th June, 2010 and the continuing connected transactions were carried out upon the terms set out therein. New agreements ("New Agreements" or individually "New Agreement") were entered into on 24th June, 2010 to continue such continuing connected transactions, with certain amendments made to the previous terms including the scope of the services to be provided, for a term of three years commencing from 1st July, 2010 and ending on 30th June, 2013 with annual caps fixed for each of these years. Particulars of the New Agreements are disclosed herein:

DIRECTORS' REPORT (Continued)

CONNECTED TRANSACTIONS (Continued)

(B) Renewal of Continuing Connected Transactions (Continued)

(a) Building Cleaning Services

Party A:	Best Result Cleaning Services Limited, a wholly-owned subsidiary of Sino Land
Party B:	Ng Family
Nature of transactions:	Provision of building cleaning services and cleaning consultancy services by the Group to properties developed or to be developed, owned or partly owned, or to be owned or partly owned by the Ng Family
Terms:	A lump sum fee to be agreed between the parties which shall be determined by reference to cost plus a profit margin
Annual Cap:	HK\$90 million

(b) Car Park Management Services

Party A:	Sino Parking Services Limited, a company held as to 50% by Sino Land and 50% by the Ng Family
Party B:	The Group
Nature of transactions:	Provision of car park management services by the Ng Family to properties developed or to be developed, or owned or to be owned by the Group
Terms:	A lump sum fee to be agreed between the parties which shall be determined by reference to a rate of the total gross revenue generated from car parking operations in the properties managed by Sino Parking Services Limited pursuant to the New Agreement
Annual Cap:	HK\$34 million

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

(B) **Renewal of Continuing Connected Transactions** *(Continued)*

(c) **Estate Management and General Administrative Services**

Party A: Sino Estates Management Limited, a wholly-owned subsidiary of Sino Land

Party B: Ng Family

Nature of transactions: Provision of estate management, life style services, home maintenance services, courtesy services and general administrative services by the Group to properties developed or to be developed, owned or partly owned, or to be owned or partly owned by the Ng Family

Terms: A lump sum fee to be agreed between the parties which shall be a fixed sum or determined by reference to a rate of the management expenditure as shown in the annual budget of or actually incurred by the Ng Family in respect of the properties managed by Sino Estates Management Limited pursuant to the New Agreement

Annual Cap: HK\$41 million

(d) **Security Guard Services**

Party A: Sino Security Services Limited, a wholly-owned subsidiary of Sino Land

Party B: Ng Family

Nature of transactions: Provision of security guard services by the Group to properties developed or to be developed, owned or partly owned, or to be owned or partly owned by the Ng Family

Terms: A lump sum fee to be agreed between the parties which shall be determined by reference to cost plus a profit margin

Annual Cap: HK\$86 million

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

(B) **Renewal of Continuing Connected Transactions** *(Continued)*

(e) **Lease of Premises**

Party A:	The Group
Party B:	Ng Family
Nature of transactions:	Lease of premises by: <ul style="list-style-type: none">(i) the Group of properties owned or to be owned by the Ng Family(ii) the Ng Family of properties owned or to be owned by the Group
Terms:	A lump sum rent exclusive of rates and management fees to be agreed between the parties which shall be determined by reference to the prevailing market rent of the particular premises
Annual Cap:	<ul style="list-style-type: none">(i) HK\$75.6 million, comprising:<ul style="list-style-type: none">(a) HK\$72 million for lease of premises by the Group; and(b) HK\$3.6 million for lease of premises by the Ng Family,for the period from 1st July, 2010 to 30th June, 2011;(ii) HK\$84 million, comprising:<ul style="list-style-type: none">(a) HK\$80.4 million for lease of premises by the Group; and(b) HK\$3.6 million for lease of premises by the Ng Family,for the period from 1st July, 2011 to 30th June, 2012; and(iii) HK\$94.8 million, comprising:<ul style="list-style-type: none">(a) HK\$91.2 million for lease of premises by the Group; and(b) HK\$3.6 million for lease of premises by the Ng Family,for the period from 1st July, 2012 to 30th June, 2013.

Basis of the abovementioned annual caps was by reference to the nature and value of these transactions for the three years ended 30th June, 2010, the existing scale and operations of the business, the anticipated development and growth of such businesses and changes of general economic conditions for the next three years, which management deemed reasonable.

CONNECTED TRANSACTIONS *(Continued)*

(C) **Provision of Corporate Guarantee Constituting Connected Transaction of the Company during the year**

The Company and Sino Land jointly announced on 20th April, 2010 that Sino Land and Boswell Holdings Limited ("Boswell", a company controlled by the Ng Family) (amongst others) executed a supplement to security documents to extend the corporate guarantee in favour of the lenders, pursuant to which Sino Land and Boswell respectively guaranteed (on a several, pro rata and pari passu basis) 20% and 80% of the obligations of Cheer City Properties Limited (the "Cheer City") under the loan facility which has been increased by the additional loan amount of HK\$603 million to HK\$3,000 million (the "Loan Facility"). The additional loan amount will be provided until 36 months from 20th April, 2010, the same as for the original loan amount under the Loan facility, as additional general working capital for Cheer City. As a condition for the provision of the additional loan amount under the Loan Facility, the share charge previously provided by Dragon Fortune Limited, an indirect wholly-owned subsidiary of Sino Land and a direct shareholder of Cheer City, in favour of the lenders was also extended to secure 20% of the obligations of Cheer City under the Loan Facility as increased by the additional loan amount.

The Ng Family and its associates are connected persons of the Company by virtue of it being a substantial shareholder of the Company. Cheer City is a company in which the Ng Family controls 30% or more of the voting rights. Accordingly, it is an associate of the Ng Family and a connected person of the Company under the Listing Rules. The entering into and performance of the supplement to security documents in respect of the corporate guarantee and the share charge by Sino Land, a subsidiary of the Company, constituted a connected transaction of the Company under Rule 14A.13(3) of the Listing Rules before the Listing Rules amendments effective on 3rd June, 2010.

Full details of the above connected transactions are set out in the respective announcements and available in the Company's corporate website, www.sino.com.

Details of other related party transactions are set out in Note 50 to the consolidated financial statements.

DIRECTORS' REPORT *(Continued)*

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

As at 30th June, 2010, the interests and short positions of the substantial shareholders and other shareholders in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of Part XV of the SFO were as follows:

Long Positions in Shares of the Company

Name of Substantial Shareholders	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Mr. Ng Teng Fong*	1,066,531,216 <i>(Notes 1 and 2)</i>	Beneficial owner of 84,168,153 shares, spouse interest in 66,071 shares and interest of controlled corporations in 982,296,992 shares	71.95%
Tamworth Investment Limited	404,952,273 <i>(Note 2)</i>	Beneficial owner	27.31%
Strathallan Investment Limited	271,366,335 <i>(Note 2)</i>	Beneficial owner	18.30%
Name of Other Shareholders	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Nippomo Limited	137,974,264 <i>(Note 2)</i>	Beneficial owner	9.30%
Fanlight Investment Limited	101,815,065 <i>(Note 2)</i>	Beneficial owner	6.86%
Solid Capital Holdings Limited	87,309,716 <i>(Note 3)</i>	Security interest in 87,247,272 shares and beneficial owner of 62,444 shares	5.89%

Notes:

- 982,296,992 shares were held through companies which were 100% controlled by Mr. Ng Teng Fong – 101,815,065 shares by Fanlight Investment Limited, 137,974,264 shares by Nippomo Limited, 3,170,510 shares by Orient Creation Limited, 271,366,335 shares by Strathallan Investment Limited, 404,952,273 shares by Tamworth Investment Limited and 63,018,545 shares by Transpire Investment Limited.
 - The interests of Tamworth Investment Limited, Strathallan Investment Limited, Nippomo Limited and Fanlight Investment Limited were duplicated in the interests of Mr. Ng Teng Fong.
 - 3,325 shares were held by Meadow Gate Company Limited which is 70% controlled by Solid Capital Holdings Limited.
- * “Mr. Ng Teng Fong” referred to Mr. Ng Teng Fong (estate of Mr. Ng Teng Fong).

DIRECTORS' REPORT *(Continued)*

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS *(Continued)*

Long Positions in Shares of the Company *(Continued)*

Save as disclosed above and so far as the Directors of the Company are aware, as at 30th June, 2010, no other person had an interest or short position in the shares and underlying shares of the Company which were recorded in the register required to be kept under Section 336 of the SFO, or was otherwise a substantial shareholder of the Company.

DONATIONS

During the year, the Group made charitable and other donations amounting to approximately HK\$3,161,000.

MAJOR SUPPLIERS AND CUSTOMERS

The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 59% of the Group's total purchases and the purchases attributable to the Group's largest supplier was approximately 25% of the Group's total purchases.

The percentage of sales attributable to the Group's five largest customers is less than 30% of the Group's total sales for the year.

At no time during the year did the Directors, their associates or any shareholders of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had an interest in the share capital of any of the Group's five largest suppliers.

CORPORATE GOVERNANCE

The corporate governance report is set out on pages 23 to 29.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

AUDITOR

A resolution will be submitted to the Annual General Meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
Robert NG Chee Siong
Chairman

Hong Kong, 2nd September, 2010

INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF TSIM SHA TSUI PROPERTIES LIMITED

尖沙咀置業集團有限公司

(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Tsim Sha Tsui Properties Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 48 to 146, which comprise the Group's and the Company's statements of financial position as at 30th June, 2010 and the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Companies Ordinance. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Group's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30th June, 2010 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
2nd September, 2010

CONSOLIDATED INCOME STATEMENT

For the year ended 30th June, 2010

	NOTES	2010 HK\$	2009 HK\$
Turnover	7	7,776,569,089	9,783,329,056
Cost of sales		(2,261,293,907)	(3,417,931,581)
Direct expenses		(1,382,654,913)	(1,309,369,142)
Gross profit		4,132,620,269	5,056,028,333
Increase in fair value of investment properties	18	2,562,741,141	693,831,676
Other income		254,285,478	114,291,457
Fair value gain on non-current interest-free unsecured other loans		64,990,283	91,399,403
Gain (loss) on disposal of available-for-sale investments		4,538,434	(25,097,108)
Gain (loss) arising from change in fair value of trading securities		36,038,453	(342,860,295)
Gain on disposal of trading securities		160,401,999	–
Impairment loss on available-for-sale investments		–	(190,000,000)
Other gains and losses	21	–	149,281,961
Administrative expenses		(615,687,726)	(732,705,442)
Finance income	9	138,954,901	226,307,034
Finance costs	10	(312,733,078)	(605,372,041)
Finance costs net of finance income		(173,778,177)	(379,065,007)
Share of results of associates	11	904,972,687	(31,476,405)
Profit before taxation	12	7,331,122,841	4,403,628,573
Income tax expense	15	(989,952,779)	(684,435,463)
Profit for the year		6,341,170,062	3,719,193,110
Attributable to:			
Owners of the Company		3,287,255,658	1,818,627,113
Non-controlling interests		3,053,914,404	1,900,565,997
		6,341,170,062	3,719,193,110
Earnings per share	17		
Basic		223.01 cents	124.64 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30th June, 2010

	2010 HK\$	2009 HK\$
Profit for the year	<u>6,341,170,062</u>	<u>3,719,193,110</u>
Other comprehensive income (expense)		
Gain (loss) on fair value changes of available-for-sale investments	96,759,062	(346,929,110)
Exchange differences arising on translation of foreign operations to presentation currency	127,414,313	(110,894,530)
Impairment loss on available-for-sale investments transferred to consolidated income statement	–	190,000,000
Reclassification adjustments upon disposal of available-for-sale investments	<u>(4,721,865)</u>	<u>24,921,186</u>
Other comprehensive income (expense) for the year	<u>219,451,510</u>	<u>(242,902,454)</u>
Total comprehensive income for the year	<u>6,560,621,572</u>	<u>3,476,290,656</u>
Total comprehensive income attributable to:		
Owners of the Company	3,397,913,634	1,688,240,724
Non-controlling interests	<u>3,162,707,938</u>	<u>1,788,049,932</u>
	<u>6,560,621,572</u>	<u>3,476,290,656</u>

STATEMENTS OF FINANCIAL POSITION

At 30th June, 2010

		THE COMPANY		THE GROUP	
	NOTES	2010 HK\$	2009 HK\$	2010 HK\$	2009 HK\$
Non-current assets					
Investment properties	18	–	–	41,327,376,460	37,557,672,042
Hotel properties	19	–	–	1,416,100,684	866,755,233
Property, plant and equipment	20	7,735	62,675	161,695,043	86,751,076
Goodwill	21	–	–	739,233,918	739,233,918
Prepaid lease payments – non-current	22	–	–	1,123,367,152	425,296,321
Subsidiaries	23	7,735,547,402	4,163,536,472	–	–
Associates	24	–	–	19,218,164,230	17,003,675,763
Jointly controlled entity	25	–	–	1,670,104,500	–
Available-for-sale investments	27	–	–	1,259,735,585	1,155,635,282
Advances to investee companies	28	–	–	17,632,820	18,114,871
Long-term loans receivable	29	–	–	43,899,373	63,540,544
		7,735,555,137	4,163,599,147	66,977,309,765	57,916,675,050
Current assets					
Properties under development	49	–	–	20,800,713,801	18,521,080,429
Stocks of completed properties		–	–	2,022,430,753	2,783,127,944
Hotel inventories		–	–	22,630,641	21,594,351
Prepaid lease payments – current	22	–	–	17,363,023	4,916,722
Trading securities	30	–	1,159,072	1,119,205,831	1,745,362,214
Amounts due from subsidiaries	23	–	3,200,688,908	–	–
Amounts due from associates	24	–	–	86,757,552	430,971,757
Accounts and other receivables	31	32,148	1,557	1,008,789,448	1,482,914,200
Current portion of long-term loans receivable	29	–	–	1,619,111	3,936,331
Taxation recoverable		–	–	115,946,793	144,414,012
Restricted bank deposits	32	–	–	372,604,974	364,430,266
Time deposits, bank balances and cash	32	122,635,000	28,599,186	4,620,377,490	7,829,850,333
		122,667,148	3,230,448,723	30,188,439,417	33,332,598,559
Current liabilities					
Accounts and other payables	33	2,280,496	2,079,742	3,530,617,792	4,575,185,579
Amounts due to associates	24	–	–	592,285,885	505,399,107
Taxation payable		–	–	997,147,314	788,472,934
Current portion of long-term bank borrowings	34	–	–	212,416,918	227,926,231
Bank loans					
– secured	34	–	43,000,000	6,262,896,494	7,968,796,853
– unsecured	34	–	–	200,000,000	1,198,662,306
Other loans					
– secured	35	–	446,772	13,371,976	593,745,181
– unsecured	35	–	–	147,074,915	53,956,405
Financial guarantee contracts – current	46	25,679,617	83,183,331	7,222,665	7,579,573
		27,960,113	128,709,845	11,963,033,959	15,919,724,169
Net current assets		94,707,035	3,101,738,878	18,225,405,458	17,412,874,390
Total assets less current liabilities		7,830,262,172	7,265,338,025	85,202,715,223	75,329,549,440

STATEMENTS OF FINANCIAL POSITION (Continued)

At 30th June, 2010

	NOTES	THE COMPANY		THE GROUP	
		2010 HK\$	2009 HK\$	2010 HK\$	2009 HK\$
Capital and reserves					
Share capital	36	296,461,354	293,220,023	296,461,354	293,220,023
Share premium and reserves	37	5,795,244,311	5,062,263,227	29,223,577,249	25,949,725,481
Equity attributable to owners of the Company		6,091,705,665	5,355,483,250	29,520,038,603	26,242,945,504
Non-controlling interests		–	–	31,625,356,065	29,403,898,799
Total equity		6,091,705,665	5,355,483,250	61,145,394,668	55,646,844,303
Non-current liabilities					
Long-term bank borrowings					
– due after one year	34	–	–	14,356,972,700	11,021,483,445
Other loans – due after one year	35	–	–	3,636,866,389	3,557,469,697
Financial guarantee contracts					
– non-current	46	15,980,000	40,969,617	1,646,817	8,866,002
Deferred taxation	38	–	–	3,524,805,068	3,025,572,478
Advances from subsidiaries	39	1,722,576,507	1,868,885,158	–	–
Advances from associates	40	–	–	2,130,277,184	2,067,188,354
Advances from non-controlling interests	41	–	–	406,752,397	2,125,161
		1,738,556,507	1,909,854,775	24,057,320,555	19,682,705,137
		7,830,262,172	7,265,338,025	85,202,715,223	75,329,549,440

The consolidated financial statements on pages 48 to 146 were approved and authorised for issue by the Board of Directors on 2nd September, 2010 and are signed on its behalf by:

Robert NG Chee Siong
Chairman

Daryl NG Win Kong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30th June, 2010

	Attributable to owners of the Company							Total HK\$	Non- controlling interests HK\$	Total HK\$
	Share capital HK\$	Share premium HK\$	Capital redemption reserve HK\$	Capital reserve HK\$	Investment revaluation reserve HK\$	Exchange reserve HK\$	Retained profits HK\$ (Note)			
At 1st July, 2008	290,187,562	4,078,156,441	224,000	-	242,738,125	282,955,150	19,857,310,016	24,751,571,294	29,257,946,975	54,009,518,269
Profit for the year	-	-	-	-	-	-	1,818,627,113	1,818,627,113	1,900,565,997	3,719,193,110
Loss on fair value changes of available-for-sale investments	-	-	-	-	(195,090,005)	-	-	(195,090,005)	(151,839,105)	(346,929,110)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(45,146,256)	-	(45,146,256)	(65,748,274)	(110,894,530)
Impairment loss on available-for-sale investments recognised in consolidated income statement	-	-	-	-	97,112,230	-	-	97,112,230	92,887,770	190,000,000
Reclassification adjustments upon disposal of available-for-sale investments	-	-	-	-	12,737,642	-	-	12,737,642	12,183,544	24,921,186
Total comprehensive (expense) income for the year	-	-	-	-	(85,240,133)	(45,146,256)	1,818,627,113	1,688,240,724	1,788,049,932	3,476,290,656
Shares issued in lieu of cash dividends	3,032,461	-	-	-	-	-	-	3,032,461	-	3,032,461
Premium on issue of shares upon scrip dividends	-	381,979,617	-	-	-	-	-	381,979,617	-	381,979,617
Share issue expenses	-	(43,283)	-	-	-	-	-	(43,283)	-	(43,283)
Acquisition of additional interest in a listed subsidiary	-	-	-	-	-	-	-	-	(843,144,591)	(843,144,591)
Scrip dividend to non-controlling interests	-	-	-	-	-	-	-	-	168,787,880	168,787,880
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(967,741,397)	(967,741,397)
Final dividend – 2008	-	-	-	-	-	-	(435,281,342)	(435,281,342)	-	(435,281,342)
Interim dividend – 2009	-	-	-	-	-	-	(146,553,967)	(146,553,967)	-	(146,553,967)
At 30th June, 2009	293,220,023	4,460,092,775	224,000	-	157,497,992	237,808,894	21,094,101,820	26,242,945,504	29,403,898,799	55,646,844,303
Profit for the year	-	-	-	-	-	-	3,287,255,658	3,287,255,658	3,053,914,404	6,341,170,062
Gain on fair value changes of available-for-sale investments	-	-	-	-	52,456,818	-	-	52,456,818	44,302,244	96,759,062
Exchange differences arising on translation of foreign operations	-	-	-	-	-	60,697,695	-	60,697,695	66,716,618	127,414,313
Reclassification adjustments upon disposal of available-for-sale investments	-	-	-	-	(2,496,537)	-	-	(2,496,537)	(2,225,328)	(4,721,865)
Total comprehensive income for the year	-	-	-	-	49,960,281	60,697,695	3,287,255,658	3,397,913,634	3,162,707,938	6,560,621,572
Shares issued in lieu of cash dividends	3,241,331	-	-	-	-	-	-	3,241,331	-	3,241,331
Premium on issue of shares upon scrip dividends	-	505,096,535	-	-	-	-	-	505,096,535	-	505,096,535
Share issue expenses	-	(60,000)	-	-	-	-	-	(60,000)	-	(60,000)
Acquisition of additional interest in a listed subsidiary	-	-	-	(41,541,317)	-	-	-	(41,541,317)	(503,621,991)	(545,163,308)
Scrip dividend to non-controlling interests	-	-	-	-	-	-	-	-	519,927,614	519,927,614
Deemed capital contribution from non-controlling interests in relation to interest-free advances from non-controlling interests	-	-	-	-	-	-	-	-	5,155,878	5,155,878
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	117	117
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(962,712,290)	(962,712,290)
Final dividend – 2009	-	-	-	-	-	-	(439,830,035)	(439,830,035)	-	(439,830,035)
Interim dividend – 2010	-	-	-	-	-	-	(147,727,049)	(147,727,049)	-	(147,727,049)
At 30th June, 2010	296,461,354	4,965,129,310	224,000	(41,541,317)	207,458,273	298,506,589	23,793,800,394	29,520,038,603	31,625,356,065	61,145,394,668

Note: At 30th June, 2010, retained profits in the sum of HK\$1,494,510,257 (2009: HK\$1,312,101,619) of certain associates attributable to the Group are distributable by way of dividend subject to the prior consent of their bankers.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30th June, 2010

	2010 HK\$	2009 HK\$
OPERATING ACTIVITIES		
Profit before taxation	7,331,122,841	4,403,628,573
Adjustments for:		
Finance costs	312,733,078	605,372,041
Depreciation	38,402,836	37,279,830
Release of prepaid lease payments	5,018,324	5,096,684
Loss on disposal of property, plant and equipment	887,608	415,665
Adjustments in construction costs of investment properties	10,279,060	4,760,473
Cost of hotel properties written off	175,915	351,481
(Reversal) recognition of impairment loss on trade receivables	(137,383,448)	143,071,089
Impairment loss on available-for-sale investments	–	190,000,000
Share of results of associates	(904,972,687)	31,476,405
Increase in fair value of investment properties	(2,562,741,141)	(693,831,676)
Finance income	(138,954,901)	(226,307,034)
(Gain) loss on disposal of investment properties	(2,187,416)	341,866
(Gain) loss arising from change in fair value of trading securities	(36,038,453)	342,860,295
Fair value gain on non-current interest-free unsecured other loans	(64,990,283)	(91,399,403)
(Gain) loss on disposal of available-for-sale investments	(4,538,434)	25,097,108
Gain on disposal of trading securities	(160,401,999)	–
Other gains and losses	–	(149,281,961)
Recognition (reversal) of impairment loss on loans receivable	1,285,937	(32,840)
	<hr/>	<hr/>
Operating cash flows before movements in working capital	3,687,696,837	4,628,898,596
(Increase) decrease in properties under development	(4,333,654,680)	1,205,653,278
Decrease in stocks of completed properties	1,355,991,273	41,832,476
(Increase) decrease in hotel inventories	(1,036,290)	2,907,208
Decrease (increase) in trading securities	831,365,190	(25,955,686)
Decrease (increase) in accounts and other receivables	613,723,320	(695,521,567)
(Decrease) increase in accounts and other payables	(1,102,349,260)	506,142,814
	<hr/>	<hr/>
Net cash from operations	1,051,736,390	5,663,957,119
Hong Kong Profits Tax paid	(255,510,463)	(538,540,141)
Hong Kong Profits Tax refunded	28,467,219	135,817,316
Taxation in other jurisdictions paid	(32,902,418)	(29,682,656)
	<hr/>	<hr/>
NET CASH FROM OPERATING ACTIVITIES	791,790,728	5,231,551,638

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 30th June, 2010

	NOTE	2010 HK\$	2009 HK\$
INVESTING ACTIVITIES			
Advances to a jointly controlled entity		(1,645,174,999)	–
Advances to associates		(1,019,665,829)	(547,223,432)
Acquisition of assets and liabilities through purchase of subsidiary	43	(573,693,868)	–
Additions to property, plant and equipment		(90,139,729)	(28,241,912)
Additions to investment properties		(236,637,262)	(88,018,780)
Additions to available-for-sale investments		(20,345,000)	(71,111,108)
Increase in restricted bank deposits		(8,174,708)	(32,201,604)
Additions to hotel properties		(88,297)	(719,060)
Dividends received from associates		93,309,684	957,599,888
Interest received		57,491,218	122,941,659
Decrease (increase) in long-term loans receivable		20,672,454	(27,141,839)
Proceeds from disposal of property, plant and equipment		584,613	248,635
Proceeds from disposal of investment properties		10,539,695	5,584,795
Proceeds from disposal of available-for-sale investments		12,819,866	372,256,752
Repayments from (advances to) investee companies		482,051	(84,228)
Repurchase of its own shares by a listed subsidiary		–	(673,755,737)
Capital contribution to associates		–	(452,309)
NET CASH USED IN INVESTING ACTIVITIES		(3,398,020,111)	(10,318,280)
FINANCING ACTIVITIES			
Repurchase of its own shares by a listed subsidiary		(487,757,764)	–
Acquisition of additional interest in a listed subsidiary		(57,524,904)	–
New bank and other loans		9,232,518,998	5,320,249,254
Repayments of bank and other loans		(9,135,535,029)	(3,848,090,781)
Advances from (repayments to) associates		132,155,316	(865,186,081)
Advances from (repayments to) non-controlling interests		409,783,114	(4,658,942)
Interest paid		(200,300,985)	(580,023,819)
Dividends paid		(79,279,218)	(196,866,514)
Dividends paid to non-controlling interests		(442,784,692)	(825,907,764)
Capital contribution from non-controlling interests		117	–
NET CASH USED IN FINANCING ACTIVITIES		(628,725,047)	(1,000,484,647)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(3,234,954,430)	4,220,748,711
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		7,829,850,333	3,585,937,360
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		25,481,587	23,164,262
CASH AND CASH EQUIVALENTS CARRIED FORWARD		4,620,377,490	7,829,850,333
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Time deposits, bank balances and cash		4,620,377,490	7,829,850,333

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June, 2010

1. GENERAL

The Company is a public listed limited liability company incorporated in Hong Kong and listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company is 12th Floor, Tsim Sha Tsui Centre, Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in Note 51.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Company and its subsidiaries (the "Group") have applied the following new and revised Standards, Amendments and Hong Kong (IFRIC) Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 3 (Revised 2008)	Business Combinations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC) – Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendments to HKFRS 2, HKAS 38, paragraph 80 of HKAS 39, HK(IFRIC) – Int 9 and HK(IFRIC) – Int 16

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) *(Continued)*

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group and the financial position of the Company for the current or prior accounting periods.

HKAS 27 (Revised 2008) *Consolidated and Separate Financial Statements*

HKAS 27 (Revised 2008) has resulted in changes in the Group’s accounting policies regarding the Group’s changes in ownership interests in subsidiaries of the Group. The new accounting policies in relation to the Group’s changes in ownership interests in subsidiaries have been applied prospectively to changes that take place on or after 1st July, 2009 in accordance with the relevant transitional provisions.

In prior periods, in the absence of specific requirements in HKFRSs, increases in the Group’s interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, where appropriate. Decreases in interests in existing subsidiaries regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the adjustment to non-controlling interests was recognised in profit or loss.

Under HKAS 27 (Revised 2008), increases or decreases in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are dealt with in equity attributable to owners of the parent, with no impact on goodwill or profit or loss. When control of a subsidiary is lost as a result of a transaction, event or other circumstance, HKAS 27 (Revised 2008) requires that the Group derecognises all assets, liabilities and non-controlling interests at their carrying amounts. Any retained interest in the former subsidiary is recognised at its fair value at the date when control is lost. The resulting gain or loss is recognised in profit or loss.

The adoption of HKAS 27 (Revised 2008) has affected the accounting for the Group’s deemed and actual acquisitions in the current period of additional interest in a listed subsidiary of the Group through repurchase of shares, issuance of shares as dividends by the listed subsidiary and further acquisition of shares of the listed subsidiary. Specifically, the change in policy has resulted in HK\$41,541,317 being recognised directly in equity attributable to owners of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) *(Continued)*

Amendments to HKAS 40 *Investment Property*

As part of *Improvements to HKFRSs (2008)*, HKAS 40 has been amended to include within its scope properties under construction or development for future use as investment properties and to require such properties to be measured at fair value (where the fair value model is used and the fair values of the properties are reliably determinable). In the past, the leasehold land and building elements of investment properties under construction were accounted for as properties under development. The Group has used the fair value model to account for its investment properties. The Group has applied the amendments to HKAS 40 prospectively from 1st July, 2009 in accordance with the relevant transitional provision. As a result of the application of the amendment, the Group’s investment properties under construction that include the leasehold land and building elements with previous carrying amounts of HK\$348,901,030 as at 1st July, 2009 have been reclassified as investment properties under construction. As at 30th June, 2010, these investment properties are measured at fair value of HK\$838,333,000 with the fair value gain of HK\$305,450,034 and related deferred taxation thereon of HK\$113,447,920. In respect of the properties remaining as investment properties under construction as at 30th June, 2010, its fair value is HK\$718,750,000 and fair value gain, net of deferred taxation, of HK\$340,343,758 has been recognised in profit or loss in current year.

HKAS 1 (Revised 2007) *Presentation of Financial Statements*

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

Amendments to HKFRS 7 *Financial Instruments: Disclosures*

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk. Comparative information for the expanded disclosures has not been provided in accordance with the transitional provision set out in the amendments.

HKFRS 8 *Operating Segments*

HKFRS 8 is a disclosure standard that has not resulted in a redesignation of the Group’s reportable segments and has had no impact on the reported results or financial position of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

The Group and the Company have not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2009 ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2010 ²
HKAS 24 (Revised)	Related Party Disclosure ³
HKAS 32 (Amendment)	Classification of Rights Issues ⁴
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters ⁵
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters ⁷
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions ⁵
HKFRS 9	Financial Instruments ⁶
HK(IFRIC) – Int 14 (Amendment)	Prepayments of Minimum Funding Requirement ³
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments ⁷

¹ Amendments that are effective for annual periods beginning on or after 1st January, 2010

² Effective for annual periods beginning on or after 1st July, 2010 and 1st January, 2011, as appropriate

³ Effective for annual periods beginning on or after 1st January, 2011

⁴ Effective for annual periods beginning on or after 1st February, 2010

⁵ Effective for annual periods beginning on or after 1st January, 2010

⁶ Effective for annual periods beginning on or after 1st January, 2013

⁷ Effective for annual periods beginning on or after 1st July, 2010

HKFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets and will be effective from 1st January, 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group’s and the Company’s financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) *(Continued)*

In addition, as part of *Improvements to HKFRSs* issued in 2009, HKAS 17 *Leases* has been amended in relation to the classification of leasehold land. The amendments will be effective from 1st July, 2010, with earlier application permitted. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risk and rewards incidental to ownership of a leased asset have been transferred to the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group’s leasehold land.

The Directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in subsidiaries are presented separately from the equity of the owners of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Prior to 1st July, 2009, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries prior to 1st July, 2009

Increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. For decreases in interests in subsidiaries regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognised in profit or loss.

Changes in the Group's ownership interests in existing subsidiaries on or after 1st July, 2009

Changes in the Group's ownership interest in a subsidiary that do not result in the Group losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings at the date when control is lost). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations

Business combinations prior to 1st July, 2009

Acquisition of businesses was accounted for using the purchase method. The cost of the acquisition was measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that met the relevant conditions for recognition were generally recognised at their fair values at the acquisition date.

Goodwill arising on acquisition was recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeded the cost of the business combination, the excess was recognised immediately in profit or loss.

The non-controlling interest in the acquiree was initially measured at the non-controlling interests' proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Business combinations on or after 1st July, 2009

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 (Revised 2008) are recognised at their fair values, except that:

- deferred taxation assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with HKFRS 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

Business combinations on or after 1st July, 2009 (Continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss.

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill

Goodwill arising on acquisitions prior to 1st July, 2005

Goodwill arising on an acquisition of net assets and operations of another entity for which the agreement date is before 1st July, 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant acquiree at the date of acquisition.

For previously capitalised goodwill arising on acquisitions of net assets and operations of another entity after 1st July, 2001, the Group has discontinued amortisation from 1st July, 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash generating unit to which the goodwill relates may be impaired.

Goodwill arising on acquisitions on or after 1st July, 2005

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter for the post-acquisition changes in the Group's share of net assets of the associates, less any impairment in the value of individual investments. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are provided only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Where the accounting year end dates of the associates are different from the Group's accounting year end date, their results are accounted for in the Group's financial statements based on their latest audited financial statements and/or management accounts made up to 30th June each year.

Goodwill arising on acquisitions prior to 1st July, 2005

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of the associate recognised at the date of acquisition is recognised as goodwill. From 1st July, 2005 onwards, the Group has discontinued amortisation of goodwill and such goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Goodwill arising on acquisitions on or after 1st July, 2005

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment in the associate. Any reversal of impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

Where a group entity transacts with a jointly controlled entity of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant jointly controlled entity.

Jointly controlled operations

When a Group entity undertakes its activities under joint venture arrangements directly, constituted as jointly controlled operations, the assets and liabilities arising from those jointly controlled operations are recognised in the statement of financial position of the relevant company on an accrual basis and classified according to the nature of the item. The Group's share of the income from jointly controlled operations, together with the expenses that it incurs are included in the consolidated income statement when it is probable that the economic benefits associated with the transactions will flow to/from the Group.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the year in which they arise.

Starting from 1st July, 2009, investment properties under construction are measured at fair value at the end of the reporting period. Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction. Any difference between the fair value of the investment properties under construction and their carrying amounts is recognised in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Hotel properties and property, plant and equipment

Hotel properties and property, plant and equipment including building held for use in the production or supply of goods or services, or for administrative purposes are stated at cost less subsequent accumulated depreciation and accumulated impairment losses. Depreciation is provided to write off the cost of items of property, plant and equipment and hotel properties over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the period in which the item is derecognised.

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Properties under development

Properties under development which are developed in the ordinary course of business are included in current assets at the lower of cost and net realisable value.

The cost of properties under development comprises land costs, construction costs, borrowing costs capitalised according to the Group's accounting policy and directly attributable expenses incurred during the development period.

Stocks of completed properties

Stocks of completed properties are stated at the lower of cost and net realisable value. Cost is determined by apportionment of the total land and development costs attributable to the stocks of completed properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Hotel inventories

Hotel inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised as an expense in the year in which they are incurred.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases and amortised over the lease term on a straight-line basis, except for those that are classified and accounted for as investment properties under the fair value model.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss of the Group include financial assets held for trading. A financial asset is classified as held for trading on initial recognition if:

- it has been acquired principally for the purpose of selling in the near future;
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including accounts and other receivables, advances to subsidiaries/associates/a jointly controlled entity/investee companies, loans receivable, amounts due from subsidiaries/associates, restricted bank deposits and time deposits, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. The Group designated debt securities (i.e. club debenture) as available-for-sale financial assets.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see accounting policy on impairment of financial assets below).

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of the reporting period subsequent to initial recognition.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables and loans receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for portfolio receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and loans receivable where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable or loans receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount of the financial liabilities on initial recognition.

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities (including accounts and other payables, amounts due to associates, bank borrowings, other loans and advances from subsidiaries/associates/non-controlling interests) are subsequently measured at amortised cost using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Revenue recognition

Turnover represents the fair value of amounts received and receivable from sales of properties and services provided.

- (a) Revenue from sale of properties in the ordinary course of business is recognised when all of the following criteria are met:
- the significant risks and rewards of ownership of the properties are transferred to buyers;
 - neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties are retained;
 - the amount of revenue can be measured reliably;
 - it is probable that the economic benefits associated with the transaction will flow to the Group; and
 - the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Deposits and instalments received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

- (b) Rental income under operating leases is recognised on a straight-line basis over the term of the relevant lease.
- (c) Property management and service fee income is recognised when the services are rendered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

- (d) Interest income from a financial asset excluding financial assets at fair value through profit or loss is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.
- (e) Dividend income from investments including financial assets at fair value through profit or loss is recognised when the shareholders' rights to receive payment have been established.
- (f) Hotel income is recognised when the hotel services are provided.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred taxation.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the profit as reported in the consolidated income statement as it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxation is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred taxation liabilities are generally recognised for all taxable temporary differences, and deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred taxation liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred taxation assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred taxation assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred taxation assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred taxation liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred taxation is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred taxation is also recognised in other comprehensive income or directly in equity respectively.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the exchange reserve).

Retirement benefits costs

Payments to the retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, management makes various estimates based on past experiences, expectations of the future and other information. The key sources of estimation uncertainty that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are disclosed below:

Estimated net realisable value on properties under development

In determining whether allowances should be made for the Group's properties under development, the Group takes into consideration the current market environment and the estimated market value (i.e. the estimated selling price less estimated costs of selling expenses) less estimated costs to completion of the properties. An allowance is made if the estimated market value is less than the carrying amount. If the actual net realisable value on properties under development is less than expected as a result of change in market condition and/or significant variation in the budgeted development cost, material provision for impairment losses may result. The carrying amount of the properties under development is HK\$20,800,713,801 (2009: HK\$18,521,080,429).

Allowance for stocks of completed properties

Management exercises its judgment in making allowance for stocks of completed properties with reference to the existing market environment, the sales performance in previous years and estimated market value of the properties, i.e. the estimated selling price less estimated costs of selling expenses. A specific allowance for stocks of completed properties is made if the estimated market value of the property is lower than its carrying amount. The specific allowance for stocks of completed properties is made based on the estimation of net realisable value on the completed properties. If the actual net realisable values of the stocks of completed properties are less than expected as a result of change in market condition, material provision for impairment losses may result. The carrying amount of the stocks of completed properties is HK\$2,022,430,753 (2009: HK\$2,783,127,944).

Depreciation on hotel properties

In determining the estimated useful life of the hotel properties, the management makes reference to the relevant terms of leases of the hotel properties, which is 60 to 96 years. Any changes to the estimated useful life of the hotel properties may cause a material adjustment to the carrying amounts and the depreciation charge within the next financial year.

At 30th June, 2010, the carrying amounts of the hotel properties are HK\$1,416,100,684, net of accumulated depreciation of HK\$96,420,896 (2009: HK\$866,755,233, net of accumulated depreciation of HK\$82,691,906). Details of the movements of the hotel properties are disclosed in Note 19.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Income taxes

As detailed in Notes 15 and 24, the Inland Revenue Department (“IRD”) had initiated tax inquiries and issued notices of assessment for additional taxes against a wholly-owned subsidiary of the Group and a wholly-owned subsidiary of the Group’s associate in respect of the deductions on certain loan interest and related expenses.

The Directors are of the opinion, together with the advice from the Company’s tax advisors, that the outcome of these assessments cannot presently be estimated. The Directors are also of the opinion that the payment of the additional taxes is not probable or it has reasonable ground to contest the assessments issued by the IRD and therefore, no provision has been made in the consolidated financial statements.

If the objections made to the IRD were unsuccessful, there would be an increase in the Group’s ultimate tax liability arising from subsidiaries and a decrease in interests in associates in respect of the Group’s share of the ultimate tax liability.

Fair value of investment properties

Investment properties are carried in the consolidated statement of financial position at 30th June, 2010 at their fair value of HK\$41,327,376,460 (2009: HK\$37,557,672,042). The fair value was based on a valuation on these properties conducted by an independent firm of professional valuers using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group’s investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated income statement.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances.

The capital structure of the Group consists of debts, which include bank borrowings and other loans, advances from associates/non-controlling interests and amounts due to associates and equity attributable to owners of the Company, comprising issued share capital, retained profits and other reserves as disclosed in consolidated statement of changes in equity.

The management of the Group reviews the capital structure periodically. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

There are no changes on the Group’s approach to capital risk management during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	THE COMPANY		THE GROUP	
	2010 HK\$	2009 HK\$	2010 HK\$	2009 HK\$
Financial assets				
Trading securities (fair value through profit or loss)	–	1,159,072	1,119,205,831	1,745,362,214
Available-for-sale investments	–	–	1,259,735,585	1,155,635,282
Loans and receivables (including cash and cash equivalents)	3,315,914,465	3,229,288,094	19,016,945,361	19,884,770,191
Financial liabilities				
Amortised cost	1,724,857,003	1,914,411,672	29,025,411,222	28,252,601,651
Financial guarantee contracts	41,659,617	124,152,948	8,869,482	16,445,575

Financial risk management objectives and policies

The Group's major financial instruments include accounts and other receivables, advances to associates/ a jointly controlled entity/investee companies, available-for-sale investments, loans receivable, trading securities, amounts due from/to associates, restricted bank deposits, time deposits, bank balances and cash, accounts and other payables, financial guarantee contracts, bank borrowings and loans and advances from associates/non-controlling interests.

The Company's major financial instruments include accounts and other receivables, trading securities, advances to/from subsidiaries, accounts and other payables, time deposits, bank balances and cash, bank borrowings and loans and financial guarantee contracts.

Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk

The Group's activities expose the Group primarily to the financial risks of changes in foreign currency exchange rates, interest rates and other equity price. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk. Details of each type of market risks are described as follows:

Currency risk

The Group undertakes certain transactions denominated in foreign currencies, hence exposure to exchange rate fluctuation arises. The Group currently does not use any derivatives contracts to hedge against its exposure to currency risk. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates.

The Company's transactions and balances are primarily denominated in Hong Kong dollars ("HK\$"), the functional currency of the Company, as such, the Company has no significant exposures to currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the respective reporting periods are as follow:

	THE GROUP	
	2010 HK\$	2009 HK\$
Assets		
Renminbi ("RMB")	1,058,024,736	1,093,978,190
United States Dollars ("USD")	37,668,217	66,921,003
	<hr/>	<hr/>
Liabilities		
RMB	362,634,114	287,854,079
USD	156,601,625	232,815,371
	<hr/>	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Foreign currency sensitivity analysis

The Group's foreign currency risk is mainly concentrated on the fluctuation of the RMB against HK\$, functional currency of the relevant group entities. The exposure of USD against HK\$ is considered insignificant as HK\$ is pegged to USD, therefore is excluded from the sensitivity analysis below.

The sensitivity analysis below has been determined based on the exposure to 5% increase and decrease in RMB against HK\$. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number indicates an increase in profit for the year where RMB strengthens against HK\$. For a weakening of RMB against HK\$, there would be an equal and opposite impact on the profit and the balances below would be negative.

	THE GROUP	
	2010 HK\$	2009 HK\$
RMB	<u>34,224,979</u>	<u>40,219,136</u>

Certain available-for-sale investments and trading securities are denominated in foreign currency of the group entities. For available-for-sale investments, an increase/decrease in 5% of Singaporean dollar against the functional currency of the relevant group entities would result in an increase/decrease of HK\$9,277,786 (2009: HK\$9,895,568) in the Group's investment revaluation reserve. For trading securities, an increase/decrease in 5% of HK\$ against the functional currency of the relevant group entities would result in an increase/decrease of HK\$9,712,506 (2009: HK\$9,900,712) in the Group's profit for the year. The Company's trading securities are not exposed to foreign currency risk.

Interest rate risk

Loans, bank balances and bank borrowings at floating rates expose the Group to cash flow interest rate risk. Payables at fixed rates expose the Group to fair value interest rate risk (Note 33). The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offer Rate (the "HIBOR") or Singapore Interbank Offer Rate (the "SIBOR") arising from the bank borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for the floating rate loans receivables and bank borrowings. The analysis is prepared assuming that the change in interest rate had occurred at the end of the respective reporting period, and had been applied to the exposure to interest rate risk for these financial assets and liabilities in existence at that date and outstanding for the whole year. The 50 basis points represent the best estimation of the possible change in the interest rates over the period until the end of the next reporting period.

At the end of the respective reporting periods, if interest rates had increased/decreased by 50 basis points and all other variables were held constant, the Group's profit for the year would have decreased/increased by HK\$100,141,624 (2009: HK\$97,754,413). The Company has no significant interest risk.

Other price risk

The Group is exposed to equity price risk through its investment in equity securities. The management manages this exposure by maintaining a portfolio of investments with different risks and returns. The Group's equity price risk is primarily arising from listed equity securities which are mainly concentrated on blue chip stocks quoted in the Stock Exchange. In this regard, the management considers the Group's exposure to equity price risk is reduced.

Other price risk sensitivity analysis

The following tables show the sensitivity to equity price risk on the available-for-sale investments and trading securities which are carried at fair value at the end of the reporting period while all other variables were held constant. Sensitivity rate of 5% represents management's assessment of the reasonably possible change in equity price.

Available-for-sale investments

	THE GROUP	
	2010 HK\$	2009 HK\$
Increase (decrease) in investment revaluation reserve		
– as a result of increase in equity price	61,413,055	56,221,817
– as a result of decrease in equity price	(61,413,055)	(56,221,817)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Other price risk sensitivity analysis (Continued)

Trading securities

	THE GROUP	
	2010 HK\$	2009 HK\$
Increase (decrease) in profit for the year		
– as a result of increase in equity price	46,648,294	72,783,465
– as a result of decrease in equity price	(46,648,294)	(72,783,465)

Credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk in the event of the counterparties failure to discharge their obligations are in relation to each class of recognised financial assets as stated in the statements of financial position and the amount of contingent liabilities as disclosed in Note 46. In order to minimise the credit risk of trade receivables, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

With respect to credit risk arising from advances to associates/a jointly controlled entity/investee companies/subsidiaries and amounts due from associates/subsidiaries, the Company's and the Group's exposure to credit risk arising from default of the counterparty is limited as the counterparty has good history of repayment and the Group and the Company do not expect to incur a significant loss for uncollected advances to associates/a jointly controlled entity/investee companies/subsidiaries and amounts due from associates/subsidiaries.

The credit risk on liquid fund is limited because the counterparties are banks with good reputation.

Other than concentration of credit risk on advances to associates/a jointly controlled entity/investee companies and amounts due from associates, the Group does not have any other significant concentration of credit risk. Trade receivables and loans receivable consist of a large number of customers and borrowers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Company and the Group monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Company's and the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following tables detail the Company's and the Group's contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company and Group can be required to pay. The tables include both interest and principal cash flows.

THE COMPANY

	Weighted average interest rate %	Repayable on demand or less than 1 month HK\$	1-3 months HK\$	3 months to 1 year HK\$	1-2 years HK\$	Total undiscounted cash flows HK\$	Carrying amount HK\$
2010							
Accounts and other payables	N/A	2,280,496	-	-	-	2,280,496	2,280,496
Advances from subsidiaries	1.91	-	-	-	1,755,477,718	1,755,477,718	1,722,576,507
Financial guarantee contracts	N/A	100,000,000	550,000,000	1,330,000,000	155,705,000	2,135,705,000	41,659,617
		<u>102,280,496</u>	<u>550,000,000</u>	<u>1,330,000,000</u>	<u>1,911,182,718</u>	<u>3,893,463,214</u>	<u>1,766,516,620</u>
2009							
Accounts and other payables	N/A	2,077,146	-	2,596	-	2,079,742	2,079,742
Other loans – variable rate	7.46	446,772	-	-	-	446,772	446,772
Bank borrowings – variable rate	2.10	75,275	150,551	43,075,275	-	43,301,101	43,000,000
Advances from subsidiaries	2.79	-	-	-	1,921,002,590	1,921,002,590	1,868,885,158
Financial guarantee contracts	N/A	120,000,000	300,000,000	1,110,000,000	852,515,000	2,382,515,000	124,152,948
		<u>122,599,193</u>	<u>300,150,551</u>	<u>1,153,077,871</u>	<u>2,773,517,590</u>	<u>4,349,345,205</u>	<u>2,038,564,620</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

THE GROUP

	Weighted average interest rate %	Repayable on demand or less than 1 month HK\$	1-3 months HK\$	3 months to 1 year HK\$	1-2 years HK\$	2-5 years HK\$	Over 5-years HK\$	Total undiscounted cash flows HK\$	Carrying amount HK\$
2010									
Accounts and other payables									
– non-interest bearing	N/A	340,462,654	90,777,486	335,114,403	133,242,129	139,333,331	1,180,634	1,040,110,637	1,040,110,637
– variable rate	7.00	88,270	176,540	15,838,146	–	–	–	16,102,956	15,131,987
– fixed rate	2.00	–	–	11,478,815	–	–	–	11,478,815	11,253,740
Other liabilities									
– non-interest bearing	N/A	539,670,794	–	52,615,091	1,561,895,145	396,510,678	–	2,550,691,708	2,537,969,128
– variable rate	0.82	393,533	787,066	3,541,799	585,208,404	–	–	589,930,802	581,770,703
– fixed rate	0.50	3,990	7,980	35,910	9,575,635	–	–	9,623,515	9,575,635
Borrowings									
– non-interest bearing	N/A	–	–	–	3,399,925,189	–	–	3,399,925,189	3,399,925,189
– variable rate	0.82	369,379,899	424,683,654	6,245,906,038	4,887,639,258	9,979,842,864	–	21,907,451,713	21,429,674,203
Financial guarantee contracts	N/A	–	–	5,983,050,000	4,275,500,000	576,000,000	–	10,834,550,000	8,869,482
		<u>1,249,999,140</u>	<u>516,432,726</u>	<u>12,647,580,202</u>	<u>14,852,985,760</u>	<u>11,091,686,873</u>	<u>1,180,634</u>	<u>40,359,865,335</u>	<u>29,034,280,704</u>
2009									
Accounts and other payables									
– non-interest bearing	N/A	688,839,774	14,930,750	332,157,460	–	–	–	1,035,927,984	1,035,927,984
– fixed rate	7.00	116,205	232,411	20,850,570	–	–	–	21,199,186	19,920,927
Other liabilities									
– non-interest bearing	N/A	449,564,580	–	55,834,526	1,571,493,369	–	–	2,076,892,475	2,046,349,603
– variable rate	1.98	285,789	571,578	2,572,102	271,208,853	260,585,750	–	535,224,072	528,323,858
– fixed rate	0.50	16	32	144	39,337	–	–	39,529	39,161
Borrowings									
– non-interest bearing	N/A	–	–	–	3,285,065,947	–	–	3,285,065,947	3,285,065,947
– variable rate	2.57	808,329,956	3,991,494,266	5,649,087,712	5,897,400,322	6,957,352,115	–	23,303,664,371	21,336,974,171
Financial guarantee contracts	N/A	–	–	2,823,850,000	3,742,950,000	3,746,500,000	–	10,313,300,000	16,445,575
		<u>1,947,136,320</u>	<u>4,007,229,037</u>	<u>8,884,352,514</u>	<u>14,768,157,828</u>	<u>10,964,437,865</u>	<u>–</u>	<u>40,571,313,564</u>	<u>28,269,047,226</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. At the reporting date, the financial guarantee contracts are measured at the higher of: (i) the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

Fair value measurements

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

THE GROUP

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Available-for-sale investments	1,228,222,095	–	–	1,228,222,095
Trading securities				
Equity securities listed in Hong Kong	997,184,655	–	–	997,184,655
Equity securities listed elsewhere	122,021,176	–	–	122,021,176
Total	<u>2,347,427,926</u>	<u>–</u>	<u>–</u>	<u>2,347,427,926</u>

There were no transfers between Level 1 and 2 in the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

6. FINANCIAL INSTRUMENTS (Continued)

Fair values of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices.
- the fair value of financial guarantee contracts is determined using option pricing models where the main parameters are the estimation of market value of the underlying properties pledged, the amount of principal of the loan facility, the volatility, the remaining life of the loan and the risk-free rate.
- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices and rates from observable current market transactions as input.

The Directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate their fair values.

7. TURNOVER

	2010 <i>HK\$</i>	2009 <i>HK\$</i>
Sales of properties held for sale	4,566,945,534	6,807,547,855
Gross rental income from properties	1,963,493,475	1,822,019,356
Property management and service fee income	701,181,766	598,622,219
Hotel operations	439,844,781	431,540,291
Interest income from loans receivable	1,419,908	2,767,393
Dividend income		
listed investments	85,841,125	103,815,692
unlisted investments	17,842,500	17,016,250
	7,776,569,089	9,783,329,056

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

8. OPERATING SEGMENTS

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1st July, 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers for the purposes of assessing their performance and allocating resources to the segments. In contrast, the predecessor standard HKAS 14 *Segment Reporting* required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. The Group's operating segments are reported by five operating divisions – property, property management and other services, hotel operations, investments in securities and financing. However, the basis of measurement of segment revenue has been changed by including segment revenue attributable to the Group's associates and eliminating inter-segment sales. For segment profit or loss, the basis of measurement has been changed by including segment results attributable to the Group's associates and excluding other income, administrative expenses, change in fair value of investment properties, change in fair value of and gain on disposal of trading securities, gain (loss) on disposal of and impairment loss on available-for-sale investments.

The chief operating decision makers mainly review the segment assets for the purposes of resources allocation and performance assessment, and all segment assets are allocated to reportable segments other than time deposits, bank balances and cash and taxation recoverable.

Information regarding the above segments is reported below. Amounts reported for the prior period have been restated to conform to the requirements of HKFRS 8.

Segment Results

For the year ended 30th June, 2010

	The Company and its subsidiaries		Associates		Total	
	Revenue HK\$	Results HK\$	Share of revenue HK\$	Share of results HK\$	Segment revenue HK\$	Segment results HK\$
Property						
Property sales	4,566,945,534	1,989,158,347	281,732,907	77,476,683	4,848,678,441	2,066,635,030
Property rental	1,963,493,475	1,635,497,757	489,535,593	451,391,115	2,453,029,068	2,086,888,872
	6,530,439,009	3,624,656,104	771,268,500	528,867,798	7,301,707,509	4,153,523,902
Property management and other services	701,181,766	180,694,702	62,238,160	10,715,214	763,419,926	191,409,916
Hotel operations	439,844,781	226,878,588	188,439,900	79,101,900	628,284,681	305,980,488
Investments in securities	103,683,625	98,970,967	3,900	3,900	103,687,525	98,974,867
Financing	1,419,908	1,419,908	237,899	211,371	1,657,807	1,631,279
	7,776,569,089	4,132,620,269	1,022,188,359	618,900,183	8,798,757,448	4,751,520,452

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

8. OPERATING SEGMENTS (Continued)

Segment Assets			
As at 30th June, 2010			
	The Company and its subsidiaries	Associates and Jointly Controlled Entity	Total
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Property			
Sales	23,896,533,389	552,342,308	24,448,875,697
Rental	<u>41,625,352,728</u>	<u>6,310,075,069</u>	<u>47,935,427,797</u>
	65,521,886,117	6,862,417,377	72,384,303,494
Property management and other services	185,877,251	6,352,461	192,229,712
Hotel operations	2,793,867,868	845,712,193	3,639,580,061
Investments in securities	2,495,287,195	99,916,171	2,595,203,366
Financing	<u>13,244,204,482</u>	<u>1,298,810</u>	<u>13,245,503,292</u>
Segment assets	<u>84,241,122,913</u>	<u>7,815,697,012</u>	92,056,819,925
Time deposits, bank balances and cash			4,992,982,464
Taxation recoverable			<u>115,946,793</u>
Total assets			<u>97,165,749,182</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

8. OPERATING SEGMENTS (Continued)

Other Information

For the year ended 30th June, 2010

	Property sales HK\$	Property rental HK\$	Property management and other services HK\$	Hotel operations HK\$	Investments in securities HK\$	Financing HK\$	Consolidated HK\$
Amounts included in the measure of segment assets:							
Capital additions							
- Property, plant and equipment	1,128,074	833,492	13,621,989	74,524,209	31,965	-	90,139,729
- Investment properties	-	803,953,663	-	-	-	-	803,953,663
- Hotel properties	-	-	-	88,297	-	-	88,297
Amount regularly reviewed by the chief operating decision makers but not included in the measure of segment profit or loss:							
Increase in fair value of investment properties	-	2,562,741,141	-	-	-	-	2,562,741,141

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

8. OPERATING SEGMENTS (Continued)

Segment Results

For the year ended 30th June, 2009

	The Company and its subsidiaries		Associates		Total	
	Revenue HK\$	Results HK\$	Share of revenue HK\$	Share of results HK\$	Segment revenue HK\$	Segment results HK\$
Property						
Property sales	6,807,547,855	3,014,899,298	382,599,460	105,559,072	7,190,147,315	3,120,458,370
Property rental	1,822,019,356	1,526,027,600	501,084,849	458,256,868	2,323,104,205	1,984,284,468
	8,629,567,211	4,540,926,898	883,684,309	563,815,940	9,513,251,520	5,104,742,838
Property management and other services	598,622,219	162,509,251	62,480,693	7,786,980	661,102,912	170,296,231
Hotel operations	431,540,291	229,011,464	181,021,500	72,428,100	612,561,791	301,439,564
Investments in securities	120,831,942	120,813,327	3,900	3,900	120,835,842	120,817,227
Financing	2,767,393	2,767,393	393,009	362,433	3,160,402	3,129,826
	<u>9,783,329,056</u>	<u>5,056,028,333</u>	<u>1,127,583,411</u>	<u>644,397,353</u>	<u>10,910,912,467</u>	<u>5,700,425,686</u>

Segment Assets

As at 30th June, 2009

	The Company and its subsidiaries HK\$	Associates HK\$	Total HK\$
Property			
Sales	22,844,725,005	579,973,422	23,424,698,427
Rental	37,829,195,084	5,570,582,526	43,399,777,610
	60,673,920,089	6,150,555,948	66,824,476,037
Property management and other services	227,474,108	7,403,185	234,877,293
Hotel operations	1,447,606,326	794,849,515	2,242,455,841
Investments in securities	3,007,255,374	111,911,315	3,119,166,689
Financing	10,488,135,642	1,467,496	10,489,603,138
Segment assets	<u>75,844,391,539</u>	<u>7,066,187,459</u>	82,910,578,998
Time deposits, bank balances and cash			8,194,280,599
Taxation recoverable			<u>144,414,012</u>
Total assets			<u>91,249,273,609</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

8. OPERATING SEGMENTS (Continued)

Other Information

For the year ended 30th June, 2009

	Property sales HK\$	Property rental HK\$	Property management and other services HK\$	Hotel operations HK\$	Investments in securities HK\$	Financing HK\$	Consolidated HK\$
Amounts included in the measure of segment assets:							
Capital additions							
- Property, plant and equipment	864,747	1,552,014	7,344,480	18,055,881	424,790	-	28,241,912
- Investment properties	-	88,018,780	-	-	-	-	88,018,780
- Hotel properties	-	-	-	719,060	-	-	719,060
Amount regularly reviewed by the chief operating decision makers but not included in the measure of segment profit or loss:							
Increase in fair value of investment properties	-	693,831,676	-	-	-	-	693,831,676

Measurement

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3.

Segment results represent the profit earned by each segment without allocation of other income, unallocated other gains and losses, administrative expenses, change in fair value of investment properties, change in fair value of and gain on disposal of trading securities, gain (loss) on disposal of and impairment loss on available-for-sale investments, finance costs net of finance income and fair value gain on non-current interest-free unsecured other loans. The profit earned by each segment also includes the share of results from the Group's associates without allocation of other income, administrative expenses, change in fair value of investment properties, finance costs net of finance income and income tax. This is the measure reported to the chief operating decision makers for the purposes of resources allocation and performance assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

8. OPERATING SEGMENTS (Continued)

Reconciliation of profit before taxation

	2010 HK\$	2009 HK\$
Segment profit	4,751,520,452	5,700,425,686
Other income	254,285,478	114,291,457
Unallocated other gains and losses	–	149,281,961
Administrative expenses	(615,687,726)	(732,705,442)
Increase in fair value of investment properties	2,562,741,141	693,831,676
Gain (loss) arising from change in fair value of trading securities	36,038,453	(342,860,295)
Gain on disposal of trading securities	160,401,999	–
Gain (loss) on disposal of available-for-sale investments	4,538,434	(25,097,108)
Impairment loss on available-for-sale investments	–	(190,000,000)
Fair value gain on non-current interest-free unsecured other loans	64,990,283	91,399,403
Finance costs net of finance income	(173,778,177)	(379,065,007)
Results shared from associates		
– Other income	15,416,882	12,944,573
– Administrative expenses	(58,015,211)	(89,144,901)
– Increase (decrease) in fair value of investment properties	630,590,516	(415,179,334)
– Finance costs net of finance income	(83,584,723)	(124,710,997)
– Income tax expense	(218,334,960)	(59,783,099)
	286,072,504	(675,873,758)
Profit before taxation	7,331,122,841	4,403,628,573

During the year ended 30th June, 2010, inter-segment sales of HK\$37,466,105 (2009: HK\$34,261,042) are eliminated within property management and other services segment. Inter-segment sales were charged at cost plus margin basis as agreed between both parties.

Revenue from major products and services

An analysis of the Group's revenue for the year from its major products and services is set out in Note 7.

Geographical segments

Most of the activities of the Group are based in Hong Kong and more than 90% of the Group's turnover, profit before taxation, total non-current assets are derived from activities in Hong Kong.

Information about major customers

There was no customer who accounted for over 10% of the total revenue generated from the five operating divisions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

9. FINANCE INCOME

	2010 HK\$	2009 HK\$
Interest income on:		
advances to associates	28,807,988	38,579,619
advances to investee companies	892,535	907,693
bank deposits	27,790,695	83,454,347
Imputed interest income on non-current interest-free advances to associates	73,883,590	88,801,853
Financial guarantee income	7,580,093	14,563,522
	138,954,901	226,307,034

10. FINANCE COSTS

	2010 HK\$	2009 HK\$
Interest and other finance costs on:		
bank loans wholly repayable within five years	214,963,947	487,135,325
other loans wholly repayable within five years	29,037,881	45,388,886
Imputed interest expense on non-current interest-free advances from associates	30,542,872	57,153,890
Imputed interest expense on non-current interest-free unsecured other loans	91,399,403	154,336,812
	365,944,103	744,014,913
Less: Amounts capitalised to properties under development	(53,211,025)	(138,642,872)
	312,733,078	605,372,041

11. SHARE OF RESULTS OF ASSOCIATES

	2010 HK\$	2009 HK\$
Share of results of associates comprises:		
Share of profits of associates	1,123,307,647	28,306,694
Share of taxation of associates	(218,334,960)	(59,783,099)
	904,972,687	(31,476,405)

The Group's share of results of associates include the Group's share of increase in fair value of investment properties of the associates, net of deferred taxation, of HK\$518,847,559 (2009: Group's share of decrease in fair value of HK\$385,822,921) recognised in the income statement of the associates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

12. PROFIT BEFORE TAXATION

	2010 <i>HK\$</i>	2009 <i>HK\$</i>
Profit before taxation has been arrived at after charging (crediting):		
Staff costs including Directors' remuneration:		
Staff salaries and other benefits	853,030,335	765,044,999
Retirement benefit scheme contributions	34,812,244	29,627,956
	<hr/>	<hr/>
Total staff costs	887,842,579	794,672,955
	<hr/>	<hr/>
Release of prepaid lease payments (included in administrative expenses)	5,018,324	5,096,684
Auditor's remuneration		
– audit services		
– current year provision	4,514,118	3,983,015
– under(over)provision of previous years	12,773	(123,588)
– non audit services	974,015	916,330
Cost of hotel inventories consumed	57,927,959	55,634,006
Cost of properties sold	2,252,941,628	3,412,004,920
Depreciation	38,402,836	37,279,830
Loss on disposal of property, plant and equipment	887,608	415,665
(Reversal) recognition of impairment loss on trade receivables	(137,383,448)	143,071,089
Net exchange gain (included in other income)	(3,988,245)	(12,369,066)
(Gain) loss on disposal of investment properties	(2,187,416)	341,866
	<hr/>	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

13. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the seven (2009: seven) directors was as follows:

2010

	Mr. Robert Ng Chee Siong HK\$	Mr. Raymond Tong Kwok Tung* HK\$	Mr. Daryl Ng Win Kong HK\$	The Honourable Ronald Joseph Arculli HK\$ (Note ii)	Dr. Allan Zeman HK\$	Mr. Adrian David Li Man-kiu HK\$	Mr. Steven Ong Kay Eng HK\$	Total HK\$
Fees	70,000	9,998	60,000	120,000	380,000	380,000	180,000	1,199,998
Other emoluments								
Salaries and other benefits	1,226,760	797,164	758,857	-	-	-	-	2,782,781
Retirement benefits scheme contributions	12,000	2,000	12,000	-	-	-	-	26,000
Discretionary bonus (Note i)	-	1,750,000	60,690	-	-	-	-	1,810,690
Total emoluments	1,308,760	2,559,162	891,547	120,000	380,000	380,000	180,000	5,819,469

* Mr. Raymond Tong Kwok Tung resigned as an Executive Director of the Company on 1st September, 2009.

2009

	Mr. Robert Ng Chee Siong HK\$	Mr. Raymond Tong Kwok Tung HK\$	Mr. Daryl Ng Win Kong HK\$	The Honourable Ronald Joseph Arculli HK\$ (Note ii)	Dr. Allan Zeman HK\$	Mr. Adrian David Li Man-kiu HK\$	Mr. Steven Ong Kay Eng HK\$	Total HK\$
Fees	70,000	60,000	60,000	120,000	380,000	380,000	180,000	1,250,000
Other emoluments								
Salaries and other benefits	1,226,760	4,121,940	757,294	-	-	-	-	6,105,994
Retirement benefits scheme contributions	12,000	12,000	12,000	-	-	-	-	36,000
Discretionary bonus (Note i)	-	343,495	60,690	-	-	-	-	404,185
Total emoluments	1,308,760	4,537,435	889,984	120,000	380,000	380,000	180,000	7,796,179

Note i: Discretionary bonus is determined primarily based on the performance of each Director and the profitability of the Group.

Note ii: A consultancy fee of HK\$2,083,330 (2009: HK\$2,083,330), including HK\$1,666,664 (2009: HK\$1,666,664) paid directly by Sino Land, was paid to Ronald Arculli and Associates, of which The Honourable Ronald Joseph Arculli, GBM, CVO, GBS, OBE, JP is the sole proprietor.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

14. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, none of them (2009: one) is an Executive Director of the Company whose emoluments are included in Note 13 above. The emoluments of five (2009: four) individuals disclosed pursuant to the Listing Rules are as follows:

	2010 <i>HK\$</i>	2009 <i>HK\$</i>
Salaries and other emoluments (including basic salaries, housing allowances, other allowances and benefits in kind)	20,343,150	18,403,348
Retirement benefits scheme contributions	126,000	90,000
Discretionary bonus	5,537,341	2,086,570
	26,006,491	20,579,918

The emoluments were within the following bands:

	Number of individuals	
HK\$	2010	2009
3,500,001 – 4,000,000	2	1
4,500,001 – 5,000,000	1	1
5,000,001 – 6,000,000	–	1
6,000,001 – 6,500,000	1	1
7,000,001 – 7,500,000	1	–

For the years ended 30th June, 2010 and 2009, no emoluments were paid by the Group to these five highest paid individuals, including Directors, as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, no Director waived any emoluments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

15. INCOME TAX EXPENSE

	2010 <i>HK\$</i>	2009 <i>HK\$</i>
The charge comprises:		
Taxation attributable to the Company and its subsidiaries		
Hong Kong Profits Tax		
Provision for the year calculated at 16.5% (2009: 16.5%)	418,121,746	528,938,991
(Over)underprovision in previous years	(4,506,856)	933,533
	413,614,890	529,872,524
Taxation in other jurisdictions		
Provision for the year	78,340,369	31,638,717
Underprovision in previous years	5,132,002	28,814
	83,472,371	31,667,531
	497,087,261	561,540,055
Deferred taxation (<i>Note 38</i>)		
Current year	492,865,518	122,895,408
	989,952,779	684,435,463

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

15. INCOME TAX EXPENSE (Continued)

The tax charge for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2010 HK\$	2009 <i>HK\$</i>
Profit before taxation	7,331,122,841	4,403,628,573
Tax at Hong Kong Profits Tax rate of 16.5% (2009: 16.5%)	1,209,635,269	726,598,715
Tax effect of share of results of associates	(149,320,493)	5,193,607
Tax effect of expenses not deductible for tax purpose	82,312,539	111,824,056
Tax effect of income not taxable for tax purpose	(80,517,205)	(118,353,675)
Underprovision in previous years	625,146	895,252
Tax effect of tax losses not recognised	14,214,916	61,009,850
Tax effect of deferred taxation assets not recognised	25,226,440	87,666,250
Utilisation of tax losses previously not recognised	(85,457,850)	(59,009,876)
Utilisation of deferred taxation assets previously not recognised	(94,221,786)	(134,107,541)
Effect of different tax rates of subsidiaries operating in other jurisdictions	67,455,803	2,718,825
Tax charge for the year	989,952,779	684,435,463

Details of deferred taxation are set out in Note 38.

The IRD initiated tax inquiries for the years of assessment 1995/96 to 2003/04 on Sing-Ho Finance Company Limited ("Sing-Ho Finance"), a wholly-owned subsidiary of Sino Land. Notices of assessment for additional tax in an aggregate sum of approximately HK\$596,992,000 were issued to Sing-Ho Finance for the years under review and objections were lodged with the IRD by Sing-Ho Finance. The IRD agreed to hold over the tax claim subject to the purchase of tax reserve certificates (the "TRC") of approximately HK\$109,940,000 for those years of assessments. These TRC have been purchased by the Group in prior years. After considering the advice from the tax advisors and in view of the tax inquiries are still at the stage of collation of evidence, and in the opinion of the Directors of the Company, the ultimate outcome of these tax inquiries cannot presently be determined. The Directors are also of the opinion that the payment of the additional tax is not probable and therefore, no provision for any liabilities from the assessment that may result has been made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

16. DIVIDENDS

	2010 <i>HK\$</i>	2009 <i>HK\$</i>
Dividends recognised as distribution during the year:		
Final dividend for the year ended 30th June, 2009: HK30 cents (2009: HK30 cents for the year ended 30th June, 2008) per share	439,830,035	435,281,342
Interim dividend for the year ended 30th June, 2010: HK10 cents (2009: HK10 cents for the year ended 30th June, 2009) per share	147,727,049	146,553,967
	587,557,084	581,835,309

During the year, scrip dividends were offered in respect of the 2009 final and 2010 interim dividends. These scrip alternatives were accepted by the majority of shareholders, as follows:

	2010 Interim Dividend <i>HK\$</i>	2009 Final Dividend <i>HK\$</i>
Dividends:		
Cash	9,128,741	70,090,477
Scrip alternatives	138,598,308	369,739,558
	147,727,049	439,830,035

A final dividend of HK30 cents per share for the year ended 30th June, 2010 has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming Annual General Meeting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

17. EARNINGS PER SHARE

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

	2010 HK\$	2009 <i>HK\$</i>
Earnings for the purpose of basic earnings per share	<u>3,287,255,658</u>	<u>1,818,627,113</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,474,062,611</u>	<u>1,459,109,882</u>

No diluted earnings per share has been presented for the years ended 30th June, 2010 and 2009 as there were no potential ordinary shares outstanding during the current and prior years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

18. INVESTMENT PROPERTIES

THE GROUP								
	Investment properties in Hong Kong held under long leases	Investment properties in Hong Kong held under medium- term leases	Investment properties in the People's Republic of China held under medium- term leases	Investment properties under redevelopment in Hong Kong	Investment property under construction in the People's Republic of China	Investment properties in Singapore held under a long lease	Investment properties under construction in Singapore	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
FAIR VALUE								
At 1st July, 2008	2,535,992,392	29,401,457,501	–	250,000,000	–	682,137,750	–	32,869,587,643
Exchange realignment	–	–	–	–	–	(42,872,248)	–	(42,872,248)
Additions	300,000	44,849,462	–	1,751,115	–	41,118,203	–	88,018,780
Transfer from long lease to medium-term lease	(960,992,392)	960,992,392	–	–	–	–	–	–
Transfer from properties under development upon completion	362,709,477	3,351,886,390	–	–	–	245,197,458	–	3,959,793,325
Disposals	–	(5,926,661)	–	–	–	–	–	(5,926,661)
Adjustments in construction costs	–	(4,760,473)	–	–	–	–	–	(4,760,473)
Increase (decrease) in fair value	5,799,804	793,345,775	–	(1,751,115)	–	(103,562,788)	–	693,831,676
At 30th June, 2009	1,943,809,281	34,541,844,386	–	250,000,000	–	822,018,375	–	37,557,672,042
Reclassified from properties under development (Note 2)	–	–	–	–	179,494,954	–	169,406,076	348,901,030
Exchange realignment	–	–	–	–	–	30,820,256	7,001,431	37,821,687
Additions	–	20,998,933	16,218,000	14,946,537	85,463,368	4,489,924	94,520,500	236,637,262
Acquisition of subsidiary (Note 43)	–	567,316,401	–	–	–	–	–	567,316,401
Transfer from completed properties to investment properties under redevelopment	(129,000,000)	–	–	129,000,000	–	–	–	–
Transfer from properties under development upon completion	–	26,822,666	8,095,570	–	–	–	–	34,918,236
Transfer from investment properties under construction upon completion	–	–	–	–	–	270,928,007	(270,928,007)	–
Disposals	–	(8,352,279)	–	–	–	–	–	(8,352,279)
Adjustments in construction costs	(1,289,825)	(8,989,235)	–	–	–	–	–	(10,279,060)
Increase (decrease) in fair value	305,780,544	1,876,907,888	16,948,430	65,053,463	453,791,678	(155,740,862)	–	2,562,741,141
At 30th June, 2010	2,119,300,000	37,016,548,760	41,262,000	459,000,000	718,750,000	972,515,700	–	41,327,376,460

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

18. INVESTMENT PROPERTIES *(Continued)*

The fair values of the Group's completed investment properties at 30th June, 2010 and 2009 have been arrived at on the basis of valuations carried out as at that date by Knight Frank Petty Ltd. and Colliers International Consultancy & Valuation (Singapore) Pte Ltd, firms of independent qualified professional property valuers not connected with the Group. The valuations were arrived at by reference to market evidence of recent transaction prices for similar properties and/or on the basis of discounted cash flow projections based on estimates of future rental income from properties using current market rentals and yields as inputs.

For investment properties under construction or redevelopment, the valuations have been arrived at adopting direct comparison approach with reference to comparable transactions in the locality and assuming that the investment properties will be completed in accordance with the development proposals and the relevant approvals for the proposals have been obtained. The valuations have also taken into account the relevant future cost of development, including construction costs, finance costs, professional fees and developer's profit, which duly reflect the risks associated with the development of the properties.

All of the Group's property interests held under operating lease to earn rentals or for capital appreciation purposes are measured using fair value model and are classified and accounted for as investment properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

19. HOTEL PROPERTIES

THE GROUP	Hotel properties in Singapore held under a long lease HK\$
COST	
At 1st July, 2008	1,018,555,826
Exchange realignment	(69,476,266)
Additions	719,060
Written off	(351,481)
	<hr/>
At 30th June, 2009	949,447,139
Exchange realignment	39,239,964
Transfer from properties under development upon completion	523,922,095
Additions	88,297
Written off	(175,915)
	<hr/>
At 30th June, 2010	1,512,521,580
	<hr/>
DEPRECIATION	
At 1st July, 2008	78,119,291
Exchange realignment	(5,690,964)
Provided for the year	10,263,579
	<hr/>
At 30th June, 2009	82,691,906
Exchange realignment	3,622,222
Provided for the year	10,106,768
	<hr/>
At 30th June, 2010	96,420,896
	<hr/>
CARRYING VALUES	
At 30th June, 2010	1,416,100,684
	<hr/>
At 30th June, 2009	866,755,233
	<hr/>
<p>The hotel properties are depreciated on a straight-line basis over the relevant terms of the leases of 60 to 96 years.</p>	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

20. PROPERTY, PLANT AND EQUIPMENT

THE COMPANY	
	Motor vehicles HK\$
COST	
At 1st July, 2008, 30th June, 2009 and 2010	<u>403,700</u>
DEPRECIATION	
At 1st July, 2008	274,085
Provided for the year	<u>66,940</u>
At 30th June, 2009	341,025
Provided for the year	<u>54,940</u>
At 30th June, 2010	<u>395,965</u>
CARRYING VALUES	
At 30th June, 2010	<u><u>7,735</u></u>
At 30th June, 2009	<u><u>62,675</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

20. PROPERTY, PLANT AND EQUIPMENT (Continued)

THE GROUP						
	Computer systems HK\$	Furniture, fixtures and equipment HK\$	Leasehold improvements HK\$	Motor vehicles HK\$	Plant and machinery HK\$	Total HK\$
COST						
At 1st July, 2008	54,423,829	129,727,770	32,849,385	18,090,528	5,467,507	240,559,019
Exchange realignment	(850,504)	(6,979,483)	(1,118)	(280,852)	(22,437)	(8,134,394)
Additions	9,234,838	16,059,309	1,939,761	466,628	541,376	28,241,912
Disposals	(743,234)	(1,962,442)	(55,880)	(543,800)	(22,092)	(3,327,448)
At 30th June, 2009	62,064,929	136,845,154	34,732,148	17,732,504	5,964,354	257,339,089
Exchange realignment	573,863	4,477,893	6,761	169,700	12,668	5,240,885
Acquisition of subsidiary (Note 43)	1,419,259	11,264,340	–	–	–	12,683,599
Additions	4,222,983	74,694,733	8,593,128	1,308,722	1,320,163	90,139,729
Disposals	(5,281,801)	(1,890,246)	(4,749,471)	(1,183,192)	(1,018,912)	(14,123,622)
At 30th June, 2010	62,999,233	225,391,874	38,582,566	18,027,734	6,278,273	351,279,680
DEPRECIATION						
At 1st July, 2008	39,663,310	70,183,256	25,998,286	11,429,131	4,183,559	151,457,542
Exchange realignment	(706,022)	(4,353,558)	(238)	(142,243)	(20,571)	(5,222,632)
Provided for the year	6,438,780	14,513,773	3,338,401	1,896,588	828,709	27,016,251
Eliminated on disposals	(531,818)	(1,517,361)	(48,429)	(543,800)	(21,740)	(2,663,148)
At 30th June, 2009	44,864,250	78,826,110	29,288,020	12,639,676	4,969,957	170,588,013
Exchange realignment	388,383	2,849,060	2,951	99,125	12,438	3,351,957
Provided for the year	7,071,086	15,645,949	2,904,205	1,928,417	746,411	28,296,068
Eliminated on disposals	(5,090,567)	(1,030,012)	(4,345,092)	(1,183,192)	(1,002,538)	(12,651,401)
At 30th June, 2010	47,233,152	96,291,107	27,850,084	13,484,026	4,726,268	189,584,637
CARRYING VALUES						
At 30th June, 2010	15,766,081	129,100,767	10,732,482	4,543,708	1,552,005	161,695,043
At 30th June, 2009	17,200,679	58,019,044	5,444,128	5,092,828	994,397	86,751,076

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Computer systems	20%-33 $\frac{1}{3}$ %
Furniture, fixtures and equipment	10%-33 $\frac{1}{3}$ %
Leasehold improvements	20%
Motor vehicles	20%
Plant and machinery	10%-30%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

21. GOODWILL/DEEMED DISPOSAL/ACQUISITION OF INTEREST IN A LISTED SUBSIDIARY

	THE GROUP <i>HK\$</i>
GROSS AMOUNT	
At 1st July, 2008	759,025,809
Arising on acquisition of additional interests in a listed subsidiary	34,072,269
Eliminated on disposal of partial interests in a listed subsidiary	<u>(53,864,160)</u>
At 30th June, 2009 and 30th June, 2010	<u>739,233,918</u>

Goodwill as at 30th June 2010 and 2009 arose from increase in the Group's ownership in a listed subsidiary through further acquisition the interests in the repurchase of its own shares by the listed subsidiary itself as well as the issue of scrip dividends by the listed subsidiary in prior years. Particulars regarding impairment testing on goodwill are disclosed in Note 26.

During the year ended 30th June, 2009, a listed subsidiary of the Group issued scrip dividends to its owners and repurchased its own shares. These transactions gave rise to a deemed disposal and acquisition of partial interest in a listed subsidiary held by the Group. The resultant loss of approximately HK\$6,000,000 from the deemed partial disposal and a gain of approximately HK\$155,000,000 from the deemed partial acquisition were recognised as other gains and losses in the consolidated income statement.

During the year ended 30th June, 2010, changes in the Group's ownership interest in subsidiaries that do not result in loss of control of the subsidiaries have been accounted for as equity transactions.

22. PREPAID LEASE PAYMENTS

	THE GROUP	
	2010 <i>HK\$</i>	2009 <i>HK\$</i>
The Group's prepaid lease payments comprise:		
Leasehold land outside Hong Kong – long lease	<u>1,140,730,175</u>	<u>430,213,043</u>
Analysed for reporting purposes as:		
Current assets	17,363,023	4,916,722
Non-current assets	<u>1,123,367,152</u>	<u>425,296,321</u>
	<u>1,140,730,175</u>	<u>430,213,043</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

23. SUBSIDIARIES/AMOUNTS DUE FROM SUBSIDIARIES

	THE COMPANY	
	2010 HK\$	2009 HK\$
Investments in subsidiaries:		
Unlisted shares, at cost less impairment losses recognised	92,830,137	92,140,138
Listed shares in Hong Kong, at cost	4,449,439,350	4,071,396,334
	<u>4,542,269,487</u>	<u>4,163,536,472</u>
Advances to subsidiaries	3,193,277,915	–
	<u>7,735,547,402</u>	<u>4,163,536,472</u>
Market value of Hong Kong listed investments	16,507,735,447	14,762,611,177

The advances to subsidiaries are unsecured, interest-free and have no fixed repayment terms. The effective interest rate for imputed interest income is determined based on the cost-of-funds plus a margin per annum. In the opinion of the Directors, the Company will not demand for repayment within the next twelve months from the end of the reporting period and accordingly the advances are classified as non-current assets in the statement of financial position of the Company as at 30th June, 2010.

Particulars of the Company's principal subsidiaries at 30th June, 2010 and 2009 are set out in Note 51.

24. ASSOCIATES/AMOUNTS DUE FROM/TO ASSOCIATES

	THE GROUP	
	2010 HK\$	2009 HK\$
Interests in associates:		
Unlisted shares, at cost	2,085,008,866	2,113,526,691
Share of post-acquisition profits	5,660,436,764	4,952,660,768
	<u>7,745,445,630</u>	<u>7,066,187,459</u>
Advances to associates less provisions	11,472,718,600	9,937,488,304
	<u>19,218,164,230</u>	<u>17,003,675,763</u>

Included in the cost of investment in associates is goodwill of HK\$142,498,716 (2009: HK\$142,498,716) arising on acquisitions of associates in prior years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

24. ASSOCIATES/AMOUNTS DUE FROM/TO ASSOCIATES (Continued)

The advances to associates of the Group are unsecured and have no fixed repayment terms. At 30th June, 2010, out of the Group's advances to associates, HK\$1,526,824,256 (2009: HK\$1,365,278,311) bears interest at effective rate determined based on the Group's cost-of-funds plus a margin per annum and the remaining balance of HK\$9,945,894,344 (2009: HK\$8,572,209,993) is interest-free. The effective interest rate for imputed interest income is determined based on the cost-of-funds plus a margin per annum. In the opinion of the Directors, the Group will not demand for repayment within the next twelve months from the end of the reporting period and the advances are therefore shown as non-current.

The amounts due from associates of the Group grouped under current assets are unsecured and are expected to be repaid within one year. At 30th June, 2010, out of the Group's amounts due from associates, HK\$867,883 (2009: HK\$142,716,109) bears interest at effective rate determined based on the cost-of-funds plus a margin per annum and the remaining balance of HK\$85,889,669 (2009: HK\$288,255,648) is interest-free.

The amounts due to associates of the Group grouped under current liabilities are unsecured, interest-free and repayable on demand.

Particulars of the principal associates at 30th June, 2010 and 2009 are set out in Note 52.

The summarised financial information in respect of the Group's associates is set out below:

	2010 HK\$	2009 <i>HK\$</i>
Total assets	94,304,720,236	86,377,126,533
Total liabilities	(71,816,212,623)	(67,077,880,605)
Net assets	22,488,507,613	19,299,245,928
Group's share of net assets of associates	7,602,946,914	6,923,688,743
Turnover	3,308,785,088	3,708,403,984
Profit for the year	3,974,937,041	158,472,160
Group's share of results of associates for the year	904,972,687	(31,476,405)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

24. ASSOCIATES/AMOUNTS DUE FROM/TO ASSOCIATES (Continued)

The IRD initiated tax inquiries in respect of the deductions on certain loan interest and related expenses for the years of assessment 1994/95 to 2003/04 on a wholly-owned subsidiary, Murdoch Investments Inc. ("MII"), of the Group's associate, Erleigh Investment Limited. Notices of assessment for additional tax in the aggregate amounts of approximately HK\$127,740,000 was issued to MII for the years under review and objection was properly lodged with the IRD by MII. The IRD agreed to hold over the tax claim subject to the purchase of TRC of approximately HK\$18,212,000 for those years of assessments. These TRC have been purchased by the corresponding company in prior years.

In respect of MII case, the effective share of the additional tax attributable to the Group as at 30th June, 2010 is estimated to be approximately HK\$29,996,000 (2009: HK\$26,745,000). Together with the advice from their tax advisors, management of MII confirmed that it is his intention to vigorously contest the relevant assessments issued by the IRD. The management of MII is of the opinion that the outcome of these assessments/objections cannot presently be estimated. The management is also of the opinion that the payment of the additional tax is not probable and, therefore, no provision for any liabilities has been made by MII.

The Directors of the Company have taken note of the above matters and have made due inquiries. Nothing has come to the attention of the Board of Directors of the Company which indicates that there has been material subsequent development or change in status in respect of the above matters.

25. JOINTLY CONTROLLED ENTITY

	THE GROUP	
	2010 HK\$	2009 HK\$
Interests in a jointly controlled entity:		
Unlisted shares, at cost	70,251,382	–
Advance to a jointly controlled entity	1,599,853,118	–
	<hr/>	<hr/>
	1,670,104,500	–
	<hr/>	<hr/>

The advance to a jointly controlled entity of the Group is unsecured, interest-free and has no fixed repayment terms. The effective interest rate for imputed interest income is determined based on the cost-of-funds plus a margin per annum. In the opinion of the Directors, the Group will not demand for repayment within the next twelve months from the end of the reporting period and the advance is therefore shown as non-current.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

25. JOINTLY CONTROLLED ENTITY (Continued)

Particulars of the jointly controlled entity at 30th June, 2010 and 2009 are set out as below:

Name of jointly controlled entity	Place of incorporation/ operation	Class of shares held	Issued share capital	Proportion of nominal value of issued share capital held by the Company		Principal activity
				2010	2009	
				%	%	
Grand Site Development Limited	Hong Kong	Ordinary	HK\$2	50	N/A	Property development

The summarised financial information in respect of the Group's jointly controlled entity is set out below:

	2010 HK\$	2009 HK\$
Total assets	3,342,467,822	–
Total liabilities	<u>(3,342,608,820)</u>	–
Net liabilities	<u>(140,998)</u>	–
Group's share of net liabilities of a jointly controlled entity	<u>(70,499)</u>	–

26. IMPAIRMENT TESTING ON GOODWILL

During the year ended 30th June 2010, management of the Group performed an impairment review in respect of goodwill arising on acquisition of additional interests in the Company's listed subsidiary, Sino Land, with the carrying amount of HK\$739,233,918 at 30th June, 2010 (2009: HK\$739,233,918) as set out in Note 21. Sino Land is the Company's major operating arm in respect of the Group's five operating divisions as set out in Note 8. The recoverable amount of these operating divisions (which are also the cash generating units) is determined based on fair value less costs to sell. The management determined that there is no impairment on goodwill as at 30th June 2010. The amounts of goodwill are allocated to respective operating divisions disclosed in Note 8.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

27. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	THE GROUP	
	2010 HK\$	2009 HK\$
Listed investments:		
Equity securities listed in		
Hong Kong	833,537,602	758,014,637
Singapore	394,684,493	366,106,693
	<u>1,228,222,095</u>	<u>1,124,121,330</u>
Unlisted securities:		
Equity securities	30,898,490	30,898,952
Club debentures	615,000	615,000
	<u>31,513,490</u>	<u>31,513,952</u>
Total	<u>1,259,735,585</u>	<u>1,155,635,282</u>

At the end of the reporting period, all available-for-sale investments are stated at fair value, except for those unlisted equity investments of which their fair values cannot be measured reliably.

The above unlisted equity investments are investments in unlisted equity securities issued by private entities incorporated in Hong Kong. They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair values cannot be measured reliably.

For the year ended 30th June, 2009, impairment loss of HK\$190,000,000 in respect of the equity securities listed in Hong Kong has been recognised in the consolidated income statement.

28. ADVANCES TO INVESTEE COMPANIES

The advances to investee companies of the Group are unsecured and have no fixed repayment terms. At 30th June, 2010, out of the advances, HK\$17,631,824 (2009: HK\$18,114,871) bears interest at effective rate determined based on the cost-of-funds plus a margin per annum and the remaining balance of HK\$996 (2009: Nil) is interest-free. In the opinion of the Directors, the Group will not demand for repayment within the next twelve months from the end of the reporting period and the advances are therefore shown as non-current.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

29. LONG-TERM LOANS RECEIVABLE

	THE GROUP	
	2010 HK\$	2009 HK\$
Total long-term variable-rate loans receivable	45,518,484	67,476,875
Less: Current portion shown under current assets	(1,619,111)	(3,936,331)
	<u>43,899,373</u>	<u>63,540,544</u>

The Group offers loans to buyers of properties sold by the Group and the repayment terms of the loans are specified in the respective loan agreements.

The Group maintains a defined credit policy to assess the credit quality of each counterparty. The collection is closely monitored to minimise any credit risk associated with these debtors.

The carrying amount of loans receivable at 30th June, 2010 is HK\$59,047,143 net of accumulated impairment loss of HK\$13,528,659 (2009: carrying amount of HK\$79,719,597 net of accumulated impairment loss of HK\$12,242,722).

The exposure of the Group's variable-rate loans receivable to interest rate risks and their contracted maturity dates are as follows:

	2010 HK\$	2009 HK\$
Variable-rate loans receivable:		
Within one year	1,619,111	3,936,331
In more than one year but not more than five years	9,680,773	13,458,692
In more than five years	34,218,600	50,081,852
	<u>45,518,484</u>	<u>67,476,875</u>

The Group's long-term loans receivable are denominated in HK\$ and carry interest rates (which are the contractual interest rates) at prime rate plus a margin per annum and are secured by second mortgages over the properties acquired by the purchasers. The maturity dates of the balances are ranging from 5 to 20 years (2009: ranging from 6 to 20 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

29. LONG-TERM LOANS RECEIVABLE (Continued)

Movements in the allowance for doubtful debts

	THE GROUP	
	2010 HK\$	2009 HK\$
Balance at the beginning of the year	12,242,722	12,275,562
Impairment losses recognised (reversed)	1,285,937	(32,840)
Balance at the end of the year	13,528,659	12,242,722

At 30th June, 2010 and 2009, no balance is past due but not impaired. The Group has assessed the creditworthiness, past payment history and substantial settlement after the end of the reporting period, and considered that the amounts are still recoverable and no further credit provision is required in excess of allowance for doubtful debts. Loans receivable which are neither overdue nor impaired are in good quality.

30. TRADING SECURITIES

Trading securities comprise:

	THE COMPANY		THE GROUP	
	2010 HK\$	2009 HK\$	2010 HK\$	2009 HK\$
Listed investments:				
Equity securities listed in Hong Kong	–	1,159,072	997,184,655	1,457,072,956
Equity securities listed elsewhere	–	–	122,021,176	288,289,258
Total	–	1,159,072	1,119,205,831	1,745,362,214

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

31. ACCOUNTS AND OTHER RECEIVABLES

At 30th June, 2010, included in accounts and other receivables of the Group are trade receivables of HK\$564,540,817 (2009: HK\$904,068,982). Trade receivables mainly comprise rental receivables and properties sales receivables.

	THE GROUP	
	2010	2009
	HK\$	HK\$
Trade receivables	588,894,293	1,065,805,906
Less: Allowance for doubtful debts	(24,353,476)	(161,736,924)
	<hr/>	<hr/>
Other receivables	564,540,817	904,068,982
	444,248,631	578,845,218
	<hr/>	<hr/>
	1,008,789,448	1,482,914,200
	<hr/>	<hr/>

The Group maintains a defined credit policy to assess the credit quality of each counterparty. The collection is closely monitored to minimise any credit risk associated with these trade debtors. Considerations in respect of sold properties are payable by the purchasers pursuant to the terms of the sales and purchase agreements.

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

	2010	2009
	HK\$	HK\$
0 – 30 days	467,953,059	462,772,963
31 – 60 days	20,972,016	396,782,153
61 – 90 days	4,142,548	4,254,254
Over 90 days	71,473,194	40,259,612
	<hr/>	<hr/>
	564,540,817	904,068,982
	<hr/>	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

31. ACCOUNTS AND OTHER RECEIVABLES (Continued)

Movements in the allowance for doubtful debts

	THE GROUP	
	2010 HK\$	2009 HK\$
Balance at the beginning of the year	161,736,924	18,665,835
Impairment losses (reversed) recognised on trade receivables	(137,383,448)	143,071,089
Balance at the end of the year	24,353,476	161,736,924

Ageing of trade receivables which are past due but not impaired

	2010 HK\$	2009 HK\$
Overdue within 30 days	127,685,443	462,671,173
Overdue between 31 days to 60 days	20,972,016	396,782,153
Overdue between 61 days to 90 days	4,142,548	4,254,254
Overdue for more than 90 days	71,473,194	40,259,612
	224,273,201	903,967,192

For those past due but not impaired receivables, although no collateral is held, the Group has assessed the creditworthiness, past payment history and substantial settlement after the end of the reporting period, and considers that the amounts are still recoverable and no further credit provision is required in excess of allowance for doubtful debts. Trade receivables over 90 days amounting to HK\$71,473,194 (2009: HK\$40,259,612) are sufficiently covered by rental deposits received from the respective tenants and no allowance is required for these receivables under the Group's allowance policy.

Trade receivables as at 30th June, 2010 and 2009 which are neither overdue nor impaired are in good quality.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

32. RESTRICTED BANK DEPOSITS/TIME DEPOSITS, BANK BALANCES AND CASH

The restricted bank deposits of the Group represent rental income received from certain properties which have been charged but can be applied for settlement of property expenses, interest payment and principal repayment of the corresponding secured bank loans. The restricted bank deposits and time deposits carry floating interest rates, ranging from 0.03% to 1.06% (2009: 0.0001% to 4.78%) per annum.

33. ACCOUNTS AND OTHER PAYABLES

At 30th June, 2010, included in accounts and other payables of the Group are trade payables of HK\$94,475,108 (2009: HK\$108,731,713).

The accounts and other payables of the Group are unsecured and repayable on demand. At 30th June, 2010, out of the payables, HK\$26,385,727 (2009: HK\$19,920,927) bear interest at 2% to 7% per annum (2009: 7% per annum) and the remaining balance of HK\$3,504,232,065 (2009: HK\$4,555,264,652) is interest-free. The interest bearing payables represent the amount due to a related company, in which Mr. Robert Ng Chee Siong, Director of the Company, holds share interests and directorships of the related company.

At 30th June, 2009, customers' deposits, in relation to the Group's sales of properties, included in other payables, amounted to approximately HK\$1,061,718,000.

The following is an aged analysis of trade payables at the reporting date:

	THE GROUP	
	2010 HK\$	2009 HK\$
0 – 30 days	65,632,861	73,052,757
31 – 60 days	15,684,767	10,539,384
61 – 90 days	2,800,783	5,504,091
Over 90 days	10,356,697	19,635,481
	94,475,108	108,731,713

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

34. BANK BORROWINGS

	THE COMPANY		THE GROUP	
	2010 HK\$	2009 HK\$	2010 HK\$	2009 HK\$
Short-term bank loans				
Secured	–	43,000,000	6,262,896,494	7,968,796,853
Unsecured	–	–	200,000,000	1,198,662,306
Total short-term bank loans	–	43,000,000	6,462,896,494	9,167,459,159
Long-term unsecured bank loans				
More than two years but not exceeding three years	–	–	495,797,034	–
Long-term secured bank loans				
Within one year	–	–	212,416,918	227,926,231
More than one year but not exceeding two years	–	–	4,676,075,755	4,416,978,913
More than two years but not exceeding three years	–	–	2,288,500,171	4,870,763,721
More than three years but not exceeding four years	–	–	6,896,599,740	1,733,740,811
	–	–	14,073,592,584	11,249,409,676
Less: Current portion shown under current liabilities	–	–	(212,416,918)	(227,926,231)
	–	–	13,861,175,666	11,021,483,445
Total bank loans – due after one year	–	–	14,356,972,700	11,021,483,445
Total bank loans	–	43,000,000	21,032,286,112	20,416,868,835

All of the bank borrowings carry contracted interest rates (which are also the effective interest rates) at HIBOR/SIBOR plus a margin per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

34. BANK BORROWINGS (Continued)

The Group's bank borrowings that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	HK\$ equivalent of USD HK\$
As at 30th June, 2010	155,705,000
As at 30th June, 2009	232,515,000

35. OTHER LOANS

	THE COMPANY		THE GROUP	
	2010 HK\$	2009 HK\$	2010 HK\$	2009 HK\$
Unsecured other loans				
On demand or within one year	–	–	147,074,915	53,956,405
More than one year but not exceeding two years	–	–	3,399,925,189	3,285,065,947
	–	–	3,547,000,104	3,339,022,352
Less: Current portion shown under current liabilities	–	–	(147,074,915)	(53,956,405)
	–	–	3,399,925,189	3,285,065,947
Secured other loans				
On demand or within one year	–	446,772	13,371,976	593,745,181
More than one year but not exceeding two years	–	–	236,941,200	32,047,500
More than two years but not exceeding three years	–	–	–	240,356,250
	–	446,772	250,313,176	866,148,931
Less: Current portion shown under current liabilities	–	(446,772)	(13,371,976)	(593,745,181)
	–	–	236,941,200	272,403,750
Total other loans – due after one year	–	–	3,636,866,389	3,557,469,697
Total other loans	–	446,772	3,797,313,280	4,205,171,283

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

35. OTHER LOANS (Continued)

The secured other loans of the Group carry contractual interest rates (which are also the effective interest rates) at prime rate plus a margin per annum.

The unsecured other loans are interest-free and out of which an aggregate amount of HK\$3,399,925,189 (2009: HK\$3,285,065,947) are included in non-current liability as the lenders have agreed not to demand repayment within the next twelve months from the end of the reporting period. The effective interest rate for imputed interest expenses are determined based on the cost-of-funds plus a margin per annum.

36. SHARE CAPITAL

	2010		2009	
	Number of ordinary shares of HK\$0.20 each	Nominal value HK\$	Number of ordinary shares of HK\$0.20 each	Nominal value HK\$
Authorised:				
At 1st July and at 30th June	2,500,000,000	500,000,000	2,500,000,000	500,000,000
Issued and fully paid:				
At 1st July	1,466,100,116	293,220,023	1,450,937,808	290,187,562
Issue of shares in lieu of cash dividends	16,206,654	3,241,331	15,162,308	3,032,461
At 30th June	1,482,306,770	296,461,354	1,466,100,116	293,220,023

On 4th December, 2009 and 27th April, 2010, the Company issued and allotted 11,170,379 ordinary shares and 5,036,275 ordinary shares of HK\$0.20 each of the Company at an issue price of HK\$33.10 and HK\$27.52 each in lieu of cash for the 2009 final and 2010 interim dividends respectively.

The shares rank pari passu in all respects with the existing shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

37. SHARE PREMIUM AND RESERVES

THE COMPANY				
	Share premium <i>HK\$</i>	Capital redemption reserve <i>HK\$</i>	Retained profits <i>HK\$</i>	Total <i>HK\$</i>
At 1st July, 2008	4,078,156,441	224,000	506,429,533	4,584,809,974
Profit for the year	–	–	677,352,228	677,352,228
Premium on issue of shares upon scrip dividends	381,979,617	–	–	381,979,617
Share issue expenses	(43,283)	–	–	(43,283)
Final dividend – 2008	–	–	(435,281,342)	(435,281,342)
Interim dividend – 2009	–	–	(146,553,967)	(146,553,967)
At 30th June, 2009	4,460,092,775	224,000	601,946,452	5,062,263,227
Profit for the year	–	–	815,501,633	815,501,633
Premium on issue of shares upon scrip dividends	505,096,535	–	–	505,096,535
Share issue expenses	(60,000)	–	–	(60,000)
Final dividend – 2009	–	–	(439,830,035)	(439,830,035)
Interim dividend – 2010	–	–	(147,727,049)	(147,727,049)
At 30th June, 2010	4,965,129,310	224,000	829,891,001	5,795,244,311

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

38. DEFERRED TAXATION

The followings are the major deferred taxation liabilities and assets recognised and movements thereon during the current and prior reporting periods:

	Accelerated tax depreciation <i>HK\$</i>	Revaluation of investment properties <i>HK\$</i>	Undistributed profits of associates <i>HK\$</i>	Tax losses <i>HK\$</i>	Others <i>HK\$</i>	Total <i>HK\$</i>
At 1st July, 2008	362,143,218	2,625,017,502	18,156,344	(177,331,927)	95,651,992	2,923,637,129
Exchange realignment	-	-	(11,889)	-	(12,332,368)	(12,344,257)
Charged (credited) to profit or loss for the year	20,705,678	93,075,341	(7,492,388)	34,488,881	(17,882,104)	122,895,408
Settlement on withholding tax	-	-	(8,615,802)	-	-	(8,615,802)
At 30th June, 2009	382,848,896	2,718,092,843	2,036,265	(142,843,046)	65,437,520	3,025,572,478
Exchange realignment	-	-	109,880	-	6,257,192	6,367,072
Charged (credited) to profit or loss for the year	92,921,950	407,831,397	7,137,178	(12,616,007)	(2,409,000)	492,865,518
At 30th June, 2010	475,770,846	3,125,924,240	9,283,323	(155,459,053)	69,285,712	3,524,805,068

For the purpose of presentation in the statement of financial position, the deferred taxation assets and liabilities have been offset.

At 30th June, 2010, the Group had unused tax losses of HK\$1,772,023,144 (2009: HK\$2,127,392,791) available for offset against future profits. A deferred taxation asset has been recognised in respect of HK\$942,183,812 (2009: HK\$865,778,103) of such losses. No deferred taxation asset has been recognised in respect of the remaining HK\$829,839,332 (2009: HK\$1,261,614,688) due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

At 30th June, 2010, the Group had deductible temporary differences of HK\$1,624,962,467 (2009: HK\$2,043,116,079). No deferred taxation asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred taxation liabilities have not been recognised was HK\$162,139,519 (2009: HK\$213,612,692). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

39. ADVANCES FROM SUBSIDIARIES

The advances from subsidiaries of the Company are unsecured, bears interest at rate determined based on the cost-of-funds plus a margin per annum and have no fixed repayment terms but are not repayable within the next twelve months from the end of the reporting period. The advances are therefore shown as non-current.

40. ADVANCES FROM ASSOCIATES

The advances from associates of the Group are unsecured and have no fixed repayment terms but are not repayable within the next twelve months from the end of the reporting period. At 30th June, 2010, HK\$581,104,619 (2009: HK\$526,237,857) of the advances bears interest at effective rate determined based on the cost-of-funds plus a margin per annum and the remaining balance of HK\$1,549,172,565 (2009: HK\$1,540,950,497) is interest-free. The effective interest rate for imputed interest expenses is determined based on the cost-of-funds plus a margin per annum.

41. ADVANCES FROM NON-CONTROLLING INTERESTS

The advances from non-controlling interests of the Group amounting to HK\$10,241,719 (2009: HK\$2,125,161) are unsecured, bear interest at effective rate determined based on the cost-of-funds plus a margin per annum and have no fixed repayment terms. The remaining balance of HK\$396,510,678 (2009: Nil) is unsecured and interest-free. The non-controlling interests agreed not to demand repayment within the next twelve months from the end of the reporting period and the advances are therefore shown as non-current.

The principal advances from non-controlling interests of the Group amounted to HK\$401,666,556 had been initially reduced to its present value of HK\$396,510,678 based on management's estimates of future cash payments with a corresponding adjustment of HK\$5,155,878 which was regarded as a deemed contribution from the non-controlling interests during the year ended 30th June, 2010. The effective interest rate adopted for measurement at fair value at initial recognition of the advances from non-controlling interests of a subsidiary in respect of the year is determined based on the cost-of-funds plus a margin per annum.

42. JOINTLY CONTROLLED OPERATIONS

The Group has entered into joint venture agreements ("Agreements") in the form of jointly controlled operations to jointly develop residential/commercial projects in Hong Kong. Under the Agreements, the Group is responsible for the development of the projects.

At 30th June, 2010 and 2009, the aggregate amount of assets, liabilities, income and expenses recognised in the consolidated financial statements in relation to the interests in jointly controlled operations are as follows:

	2010 HK\$	2009 HK\$
Assets	<u>11,940,836,034</u>	<u>21,711,910,845</u>
Liabilities	<u>4,134,704,556</u>	<u>8,914,394,375</u>
Income	<u>4,351,880,269</u>	<u>6,498,568,009</u>
Expenses	<u>2,503,820,559</u>	<u>4,133,559,017</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

43. ACQUISITION OF ASSETS AND LIABILITIES THROUGH PURCHASE OF SUBSIDIARY

During the year, assets and liabilities were acquired through the acquisition of 100% equity interest in HCP Hong Kong Fully Co Ltd for a total consideration of HK\$573,693,868, net of bank and cash balances of HK\$13,355,472 acquired. This company is engaged in property investment holding.

Since the main assets of HCP Hong Kong Fully Co Ltd are investment properties in Hong Kong, the acquisition of which has been accounted for as acquisition of assets.

The net assets acquired in the transaction are as follows:

	Recognised amounts HK\$
Net assets acquired:	
Investment properties	567,316,401
Property, plant and equipment	12,683,599
Accounts and other receivables	1,391,352
Bank balances and cash	13,355,472
Accounts and other payables	(7,697,484)
Unsecured loan payable	(335,199,719)
	<hr/>
	251,849,621
Assignment of unsecured loan payable to its intermediate holding company	335,199,719
	<hr/>
	587,049,340
	<hr/>
Total cash consideration paid for acquisition of the subsidiary	587,049,340
	<hr/>
Net cash outflow arising on acquisition:	
Cash consideration paid	587,049,340
Bank and cash balances acquired	(13,355,472)
	<hr/>
	573,693,868
	<hr/>

44. MAJOR NON-CASH TRANSACTIONS

On 4th December, 2009 and 27th April, 2010, the Company issued and allotted a total of 11,170,379 (2009: 14,601,859) ordinary shares and 5,036,275 (2009: 560,449) ordinary shares of HK\$0.2 each of the Company at HK\$33.10 (2009: HK\$25.45) and HK\$27.52 (2009: HK\$23.90) per share, respectively, to the shareholders in lieu of cash for 2009 final and 2010 interim dividends (2009: 2008 final and 2009 interim dividends).

On 3rd December, 2009 and 26th April, 2010, Sino Land issued and allotted a total of 75,962,242 (2009: 1,917,421) ordinary shares and 21,456,910 (2009: 37,865,347) ordinary shares of HK\$1.00 each at an issue price of HK\$14.512 (2009: HK\$6.728) and HK\$14.652 (2009: HK\$9.658) per share, respectively, to Sino Land's shareholders in lieu of cash for Sino Land's 2009 final and 2010 interim dividends (2009: 2008 final and 2009 interim dividends).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

45. PLEDGE OF ASSETS

THE GROUP

- (a) At 30th June, 2010, the aggregate facilities of bank loans and other loans amounting to approximately HK\$29,455,722,000 (2009: HK\$22,600,046,000) were secured by certain of the Group's listed investments, properties, restricted bank deposits, shares of Sino Land and floating charges on bank balances amounting to a total of HK\$56,046,003,670 (2009: HK\$58,668,728,759). At that date, the facilities were utilised to the extent of approximately HK\$20,636,556,000 (2009: HK\$20,131,415,000).

Assets with the following carrying amounts have been pledged to secure borrowings of the Group:

	2010 HK\$	2009 HK\$
Investment properties	26,929,339,000	24,297,090,000
Hotel properties	1,416,100,684	866,755,233
Prepaid lease payments	1,140,730,175	430,213,042
Property, plant and equipment	829,348	666,837
Properties under development	19,472,879,412	18,109,155,455
Stocks of completed properties	945,280,367	626,473,450
Accounts and other receivables	13,107,707	15,534,709
Pledged bank balances	428,707,597	1,351,917,434
Investment in securities	5,611,287,909	12,768,936,180
Others	87,741,471	201,986,419
	56,046,003,670	58,668,728,759

- (b) At 30th June, 2010, investments in and advances to certain associates amounting to approximately HK\$6,553,299,000 (2009: HK\$5,862,035,000), in addition to certain assets pledged by the associates, were pledged to or assigned to secure loan facilities made available by banks to such associates. The Group's attributable portion of these facilities amounted to HK\$10,834,550,000 (2009: HK\$10,313,300,000), of which HK\$7,683,750,000 (2009: HK\$7,233,300,000) was utilised by the associates and guaranteed by Sino Land.

THE COMPANY

At 30th June, 2010, the Company and certain subsidiaries' bank and other loan facilities at an aggregate amount of HK\$180,000,000 (2009: HK\$652,961,772) were secured by certain shares held by the Company amounting to HK\$551,772,435 (2009: HK\$1,805,858,372). At that date, the facilities were utilised to the extent of HK\$180,000,000 (2009: HK\$652,961,772).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

46. CONTINGENT LIABILITIES

- (a) Other than as disclosed in Note 15, at the end of the reporting period, the Company and the Group had contingent liabilities as follows:

	THE COMPANY		THE GROUP	
	2010 HK\$	2009 HK\$	2010 HK\$	2009 HK\$
Guarantees in respect of banking facilities of:				
Subsidiaries				
– Utilised	2,105,705,000	2,303,291,000	–	–
– Unutilised	30,000,000	79,224,000	–	–
	2,135,705,000	2,382,515,000	–	–
Associates				
– Utilised	–	–	7,683,750,000	7,233,300,000
– Unutilised	–	–	3,150,800,000	3,080,000,000
	–	–	10,834,550,000	10,313,300,000

As at 30th June, 2010, the Group issued corporate financial guarantees to banks in respect of banking facilities granted to associates. At the end of the reporting period, an amount of HK\$8,869,482 (2009: HK\$16,445,575) has been recognised in the consolidated statement of financial position as liabilities.

As at 30th June, 2010, the Company issued corporate financial guarantees to banks in respect of banking facilities granted to subsidiaries. At the end of the reporting period, an amount of HK\$41,659,617 (2009: HK\$124,152,948) has been recognised in the Company's statement of financial position as liabilities.

- (b) At the end of the reporting period, share of contingent liabilities of associates is as follows:

	THE COMPANY		THE GROUP	
	2010 HK\$	2009 HK\$	2010 HK\$	2009 HK\$
Share of contingent liabilities (Note 24)	–	–	29,996,000	26,745,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

47. OPERATING LEASE ARRANGEMENTS

The Group as lessor

Property rental income earned during the year, net of outgoings of HK\$327,995,718 (2009: HK\$295,991,756), was HK\$1,635,497,757 (2009: HK\$1,526,627,600). Most of the properties held have committed tenants with rental fixed for an average term of two years.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments, which fall due:

	2010 HK\$	2009 <i>HK\$</i>
Within one year	1,545,565,454	1,258,063,609
In the second to fifth year inclusive	1,707,920,201	1,291,259,649
After five years	62,983,234	33,343,259
	<u>3,316,468,889</u>	<u>2,582,666,517</u>

The Group as lessee

Minimum lease payments paid under operating leases during the year was HK\$40,828,821 (2009: HK\$47,323,831).

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2010 HK\$	2009 <i>HK\$</i>
Within one year	26,478,188	33,476,845
In the second to fifth year inclusive	16,314,029	14,249,521
	<u>42,792,217</u>	<u>47,726,366</u>

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of two years and rentals are fixed for an average term of two years.

The Company did not have any significant commitments either as a lessor or a lessee at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

48. RETIREMENT BENEFIT SCHEME

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect to MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The Group is also required to make contributions to state pension scheme, the Central Provident Fund, based on certain percentages of the monthly salaries of the employees of the Company's subsidiaries operating in Singapore. The Group has no other obligations under this state pension scheme other than the contribution payments.

49. PROPERTIES UNDER DEVELOPMENT

At the end of the reporting period, properties under development amounting to approximately HK\$20,616,322,000 (2009: HK\$9,274,759,000) were not scheduled for completion within twelve months from the reporting date.

50. RELATED PARTY DISCLOSURES

The Group had the following transactions with related parties:

(a) Related companies

	2010 HK\$	2009 HK\$
Service fees received therefrom (Note i)	121,452,440	121,961,295
Rental paid thereto (Note i)	40,828,821	47,366,409
Consultancy fee paid thereto (Note ii)	2,083,330	2,083,330
Fair value gain on non-current interest-free unsecured other loans (Note iii)	64,990,283	91,399,403
Imputed interest expense on non-current interest-free unsecured other loans (Note iii)	91,399,403	154,336,812

Note i: Mr. Robert Ng Chee Siong, Director of the Company, was interested in these transactions as he holds share interest and directorships of the related companies.

Note ii: The consultancy fee was paid to Ronald Arculli and Associates, of which The Honourable Ronald Joseph Arculli, GBM, CVO, GBS, OBE, JP, Non-Executive Director of the Company, was interested in this transaction as a sole proprietor.

Note iii: All the unsecured other loans of the Group amounting to HK\$3,547,000,104 (2009: HK\$3,339,022,352) were borrowed from a close family member of the late Mr. Ng Teng Fong, the controlling shareholder of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

50. RELATED PARTY DISCLOSURES (Continued)

(b) Associates

	2010 HK\$	2009 HK\$
Service fees paid thereto	18,439,375	14,470,022
Management fees received therefrom	22,250,402	23,522,625
Interest income received therefrom	28,807,988	38,579,619
Interest expenses paid thereto	3,879,352	9,594,265
Imputed interest income on non-current interest-free advances to associates	73,883,590	88,801,853
Imputed interest expense on non-current interest-free advances from associates	<u>30,542,872</u>	<u>57,153,890</u>

Certain of the above related party transactions also constitute continuing connected transactions as defined in chapter 14A of the Listing Rules and their details are disclosed on pages 35 to 44 in the Directors' report.

Details of the outstanding balances with subsidiaries, associates, a jointly controlled entity, a related company and non-controlling interests as well as interest-free unsecured other loans at the end of the reporting period are set out in the statements of financial position and in Notes 23, 24, 25, 33, 35, 39, 40 and 41.

In addition, as set out in Notes 45 and 46, the Company and the Group have granted guarantees and pledged certain assets to banks and financial institutions for facilities granted to the group entities and associates.

Compensation of key management personnel

The remuneration of Directors during the year was as follows:

	2010 HK\$	2009 HK\$
Short-term benefits	5,793,469	7,760,179
Retirement benefit scheme contributions	<u>26,000</u>	<u>36,000</u>
	<u>5,819,469</u>	<u>7,796,179</u>

The remuneration of the Directors is determined by Remuneration Committee having regard to the performance of individuals and market trends.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

51. PRINCIPAL SUBSIDIARIES

The Directors are of the opinion that a complete list of all subsidiaries will be of excessive length and therefore the following list contains only the particulars of subsidiaries at 30th June, 2010 and 2009 which materially affected the results or assets and liabilities of the Group.

A complete list of all the subsidiaries will be annexed to the Company's next annual return.

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
				2010		Total %	2009 Total %	
				Directly %	Indirectly %			
Able Way Investments Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Financing
Acclaim Investment Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Share investment
Accomplishment Investment Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Share investment
Ackerley Estates Limited	Hong Kong	Ordinary	HK\$20,000,000	–	100	100	100	Property investment
Active Success Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Advance Profit Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Alfaso Investment Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property investment
Allbright Global Investments, S.A.	Republic of Panama/ Hong Kong	Bearer	US\$200	100	–	100	100	Share investment
Allways Success Finance Limited	Hong Kong	Ordinary	HK\$10	–	100	100	100	Mortgage loan financing
Ample Way Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Apex Speed Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Beauty Plaza Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

51. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
				2010		Total %	2009 Total %	
				Directly %	Indirectly %			
Benefit Bright Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Best General Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Financing
Best Origin Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Best Result Cleaning Services Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Cleaning services
Bestone Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property development
Brighter Investment Company Limited	Hong Kong	Ordinary	HK\$400,000	100	–	100	100	Share investment
Central Wisdom Limited	Hong Kong	Ordinary	HK\$2	–	100	100	N/A	Property development
Century Profit Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Champion Asia Investments Limited	Hong Kong	Ordinary	HK\$2	–	100	100	N/A	Property investment
Champion Rise Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Champion Top Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property development
Cheer Result Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Citywalk Management Company Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Building management
Citywalk 2 Management Company Limited	Hong Kong	Ordinary	HK\$2	–	100	100	N/A	Building management
Crenshaw Investment Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Share investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

51. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
				2010		Total %	2009 Total %	
				Directly %	Indirectly %			
Dragon (Hong Kong) Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property development
e.Sino Company Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Investment holding
Elegant Lane Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Entertainment City Limited	Hong Kong	Ordinary	HK\$4,500,000	–	100	100	100	Property investment
Ever Champion Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading
Ever Success Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Financing
Falcon City Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Famous General Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Famous Palace Properties Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property investment
Far Gain Limited	Hong Kong	Ordinary	HK\$10,000	–	100	100	100	Property investment
Firm Wise Investment Limited	Hong Kong	Ordinary	HK\$10	–	70	70	70	Property investment
Forlink Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Fortune Garden Inc.	Republic of Liberia/ Hong Kong	Registered/ Bearer	US\$1	–	100	100	100	Share investment
Free Champion Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Fu King Investment Limited	Hong Kong	Ordinary	HK\$1,000,000	–	100	100	100	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

51. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
				2010		Total %	2009 Total %	
				Directly %	Indirectly %			
Full Fair Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Fullerton Hotels & Resorts Pte. Ltd.	Singapore	Ordinary	S\$10,000	–	100	100	100	Management services
Fung Yuen Construction Company Limited	Hong Kong	Ordinary	HK\$1,000,000	–	100	100	100	Building construction
Global Honest Finance Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Mortgage loan financing
Globaland Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Glorypark Limited	Hong Kong	Ordinary	HK\$1,000	–	100	100	100	Property investment
Golden Century Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Financing
Golden Leaf Investment Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property investment
Golden Paradise (Hong Kong) Limited	Hong Kong	Ordinary	HK\$2	–	100	100	N/A	Financing
Good Champion Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	N/A	Property investment
Grace Rays Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Grand Creator Investment (BVI) Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$10	–	60	60	60	Investment holding
Grand Creator Investment Limited	Hong Kong	Ordinary	HK\$2	–	60	60	60	Property trading
Grand Empire Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Project management

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

51. PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company			2009 Total %	Principal activities
				2010 Directly %	2010 Indirectly %	2010 Total %		
Grand Start Holdings Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	-	100	100	N/A	Investment Holding
Grandeal Limited	Hong Kong/PRC	Ordinary	HK\$2	-	100	100	100	Property trading
Great Land (HK) Limited	Hong Kong	Ordinary	HK\$1,000,000	-	100	100	100	Property trading and investment
Handsome Lift Investment (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	-	100	100	100	Property investment
Hang Hau Station (Project Management) Limited	Hong Kong	Ordinary	HK\$2	-	60	60	60	Project management
Harvest Sun Limited	Hong Kong	Ordinary	HK\$2	-	100	100	100	Property trading and investment
Harvestrade Investment Limited	Hong Kong	Ordinary	HK\$20,000	-	100	100	100	Property trading and investment
HCP Hong Kong Fully Co Ltd	Cayman Islands/ Hong Kong	Ordinary	US\$1	-	100	100	N/A	Property investment
Hickson Limited	Hong Kong	Ordinary	HK\$20	-	100	100	100	Property investment
High Elite Finance Limited	Hong Kong	Ordinary	HK\$2	-	100	100	100	Mortgage loan financing
High Elite Limited	Hong Kong	Ordinary	HK\$2	-	100	100	100	Property investment
Hong Kong Elite Limited	Hong Kong	Ordinary	HK\$2	-	100	100	100	Property investment
Jade Bird Development Limited	Hong Kong	Ordinary	HK\$100,000	-	100	100	100	Property trading and investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

51. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
				2010		Total %	2009 Total %	
				Directly %	Indirectly %			
Jade Line Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Jade Mate Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Jade Pine Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property investment
Jade Queen Properties Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Jet Rise Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Ka Fai Land Investment Limited	Hong Kong	Ordinary	HK\$500,000	100	–	100	100	Share investment
King Century Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
King Chance Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Investment holding
King Regent Limited	Hong Kong	Ordinary	HK\$1	–	85	85	N/A	Property development
King Talent Investments Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Financing
Kingdom Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Kingsfield International Investments Limited	Hong Kong	Ordinary	HK\$1	–	100	100	100	Property investment
Land Success Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Landscape Investment Limited	Hong Kong/ PRC	Ordinary	HK\$2	–	100	100	100	Property development
Lucky Fortress Inc.	Republic of Liberia/ Hong Kong	Registered/ Bearer	US\$1	–	100	100	100	Share investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

51. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
				2010		Total %	2009 Total %	
				Directly %	Indirectly %			
Mackey Limited	Hong Kong	Ordinary	HK\$100	–	100	100	100	Property trading
Mailcoach Investment Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Share investment
Main Earn Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Financing
Mander Investment Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Share investment
Masswell International Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	N/A	Investment holding
Mega Sino Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Investment holding
Morbest Profits Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Share investment
Multipurpose Investment Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property trading and investment
Nam Lung (Singapore) Pte. Limited	Singapore	Ordinary	S\$2	100	–	100	100	Share dealing
Nice Scene International Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Investment holding
Ocean Century Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Financing
Ocean Treasure (Hong Kong) Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

51. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
				2010		Total %	2009 Total %	
				Directly %	Indirectly %			
Octerworth Enterprises Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property investment
Olympian City 1 (Project Management) Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Project management
Olympian City 2 Finance Company Limited	Hong Kong	Ordinary	HK\$1,000	–	100	100	100	Mortgage loan financing
Olympian City 2 (Project Management) Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Project management
Orchard Centre Holdings (Pte.) Limited	Singapore	Ordinary	S\$8,400,000	–	95	95	95	Property trading and share dealing
Orchard Place (Pte.) Limited	Singapore	Ordinary	S\$1,000,000	–	95	95	95	Property trading
Orient Harvest International Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading
Peace Success Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading
Perfect Sun Properties Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Precious Land Pte. Limited	Singapore	Ordinary	S\$2	–	100	100	100	Property investment
Precious Quay Pte. Ltd.	Singapore	Ordinary	S\$10,000	–	100	100	100	Property investment and development
Precious Treasure Pte Ltd	Singapore	Ordinary	S\$20,000,000	–	100	100	100	Hotel operation and property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

51. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
				2010		Total %	2009 Total %	
				Directly %	Indirectly %			
Premium Living Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Premium living services
Pridegate (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Property investment
Prime Harvest (Administration Services) Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Consultant services provider
Prime Harvest Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Prime Reward Finance Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Financing
Primewin Properties Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Profit Falcon Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Financing
Profit Land Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Decoration services provider
Pui Chee Enterprises Limited	Hong Kong	Ordinary	HK\$1,000,000	100	–	100	100	Share investment
Rainbow City Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property development
Ramage Investment Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Share investment
Rankchief Company Limited	Hong Kong	Ordinary	HK\$200	–	100	100	100	Property trading
Real Maker Development Limited	Hong Kong	Ordinary	HK\$200,000	–	90	90	90	Property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

51. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
				2010		Total %	2009 Total %	
				Directly %	Indirectly %			
Regent Profit Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Region One Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Residence Oasis Finance Company Limited	Hong Kong	Ordinary	HK\$2	–	60	60	60	Mortgage loan financing
Rich Tact International (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Property investment
Rich Treasure Investments Limited	Hong Kong	Ordinary	HK\$1	–	100	100	100	Mortgage Loan financing
Rickson Investment Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Investment holding
Roystar Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Investment holding
Ruddiman Trading Company Limited	Hong Kong	Ordinary	HK\$100,000	–	100	100	100	Investment holding
Saky Investment (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Property investment
Santander Investment Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Share investment
Serenity Park Building Management Limited	Hong Kong	Ordinary	HK\$10	–	100	100	100	Building management
Sharp Rise Company Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

51. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
				2010		Total %	2009 Total %	
				Directly %	Indirectly %			
Shine Harvest International Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property development
Sidak Investment Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property trading and investment
Silver Palm Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Silver Target Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Sincere Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property development
Sing-Ho Finance Company Limited	Hong Kong	Ordinary	HK\$30,000,000	–	100	100	100	Financing
Sino (Xiamen) Realty Development Co., Ltd.	PRC	Registered	HK\$20,000,000	–	100	100	100	Property development and investment
Sino Administration Services Limited	Hong Kong	Ordinary	HK\$3	–	100	100	100	Administration services
Sino Estates Management Limited	Hong Kong	Ordinary	HK\$5,500,000	–	100	100	100	Building management
Sino Estates Services Limited	Hong Kong	Ordinary	HK\$20	–	100	100	100	Building management
Sino Land Company Limited (Listed in Hong Kong)	Hong Kong	Ordinary	HK\$4,902,690,690	23.98	28.20	52.18	51.50	Investment holding
Sino Land Finance Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Deposit placing
Sino Land (Fuzhou) Co., Ltd. (Note i)	PRC	Registered	HK\$50,000,000	–	100	100	100	Property development
Sino Land (Guangzhou) Company Limited (Note i)	PRC	Registered	US\$3,200,000	–	100	100	100	Property trading and investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

51. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
				2010		Total %	2009 Total %	
				Directly %	Indirectly %			
Sino Land (Zhangzhou) Company Limited (Note i)	PRC	Registered	HK\$94,150,000	–	100	100	100	Property development
Sino Land Investment (Holdings) Ltd.	Cayman Islands/ Hong Kong	Ordinary	US\$6,000,000	–	100	100	100	Investment holding
Sino Security Services Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Security services
Spangle Investment Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Share investment
Sparkling Investment Company Limited	Hong Kong	Ordinary	HK\$200	100	–	100	100	Share investment
Standard Union Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Share investment
Star Profit Limited	Hong Kong	Ordinary	HK\$2	100	–	100	N/A	Financing
Success One Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Success United Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Financing
Sunfairs International Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	N/A	Investment holding
Sunny Force Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Sunrise Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Super One Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Thousand Growth Development Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

51. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
				2010		Total %	2009 Total %	
				Directly %	Indirectly %			
Timeshare Development (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Property investment
Top Gallant Limited	Hong Kong	Ordinary	HK\$1	–	100	100	N/A	Property development
Trans China Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Triple Reach International (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Property investment
Triumph One Limited	Hong Kong	Ordinary	HK\$10,000	–	100	100	100	Property trading and investment
Union Century (Hong Kong) Limited	Hong Kong	Ordinary	HK\$2	–	100	100	N/A	Property investment
Union Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading
Union Harvest Investments Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property development
Union Rich Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	N/A	Property investment
Union Treasure Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Financing
Union Vision Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Vantage Plus Investments Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$100	–	85	85	N/A	Investment holding
Vasilon Pte Ltd	Singapore	Ordinary	S\$2	–	100	100	100	Investment holding
Weiland Development Company Limited	Hong Kong	Ordinary	HK\$33,140,000	–	100	100	100	Property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

51. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
				2010		Total %	2009 Total %	
				Directly %	Indirectly %			
Well Growth International Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Investment holding
Wendia Limited	Hong Kong	Ordinary	HK\$20	–	100	100	100	Property investment
Will Glory Company (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Property investment
Win Harvest (HK) Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Winchamp Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Winning Limited	Hong Kong	Ordinary	HK\$1	–	100	100	N/A	Investment holding
Wisdom Power Holdings Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	N/A	Investment holding
Wise Century Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Wise Mate Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
World Ace Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
World Empire Investment (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Property investment
信和置業(成都)有限公司 (Note i)	PRC	Registered	HK\$4,522,000,000	–	100	100	100	Property development

Notes:

(i) Wholly foreign owned enterprises established in the PRC.

(ii) None of the subsidiaries had issued any debt securities at 30th June, 2010 and 2009.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

52. PRINCIPAL ASSOCIATES

The Directors are of the opinion that a complete list of all associates will be of excessive length and therefore the following list contains only the particulars of associates at 30th June, 2010 and 2009 which materially affect the results of the year or form a substantial portion of the net assets of the Group.

A complete list of all the associates will be annexed to the Company's next annual return.

Name of associate	Place of incorporation/ establishment/ operation	Class of shares held	Proportion of nominal value of issued share capital/ registered capital held indirectly by the Company		Principal activities
			2010 Total %	2009 Total %	
Ace Glory Limited	Hong Kong	Ordinary	25	25	Property development
Asian Success Investments Limited	Hong Kong	Ordinary	33.3	33.3	Property trading
Astoria Estate Management Company Limited	Hong Kong	Ordinary	50	50	Building management
Best Profit Limited	Hong Kong	Ordinary	50	50	Property development
Better Chief Limited	Hong Kong	Ordinary	50	50	Property investment
Beverhill Limited	Hong Kong	Ordinary	20	20	Property investment
Boatswain Enterprises Limited	Hong Kong	Ordinary	20	20	Property investment
Brisbane Trading Company Limited	Hong Kong	Ordinary and non-voting deferred	50	50	Property trading
Century Rise Limited	Hong Kong	Ordinary	50	50	Property development
Cheer City Properties Limited	Hong Kong	Ordinary	20	20	Property investment
Chongqing Champion Globe Company Limited	PRC	Registered	50	50	Property development
Chongqing Champion King Company Limited	PRC	Registered	50	50	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

52. PRINCIPAL ASSOCIATES (Continued)

Name of associate	Place of incorporation/ establishment/ operation	Class of shares held	Proportion of nominal value of issued share capital/ registered capital held indirectly by the Company		Principal activities
			2010 Total %	2009 Total %	
Chongqing Sino Land Company Limited	PRC	Registered	50	50	Property development
Cosmos Door Limited	Hong Kong	Ordinary	50	50	Property investment
Credit World Limited	Hong Kong	Ordinary	20	20	Property trading
C.H.K.C. Building Management Limited	Hong Kong	Ordinary	25	25	Building management
Direct Win Development Limited	Hong Kong	Ordinary	33.3	33.3	Property trading
Dramstar Company Limited	Hong Kong	Ordinary	22	22	Property trading
Empire Funds Limited	Hong Kong	Ordinary	50	50	Property trading
Enterprico Investment Limited	Hong Kong	Ordinary	50	50	Financing
Eternal Honest Finance Company Limited	Hong Kong	Ordinary	50	50	Mortgage loan financing
Famous Empire Finance Limited	Hong Kong	Ordinary	40	40	Mortgage loan financing
Famous Empire Properties Limited	Hong Kong	Ordinary	40	40	Property trading and investment
Finedale Industries Limited	Hong Kong	Ordinary	33.3	33.3	Property investment
Full Raise International Limited	British Virgin Islands/ Hong Kong	Ordinary	25	25	Investment holding
Gloryland Limited	Hong Kong	Ordinary	33.3	33.3	Property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

52. PRINCIPAL ASSOCIATES (Continued)

Name of associate	Place of incorporation/ establishment/ operation	Class of shares held	Proportion of nominal value of issued share capital/ registered capital held indirectly by the Company		Principal activities
			2010 Total %	2009 Total %	
Golden Famous International Limited	Hong Kong	Ordinary	25	25	Property trading
Grace Sign Limited	Hong Kong	Ordinary	30	30	Property trading
Grand Palisades Finance Company Limited	Hong Kong	Ordinary	20	20	Mortgage loan financing
Grand Rise Investments Limited	Hong Kong	Ordinary	50	50	Property investment
Greenroll Limited	Hong Kong	Ordinary	30	30	Hotel operation
Hua Qing Holdings Pte Ltd	Singapore	Ordinary	23.5	23.5	Investment holding
Island Resort Estate Management Company Limited	Hong Kong	Ordinary	40	40	Building management
Jet Fame (Hong Kong) Limited	Hong Kong	Ordinary	50	50	Property investment
Lead Bright Finance Limited	Hong Kong	Ordinary	20	20	Mortgage loan financing
Lead Bright Limited	Hong Kong	Ordinary	20	20	Property trading
Million Success Limited	Hong Kong	Ordinary	25	25	Property investment
More Treasure Company Limited	Hong Kong	Ordinary	25	25	Property investment
Murdoch Investments Inc.	Republic of Panama/ Hong Kong	Ordinary	45	45	Property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

52. PRINCIPAL ASSOCIATES (Continued)

Name of associate	Place of incorporation/ establishment/ operation	Class of shares held	Proportion of nominal value of issued share capital/ registered capital held indirectly by the Company		Principal activities
			2010 Total %	2009 Total %	
Nimble Limited	British Virgin Islands/ Hong Kong	Ordinary	45	45	Investment holding
Orient Field Holdings Limited	Hong Kong	Ordinary	50	N/A	Property investment
Pacific Bond Limited	Hong Kong	Ordinary	35	35	Property development
Prime Force Limited	Hong Kong	Ordinary	50	50	Property trading
Pui Hay Enterprises Limited	Hong Kong	Ordinary	50	50	Property trading
Rich Century Investment Limited	Hong Kong	Ordinary	50	50	Property investment
Silver Link Investment Limited	Hong Kong	Ordinary	40	40	Property trading and investment
Sino Parking Services Limited	Hong Kong	Ordinary	50	50	Carpark operation
Sino Real Estate Agency Limited	Hong Kong	Ordinary	50	50	Real estate agency
Tat Lee Construction Company Limited	Hong Kong	Ordinary	25	25	Building construction
Teamer International Limited	Hong Kong	Ordinary	35	35	Property development
Union King (Hong Kong) Limited	Hong Kong	Ordinary	45	45	Property development
Union Top Properties Limited	Hong Kong	Ordinary	50	N/A	Property investment
Victory World Limited	Hong Kong	Ordinary	50	50	Property trading and investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

52. PRINCIPAL ASSOCIATES (Continued)

Name of associate	Place of incorporation/ establishment/ operation	Class of shares held	Proportion of nominal value of issued share capital/ registered capital held indirectly by the Company		Principal activities
			2010 Total %	2009 Total %	
Wide Harvest Investment Limited	Hong Kong	Ordinary	25	25	Property investment
Win Chanford Enterprises Limited	Hong Kong	Ordinary	50	50	Property investment
Wisekey Investment Limited	British Virgin Islands/ Hong Kong	Ordinary	50	50	Investment holding
深圳中海信和地產開發有限公司	PRC	Registered	50	50	Property trading
中海信和(成都)物業發展有限公司	PRC	Registered	20	20	Property development and trading

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 30th June, 2010, Sino Land Company Limited (“Sino Land”) was a 52.21% owned subsidiary of the Company. On a consolidated basis, the Company had a general disclosure obligation under Rule 13.22 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) with respect to the advances to, and guarantees given for the benefits of its affiliated companies by the Company (through Sino Land and/or its subsidiaries). In accordance with Rule 13.22 of the Listing Rules, the Company discloses the following statement of indebtedness, capital commitments and contingent liabilities reported on by the affiliated companies of Sino Land and/or its subsidiaries as at the end of the most recent financial period. This information has been extracted from the relevant audited financial statements of the affiliated companies.

	At 30th June, 2010 HK\$	At 30th June, 2009 HK\$
Sino Land’s share of total indebtedness of its affiliated companies		
– Bank loans	8,065,015,771	8,113,068,694
Advances from Sino Land and its subsidiaries	<u>14,956,607,037</u>	<u>12,291,766,209</u>
	<u>23,021,622,808</u>	<u>20,404,834,903</u>
Sino Land’s share of contingent liabilities of its affiliated companies	<u>57,483,000</u>	<u>51,929,000</u>

Note: “Affiliated companies” mentioned above refers to associates and jointly controlled entity of the Group.

MAJOR PROPERTIES HELD BY THE GROUP

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment/own use							
HONG KONG							
1. No. 1 Chatham Path Mid-levels, Hong Kong	2072	52.18%	–	4,070	R	Completed	Existing
2. 15 Shek O Headland, Hong Kong	2047	52.18%	2,970	1,163	R	Completed	Existing
3. 20-24 Staunton Street Central, Hong Kong	2844	52.18%	3,313	11,531 4,322 <u>15,853</u>	R C	Completed	Existing
4. 148 Electric Road North Point, Hong Kong	2047	52.18%	13,160	103,003	C	Completed	Existing
5. Bayview Park 3 Hong Man Street, Chai Wan, Hong Kong	2047	52.18%	17,122	42,923	R	Completed	Existing
6. Central Plaza 18 Harbour Road, Wan Chai, Hong Kong	2047	5.22%	77,824	73,052	C	Completed	Existing
7. The Centrium 60 Wyndham Street, Central, Hong Kong	2047	36.53%	17,061	93,474	C	Completed	Existing
8. Conrad Hong Kong Pacific Place, 88 Queensway, Hong Kong	2047	15.65%	–	86,361	H	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment/own use							
HONG KONG							
9. Fraser Suites Hong Kong 74-80 Johnston Road, Wan Chai, Hong Kong	2047	52.18%	5,353	24,176 <u>6,145</u> <u>30,321</u>	R C	Completed	Existing
10. Harbour Centre Harbour Road & Fleming Road, Hong Kong	2128	8.71%	32,626	20,959	C	Completed	Existing
11. The Hennessy 256 Hennessy Road, Wan Chai, Hong Kong	2127	52.18%	4,791	37,498	C	Completed	Existing
12. Hollywood Centre 233 Hollywood Road, Hong Kong	2128	26.09%	6,706	24,892	C	Completed	Existing
13. Island Resort Mall 28 Siu Sai Wan Road, Chai Wan, Hong Kong	2047	20.87%	275,470	39,488 <u>27,970*</u> <u>67,458</u>	C P	Completed	Existing
* 250 carparks							
14. Marina House 68 Hing Man Street, Shau Kei Wan, Hong Kong	2047	52.18%	7,818	62,250	C	Completed	Existing
15. One Capital Place 18 Luard Road, Wan Chai, Hong Kong	2127	52.18%	5,315	38,323	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment/own use							
HONG KONG							
16. Pacific Palisades 1 Braemar Hill Road, Hong Kong	2047	10.44%	165,550	48,814	R	Completed	Existing
17. Pacific Plaza 418 Des Voeux Road West, Hong Kong	2860	52.18%	9,450	85,815	C	Completed	Existing
18. 25/F United Centre Queensway, Hong Kong	2128	26.09%	–	5,335	C	Completed	Existing
KOWLOON							
19. No. 1 Hung To Road Kwun Tong, Kowloon	2047	17.39%	60,970	92,534	I	Completed	Existing
20. The Astrid 180 Argyle Street, Kowloon	2047	52.18%	61,118	9,114	R	Completed	Existing
21. Cameron Plaza 23 Cameron Road, Tsim Sha Tsui, Kowloon	2038	52.18%	5,413	34,204	C	Completed	Existing
22. China Hong Kong City 33 Canton Road, Tsim Sha Tsui, Kowloon	2135	13.05%	165,334	187,552	C	Completed	Existing
23. Corporation Square 8 Lam Lok Street, Kowloon Bay, Kowloon	2047	52.18%	21,745	81,354	I	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment/own use							
KOWLOON							
24. Exchange Tower 33 Wang Chiu Road, Kowloon Bay, Kowloon	2055	52.18%	50,752	317,790	C	Completed	Existing
25. Fullerton Centre 19 Hung To Road, Kwun Tong, Kowloon	2047	52.18%	10,394	59,659	I	Completed	Existing
26. Futura Plaza 111-113 How Ming Street, Kwun Tong, Kowloon	2047	52.18%	18,783	117,612	C	Completed	Existing
27. Hong Kong Pacific Centre 28 Hankow Road, Tsim Sha Tsui, Kowloon	2039	52.18%	18,028	121,374	C	Completed	Existing
28. Kent Court 137 Boundary Street, Kowloon	2047	52.18%	–	1,603	R	Completed	Existing
29. Kwun Tong Harbour Plaza 182 Wai Yip Street, Kwun Tong, Kowloon	2047	52.18%	31,018	81,803 103,712* <u>185,515</u>	C P	Completed	Existing
							* 247 carparks
30. Kwun Tong Plaza 68 Hoi Yuen Road, Kwun Tong, Kowloon	2047	52.18%	25,995	491 100,548* <u>101,039</u>	C P	Completed	Existing
							* 191 carparks

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment/own use							
KOWLOON							
31. Olympian City 1 Shopping Mall, 11 Hoi Fai Road, MTR Olympic Station, Kowloon	2047	Joint Venture	712,614	139,931 [†]	C	Completed	Existing
32. Olympian City 2 Shopping Mall, 18 Hoi Ting Road, MTR Olympic Station, Kowloon	2047	Joint Venture	708,577	511,287 [†]	C	Completed	Existing
33. Omega Plaza 32 Dundas Street, Kowloon	2047	52.18%	5,385	42,148	C	Completed	Existing
34. One Madison 305 Castle Peak Road, Kowloon	2047	52.18%	7,200	6,679	C	Completed	Existing
35. One New York 468 Castle Peak Road, Kowloon	2047	52.18%	6,448	5,020	C	Completed	Existing
36. One SilverSea 18 Hoi Fai Road, Kowloon	2052	52.18%	112,484	58,694	C	Completed	Existing
37. Parmanand House 51-52 Haiphong Road, Kowloon	2863	52.18%	1,800	9,415	C	Completed	Existing
38. Remington Centre 23 Hung To Road, Kwun Tong, Kowloon	2047	52.18%	10,370	59,539	I	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP *(Continued)*

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment/own use							
KOWLOON							
39. Skyline Tower 39 Wang Kwong Road, Kowloon Bay, Kowloon	2047	26.09%	68,986	215,981	C	Completed	Existing
40. Sunshine Plaza Shopping Arcade, 17 Sung On Street, Hung Hom, Kowloon	2047	52.18%	26,598	30,727	C	Completed	Existing
41. Tsim Sha Tsui Centre Salisbury Road, Tsim Sha Tsui, Kowloon	2127	23.48%	42,835	120,697	C	Completed	Existing
42. Vista 188 Fuk Wa Street, Sham Shui Po, Kowloon	2054	Joint Venture	14,895	22,335 [†]	C	Completed	Existing
43. Westley Square 48 Hoi Yuen Road, Kwun Tong, Kowloon	2047	52.18%	21,110	124,286	I/O	Completed	Existing
44. Yau Tong Industrial City 17 Ko Fai Road, Yau Tong, Kowloon	2047	46.96%	100,580	242,442	I	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment/own use							
NEW TERRITORIES							
45. Avon Park Shopping Mall, 15 Yat Ming Street, Fanling, New Territories	2047	52.18%	145,649	53,213	C	Completed	Existing
46. Citywalk 1 Yeung Uk Road, Tsuen Wan, New Territories	2052	Joint Venture	207,659	245,419 [†]	C	Completed	Existing
47. Citywalk 2 18 Yeung Uk Road, Tsuen Wan, New Territories	2054	Joint Venture	77,823	191,568 [†]	C	Completed	Existing
48. Golden Plaza 28 Shui Che Kwun Street, Yuen Long, New Territories	2047	52.18%	21,420	16,790 90,569* <u>107,359</u>	C P	Completed	Existing
							* 229 carparks
49. Grand Regentville Shopping Arcade, 9 Wo Mun Street, Fanling, New Territories	2049	52.18%	131,448	37,289 77,379* <u>114,668</u>	C P	Completed	Existing
							* 217 carparks
50. Lake Silver Shopping Arcade, 599 Sai Sha Road, Ma On Shan, New Territories	2055	Joint Venture	367,601	43,056 [†]	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment/own use							
NEW TERRITORIES							
51. Mansfield Industrial Centre 19 Hong Yip Street, Tung Tau, Yuen Long, New Territories	2047	52.18%	52,582	58,052	I	Completed	Existing
52. Maritime Bay Shopping Mall, 18 Pui Shing Road, Tseung Kwan O, New Territories	2047	52.18%	64,261	29,907	C	Completed	Existing
53. Oceania Heights Shopping Mall, 2 Hoi Chu Road, Tuen Mun, New Territories	2052	52.18%	65,552	15,175	C	Completed	Existing
54. The Palazzo Shopping Arcade, 28 Lok King Street, Shatin, New Territories	2053	Joint Venture	287,258	21,528 [†]	C	Completed	Existing
55. Parklane Centre 25 Kin Wing Street, Tuen Mun, New Territories	2047	52.18%	26,522	44,347 87,128* <u>131,475</u>	I P	Completed	Existing
							* 61 carparks
56. Ping Wui Centre 13-17 Ping Wui Street, Yuen Long, New Territories	2047	52.18%	20,376	10,645 90,411* <u>101,056</u>	C P	Completed	Existing
							* 235 carparks

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment/own use							
NEW TERRITORIES							
57. Rosedale Gardens Shopping Arcade, 133 Castle Peak Road, Tuen Mun, New Territories	2047	52.18%	29,956	18,374	C	Completed	Existing
58. Shatin Galleria 18-24 Shan Mei Street, Fo Tan, Shatin, New Territories	2047	52.18%	38,234	140,259 48,888* <u>189,147</u>	C P	Completed	Existing
							* 140 carparks
59. Springdale Villas Shopping Arcade, 80 Ma Tin Road, Yuen Long, New Territories	2047	52.18%	45,273	20,699 45,450* <u>66,149</u>	C P	Completed	Existing
							* 136 carparks
60. Sunley Centre 9 Wing Yin Street, Tsuen Wan, New Territories	2047	52.18%	17,362	89,003	I	Completed	Existing
61. Tuen Mun Town Plaza, Phase I 1 Tuen Shun Street & 1 Tuen Shing Street, Tuen Mun, New Territories	2047	52.18%	262,715	445,384 82,097* <u>527,481</u>	C P	Completed	Existing
							* 274 carparks
62. The Waterside Shopping Mall, 15 On Chun Street, Ma On Shan, Shatin, New Territories	2047	20.87%	69,428	11,882	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment/own use							
MAINLAND CHINA							
63. Greenfields Chuangye Road, Guangzhou Economic & Technology Development District, Guangzhou	2054	52.18%	53,131	7,791 <u>6,711*</u> <u>14,502</u>	C P	Completed	Existing
				* 27 carparks			
64. Park Place 130 Jia He Lu, Xiamen	2039	52.18%	44,118	5,578	C	Completed	Existing
65. Raffles City Shanghai Plot 105 A&B, 228 Xizang Road Central, Huangpu District, Shanghai	2044 2046	11.69%	163,624	157,137	C	Completed	Existing
OVERSEAS – SINGAPORE							
66. Clifford Pier 80 Collyer Quay, Singapore	2067	52.18%	70,397	7,165	C	Completed	Existing
67. Customs House 70 Collyer Quay, Singapore	2067	52.18%	44,348	7,734	C	Completed	Existing
68. The Fullerton Hotel Singapore 1 Fullerton Square, Singapore	2096	52.18%	139,469	243,380	H	Completed	Existing
69. The Fullerton Bay Hotel 80 Collyer Quay, Singapore	2067	52.18%	38,965	41,270	H	Completed	Existing
70. The Fullerton Waterboat House 3 Fullerton Road, Singapore	2032	52.18%	16,921	11,345	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
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Properties for investment/own use

OVERSEAS – SINGAPORE

71. One Fullerton 1 Fullerton Road, Singapore	2096	52.18%	92,646	41,970	C	Completed	Existing
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Properties held for sale

HONG KONG

1. Far East Finance Centre 16 Harcourt Road, Hong Kong	2130	9.97%	34,595	5,150	C	Completed	Existing
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2. Island Resort 28 Siu Sai Wan Road, Chai Wan, Hong Kong	2047	20.87%	275,470	3,276	R	Completed	Existing
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KOWLOON

3. Chevalier Commercial Centre Wang Hoi Road, Kowloon Bay, Kowloon	2047	17.39%	44,350	6,047	C	Completed	Existing
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4. Hewlett Centre 54 Hoi Yuen Road, Kwun Tong, Kowloon	2047	52.18%	38,000	7,879	I	Completed	Existing
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5. Kowloon Plaza 485 Castle Peak Road, Cheung Sha Wan, Kowloon	2047	52.18%	19,375	13,411	I	Completed	Existing
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6. Metro Centre 32 Lam Hing Street, Kowloon Bay, Kowloon	2047	52.18%	27,125	9,599	I	Completed	Existing
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MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties held for sale							
KOWLOON							
7. One New York 468 Castle Peak Road, Kowloon	2047	52.18%	6,448	11,091	R	Completed	Existing
8. One SilverSea 18 Hoi Fai Road, Kowloon	2052	52.18%	112,484	4,432	R	Completed	Existing
9. Pan Asia Centre 137 Wai Yip Street, Kwun Tong, Kowloon	2047	52.18%	5,760	34,706	I	Completed	Existing
10. Westin Centre 26 Hung To Road, Kwun Tong, Kowloon	2047	26.09%	17,280	54,046	I	Completed	Existing
NEW TERRITORIES							
11. The Balmoral 1 Ma Shing Path, Tai Po, New Territories	2055	52.18%	63,603	59,739	R	Completed	Existing
12. Cambridge Plaza 188 San Wan Road, Sheung Shui, New Territories	2047	52.18%	–	90,980	I	Completed	Existing
13. The Dynasty 18 Yeung Uk Road, Tsuen Wan, New Territories	2054	Joint Venture	77,823	5,880 [†]	R	Completed	Existing
14. Goodwood Park 138 Hang Tau Road, Kwu Tung, Sheung Shui, New Territories	2054	52.18%	61,032	7,502	R	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties held for sale							
NEW TERRITORIES							
15. Lake Silver 599 Sai Sha Road, Ma On Shan, New Territories	2055	Joint Venture	367,601	182,029 [†]	R	Completed	Existing
16. Lincoln Centre 20 Yip Fung Street, Fanling, New Territories	2047	52.18%	21,163	31,905	I	Completed	Existing
17. The Palazzo 28 Lok King Street, Shatin, New Territories	2053	Joint Venture	287,258	171,344 [†]	R	Completed	Existing
18. Poly Centre 15 Yip Fung Street, Fanling, New Territories	2047	52.18%	18,191	5,442	I	Completed	Existing
19. Raleigh Centre 9 Yip Cheong Street, Fanling, New Territories	2047	52.18%	10,194	4,376	I	Completed	Existing
20. Sea Crest Terrace Mui Wo, Lantau Island, New Territories	2047	52.18%	7,976	417 3,912 <u>4,329</u>	R C	Completed	Existing
21. St. Andrews Place 38 Kam Chui Road, Beas Stable, Sheung Shui, New Territories	2050	52.18%	247,281	5,059	R	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP *(Continued)*

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties held for sale							
NEW TERRITORIES							
22. Technology Plaza 29-35 Sha Tsui Road, Tsuen Wan, New Territories	2047	52.18%	20,000	8,071	I	Completed	Existing
23. Vision City 1 Yeung Uk Road, Tsuen Wan, New Territories	2052	Joint Venture	207,659	8,919 [†]	R	Completed	Existing
MAINLAND CHINA							
24. Chengdu International Community Xipu Zhen, Pi Xian, Jin Niu District, Chengdu, Sichuan	2074	10.44%	14,253,628	66,463	R	Completed	Existing
OVERSEAS – SINGAPORE							
25. Far East Shopping Centre 545 Orchard Road, Singapore	2870	95.0%	36,017	57,694	C	Completed	Existing
26. Orchard Plaza 150 Orchard Road, Singapore	2076	95.0%	44,455	32,886	C	Completed	Existing
27. Orchard Shopping Centre 321 Orchard Road, Singapore	Freehold	95.0%	12,409	18,550	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties under development							
HONG KONG							
1. Aberdeen, Hong Kong Aberdeen Inland Lot. 451	2057	18.26%	68,922	117,592	R	Basement works in progress	July 2012
2. 38 Repulse Bay Road, Hong Kong Rural Building Lot No. 380 (*)	2084	52.18%	16,176	6,330	R	Foundation works in progress	September 2012
3. 53 Conduit Road, Hong Kong The Remaining Portion of Inland Lot No. 2138 and Inland Lot No. 2613	2065	52.18%	24,930	31,528	R	Foundation works in progress	September 2012
4. Lee Tung Street/ McGregor Street Project, Wan Chai, Hong Kong Inland Lot No. 9018	2059	Joint Venture	88,500	731,392 99,568 <u>830,960⁺</u>	R C	Foundation works in progress	September 2013
KOWLOON							
5. The Hermitage 1 Hoi Wang Road, South West Kowloon, Kowloon Inland Lot No. 11167 and Kowloon Inland Lot No. 11168	2055	26.09%	146,131	247,814 38,125 <u>285,939</u>	R C	Superstructure works in progress	September 2010
6. 270-274 Cheung Sha Wan Road, Kowloon Remaining Portion of New Kowloon Inland Lot No. 1069	2047	52.18%	4,490	16,826 3,586 <u>20,412</u>	R C	Superstructure works in progress	December 2010

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties under development							
KOWLOON							
7. 18 Kowloon East 18 Wang Chiu Road, Kowloon Bay, Kowloon New Kowloon Inland Lot No. 5856 (*)	2047	26.09%	29,063	90,989	C	Sub-structure & Superstructure works in progress	December 2010
8. Baker Court, Hung Hom, Kowloon Kowloon Inland Lot No. 11181	2058	Joint Venture	2,982	22,357 4,467 <u>26,824[†]</u>	R C	Superstructure works in progress	April 2011
9. 1 Broadcast Drive, Kowloon Tong, Kowloon New Kowloon Inland Lot No. 6374	2056	52.18%	65,531	102,582	R	Superstructure works in progress	October 2011
10. 12-18 Hau Wong Road, Kowloon City, Ma Tau Kok, Kowloon (*)	2047	52.18%	3,967	13,509 5,145 <u>18,654</u>	R C	Foundation works in progress	December 2011
11. Beech Street/Ivy Street, West Kowloon, Kowloon Kowloon Inland Lot No. 11192	2058	Joint Venture	25,058	187,939 37,588 <u>225,527[†]</u>	R C	Superstructure works in progress	January 2012
12. Junction of Hoi Wang Road, Yan Cheung Road and Yau Cheung Road, West Kowloon Reclamation Area, Kowloon Kowloon Inland Lot No. 11073	2057	23.48%	86,757	132,416 20,372 <u>152,788</u>	R C	Superstructure works in progress	February 2012

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties under development							
KOWLOON							
13. Yuet Wah Street and Hip Wo Street, Kwun Tong, Kowloon New Kowloon Inland Lot No. 6499	2059	Joint Venture	46,565	232,825 [†]	R	Ground investigation works completed	November 2013
NEW TERRITORIES							
14. Pak Shek Kok Reclamation Phase I Site A, Tai Po, New Territories Tai Po Town Lot No. 187	2057	26.09%	107,941	84,486 5,630 <u>90,116</u>	R C	Basement works in progress	December 2011
15. Pak Shek Kok Reclamation Phase I Site B, Tai Po, New Territories Tai Po Town Lot No. 186	2057	18.26%	238,164	130,488	R	Basement works in progress	January 2012
16. Pak Shek Kok Reclamation Phase I Site C, Tai Po, New Territories Tai Po Town Lot No. 188	2057	13.05%	214,225	97,810	R	Basement works in progress	January 2012
17. Cheung Sha Lantau Island Lot No. 245 in DD331	2057	52.18%	178,542	37,265	R	Ground investigation works completed	December 2012
18. Pak Shek Kok Development Area Site D1, Tai Po, New Territories Tai Po Town Lot No. 200	2059	52.18%	225,237	352,585 23,506 <u>376,091</u>	R C	Planning stage	December 2013

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties under development							
NEW TERRITORIES							
19. Pak Shek Kok Development Area Site D2, Tai Po, New Territories Tai Po Town Lot No. 201	2059	44.35%	225,237	299,698 <u>19,979</u> 319,677	R C	Planning stage	December 2013
MAINLAND CHINA							
20. Sino International Plaza 137 Wu Xi Lu, Fuzhou	2059	52.18%	58,126	260,461	C	Superstructure completed	July 2010
21. Chengdu International Community Xipu Zhen, Pi Xian, Jin Niu District, Chengdu, Sichuan	2074 2044	10.44%	14,253,628	208,059 <u>75,262</u> <u>20,220</u> 303,541	R C H	Superstructure works in progress	December 2011
22. Mandarin Garden West Side of Jia He Lu & North of Song Bai Zhong Lu, Xiamen Lot No. 89-C2	2061 2041	52.18%	33,188	57,277 <u>8,047</u> 65,324	R C	Superstructure works in progress	December 2011
23. Central Park Jia He Lu, South-East Side of Lu Ling Lu, Xiamen Lot No. 90-C5, C6	2068 2046	52.18%	113,904	243,716 <u>26,750</u> 270,466	R C	Superstructure works in progress	August 2012

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties under development							
MAINLAND CHINA							
24. West of Cheng Kun Railway, East of Sha He, South of Cheng Luo Road, North of Ying Hui Road, Cheng Hua District, Chengdu	2078 2048	52.18%	2,629,306	6,233,699	R	Planning stage	December 2013
				<u>626,160</u>	C		
				<u>6,859,859</u>			
25. Regency Park Hu Bin Bei Lu, Xiamen Lot No. 88-C5	2066 2046	52.18%	64,904	254,110	R	Planning stage	August 2014
				<u>10,177</u>	C		
				<u>264,287</u>			
26. 1 Zhong Xing Duan, Qiao Bei Cun, Hua Xin Street, Jiang Bei District, Chongqing	2058 2048	26.09%	2,207,101	2,268,285	R	Planning stage	December 2014
				421,093	C		
				<u>117,906</u>	H		
				<u>2,807,284</u>			
27. Grand Park Kaisawangchao at East, Zhanghua Lu at South, Donglinghao Lu at West & Zhangxiang Lu at North Zhangzhou, Fujian Province, 2004G12	2075 2045	52.18%	1,004,199	2,268,266	R	Planning stage	December 2015
				<u>112,726</u>	C		
				<u>2,380,992</u>			

Note: C : Commercial

R : Residential

I : Industrial

I/O : Industrial/Office

H : Hotel

P : Multi-storey carpark

(*) : Property under redevelopment

† : it represents the total approximate floor area of the property.

Tsim Sha Tsui Properties Limited

Proxy Form for use at the Annual General Meeting

(or at any adjournment thereof)

I/We ^(Note 1) _____

of _____

being the registered holder(s) of ^(Note 2) _____

ordinary shares of HK\$0.20 each in the capital of the above-named Company, **HEREBY APPOINT** the Chairman of the Meeting or ^(Note 3) _____

of _____

as my/our proxy to act for me/us at the Annual General Meeting (or at any adjournment thereof) of the Company to be held at The Pacific Rooms, 9th Floor, Towers Wing, The Royal Pacific Hotel & Towers, 33 Canton Road, Tsim Sha Tsui, Kowloon on Thursday, the 28th day of October, 2010 at 10:00 a.m. or as soon as the annual general meeting of Sino Land Company Limited closes, whichever is the later, and at such Meeting (or at any adjournment thereof) and in the event of a poll to vote for me/us and in my/our name(s) as indicated below or if no such indication is given, as my/our proxy thinks fit.

	For ^(Note 4)	Against ^(Note 4)
1. To receive and consider the audited Financial Statements and the Directors' and Independent Auditor's Reports for the year ended 30th June, 2010.		
2. To declare a final dividend of HK\$0.3 per ordinary share with an option for scrip dividend.		
3. (i) To re-elect The Honourable Ronald Joseph Arculli, GBM, CVO, GBS, OBE, JP as Director.		
(ii) To re-elect Mr. Daryl Ng Win Kong as Director.		
(iii) To authorise the Board to fix the Directors' remuneration for the financial year ending 30th June, 2011.		
4. To re-appoint Deloitte Touche Tohmatsu as Auditor for the ensuing year and to authorise the Board to fix their remuneration.		
5. (i) To approve share repurchase mandate (Ordinary Resolution on item 5(i) of the Notice of Annual General Meeting).		
(ii) To approve share issue mandate (Ordinary Resolution on item 5(ii) of the Notice of Annual General Meeting).		
(iii) To approve extension of share issue mandate (Ordinary Resolution on item 5(iii) of the Notice of Annual General Meeting).		

Dated _____ Signature ^(Note 5) _____

Notes:

1. Full name(s) and address(es) to be inserted in **BLOCK CAPITALS**.
2. Please insert the number of ordinary shares of HK\$0.20 each registered in your name(s). If no number is inserted, this form of proxy will be deemed to relate to all the ordinary shares of the Company registered in your name(s).
3. If any proxy other than the Chairman of the Meeting is preferred, strike out the words "the Chairman of the Meeting or" herein inserted and insert the name and address of the proxy desired in the space provided. **ANY ALTERATION MADE TO THIS FORM OF PROXY MUST BE INITIALLED BY THE PERSON WHO SIGNS IT.**
4. **IMPORTANT: IF YOU WISH TO VOTE FOR A RESOLUTION, TICK IN THE RELEVANT BOX MARKED "FOR". IF YOU WISH TO VOTE AGAINST A RESOLUTION, TICK IN THE RELEVANT BOX MARKED "AGAINST".** Failure to complete the boxes will entitle your proxy to cast his vote at his discretion. Your proxy will also be entitled to vote at his discretion on any resolution properly put to the Meeting other than those referred to in the Notice convening the Meeting.
5. This form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, must be either under its common seal or under the hand of an officer or attorney duly authorised.
6. In order to be valid, this form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited at the registered office of the Company, 12th Floor, Tsim Sha Tsui Centre, Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or adjourned Meeting (as the case may be).
7. In the case of joint holders, any one of such joint holders may vote at the Meeting, either personally or by proxy, but if more than one of such joint holders be present at the Meeting personally or by proxy, that one of the said persons whose name stands first on the register of members in respect of the relevant shares shall alone be entitled to vote in respect thereof.
8. Any member entitled to attend and vote at the Meeting may appoint one or more proxies to attend and on a poll vote instead of him. The proxy need not be a member of the Company but must attend the Meeting in person to represent you.
9. Completion and deposit of the form of proxy will not preclude you from attending and voting at the Meeting if you so wish.
10. At the Annual General Meeting, the Chairman of the Meeting will put each of the above resolutions to the vote by way of a poll. On a poll, every shareholder who is present in person or by proxy shall have one vote for every share of which he is the holder.



