

# ANNUAL REPORT 2015



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 Principal Registrars, Tricor Friendly Limited at Level 22, Hopewell Centre, 183 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](http://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 or are deemed to have consented to receive the Corporate Communications using electronic means through the Company’s website and who have difficulty in receiving or gaining access to the Annual Report posted on the Company’s website will 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 notice in writing by post to the Company’s Principal Registrars, Tricor Friendly Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong or by email at [sinohotels1221-ecom@hk.tricorglobal.com](mailto:sinohotels1221-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<sup>‡</sup>  
Gilbert Lui Wing Kwong<sup>‡</sup>  
Peter Wong Man Kong, BBS, JP\*  
Adrian David Li Man-kiu, JP\*  
Steven Ong Kay Eng\*  
Wong Cho Bau, JP\* (appointed on 20th January, 2015)  
Daryl Ng Win Kong, JP  
Giovanni Viterale

(<sup>‡</sup> Non-Executive Directors)

(\* Independent Non-Executive Directors)

### **Audit Committee**

Adrian David Li Man-kiu, JP, Chairman  
Gilbert Lui Wing Kwong  
Peter Wong Man Kong, BBS, JP  
Steven Ong Kay Eng

### **Nomination Committee**

Robert Ng Chee Siong, Chairman  
Peter Wong Man Kong, BBS, JP  
Adrian David Li Man-kiu, JP

### **Remuneration Committee**

Steven Ong Kay Eng, Chairman  
Peter Wong Man Kong, BBS, JP  
Adrian David Li Man-kiu, JP  
Daryl Ng Win Kong, JP

### **Authorized Representatives**

Robert Ng Chee Siong  
Velencia Lee

### **Chief Financial Officer and Company Secretary**

Velencia Lee

### **Auditor**

Deloitte Touche Tohmatsu  
Certified Public Accountants, Hong Kong

### **Solicitors**

Clifford Chance, Hong Kong  
Baker & McKenzie, Hong Kong  
Maples and Calder, Cayman Islands

### **Shareholders' Calendar**

<b>Closure of Register of Members for entitlement to attend and vote at Annual General Meeting</b>	20th to 23rd October, 2015 (both dates inclusive)
<b>Annual General Meeting</b>	23rd October, 2015
<b>Closure of Register of Members for dividend entitlement</b>	29th to 30th October, 2015 (both dates inclusive)
<b>Record Date for final dividend entitlement</b>	30th October, 2015
<b>Last Date for lodging form of election for scrip dividend</b>	20th November, 2015 4:30 p.m.
<b>Interim Dividend</b> Paid	HK4 cents per share 10th April, 2015
<b>Final Dividend</b> Payable	HK4 cents per share 3rd December, 2015

### **Principal Bankers**

Bank of China (Hong Kong) Limited  
The Hongkong and Shanghai Banking Corporation Limited  
Hang Seng 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

### **Principal Office**

12th Floor, Tsim Sha Tsui Centre,  
Salisbury Road, Tsim Sha Tsui,  
Kowloon, Hong Kong  
Telephone : (852) 2721 8388  
Fax : (852) 2723 5901  
Website : www.sino.com  
Email : info@sino.com

### **Registered Office**

P.O. Box 309,  
Ugland House, Grand Cayman,  
KY1-1104, Cayman Islands

### **Principal Registrars**

Tricor Friendly Limited  
Level 22, Hopewell Centre,  
183 Queen's Road East,  
Hong Kong  
Telephone : (852) 2980 1333  
Fax : (852) 2861 1465  
Email : sinohotels1221-ecom@hk.tricorglobal.com

### **Listing Information**

**Stock Code** 1221

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Shareholders of **Sino Hotels (Holdings) Limited** ("Company") will be held at The Pacific Rooms, 9th Floor, Towers Wing, The Royal Pacific Hotel & Towers, 33 Canton Road, Tsim Sha Tsui, Kowloon, on Friday, the 23rd day of October, 2015 at 10:30 a.m. or as soon as the annual general meeting of Tsim Sha Tsui Properties 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, 2015.
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, 2016.
4. To re-appoint Deloitte Touche Tohmatsu as Auditor for the ensuing year and to 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 buy back shares of the Company on The Stock Exchange of Hong Kong Limited ("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 bought back 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 or the articles of association of the Company 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 are 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 or the articles of association of the Company 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 bought back 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  
**Velencia Lee**  
*Company Secretary*

Hong Kong, 18th September, 2015

## 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) 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 principal office of the Company at 12th Floor, Tsim Sha Tsui Centre, Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong not less than 24 hours before the time appointed for holding the meeting.
- (c) For determining the entitlement to attend and vote at the Annual General Meeting to be held on Friday, 23rd October, 2015, the register of members of the Company will be closed from Tuesday, 20th October, 2015 to Friday, 23rd October, 2015, both dates inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the Annual General Meeting, shareholders should ensure that all transfers accompanied by the relevant share certificates are lodged with the Company's Principal Registrars, Tricor Friendly Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 19th October, 2015.
- (d) The proposed final dividend is subject to the approval of the shareholders at the Annual General Meeting. The record date for the proposed final dividend is at the close of business on Friday, 30th October, 2015. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Thursday, 29th October, 2015 to Friday, 30th October, 2015, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, shareholders should ensure that all transfers accompanied by the relevant share certificates are lodged with the Company's Principal Registrars, Tricor Friendly Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 28th October, 2015.

## CHAIRMAN'S STATEMENT

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

### FINAL RESULTS

The Group achieved net profit attributable to shareholders of HK\$204.0 million for the financial year ended 30th June, 2015 (2013/2014: HK\$234.5 million). Earnings per share for the financial year 2014/2015 was 20.87 cents (2013/2014: 24.62 cents).

### DIVIDENDS

The Directors have resolved to recommend a final dividend of 4 cents per share in respect of the year ended 30th June, 2015 to shareholders whose names appear on the Register of Members of the Company on 30th October, 2015. Together with the interim dividend of 4 cents per share, the total dividend for financial year 2014/2015 is 8 cents per share.

The Directors propose that shareholders be given the option of electing to receive the final dividend in new shares in lieu of cash. The scrip dividend proposal is subject to: (1) the approval of the proposed final dividend at the Annual General Meeting to be held on 23rd October, 2015; and (2) The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued pursuant to this proposal.

A circular containing details of the scrip dividend proposal will be despatched to shareholders together with the form of election for the scrip dividend on or about 5th November, 2015. It is expected that the final dividend warrants and share certificates will be despatched to shareholders on or about 3rd December, 2015.



## CHAIRMAN'S STATEMENT *(Continued)*

### REVIEW OF OPERATIONS

According to the statistics released by Hong Kong Tourism Board, visitor arrivals to Hong Kong reached 61.6 million for the year ended 30th June, 2015, an increase of 7.3% compared to the corresponding period last year. Visitors from China accounted for 78.3% of the total visitors and visitors who stayed overnight in Hong Kong ("Overnight Arrivals") increased 1.3%. Despite a continuous growth in visitor arrivals and Overnight Arrivals, the pace of growth has slowed compared to previous years. This together with the strengthening of US\$ against other currencies, keen competition in room rates and an increase in supply of hotel rooms in Hong Kong has made it more challenging for the hotel industry. However, the Group will continue to adopt a proactive approach to optimise earnings.

#### **Business Activities**

##### ***City Garden Hotel***

City Garden Hotel is a wholly-owned subsidiary of the Group.

The average room occupancy rate of City Garden Hotel for the financial year ended 30th June, 2015 was 91.5% compared with 93.2% for the last financial year and the average room rate was lower compared with that of last financial year. Room sales for the financial year decreased 10.2% to HK\$194.6 million from HK\$216.6 million for the last financial year. Food and beverage sales for the financial year increased to HK\$86.5 million compared with HK\$80.0 million for the last financial year.

##### ***Conrad Hong Kong***

Conrad Hong Kong is 50% owned by the Group and 30% owned by Sino Land Company Limited (Hong Kong stock code: 0083) and collectively own a total of 80% equity interest in Conrad Hong Kong.

The average room occupancy of Conrad Hong Kong for the financial year ended 30th June, 2015 was 83.3% compared with 83.5% for the last financial year and the average room rate decreased 4.5% compared with that of last financial year. Room sales were HK\$425.9 million which was 4.7% lower than HK\$446.9 million for the last financial year, while income from food and beverage sales for the financial year was HK\$332.0 million, representing a slight decrease of 1.3% from HK\$336.4 million for the last financial year.

## CHAIRMAN'S STATEMENT *(Continued)*

### REVIEW OF OPERATIONS *(Continued)*

#### **Business Activities** *(Continued)*

##### ***The Royal Pacific Hotel & Towers***

The Royal Pacific Hotel & Towers is 25% owned by the Group and the remaining 75% interest is owned by a private company, wholly owned by the Ng family, the controlling shareholder of Sino Hotels (Holdings) Limited.

The average occupancy rate of The Royal Pacific Hotel & Towers for the financial year ended 30th June, 2015 was 94.2% (2013/2014: 94.5%) and the average room rate decreased 7.3%. Room sales totalled HK\$316.9 million, representing a decrease of 7.5% when compared with HK\$342.6 million for the last financial year. Revenue from food and beverage sales for the financial year was HK\$96.5 million, a decrease of 6.9% from HK\$103.7 million for the last financial year.

Other than that mentioned above, there was no material change from the information published in the report and accounts for the year ended 30th June, 2014.

#### **Finance**

As at 30th June, 2015, the Group had cash and bank deposits of HK\$673.3 million and had no debt outstanding.

There was no material change in the capital structure of the Group for the financial year. Foreign exchange exposure is kept at a low level. As at 30th June, 2015, the Group did not have any contingent liabilities.

Other than the above-mentioned, there was no material change from the information published in the report and accounts for the financial year ended 30th June, 2014.

### EMPLOYEE PROGRAMMES

The hospitality industry is all about providing service to guests from different countries around the world. Frontline employees play an important role in serving customers and running daily operations of the hotels with the right service standard and work attitude so that they can meet the hotel guests' expectations. Therefore, it is vital for the Group to allocate adequate resources to train and groom the staff so that they can deliver the required standard of service and ensure that our hotel guests have enjoyable and pleasant stays so as to upkeep the image and branding of the Group.

The Group places a strong emphasis on investing in human capital through continuous training, staff sharing of knowledge and experience, job rotation and promotion. Language classes, technical and soft skills training are provided to staff to improve their communication skills, productivity, efficiency and team work. The Group also offers a Manager Development Programme to provide additional training to staff with good potential so that they can further develop and strengthen their leadership and management skills to take on more senior positions. Job rotation is also important as it gives our staff the opportunity to understand different operations of the Group to broaden their horizon and as part of the succession planning within the Group. Internal transfer and promotion within the hotel and across hotels within the Group are encouraged to retain talent and maintain our competitive edge in the employment market. The Group also runs a Management Trainee Programme which has proven to be successful in attracting high quality individuals.

## CHAIRMAN'S STATEMENT *(Continued)*

### CORPORATE SOCIAL RESPONSIBILITY

The Group continues to embrace Corporate Social Responsibility practices by upholding good corporate governance standards, protecting the environment, engagement in community services, promoting social integration and conserving cultural heritage.

#### **Environmental Management**

The Group recognises that business objectives can best be optimised by adopting practices that are sustainable to environment. In respect of environmental protection, the Group aims to reduce its ecological footprint by improving the efficiency of energy and water consumption as well as reducing wastage by partnering with internal and external stakeholders, including our employees, customers, suppliers, government and non-government organisations to help identify the areas where further improvement can be made.

#### **Community Engagement**

In respect of community services, the Group has been active in serving the community by utilising its own resources and encouraging its staff to participate in charitable events or voluntary services for the underprivileged and needy. One of these programmes include "Hearty Soup Delivery Programme" in which soup is delivered to the elderly people in the community service centres on a regular basis. The Group also runs a "Food Donation Programme" in partnership with other charitable organisations such as Foodlink Foundation and Food Angel to deliver cooked food to underprivileged families on a weekly basis.

#### **Tai O Heritage Hotel**

In March 2008, the Ng Teng Fong Family, the major shareholder of the Group, set up a non-profit-making organisation, Hong Kong Heritage Conservation Foundation Limited ("HCF"). HCF revitalised and converted the Old Tai O Police Station, a Grade II historic building, into a boutique hotel. Named Tai O Heritage Hotel ("Hotel"), it is home to nine colonial-style rooms and suites and commenced operation in March 2012. The Hotel, operated by HCF as a non-profit-making social enterprise, is part of the HKSAR Government's 'Revitalising Historic Buildings Through Partnership Scheme'. To raise public awareness on the importance of conserving heritage buildings, daily guided tours are conducted for the public to visit the Hotel. HCF is an award winner at UNESCO Asia-Pacific 2013 Awards for Cultural Heritage Conservation. In November 2014, HCF has been honoured by the American Institute of Architects Hong Kong Chapter with a Citation Award, in recognition of its contributions to heritage conservation in Hong Kong.

## CHAIRMAN'S STATEMENT *(Continued)*

### INDUSTRY OUTLOOK AND PROSPECTS

World tourism is a very competitive industry. Countries around the world have been stepping up their efforts to attract tourists like simplifying their visa application process and tax refund procedures. Some countries have also launched active marketing campaigns to attract more travellers. All visitors have a choice of travel destinations.

In March 2015, the first edition of written framework of Silk Road Economic Belt and the 21st-Century Maritime Silk Road also known as "One Belt One Road" was published which will foster economic ties, tourism and business travels across Asia, Africa and Europe. As there is a big diversity in culture, livelihood, cuisines and arts in these countries, opportunities for tourism, business travel and multi-destination travel will increase. The establishment of the Asian Infrastructure Investment Bank in October 2014 with the objective to finance infrastructure needs in Asia, will provide financial support to facilitate the development of the One Belt One Road. In June this year, the 7th UNWTO International Meeting on Silk Road Tourism was held in Xi'an in China and was attended by over 25 member countries. This joint conference provided an important forum to debate opportunities for closer tourism co-operation and developing tourism along the Silk Road. All this will be positive for the further development of Hong Kong tourism in the coming years.

The Group attaches significant importance to market positioning and branding. To accomplish these objectives, regular upgrade of hotel facilities and renovation is carried out where necessary. During the financial year 2014/2015, both City Garden Hotel and Royal Pacific Hotel have carried out works to upgrade the facilities in some of their guest rooms. The Group will continuously review and improve the quality of the service to meet the needs of customers and ensure our discerning guests have enjoyable stays in our hotels.

### STAFF AND MANAGEMENT

Mr. Nicholas Yim Kwok Ming, who served the Board since 1st July, 2008, resigned effective 13th April, 2015. His valuable contribution during his directorship with the Company is appreciated.

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

**Robert NG Chee Siong**  
*Chairman*

Hong Kong, 26th August, 2015

## BIOGRAPHICAL DETAILS OF DIRECTORS & SENIOR MANAGEMENT

### (I) EXECUTIVE DIRECTORS

**Mr. Robert Ng Chee Siong<sup>N+</sup>**, aged 63, Chairman of the Group since 1994, was called to the Bar in 1975. Mr. Ng is also a director of a number of subsidiaries and associated companies of the Company, and is the Chairman of Tsim Sha Tsui Properties Limited and Sino Land Company Limited. In addition, he is a Director of The Real Estate Developers Association of Hong Kong and a member of the 11th and 12th 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, a son of the late substantial shareholder Mr. Ng Teng Fong and the brother of Mr. Philip Ng Chee Tat, the co-executor of the estate of the late Mr. Ng Teng Fong.

**Mr. Daryl Ng Win Kong<sup>R</sup>**, JP, aged 37, an Executive Director since April 2005, holds a Bachelor of Arts Degree in Economics, a Master Degree of Science in Real Estate Development from Columbia University in New York and an Honorary Doctor of Humane Letters degree from Savannah College of Art and Design. 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 an Executive Director of Sino Land Company Limited and Tsim Sha Tsui Properties Limited. He is also an Independent Non-Executive Director of The Bank of East Asia, Limited. He is 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 10th Sichuan Committee of the Chinese People's Political Consultative Conference ("CPPCC"), a member of the 12th Beijing Municipal Committee of the CPPCC, a member of the 10th and 11th Committees of the All-China Youth Federation and the Deputy Chairman of the Chongqing Youth Federation. He is a trustee member of World Wide Fund for Nature Hong Kong, the Vice Chairman of Hong Kong United Youth Association, a member of Executive Committee of The Boys' & Girls' Clubs Association of Hong Kong, a member of the Executive Committee of Hong Kong Sheng Kung Hui Welfare Council Limited and a member of Friends of Hong Kong Association Limited. Mr. Ng's major public service appointments include being a member of the Social Welfare Advisory Committee of the Government of Hong Kong Special Administrative Region ("HKSAR"), a co-opted member of the Community Care Fund Task Force of Commission on Poverty of HKSAR, a member of the Council for Sustainable Development of HKSAR, a member of the Court of the Hong Kong University of Science and Technology and a member of the Steering Committee on the Promotion of Electric Vehicles of HKSAR. He is a Director of The Community Chest of Hong Kong, The Real Estate Developers Association of Hong Kong and Ocean Park Corporation. He is the eldest son of the Chairman of the Group Mr. Robert Ng Chee Siong and the eldest grandson of the late substantial shareholder Mr. Ng Teng Fong.

N+: Nomination Committee Chairman R: Remuneration Committee member

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

(I) **EXECUTIVE DIRECTORS**  
*(Continued)*

**Mr. Giovanni Viterale**, aged 50, an Executive Director since July 2014. Mr. Viterale has been the General Manager of The Fullerton Hotel Singapore and The Fullerton Bay Hotel Singapore since 2010 (which are owned by Sino Land Company Limited). Before joining The Fullerton Hotel Singapore and The Fullerton Bay Hotel Singapore, Mr. Viterale was with Conrad Hong Kong for more than 10 years and is a veteran in the hospitality industry with over 21 years of experience.

(II) **NON-EXECUTIVE DIRECTORS**

**The Honourable Ronald Joseph Arculli**, GBM, CVO, GBS, OBE, JP, aged 76, 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 Ronald Arculli and Associates provides consultancy services to the Company. He is also a Non-Executive Director of Sino Land Company Limited and Tsim Sha Tsui Properties Limited. The Honourable Ronald Arculli was an Independent Non-Executive Director of Hong Kong Exchanges and Clearing Limited from 2006 to April 2013, for which he was also a former Independent Non-Executive Chairman from 2006 to April 2012. 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 was a Non-Official Member of the Executive Council of the HKSAR Government from November 2005 to June 2012, for which he also acted as Convenor of the Non-Official Members since December 2011. He chairs FWD Group, Hong Kong Arts Festival Society Limited, the Honorary Advisory Committee of SVHK Foundation Limited and Common Purpose Charitable Foundation Limited in Hong Kong. He is also a Director of Asia Art Archive Limited and a Trustee, Vice-Chair of the Trustees and Director of IFRS Foundation. He is a Board Member and the Vice-Chairman of the Board of The West Kowloon Cultural District Authority and chairs its Executive Committee and Development Committee. The Honourable Ronald Arculli is an Independent Non-Executive Director of Hang Lung Properties Limited and a Non-Executive Director of HKR International Limited, HK Electric Investments Manager Limited (as trustee-manager of HK Electric Investments) and HK Electric Investments Limited (all are listed on The Stock Exchange of Hong Kong Limited except HK Electric Investments Manager Limited). He was formerly a Non-Executive Director of Power Assets Holdings Limited and Hutchison Harbour Ring Limited (now known as China Oceanwide Holdings Limited) and an Independent Non-Executive Director of SCMP Group Limited.

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

(II) **NON-EXECUTIVE DIRECTORS**  
*(Continued)*

**Mr. Gilbert Lui Wing Kwong<sup>A</sup>**, aged 77, an Independent Non-Executive Director since 1994 and was re-designated as a Non-Executive Director in August 2004. Mr. Lui is a consultant of a local firm of certified public accountants after retiring from the position of senior partner of that firm in 1999.

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

**Mr. Peter Wong Man Kong<sup>A N R</sup>**, BBS, JP, aged 66, an Independent Non-Executive Director since September 2004, is the Chairman of M.K. Corporation Limited and North West Development Limited and a Deputy of the 12th National People's Congress of the PRC. He is an Independent Non-Executive Director of China Travel International Investment Hong Kong Limited, Glorious Sun Enterprises Limited, Sun Hung Kai & Co. Limited, Chinney Investments, Limited, Far East Consortium International Limited, MGM China Holdings Limited and New Times Energy Corporation Limited, and a Non-Executive Director of Hong Kong Ferry (Holdings) Company Limited, all companies listed on The Stock Exchange of Hong Kong Limited. Mr. Wong is also Standing Committee Vice Chairman of Hong Kong Pei Hua Education Foundation, Director of Fong Shu Fook Tong Foundation, Honorary Professor in the Central University for Nationalities and Lanzhou University, and a Director of Ji Nan University.

**Mr. Adrian David Li Man-kiu<sup>A+ N R</sup>**, JP, aged 42, an Independent Non-Executive Director since April 2005, is Executive Director & Deputy Chief Executive of The Bank of East Asia, Limited. He is also an Independent Non-Executive Director of Sino Land Company Limited and Tsim Sha Tsui Properties Limited. Mr. Li is a member of the Guangdong Provincial Committee of the Chinese People's Political Consultative Conference, a member of the All-China Youth Federation, Deputy Chairman of the Beijing Youth Federation and a Counsellor of the Hong Kong United Youth Association. He is a board member of The Community Chest of Hong Kong and a member of the MPF Industry Schemes Committee of the MPFA. He is also a Trustee of The University of Hong Kong's occupational retirement schemes, an Advisory Committee member of the Hong Kong Baptist University's School of Business and a Vice President of The Hong Kong Institute of Bankers' Council. Furthermore, he serves as a member of the Election Committees responsible for electing the Chief Executive of the HKSAR and deputies of the HKSAR to the 12th National People's Congress. He also sits on the Judging Panel of the 2015 BAI-Infosys Finacle Global Banking Innovation Awards. Mr. Li is currently an Independent Non-Executive Director of China State Construction International Holdings Limited and COSCO Pacific Limited, both companies listed in Hong Kong. In addition, he is a Non-Executive Director of The Berkeley Group Holdings plc, which is listed on the London Stock Exchange. He is also a member of the International Advisory Board of Abertis Infraestructuras, S.A., a company listed in Spain. He was previously an Alternate Director of AFFIN Holdings Berhad, which is listed on the Bursa Malaysia, an Alternate Independent Non-Executive Director of San Miguel Brewery Hong Kong Limited, a company listed on the Hong Kong Stock Exchange, and an Independent Non-Executive Director of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., which is dual listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange. Mr. Li holds a Master of Management degree from the Kellogg School of Management, Northwestern University in the US, and a Master of Arts degree and Bachelor of Arts degree in Law from the University of Cambridge in Britain. He is a member of The Law Society of England and Wales, and The Law Society of Hong Kong.

A+: Audit Committee Chairman A: Audit Committee member N: Nomination Committee member R: Remuneration Committee member

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

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

**Mr. Steven Ong Kay Eng<sup>A R+</sup>**, aged 69, an Independent Non-Executive Director since July 2005. He is also an Independent Non-Executive Director of Sino Land Company Limited and Tsim Sha Tsui Properties Limited. 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, PRC from 1999 to 2000.

**Mr. Wong Cho Bau**, JP, aged 56, an Independent Non-Executive Director since January 2015. He is also an Independent Non-Executive Director of Sino Land Company Limited. He is an Honorary Fellow of City University of Hong Kong and currently serves as Chairman of East Pacific (Holdings) Ltd., Shenzhen East Pacific Group Ltd., Donghai Airlines Co., Ltd., Donghai Jet Co., Ltd., and the major shareholder of Digital Broadcasting Corporation Hong Kong Ltd.. Mr. Wong has more than 30 years of business experience and is one of the pioneers on the establishment of Shenzhen Special Economic Zone. His business interests have expanded from property development to industrial, hotel, aviation, tourism and recently extended to media. Mr. Wong is a National Committee Member of the 10th, the 11th and the 12th Chinese People's Political Consultative Conference, an Executive Councilor of the 4th Council of China Overseas Friendship Association and a Committee Adviser of Hong Kong Association for The Promotion of Peaceful Reunification of China. He was formerly a Councilor of the 1st and the 2nd Council and an Executive Councilor of the 3rd Council of China Overseas Friendship Association. He is also a Director of Hong Kong Chiu Chow Chamber of Commerce.

### (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.

A: Audit Committee member R+: Remuneration Committee Chairman



## CORPORATE GOVERNANCE REPORT

The Board of Directors (“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 Corporate Governance Code and has complied with all code provisions as set out in Appendix 14 (“Code”) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”), except for the deviation as disclosed in this report. The corporate governance practices of the Company in compliance with the Code during the financial year ended 30th June, 2015 with explanation of the deviation are set out in this report.

### CORPORATE GOVERNANCE PRACTICES

#### DIRECTORS

##### **Corporate Governance Principle**

The Board provides overall leadership and control for the Company 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, determines the Company’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 has 9 Directors composing of three Executive Directors including the Chairman of the Board, two Non-Executive Directors and four Independent Non-Executive Directors. During the year ended 30th June, 2015 and up to the date of this Annual Report, the changes to the composition of the Board are set out under the section entitled “Directors’ Report” of this Annual Report. Biographical details of the Directors and their relationships, where applicable, are contained under the section entitled “Biographical Details of Directors & Senior Management” of this Annual Report. The Company has maintained on its website and on the website of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) an updated list of its Directors identifying their roles and functions and whether they are Independent Non-Executive Directors. Independent Non-Executive Directors are identified as such in all corporate communications that disclose the names of Directors of the Company.

## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

#### DIRECTORS *(Continued)*

##### **Board Composition** *(Continued)*

With a view to achieving a sustainable and balanced development, the Company has been seeing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. It is the policy of the Company to consider board diversity from a number of factors when deciding on new appointments to the Board and the continuation of those appointments in order to achieve a diversity of perspectives among Board members. These factors include but not limited to gender, age, cultural and educational background, professional or industry experience, skills, knowledge and other qualities of Directors. The Board as a whole is responsible for reviewing the structure, size and composition of the Board with due regard to the intended benefits of board diversity. The balance between the number of Executive and Non-Executive Directors is considered effective in ensuring independent judgment being exercised effectively to provide sufficient checks and balances to safeguard the interests of the Company and its shareholders. The Company believes that the current Board composition is well-balanced and of a diverse mix appropriate for the business of the Company. The Board will review and monitor the implementation of board diversity on a regular basis to ensure its effectiveness on determining the optimal composition of the Board.

##### **Division of Responsibilities**

The Board, led by the Chairman, is responsible for the Company's future development directions, overall strategies and policies, evaluation of the financial performance of the Company and approval of matters that are of a material or substantial nature. 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 gives clear directions as to the matters that must be approved by the Board before decisions are made on behalf of the Company. The implementation of strategies and policies of the Board and the operations of each business unit are overseen and monitored by designated responsible Executive Directors. The Board has found that the current arrangement has worked effectively in enabling it to discharge its responsibilities satisfactorily. The types of decisions to be delegated by the Board to the management include implementation of the strategy and direction determined by the Board, operation of the Group's business, preparation of financial statements and operating budgets, and compliance with applicable laws and regulations.

## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

#### DIRECTORS *(Continued)*

##### **Division of Responsibilities** *(Continued)*

The Chairman ensures that the Board works effectively and discharges its responsibilities in the best interests of the Company and all key and appropriate issues are discussed by the Board in a timely manner. He takes responsibility for ensuring that good corporate governance practices and procedures are established and encourages all Directors to make a full and active contribution to the board's affairs. Directors with different views are encouraged to voice their concerns. They are allowed sufficient time for discussion of issues so as to ensure that board decisions fairly reflect board consensus. A culture of openness and debate is promoted to facilitate the effective contribution of Non-Executive Directors and ensure constructive relations between Executive and Non-Executive Directors. Besides, the Chairman of the Board holds, at least annually, meetings with the Non-Executive Directors (including Independent Non-Executive Directors) in the absence of the Executive Directors.

There is no separation of the roles of the chairman and the chief executive officer in the Company. The Chairman of the Board provides leadership to the Board and undertakes both roles of chairman and chief executive officer. 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. In addition, the current four 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 that it continues to meet these objectives and is in line with the industry practices.

To enhance the function of the Board, four board committees, namely the Remuneration Committee, Nomination Committee, Audit Committee and Compliance Committee, have been set up to take up different responsibilities. All board committees have specific terms of reference clearly defining their powers and responsibilities. All board committees are required by their terms of reference to report to the Board in relation to their decisions, findings or recommendations, and in certain specific situations, to seek the Board's approval before taking any action.

The Non-Executive Directors, including Independent Non-Executive Directors, provide the Company with diverse skills, expertise and varied backgrounds and qualifications. They participate in board/board committee (including Audit Committee, Nomination Committee and Remuneration Committee) meetings to bring independent views, advice and judgment on important issues relating to the Company's strategy, policy, financial performance, and take the lead on matters where potential conflicts of interests arise. They also attend general meetings of the Company to understand the view of shareholders. They make a positive contribution to the development of the Company's strategy and policy through independent, constructive and informed comments.

## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

#### DIRECTORS *(Continued)*

##### **Division of Responsibilities** *(Continued)*

Every Director is considered to have given sufficient time and attention to the Company's affairs for the year. Directors are required to disclose to the Company the number and nature of offices held in public companies or organizations and other significant commitments as well as the identity of such public companies or organizations.

##### **Directors' and Officers' Liabilities Insurance**

The Company has arranged appropriate directors' and officers' liabilities insurance coverage for the Directors and officers of the Company.

##### **Board Meetings and Supply of and Access to Information**

The Board holds at least four regular meetings a year, which are normally scheduled in advance in the fourth quarter of the preceding year, and will meet more frequently as and when required. During the financial year ended 30th June, 2015, the Board had held four meetings. The attendance records of the Directors to these board meetings are set out below:

<b>Directors</b>	<b>Meeting(s) Attended/Held</b>
<i>Executive Directors</i>	
Mr. Robert Ng Chee Siong ( <i>Chairman</i> )	4/4
Mr. Daryl Ng Win Kong	4/4
Mr. Nicholas Yim Kwok Ming <i>(resigned on 13th April, 2015)</i>	3/3
Mr. Giovanni Viterale	3/4
<i>Non-Executive Directors</i>	
The Honourable Ronald Joseph Arculli	3/4
Mr. Gilbert Lui Wing Kwong	4/4
<i>Independent Non-Executive Directors</i>	
Mr. Peter Wong Man Kong	2/4
Mr. Adrian David Li Man-kiu	4/4
Mr. Steven Ong Kay Eng	4/4
Mr. Wong Cho Bau <i>(appointed on 20th January, 2015)</i>	1/2

## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

#### DIRECTORS *(Continued)*

##### **Board Meetings and Supply of and Access to Information** *(Continued)*

Notice incorporating the agenda for each regular board meeting or board committee meeting is given to all Directors or board committee members at least 14 days in advance, and all Directors or board committee members are given the opportunity to include matters for discussion in the agenda. All Directors/board committee members are entitled to have access to board/board committee papers and related materials in sufficient details to enable them to make informed decisions on matters to be placed before the board/board committee meetings. Meeting papers are normally sent to all Directors or board committee members at least 5 days in advance of every regular board meeting or board committee meeting.

The Company Secretary assists the Chairman of the Board and the chairmen of board committees in preparing meeting agendas and ensures that the Code as well as all applicable laws and regulations are duly complied with. Minutes of board meetings and board committee meetings are recorded in sufficient details of the matters considered and decisions reached at the relevant meetings. Draft and final versions of the minutes in respect of board meetings and board committee meetings are sent to all Directors or board committee members respectively for comment and records within a reasonable time after the relevant meetings. All minutes are properly kept by the Company Secretary and are available for the Directors' and board committee members' inspection.

All Directors are given unrestricted access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that the board procedures and all applicable law, rules and regulations are followed. The selection, appointment or dismissal of the Company Secretary is subject to approval by the Directors at board meeting.

All Directors are entitled to have access to timely information in relation to the Company's business and make further enquiries or retain independent professional advisors where necessary. The management provides all relevant explanation and information to the Board so as to give the Board the information it needs to discharge its responsibilities. During the year, the management has provided all members of the Board with monthly updates of major business operations giving a balanced and understandable assessment of the Company's performance, position and prospects.

## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

#### DIRECTORS *(Continued)*

##### **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. The Company's Articles of Association provide that each Director is subject to retirement from office by rotation and re-election once every three years and that one-third (or the number nearest to but not exceeding one-third) of the Directors shall retire from office every year at the annual general meeting. New appointment to the Board is subject to re-election at the next following annual general meeting. In addition, the appointment of an Independent Non-Executive Director who has served on the Board for more than nine years will be subject to a separate resolution to be approved by shareholders. The Board will provide in the circular accompanying the annual report sent to shareholders the reason why the Board considers the Independent Non-Executive Director is still independent and our recommendation to shareholders to vote in favour of the re-election of such Independent Non-Executive Director.

The Directors who are subject to retirement and re-election at the 2015 annual general meeting are set out on page 36 of this Annual Report.

The Board is empowered under the Company's Articles of Association and is collectively responsible to appoint any person as a Director either to fill a causal vacancy or as an additional board member. Only the most suitable candidate who is experienced, competent and able to fulfill the fiduciary duties and duties of skill, care and diligence would be selected as Director.

During the year, the Nomination Committee recommended and the Board approved the appointment of Mr. Wong Cho Bau as a new Independent Non-Executive Director with effect from 20th January, 2015, who is subject to retirement and re-election at the 2015 annual general meeting.

##### **Confirmation of Independence**

The independence of the Independent Non-Executive Directors has been assessed in accordance with the applicable Listing Rules. Each of the Independent Non-Executive Directors has provided an annual written confirmation of 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.

## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

#### DIRECTORS *(Continued)*

##### Directors' Training and Professional Development

Every Director keeps abreast of responsibilities as a Director and of the conduct, business activities and development of the Company. Every newly appointed director receives a comprehensive induction package covering the statutory and regulatory obligations of directors, organizational structure, policies, procedures and codes of the Company, terms of reference of board committees and charter of responsibilities of internal audit. The Company Secretary from time to time updates and provides written training materials to the Directors, and organizes seminars on the latest development of the Listing Rules, applicable laws, rules and regulations relating to Directors' duties and responsibilities.

The Company Secretary maintains records of trainings attended by the Directors. The trainings attended by the current Directors during the year are as follows:

<b>Directors</b>	<b>Training Matters <sup>(Note)</sup></b>
<i>Executive Directors</i>	
Mr. Robert Ng Chee Siong	a, b
Mr. Daryl Ng Win Kong	a, b
Mr. Giovanni Viterale	a, b
<i>Non-Executive Directors</i>	
The Honourable Ronald Joseph Arculli	a, b
Mr. Gilbert Lui Wing Kwong	a, b, c
<i>Independent Non-Executive Directors</i>	
Mr. Peter Wong Man Kong	a, b, c, d
Mr. Adrian David Li Man-kiu	a, b, c, d
Mr. Steven Ong Kay Eng	a, b
Mr. Wong Cho Bau <i>(appointed on 20th January, 2015)</i>	a, b

*Note:*

- a. corporate governance*
- b. regulatory*
- c. finance*
- d. managerial*

## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

#### 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 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 board committees. Individual Directors and senior management have not been involved in deciding their own remuneration.

##### **Remuneration Committee**

The Company has established its Remuneration Committee with written terms of reference, the revised form of which was approved by the Board on 20th February, 2012 and is available at the Company's website [www.sino.com](http://www.sino.com) and the Stock Exchange's website.

The Remuneration Committee is responsible for making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy. In arriving at its recommendations, the Committee consults the Chairman of the Board and takes into consideration factors including salaries paid by comparable companies, employment conditions elsewhere in the Company and its subsidiaries, and desirability of performance-based remuneration. The Committee either determines or makes recommendations to the Board on the remuneration package of individual Executive Directors and senior management, and it also makes recommendations to the Board on the remuneration of Non-Executive Directors. The Committee meets at least once a year and is provided with sufficient resources enabling it to discharge its duties.

The Remuneration Committee currently comprises four members with the Independent Non-Executive Directors constituting the majority of the Committee and an Independent Non-Executive Director acting as its chairman.



## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

#### REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

##### Remuneration Committee *(Continued)*

During the year, the Remuneration Committee had performed the following works:

- reviewed the Company's existing emolument policy;
- reviewed the remuneration packages of Executive Directors; and
- made recommendations on Directors' fees.

No Director was involved in deciding his own remuneration at the meeting of the Remuneration Committee. The attendance records of the committee members to committee meeting(s) are set out below:

<b>Committee members</b>	<b>Meeting(s) Attended/Held</b>
Mr. Steven Ong Kay Eng* <i>(Committee Chairman)</i>	1/1
Mr. Peter Wong Man Kong*	0/1
Mr. Adrian David Li Man-kiu*	1/1
Mr. Daryl Ng Win Kong	1/1

\* *Independent Non-Executive Director*

Details of Directors' emoluments for the year are set out in Note 10 to the consolidated financial statements.

#### NOMINATION OF DIRECTORS AND SENIOR MANAGEMENT

##### Nomination Committee

The Company has established its Nomination Committee with written terms of reference effective on 1st March, 2012. The written terms of reference of the Nomination Committee are available at the Company's website [www.sino.com](http://www.sino.com) and the Stock Exchange's website.

The Nomination Committee is responsible for regularly reviewing the structure, size and composition of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy. Its duties include making recommendations to the Board on the selection of individuals nominated for directorships, the appointment or re-appointment of Directors and succession planning for Directors, and regularly reviewing the time required from a Director to perform his responsibilities. The Committee is also responsible for assessing the independence of Independent Non-Executive Directors and reviewing their annual confirmations on independence. The Committee meets at least once a year and is provided with sufficient resources to perform its duties.

## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

#### NOMINATION OF DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

**Nomination Committee** *(Continued)* The Nomination Committee, which is chaired by the Chairman of the Board, currently comprises three members with the Independent Non-Executive Directors constituting the majority of the Committee.

During the year, the Nomination Committee had performed the following works:

- recommended the appointment of Mr. Wong Cho Bau as an Independent Non-Executive Director;
- reviewed the current structure, size and composition of the Board;
- assessed the independence of Independent Non-Executive Directors and their annual confirmations on independence; and
- reviewed time commitment of directors.

The attendance records of the committee members to committee meeting(s) are set out below:

<b>Committee members</b>	<b>Meeting(s) Attended/Held</b>
Mr. Robert Ng Chee Siong <i>(Committee Chairman)</i>	1/1
Mr. Peter Wong Man Kong*	0/1
Mr. Adrian David Li Man-kiu*	1/1

\* *Independent Non-Executive Director*

## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

#### ACCOUNTABILITY AND AUDIT

##### **Directors' Responsibilities for 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 Company 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 judgments 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 Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company.

The Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Company'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 its opinion on the financial statements of the Company and the independent auditor's report for the financial year ended 30th June, 2015 is set out in the section entitled "Independent Auditor's Report" of this Annual Report.

##### **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 the guidance entitled "Internal Control and Risk Management – A Basic Framework" issued by the Hong Kong Institute of Certified Public Accountants, the Company's integrated internal control and risk management framework embodies 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 reference of all major business operations and departments so as to encourage a risk aware and control conscious environment throughout the Company.

## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

#### ACCOUNTABILITY AND AUDIT *(Continued)*

##### **Internal Controls and Risk Management** *(Continued)*

Under the Company's internal control and risk management framework, twice a year each major operation unit or department identifies major risks, assesses and evaluates the risk according to its likely impact and the likelihood of occurrence and develops effective control activities to mitigate the risks. The results of such risk 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 internal audit plan is reviewed and approved by the Audit Committee annually. The findings by the Internal Audit Department on the weaknesses of control activities are communicated with the operation units or departments concerned. The Internal Audit Department monitors the follow-up actions agreed upon in response to recommendations. Relevant control activities are enhanced and post-audit reviews are conducted, where appropriate. The Internal Audit Department summarizes the results and reports to the Audit Committee, which in turn reports to the Board. 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 its 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.

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, covering all material controls, including financial, operational and compliance controls, risk management functions, the adequacy of resources, qualifications and experiences of staff of the Company's accounting and financial reporting function, and its training programmes and budget. The Board was satisfied that the systems are effective and adequate for their purposes.

##### **Audit Committee**

The Company has set up its Audit Committee with written terms of reference which are available at the Company's website [www.sino.com](http://www.sino.com) and the Stock Exchange's website.

## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

#### ACCOUNTABILITY AND AUDIT *(Continued)*

##### **Audit Committee** *(Continued)*

The Audit Committee reports to the Board and holds regular meetings to assist the Board in discharging its responsibilities for effective financial reporting controls, internal controls and risk management. The Committee monitors the integrity of the Company's financial statements, annual report and accounts and half-year report and reviews significant financial reporting judgments contained in them. It reviews, makes recommendations and reports to the Board on findings relating to the financial statements, reports and accounts, systems of internal control and risk management and compliance issues. The Committee also oversees the Company's relationship with the external auditor, reviews auditor's letter of engagement and makes recommendations to the Board on the appointment and re-appointment of external auditor. It is empowered to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. It reviews external auditor's management letter and any material queries raised by the auditor to the management and the management's response. The Committee meets at least four times a year and is provided with sufficient resources enabling it to discharge its duties.

The Audit Committee currently comprises four members, all of them being Non-Executive Directors with the majority of them being Independent Non-Executive Directors.

During the year, the Audit Committee had held four meetings and reviewed the following matters:

- the Company's 2014 annual report and audited financial statements and the 2014/2015 interim report and unaudited interim financial statements, including the accounting policies and practices adopted by the Company, before submitting to the Board;
- internal audit reports on the internal controls and risk management systems, including the effectiveness of the internal control systems of the Company and its subsidiaries, the adequacy of resources, qualifications and experiences of staff of the Company's accounting and financial reporting function, and its training programmes and budget;
- internal audit plan 2015/2016;
- re-appointment of the Company's auditor before submitting to the Board;
- amendments to the terms of reference of the Audit Committee to take effect on 1st January, 2016; and
- amendments to the Corporate Governance Code of the Company to take effect on 1st January, 2016.

## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

#### ACCOUNTABILITY AND AUDIT *(Continued)*

##### **Audit Committee** *(Continued)*

All the meetings were attended by the external auditor of the Company. The attendance records of the committee members to these committee meetings are set out below:

<b>Committee members</b>	<b>Meeting(s) Attended/Held</b>
Mr. Adrian David Li Man-kiu* <i>(Committee Chairman)</i>	4/4
Mr. Gilbert Lui Wing Kwong	4/4
Mr. Peter Wong Man Kong*	2/4
Mr. Steven Ong Kay Eng*	4/4

\* *Independent Non-Executive Director*

##### **Codes for Dealing in the Company's Securities**

The Company has adopted its own code for dealing in the Company's securities by Directors ("Directors Dealing Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules ("Model Code"). The Company has made specific enquiries of all Directors who held such offices during the year under review. All of them confirmed their compliance with the required standard set out in the Directors Dealing Code during the year ended 30th June, 2015. 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 inside information in relation to the securities of the Company, on no less exacting terms than the Model Code.

##### **Auditor's Remuneration**

The fees in respect of audit and non-audit services provided to the Company and its subsidiaries by the external auditor of the Company for the year ended 30th June, 2015 amounted to HK\$795,000 and HK\$420,000 respectively. The non-audit services mainly consist of review and consultancy services.

## **CORPORATE GOVERNANCE REPORT** *(Continued)*

### **CORPORATE GOVERNANCE PRACTICES** *(Continued)*

#### **CORPORATE GOVERNANCE FUNCTIONS**

The Board is responsible for performing the following corporate governance duties as required under the Code:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and
- to review the Company's compliance with the Code and disclosure in the Corporate Governance Report.

During the year, the Board considered the following corporate governance matters:

- reviewed the usage of annual caps on continuing connected transactions of the Company;
- reviewed the compliance with the Code through the Compliance Committee;
- reviewed the effectiveness of the internal controls and risk management systems of the Company through the Internal Audit Department and the Audit Committee;
- approved the revised terms of reference of the Audit Committee to take effect on 1st January, 2016; and
- approved the revised Corporate Governance Code of the Company to take effect on 1st January, 2016.

## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

#### CORPORATE GOVERNANCE FUNCTIONS *(Continued)*

##### **Compliance Committee**

The Company has set up its Compliance Committee with written terms of reference, the revised form of which was approved by the Board on 20th February, 2012, to enhance the corporate governance standard of the Company. 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 Compliance Committee currently comprises the Executive Director Mr. Daryl Ng Win Kong (Committee Chairman), the other Executive Directors of the Company, the Chief Financial Officer and Head of Legal and Company Secretarial Departments, the Head of Internal Audit Department, other department heads and the Compliance Officer. The Committee holds regular meetings on a bi-monthly basis to review and make recommendations to the Board and the Audit Committee on the Company's corporate governance issues and Listing Rules compliance matters.

#### COMMUNICATION WITH SHAREHOLDERS

The Company affirms its commitment to maintaining a high degree of corporate transparency, communicating regularly with its shareholders and ensuring in appropriate circumstances, the investment community at large being provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile), in order to enable the shareholders to exercise their rights in an informed manner.

##### **Communication Strategies**

###### *Principles*

The Board is dedicated to maintain an on-going dialogue with the shareholders of the Company and the investment community. Information is communicated to the shareholders and the investment community mainly through the Company's financial reports (interim and annual reports), annual general meetings and regular meetings with research analysts and fund managers, as well as by making available all the disclosures submitted to the Stock Exchange and its corporate communications and other corporate publications on the Company's website. Investor/analyst briefings and one-on-one meetings, roadshows (both domestic and international), investor conferences, site visits, results briefings are conducted on a regular basis in order to facilitate effective communication between the Company, shareholders and the investment community. The Board strives to ensure effective and timely dissemination of information to shareholders and the investment community at all times and will review regularly the above arrangements to ensure its effectiveness.



## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

#### COMMUNICATION WITH SHAREHOLDERS *(Continued)*

##### Communication Strategies *(Continued)*

###### *Shareholders' Meetings*

The Board strives to maintain a continuing open dialogue with the shareholders of the Company. Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings. The process of the Company's general meeting is monitored and reviewed on a regular basis, and, if necessary, changes will be made to ensure that shareholders' needs are best served.

The Company uses annual general meeting as one of the principal channels for communicating with its shareholders. The Company ensures that shareholders' views are communicated to the Board. At the annual general meeting, each substantially separate issue has been considered by a separate resolution, including the election of individual Directors. The Chairman of the Board, chairmen of the respective board committees and the external auditor usually attend annual general meetings to inter-face with and answer questions from shareholders.

The last annual general meeting of the Company is the 2014 annual general meeting ("2014 AGM") which was held on 23rd October, 2014 at The Pacific Rooms, 9th Floor, Towers Wing, The Royal Pacific Hotel & Towers, 33 Canton Road, Tsim Sha Tsui, Kowloon. The Directors, including the Chairman of the Board, the Chairman of the Audit Committee, the Chairman of the Nomination Committee and the Chairman of the Remuneration Committee, and the external auditor of the Company, Deloitte Touche Tohmatsu, attended the 2014 AGM. The attendance records of the then Directors to the 2014 AGM are set out below:

	<b>Meeting(s) Attended/Held</b>
<i>Executive Directors</i>	
Mr. Robert Ng Chee Siong	1/1
Mr. Daryl Ng Win Kong	1/1
Mr. Nicholas Yim Kwok Ming <i>(resigned on 13th April, 2015)</i>	1/1
Mr. Giovanni Viterale	1/1
<i>Non-Executive Directors</i>	
The Honourable Ronald Joseph Arculli	1/1
Mr. Gilbert Lui Wing Kwong	1/1
<i>Independent Non-Executive Directors</i>	
Mr. Peter Wong Man Kong	0/1
Mr. Adrian David Li Man-kiu	1/1
Mr. Steven Ong Kay Eng	1/1

## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

#### COMMUNICATION WITH SHAREHOLDERS *(Continued)*

##### Communication Strategies *(Continued)*

##### *Shareholders' Meetings (Continued)*

The Company's notice to shareholders for the 2014 AGM was sent to shareholders more than 20 clear business days prior to the meeting. The chairman of the meeting exercised his power under the Company's Articles of Association to put each proposed resolution to vote by way of a poll. The Company adopted poll voting for all resolutions put to vote at the meeting. The procedures for voting by poll at the 2014 AGM were contained in the circular of the Company to its shareholders, which was dispatched together with the 2014 annual report, and were further explained at the 2014 AGM prior to the polls being taken. Simultaneous translation from English to Cantonese was available at the 2014 AGM.

Separate resolutions were proposed at the 2014 AGM on each substantive issue and the percentage of votes cast in favour of such resolutions as disclosed in the announcement of the Company dated 23rd October, 2014 are set out below:

<b>Resolutions proposed at the 2014 AGM</b>		<b>Percentage of Votes</b>
1	Adoption of the audited Financial Statements and the Directors' and Independent Auditor's Reports for the year ended 30th June, 2014	100%
2	Declaration of a final dividend of HK\$0.04 per ordinary share with an option for scrip dividend	100%
3(i)	Re-election of Mr. Adrian David Li Man-kiu as Director	99.99%
3(ii)	Re-election of Mr. Steven Ong Kay Eng as Director	100%
3(iii)	Re-election of Mr. Nicholas Yim Kwok Ming as Director	100%
3(iv)	Re-election of Mr. Giovanni Viterale as Director	100%
3(v)	Authorization of the Board to fix the Directors' remuneration for the financial year ending 30th June, 2015	100%
4	Re-appointment of Deloitte Touche Tohmatsu as Auditor for the ensuing year and to authorize the Board to fix their remuneration	100%
5(i)	Share repurchase mandate up to 10% of the Company's issued share capital	100%
5(ii)	Share issue mandate up to 20% of the Company's issued share capital	99.99%
5(iii)	Extension of share issue mandate to the shares repurchased under the share repurchase mandate	99.99%

## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

#### COMMUNICATION WITH SHAREHOLDERS *(Continued)*

##### Communication Strategies *(Continued)*

*Shareholders' Meetings (Continued)* All resolutions put to shareholders at the 2014 AGM were passed. The Company's Principal Registrars were appointed as scrutineers to monitor and count the poll votes cast at that meeting. The results of the voting by poll were published on the respective websites of the Company and the Stock Exchange.

The latest version of the Amended and Restated Memorandum and Articles of Association of the Company is available at the Company's website [www.sino.com](http://www.sino.com) and the Stock Exchange's website. No changes have been made to the Company's Amended and Restated Memorandum and Articles of Association during the year.

*Enquiries* Shareholders can direct their questions about their shareholdings to the Company's Principal Registrars. To the extent the requisite information of the Company is publicly available, shareholders and the investment community may at any time make a request for such information. Designated contacts, email addresses and enquiry lines of the Company have been provided in the "Corporate Information" section of this Annual Report to enable the shareholders and the investment community to make any enquiry in respect of the Company.

*Shareholders' Privacy* The Company recognizes the importance of shareholders' privacy and will not disclose shareholders' information without their consent, unless required by law to do so.

*Corporate Communications* Corporate communications issued by the Company have been provided to the shareholders in both English and Chinese versions to facilitate their understanding. Shareholders have the right to choose the language (either English or Chinese, or both) or means of receipt of the corporate communications (in hard copy or through electronic means). They are encouraged to provide, amongst other things, their email addresses to the Company in order to facilitate timely, effective and environmental friendly communication.

*Company's Website* A section entitled "Investor Relations" is available on the Company's website [www.sino.com](http://www.sino.com). Information on the Company's website is updated on a regular basis. Information released by the Company to the Stock Exchange is also posted on the Company's website immediately thereafter in accordance with the Listing Rules. Such information includes financial statements, announcements, circulars to shareholders and notices of general meetings, etc.

## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

#### COMMUNICATION WITH SHAREHOLDERS *(Continued)*

##### Shareholder's Rights

Pursuant to Section 566 of the Companies Ordinance of Hong Kong (Chapter 622 of the Laws of Hong Kong) ("Companies Ordinance"), Directors are required to call a general meeting if the Company has received requests to do so from shareholders representing at least 5% of the total voting rights of all the shareholders having a right to vote at the general meetings. The request must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. Such request must be authenticated by the shareholders making it and may either be deposited at the principal office of the Company at 12th Floor, Tsim Sha Tsui Centre, Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong for the attention of the Company Secretary or sent to the Company's email address at investorrelations@sino.com.

In relation to an annual general meeting which the Company is required to hold, Sections 615 and 616 of the Companies Ordinance provide that the Company must give notice of a resolution if it has received request to do so from shareholders representing at least 2.5% of the total voting rights of all shareholders of the Company having a right to vote on the resolution at the annual general meeting, or at least 50 shareholders having a right to vote on the resolution at the annual general meeting. Such request must be authenticated by the shareholders making it and may either be deposited at the principal office of the Company or sent to the Company's email address, both of which are mentioned above.

Shareholders who wish to propose a person (other than a retiring Director) for election as director ("Candidate") at a general meeting of the Company, should (a) deposit a written notice of such proposal at the principal office of the Company for the attention of the Company Secretary, signed by the shareholders who should be qualified to attend and vote at the general meeting; (b) provide biographical details of the Candidate as set out in Rule 13.51(2)(a) to (x) of the Listing Rules; and (c) provide a written consent signed by the Candidate indicating his/her willingness to be elected. The period for lodgment of such a written notice shall be at least 7 days commencing no earlier than the day after the dispatch of the notice of the meeting appointed for such meeting and such election and ending not later than 7 days prior to the meeting.

The Company has been practising the above shareholders' communication policy to handle enquiries put to the Board and will review them on a regular basis to ensure their effectiveness. Specific enquiries and suggestions by shareholders can be sent in writing to the Board or the Company Secretary at our principal office address or by email to our Company.

## **DIRECTORS' REPORT**

The Directors present their annual report and the audited consolidated financial statements of the Company for the year ended 30th June, 2015.

### **PRINCIPAL ACTIVITIES**

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 27 to the consolidated financial statements.

### **SUBSIDIARIES AND ASSOCIATES**

Details of the Company's principal subsidiaries and associates at 30th June, 2015 are set out in notes 27 and 15 to the consolidated financial statements, respectively.

### **RESULTS AND APPROPRIATIONS**

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 54.

An interim dividend of HK4.0 cents per share amounting to HK\$39,209,860, including HK\$988,714 by way of cash dividends and HK\$38,221,146 by way of scrip alternatives, was paid to the shareholders during the year. The Directors now recommend the payment of a final dividend of HK4.0 cents per share amounting to HK\$39,833,370 payable to shareholders whose names appear on the Register of Members of the Company on 30th October, 2015.

### **PROPERTY, PLANT AND EQUIPMENT**

Details of movements during the year in the property, plant and equipment of the Group are set out in note 14 to the consolidated financial statements.

### **SHARE CAPITAL**

Details of movements during the year in the share capital of the Company are set out in note 21 to the consolidated financial statements.

### **DISTRIBUTABLE RESERVES OF THE COMPANY**

The reserves available for distribution to the shareholders by the Company at 30th June, 2015 consisted of share premium, distributable reserve and retained profits totaling HK\$2,157,197,658.

Under the Companies Law (2013 Revision) of the Cayman Islands and the provisions of the Company's Articles of Association, the share premium of the Company is available for distribution or paying dividends to the shareholders provided that immediately following the distribution or the payment of dividends, the Company is able to pay its debts as they fall due in the ordinary course of business.

### **TREASURY, GROUP BORROWINGS AND INTEREST CAPITALISED**

The Group maintains a conservative approach in its treasury management with foreign exchange exposure being kept at a minimal level and interest rates on floating rate bases. No interest was capitalised by the Group during the year.

## DIRECTORS' REPORT *(Continued)*

### **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.

### **NAME OF DIRECTOR**

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

#### *Executive Directors*

Mr. Robert Ng Chee Siong (Chairman)  
Mr. Daryl Ng Win Kong  
Mr. Giovanni Viterale  
Mr. Nicholas Yim Kwok Ming (resigned on 13th April, 2015)

#### *Non-Executive Directors*

The Honourable Ronald Joseph Arculli  
Mr. Gilbert Lui Wing Kwong

#### *Independent Non-Executive Directors*

Mr. Peter Wong Man Kong  
Mr. Adrian David Li Man-kiu  
Mr. Steven Ong Kay Eng  
Mr. Wong Cho Bau (appointed on 20th January, 2015)

In accordance with 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 ("Listing Rules"), Mr. Robert Ng Chee Siong, The Honourable Ronald Joseph Arculli, Mr. Gilbert Lui Wing Kwong and Mr. Wong Cho Bau 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, 2015, 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 ("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 ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in the Listing Rules, were as follows:

#### (A) Long Positions in Shares of the Company

Name of Director	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Shares
Mr. Robert Ng Chee Siong	477,795,166 <i>(Note)</i>	Beneficial owner of 280,064 shares, spouse interest in 831,069 shares and trustee interest in 476,684,033 shares of the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	47.97%
The Honourable Ronald Joseph Arculli	286,123	Beneficial owner	0.02%
Mr. Gilbert Lui Wing Kwong	–	–	–
Mr. Peter Wong Man Kong	–	–	–
Mr. Adrian David Li Man-kiu	–	–	–
Mr. Steven Ong Kay Eng	–	–	–
Mr. Wong Cho Bau	–	–	–
Mr. Daryl Ng Win Kong	–	–	–
Mr. Giovanni Viterale	–	–	–

## DIRECTORS' REPORT *(Continued)*

### DIRECTORS' INTERESTS *(Continued)*

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

*Note:*

*The trustee interest in 476,684,033 shares comprises:*

- (a) 432,607,719 shares which were held through companies 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong, namely, 41,960,837 shares by Fanlight Investment Limited, 59,668 shares by Garford Nominees Limited, 17,951,559 shares by Karaganda Investments Inc., 56,483,060 shares by Nippomo Limited, 1,618,469 shares by Orient Creation Limited, 114,170,216 shares by Strathallan Investment Limited, 4,909,874 shares by Strong Investments Limited, 169,539,821 shares by Tamworth Investment Limited and 25,914,215 shares by Transpire Investment Limited;*
- (b) 1,943,313 shares which were held through wholly-owned subsidiaries of Tsim Sha Tsui Properties Limited, in which the co-executors of the estate of the late Mr. Ng Teng Fong had a 71.99% control; and*
- (c) 42,133,001 shares which were held by the co-executors of the estate of the late Mr. Ng Teng Fong.*

#### (B) Long Positions in Shares of Associated Corporation

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

Name of Associated Company	Number of Ordinary Shares	% of Issued Shares
FHR International Limited	1 <i>(Note)</i>	33.33%

*Note: The share was held by Smart Link Limited in which Mr. Robert Ng Chee Siong had a 100% control.*

Save as disclosed above, as at 30th June, 2015, 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 or any of its 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(2) 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 held share interests and directorships and Mr. Daryl Ng Win Kong held directorships in companies of the Ng Family (including Mr. Robert Ng Chee Siong, Mr. Philip Ng Chee Tat, and as co-executors of the estate of the late Mr. Ng Teng Fong and/or their respective associates) which engage in business of hotel operation.

The Honourable Ronald Joseph Arculli is a Non-Executive Director of HKR International Limited, which engages in business of hotel operation.

As the Board of Directors of the Company is independent of the boards of the aforesaid companies and maintains four 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

Details of Directors' interests in contracts of significance are set out in note 26 to the consolidated financial statements.

Other than as disclosed in note 26 to the consolidated financial statements, no other contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### SERVICE CONTRACTS

None of the Directors of the Company has a contract of service 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 Transaction up to 30th June, 2015 – Provision of Clubhouse Management Services

The Company announced on 31st July, 2013 that Bright Tower (HK) Limited ("Bright Tower"), a wholly-owned subsidiary of the Company, was awarded a clubhouse management contract ("Contract") by tender, pursuant to which Bright Tower agreed to provide management services to the clubhouse of Pacific Palisades for a 24-month period from 1st August, 2013 to 31st July, 2015.

## DIRECTORS' REPORT *(Continued)*

### CONNECTED TRANSACTIONS *(Continued)*

#### (A) Continuing Connected Transaction up to 30th June, 2015 – Provision of Clubhouse Management Services *(Continued)*

Applicable particulars of such Contract together with the total amount received/paid in respect of the transaction for the year ended 30th June, 2015 are disclosed herein as required under the Listing Rules:

Parties to the Transaction		Nature of Transaction	Basis of Consideration	Applicable Annual Cap(s) under the Contract	Total Amount received/paid for the Year ended 30th June, 2015
Service Provider	Service Recipient				
Bright Tower	Sino Estates Management Limited ("SEML"), the building management company appointed under the deed of mutual covenants of Pacific Palisades and an agent for the unincorporated body of owners of Pacific Palisades	Provision of management services by Bright Tower to the clubhouse of Pacific Palisades	HK\$270,000 per month and payable on a monthly basis. The monthly service fee payable by SEML to Bright Tower under the Contract is based on the tender price submitted by Bright Tower and is arrived at on an arm's length basis after considering the estimated cost and profit margin for providing the clubhouse management service	(i) HK\$3,240,000 for the period from 1st July, 2014 to 30th June, 2015 (i.e. HK\$270,000 x 12 months)  (ii) HK\$270,000 for the period from 1st July, 2015 to 31st July, 2015 (i.e. HK\$270,000 x 1 month)	HK\$3.24 million

Boatswain Enterprises Limited and its wholly-owned subsidiary, Beverhill Limited, being associates of the Ng Family, are two of the owners of Pacific Palisades which together are interested in a total of approximately 60% of the undivided shares of Pacific Palisades. The Ng Family is a connected person of the Company by virtue of it being the controlling shareholder of the Company. On such basis, the provision of clubhouse management services during the year by Bright Tower to Pacific Palisades under the Contract constituted a continuing connected transaction of the Company under the Listing Rules.

## DIRECTORS' REPORT *(Continued)*

### CONNECTED TRANSACTIONS *(Continued)*

#### (A) **Continuing Connected Transaction up to 30th June, 2015 – Provision of Clubhouse Management Services** *(Continued)*

During the year, the above continuing connected transaction was carried out within its annual cap. The Independent Non-Executive Directors have reviewed and confirmed that during the year, the above continuing connected transaction was conducted and entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms; and
- (iii) according to the agreement governing it on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transaction in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transaction disclosed by the Group in this Annual Report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

#### (B) **Provision of Clubhouse Management Services under New Contract**

Reference is made to the continuing connected transaction mentioned in section (A) above.

The original Contract dated 30th July, 2013 regarding the provision of management services to the clubhouse of Pacific Palisades expired on 31st July, 2015. On 31st July, 2015, the Company announced that a new clubhouse management contract ("New Contract") was awarded by SEML to Bright Tower through a tendering process, pursuant to which Bright Tower agreed to manage the clubhouse of Pacific Palisades for a further 24-month period from 1st August, 2015 to 31st July, 2017 at a monthly service fee of HK\$330,000.

## DIRECTORS' REPORT *(Continued)*

### CONNECTED TRANSACTIONS *(Continued)*

#### (B) Provision of Clubhouse Management Services under New Contract *(Continued)*

Particulars of the New Contract are disclosed herein as required under the Listing Rules:

Parties to the Transactions		Nature of Transactions	Basis of Consideration	Annual Cap(s) under the New Contract
Service Provider	Service Recipient			
Bright Tower	SEML, the building management company appointed under the deed of mutual covenants of Pacific Palisades and an agent for the unincorporated body of owners of Pacific Palisades	Provision of management services by Bright Tower to the clubhouse of Pacific Palisades	HK\$330,000 per month and payable on a monthly basis. The monthly service fee payable by SEML to Bright Tower under the New Contract is based on the tender price submitted by Bright Tower and is arrived at on an arm's length basis after considering the estimated cost and profit margin for providing the clubhouse management services	(i) HK\$3,630,000 for the period from 1st August, 2015 to 30th June, 2016 (i.e. HK\$330,000 x 11 months) (ii) HK\$3,960,000 for the period from 1st July, 2016 to 30th June, 2017 (i.e. HK\$330,000 x 12 months) (iii) HK\$330,000 for the period from 1st July, 2017 to 31st July, 2017 (i.e. HK\$330,000 x 1 month)

Full details of the above continuing connected transactions are set out in the respective announcements and are available in the Stock Exchange's website and the Company's website at [www.sino.com](http://www.sino.com).

Details of other related party transactions are set out in Note 26 to the consolidated financial statements.

## DIRECTORS' REPORT *(Continued)*

### SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

As at 30th June, 2015, 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 Shareholder	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Shares
Mr. Philip Ng Chee Tat	479,675,553 <i>(Notes 1, 2, 3 and 4)</i>	Interest of controlled corporations in 2,991,520 shares and trustee interest in 476,684,033 shares of the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	48.16%
Mr. Robert Ng Chee Siong	477,795,166 <i>(Notes 2, 3 and 4)</i>	Beneficial owner of 280,064 shares, spouse interest in 831,069 shares and trustee interest in 476,684,033 shares of the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	47.97%
Tamworth Investment Limited	169,539,821 <i>(Note 3)</i>	Beneficial owner	17.02%
Strathallan Investment Limited	114,170,216 <i>(Note 3)</i>	Beneficial owner	11.46%
Name of Other Shareholder	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Shares
Nippomo Limited	56,483,060 <i>(Note 3)</i>	Beneficial owner	5.67%

## DIRECTORS' REPORT *(Continued)*

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

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

Notes:

1. *2,991,520 shares were held by Far East Ventures Pte. Ltd. which was 100% controlled by Mr. Philip Ng Chee Tat.*
2. *The trustee interest in 476,684,033 shares comprises:*
  - (a) *432,607,719 shares which were held through companies 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong, namely, 41,960,837 shares by Fanlight Investment Limited, 59,668 shares by Garford Nominees Limited, 17,951,559 shares by Karaganda Investments Inc., 56,483,060 shares by Nippomo Limited, 1,618,469 shares by Orient Creation Limited, 114,170,216 shares by Strathallan Investment Limited, 4,909,874 shares by Strong Investments Limited, 169,539,821 shares by Tamworth Investment Limited and 25,914,215 shares by Transpire Investment Limited;*
  - (b) *1,943,313 shares which were held through wholly-owned subsidiaries of Tsim Sha Tsui Properties Limited, in which the co-executors of the estate of the late Mr. Ng Teng Fong had a 71.99% control; and*
  - (c) *42,133,001 shares which were held by the co-executors of the estate of the late Mr. Ng Teng Fong.*
3. *The interests of Tamworth Investment Limited, Strathallan Investment Limited and Nippomo Limited were duplicated in the interests of the co-executors of the estate of the late Mr. Ng Teng Fong.*
4. *The interests of Mr. Philip Ng Chee Tat and Mr. Robert Ng Chee Siong as the co-executors of the estate of the late Mr. Ng Teng Fong refer to the same parcel of shares and were duplicated.*

Save as disclosed above and so far as the Directors of the Company are aware, as at 30th June, 2015, 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.

## **DIRECTORS' REPORT** *(Continued)*

### **MAJOR SUPPLIERS AND CUSTOMERS**

The aggregate turnover or purchases attributable to the Group's five largest customers or suppliers was less than 30% of the Group's total turnover or purchases for the year under review.

### **RETIREMENT BENEFIT SCHEME**

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group, in fund under the control of trustee. As at 30th June, 2015, the Group employed approximately 400 employees.

The retirement benefit cost charged to consolidated statement of profit or loss represents contribution payable to the scheme by the Group at rates specified in the rules of the scheme.

### **PRE-EMPTIVE RIGHTS**

No provisions for pre-emptive rights which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders exist in the Cayman Islands, being the jurisdiction in which the Company was incorporated.

### **CORPORATE GOVERNANCE**

The Corporate Governance Report is set out on pages 15 to 34.

### **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, 26th August, 2015



## CITY GARDEN HOTEL

City Garden Hotel is ideal for both business and leisure travellers, being in close proximity to the vibrant retail and dining hub of Causeway Bay. With Fortress Hill Station within a 5-minute walk, guests enjoy easy access to Hong Kong's must-see tourist destinations and the CBD.

The hotel provides 613 rooms and suites measuring up to 600 sq.ft. as well as carefully planned amenities, including complimentary Wi-Fi access and an outdoor swimming pool.

Catering to casual diners and connoisseurs, our restaurants provide authentic Cantonese fare, international cuisines, regional favourites as well as warm and attentive services. In addition to the Michelin-starred YUE, one of the most sought-after Chinese restaurants of the district, Garden Café attracts food lovers with its international buffets and Satay Inn delivers time-honoured, authentic Singaporean and Malaysian cuisines.



**City Garden Hotel**  
HONG KONG







## CONRAD HONG KONG

Conrad Hong Kong is part of the prestigious Pacific Place development located in the heart of the Central Business District. The hotel is across from the lush Hong Kong Park, directly connected to Admiralty Station and Pacific Place, a luxury shopping and entertainment complex.

Towering from the 40<sup>th</sup> to the 61<sup>st</sup> floor, Conrad Hong Kong features 514 rooms which include 45 suites and an executive lounge. All rooms offer unparalleled views of Victoria Harbour or the picturesque Victoria Peak. The hotel has an extensive range of function rooms including one of the city's largest column-free ballrooms. It also features a range of award-winning restaurants and bars, 24-hour Health Club and a heated outdoor swimming pool.

CONRAD<sup>®</sup>  
HONG KONG





## THE ROYAL PACIFIC HOTEL & TOWERS

Known for its postcard harbour and park views, The Royal Pacific Hotel & Towers' stylish, contemporary guestrooms and Club Lounge offer personal and attentive services to discerning business and leisure travellers.

The hotel has gained a reputation as a favourite venue for business and private events. The Imperial and Pacific Rooms can accommodate up to 420 guests for business conferences and lavish banquets, and provide comprehensive facilities, including access to internet, video conferencing and advanced audio-visual equipment. Dining options at the hotel include Café on the PARK for all-day buffet dining, Pierside Bar & Restaurant with exhilarating harbour views serving market fresh seafood and Satay Inn for authentic Singaporean and Malaysian delicacies in a relaxing alfresco setting.



**The Royal Pacific**  
Hotel and Towers  
HONG KONG



## INDEPENDENT AUDITOR'S REPORT



**TO THE SHAREHOLDERS OF SINO HOTELS (HOLDINGS) LIMITED**  
信和酒店(集團)有限公司  
*(incorporated in the Cayman Islands with limited liability)*

We have audited the consolidated financial statements of Sino Hotels (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 54 to 101, which comprise the consolidated statement of financial position as at 30th June, 2015, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other 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 information.

**DIRECTORS'  
RESPONSIBILITY FOR  
THE CONSOLIDATED  
FINANCIAL STATEMENTS**

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal controls as the directors determine are necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**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 our agreed terms of engagement, 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 about 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 of the consolidated financial statements that give a true and fair view 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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.

## INDEPENDENT AUDITOR'S REPORT *(Continued)*

### OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 30th June, 2015, and of its 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 disclosure requirements of the Hong Kong Companies Ordinance.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
26th August, 2015

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30th June, 2015

	<i>NOTES</i>	<b>2015</b> <b>HK\$</b>	2014 <i>HK\$</i>
Revenue	4	<b>317,383,507</b>	328,911,440
Direct expenses		<b>(108,647,440)</b>	(102,216,116)
Gross profit		<b>208,736,067</b>	226,695,324
Gain on disposal of available-for-sale financial assets		<b>754,691</b>	–
Other expenses		<b>(85,418,037)</b>	(82,821,559)
Marketing costs		<b>(11,058,226)</b>	(11,872,076)
Administrative expenses		<b>(30,047,342)</b>	(27,243,040)
Finance income	6	<b>6,790,530</b>	3,553,057
Finance costs	7	<b>(5,671)</b>	(13,579)
Finance income, net		<b>6,784,859</b>	3,539,478
Share of results of associates		<b>130,229,202</b>	146,246,806
Profit before taxation	8	<b>219,981,214</b>	254,544,933
Income tax expense	9	<b>(16,016,491)</b>	(20,030,192)
Profit for the year attributable to the Company's shareholders		<b>203,964,723</b>	234,514,741
Earnings per share – basic	13	<b>20.87 cents</b>	24.62 cents



## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30th June, 2015

	2015 <i>HK\$</i>	2014 <i>HK\$</i>
Profit for the year	<u>203,964,723</u>	<u>234,514,741</u>
<b>Other comprehensive income (expense)</b>		
Item that may not be subsequently reclassified to profit or loss: Reclassification adjustments upon disposal of available-for-sale financial assets	<b>3,165,098</b>	–
Item that may be subsequently reclassified to profit or loss: Loss on fair value changes of available-for-sale financial assets	<u>(16,357,846)</u>	<u>(89,427,829)</u>
Other comprehensive expense for the year	<u>(13,192,748)</u>	<u>(89,427,829)</u>
Total comprehensive income for the year attributable to the Company's shareholders	<u><b>190,771,975</b></u>	<u>145,086,912</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June, 2015

	NOTES	2015 HK\$	2014 HK\$
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	1,390,299,317	1,411,790,224
Interests in associates	15	1,302,588,048	1,308,681,846
Available-for-sale financial assets	16	621,601,918	633,411,582
		<b>3,314,489,283</b>	<b>3,353,883,652</b>
<b>CURRENT ASSETS</b>			
Hotel inventories		563,806	542,610
Trade and other receivables	19	15,539,461	13,153,673
Amounts due from associates	17	62,025,977	88,993,493
Bank balances and cash	18	673,307,471	428,631,752
		<b>751,436,715</b>	<b>531,321,528</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	20	21,540,794	22,908,243
Amount due to an associate	22	1,246,376	1,604,468
Taxation payable		14,085,740	19,903,595
		<b>36,872,910</b>	<b>44,416,306</b>
<b>NET CURRENT ASSETS</b>			
		<b>714,563,805</b>	<b>486,905,222</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>4,029,053,088</b>	<b>3,840,788,874</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	21	995,834,245	964,921,928
Reserves		3,026,792,157	2,869,182,898
<b>EQUITY ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS</b>			
		<b>4,022,626,402</b>	<b>3,834,104,826</b>
<b>NON-CURRENT LIABILITY</b>			
Deferred taxation	23	6,426,686	6,684,048
		<b>4,029,053,088</b>	<b>3,840,788,874</b>

The consolidated financial statements on pages 54 to 101 were approved and authorised for issue by the Board of Directors on 26th August, 2015 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, 2015

	Share capital HK\$	Share premium HK\$ (Note (b))	Investment revaluation reserve HK\$ (Note (a))	Distributable reserve HK\$ (Note (b))	Retained profits HK\$	Total HK\$
At 1st July, 2013	948,518,625	334,548,039	305,804,419	1,136,943,513	996,565,242	3,722,379,838
Profit for the year	-	-	-	-	234,514,741	234,514,741
Loss on fair value changes of available-for-sale financial assets	-	-	(89,427,829)	-	-	(89,427,829)
Other comprehensive expense for the year	-	-	(89,427,829)	-	-	(89,427,829)
Total comprehensive (expense) income for the year	-	-	(89,427,829)	-	234,514,741	145,086,912
Shares issued pursuant to scrip dividend scheme for final dividend in respect of the year ended 30th June, 2013	2,167,329	3,684,459	-	-	-	5,851,788
Shares issued pursuant to scrip dividend scheme for interim dividend in respect of the year ended 30th June, 2014	14,235,974	22,777,559	-	-	-	37,013,533
Share issue expenses	-	(259,062)	-	-	-	(259,062)
Dividends	-	-	-	(75,968,183)	-	(75,968,183)
At 30th June, 2014	964,921,928	360,750,995	216,376,590	1,060,975,330	1,231,079,983	3,834,104,826
Profit for the year	-	-	-	-	203,964,723	203,964,723
Reclassification adjustments upon disposal of available-for-sale financial assets	-	-	3,165,098	-	-	3,165,098
Loss on fair value changes of available-for-sale financial assets	-	-	(16,357,846)	-	-	(16,357,846)
Other comprehensive expense for the year	-	-	(13,192,748)	-	-	(13,192,748)
Total comprehensive (expense) income for the year	-	-	(13,192,748)	-	203,964,723	190,771,975
Shares issued pursuant to scrip dividend scheme for final dividend in respect of the year ended 30th June, 2014	15,324,574	22,281,930	-	-	-	37,606,504
Shares issued pursuant to scrip dividend scheme for interim dividend in respect of the year ended 30th June, 2015	15,587,743	22,633,403	-	-	-	38,221,146
Share issue expenses	-	(271,312)	-	-	-	(271,312)
Dividends	-	-	-	(77,806,737)	-	(77,806,737)
At 30th June, 2015	995,834,245	405,395,016	203,183,842	983,168,593	1,435,044,706	4,022,626,402

### Notes:

- (a) The investment revaluation reserve movement results from changes in fair values of available-for-sale financial assets.
- (b) Under the Companies Law (2013 Revision) of the Cayman Islands and the provisions of the Company's Articles of Association, the share premium of the Company is available for distribution or paying dividends to the shareholders provided that immediately following the distribution or the payment of dividends, the Company is able to pay its debts as they fall due in the ordinary course of business.

The distributable reserve of the Company represents the difference between the underlying net tangible assets of the subsidiaries acquired by the Company and the nominal value of the share capital issued by the Company, which was transferred from the share premium account pursuant to a group reorganisation in 1995. Under the Companies Law (2013 Revision) of the Cayman Islands, the distributable reserve is available for distribution to shareholders.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30th June, 2015

	2015 HK\$	2014 HK\$
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	219,981,214	254,544,933
Adjustments for:		
Share of results of associates	(130,229,202)	(146,246,806)
Dividend income	(12,905,263)	(9,776,572)
Gain on disposal of available-for-sale financial assets	(754,691)	–
Depreciation and amortisation of property, plant and equipment	43,468,323	40,446,336
Finance income	(6,790,530)	(3,553,057)
Finance costs	5,671	13,579
(Gain) loss on disposal of property, plant and equipment	(8,909)	4,416
	<hr/>	<hr/>
Operating cash flows before movements in working capital	112,766,613	135,432,829
(Increase) decrease in hotel inventories	(21,196)	286,119
Increase in trade and other receivables	(515,198)	(374,225)
(Decrease) increase in trade and other payables	(1,399,772)	2,559,580
	<hr/>	<hr/>
Cash generated from operations	110,830,447	137,904,303
Hong Kong Profits Tax paid	(22,091,708)	(28,832,642)
Dividends received from available-for-sale financial assets	844,335	2,209,632
	<hr/>	<hr/>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>89,583,074</b>	<b>111,281,293</b>
	<hr/>	<hr/>
<b>INVESTING ACTIVITIES</b>		
Dividend received from an associate	136,323,000	136,323,000
Interest received	4,075,645	3,225,021
Proceeds on disposal of property, plant and equipment	12,630	–
Purchase of property, plant and equipment	(21,981,137)	(18,020,493)
Proceeds on disposal of available-for-sale financial assets	20,936,089	–
Additions to available-for-sale financial assets	(8,626,936)	(20,181,398)
Advances to associates	–	(61,348)
Repayments from associates	26,967,516	59,999,500
	<hr/>	<hr/>
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>157,706,807</b>	<b>161,284,282</b>
	<hr/>	<hr/>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(1,979,087)	(33,102,862)
(Repayment to) advance from an associate	(358,092)	768,709
Share issue expenses paid	(271,312)	(259,062)
Interest paid	(5,671)	(13,579)
	<hr/>	<hr/>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(2,614,162)</b>	<b>(32,606,794)</b>
	<hr/>	<hr/>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>244,675,719</b>	<b>239,958,781</b>
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>428,631,752</b>	<b>188,672,971</b>
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR,</b> represented by bank balances and cash	<b>673,307,471</b>	<b>428,631,752</b>
	<hr/>	<hr/>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June, 2015

### 1. GENERAL

The Company is a public limited liability company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The address of the registered office and principal place of business of the Company is disclosed in the section headed “Corporate information” in the annual report.

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as “Group”) are presented in Hong Kong dollars, which is also the functional currency of the Company.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 27.

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

In the current year, the Group has applied the following amendments to standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2015

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

#### New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>3</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>4</sup>
Amendments to HKAS 1	Disclosure Initiative <sup>4</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>4</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants <sup>4</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>4</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception <sup>4</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1st January, 2018, with earlier application permitted

<sup>2</sup> Effective for first annual HKFRS financial statements beginning on or after 1st January, 2016, with earlier application permitted

<sup>3</sup> Effective for annual periods beginning on or after 1st January, 2017, with earlier application permitted

<sup>4</sup> Effective for annual periods beginning on or after 1st January, 2016, with earlier application permitted

#### HKFRS 15 “Revenue from Contracts with Customers”

HKFRS 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It supersedes current revenue recognition guidance including HKAS 11 “Construction Contracts”, HKAS 18 “Revenue”, HK(IFRIC) – Int 13 “Customer Loyalty Programmes”, HK(IFRIC) – Int 15 “Agreements for the Construction of Real Estate”, HK(IFRIC) – Int 18 “Transfers of Assets from Customers”, and HK(SIC) – Int 31 “Revenue-Barter Transactions Involving Advertising Services”. HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise. The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. HKFRS 15 is to be applied on an individual contract basis. However, a portfolio approach is permitted provided it is reasonably expected that the impact on the financial statements will not be materially different from applying HKFRS 15 on an individual contract basis. The steps to be applied in the new revenue model are as follows:

- Step 1: Identify the contract with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2015

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

#### HKFRS 15 “Revenue from Contracts with Customers” *(Continued)*

In addition, HKFRS 15 also includes requirements for accounting for some costs that are related to a contract with a customer. With respect to disclosure, HKFRS 15 requires an entity to disclose certain quantitative and/or qualitative information so as to help investors better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

HKFRS 15 is effective for the Group’s financial year beginning on 1st July, 2018 with early application permitted. It applies to new contracts created on or after the effective date and to existing contracts that are not yet complete as of the effective date. The Group can choose to apply HKFRS 15 retrospectively or to use a modified transition approach. The management anticipates that HKFRS 15 will be adopted in the Group’s consolidated financial statements for the annual period beginning 1st July, 2018. The application of this standard may have significant impact on amounts reported in the Group’s consolidated financial statements. However, the management is in the process of ascertaining the financial impact on application of this standard.

The Directors anticipate that the application of other new and revised HKFRSs will have no material impact on the consolidated financial statements of the Group.

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2015

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The significant accounting policies are set out below.

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2015

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **Basis of consolidation** *(Continued)*

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries 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.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and 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 and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). 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, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

#### **Interests in associates**

An associate is an entity over which the investor 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 the profit or loss and other comprehensive income of the associate. 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 that associate.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2015

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Interests in associates *(Continued)*

##### Goodwill

Goodwill arising on an acquisition of an associate for which the agreement date is before 1st July, 2005 represents the 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. 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 an acquisition of an associate (which is accounted for using the equity method) is included in the cost of the investment of the relevant associate and assessed for impairment as part of the investment.

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

Where a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

#### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales related taxes and includes the following items:

Revenue from room rental, food and beverage sales and other ancillary services in the hotel are recognised when the relevant services have been rendered.

Income from operation of clubhouse and management of hotels are recognised when services are rendered.

Dividend income from investment is recognised when the shareholders' rights to receive payment have been established.

Interest income from a financial asset 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.

Rental income under operating leases is recognised on a straight-line basis over the term of the relevant leases.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2015

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **Property, plant and equipment**

Property, plant and equipment including leasehold land (classified as finance leases) and building held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation and amortisation are provided so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

#### **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.

#### **Hotel inventories**

Hotel inventories are stated in the consolidated statement of financial position at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

#### **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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2015

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **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 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**

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid lease payments for land” in the consolidated statement of financial position and is released over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

#### **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 the respective 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 on that date. 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 retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2015

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **Retirement benefit costs**

Payments to the Mandatory Provident Fund Scheme are recognised as expenses when employees have rendered services entitling them to the contributions.

#### **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 before taxation as reported in the consolidated statement of profit or loss because 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 temporary 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. Deferred taxation assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which 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 interests in 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 profit will be available to allow all or part of the asset to be recovered.

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.

Current and deferred taxation are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly to equity, in which case, the current and deferred taxation are also recognised in other comprehensive income or directly in equity respectively.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2015

### 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 are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

#### *Financial assets*

The Group's financial assets are classified into loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. 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 premium 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.

#### *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 trade and other receivables, amounts due from associates and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2015

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **Financial instruments** *(Continued)*

##### Financial assets *(Continued)*

##### *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.

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).

##### *Impairment of financial assets*

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be 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 affected.

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.

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

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as 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, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2015

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **Financial instruments** *(Continued)*

##### Financial assets *(Continued)*

##### *Impairment of financial assets* *(Continued)*

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, 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 is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

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 through 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.

##### Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

##### *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 (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 liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2015

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **Financial instruments** *(Continued)*

##### Financial liabilities and equity instruments *(Continued)*

##### *Financial liabilities*

Financial liabilities (including trade and other payables, amount due to an associate) are subsequently measured at amortised cost, using the effective interest method.

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

##### Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, 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 in other comprehensive income is recognised in profit or loss.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2015

### 4. REVENUE

	2015 HK\$	2014 HK\$
Hotel operation	284,608,056	300,373,755
Club operation and hotel management	19,870,188	18,761,113
Dividend income from available-for-sale financial assets	12,905,263	9,776,572
	<b>317,383,507</b>	<b>328,911,440</b>

### 5. SEGMENT INFORMATION

Information reported to the Executive Directors of the Company, being the chief operating decision makers, for the purposes of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The Group's reportable and operating segments under HKFRS 8 are as follows:

1. Hotel operation – City Garden Hotel
2. Investment holding – holding strategic available-for-sale investments
3. Hotel operation – operated through investments in associates of the Group, including Conrad Hong Kong and Royal Pacific Hotel & Towers
4. Others – club operation and hotel management

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2015

### 5. SEGMENT INFORMATION (Continued)

#### Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment for the years:

	Segment revenue		Segment results	
	2015 HK\$	2014 HK\$	2015 HK\$	2014 HK\$
Hotel operation				
– City Garden Hotel	<b>284,608,056</b>	300,373,755	<b>121,901,255</b>	141,116,127
Investment holding	<b>12,905,263</b>	9,776,572	<b>13,657,872</b>	9,775,835
Hotel operation				
– share of results of associates	–	–	<b>256,903,868</b>	282,327,631
Others – club operation and hotel management	<b>19,870,188</b>	18,761,113	<b>2,708,522</b>	3,190,186
	<b>317,383,507</b>	<b>328,911,440</b>		
Total segment results			<b>395,171,517</b>	436,409,779
Administrative and other expenses			<b>(55,300,496)</b>	(49,323,499)
Finance income, net			<b>6,784,859</b>	3,539,478
Share of results of associates				
– administrative and other expenses			<b>(100,626,399)</b>	(106,467,954)
– finance income			<b>654,421</b>	540,893
– income tax expense			<b>(26,702,688)</b>	(30,153,764)
			<b>(126,674,666)</b>	(136,080,825)
Profit before taxation			<b>219,981,214</b>	254,544,933

All of the segment revenue reported above are from external customers. There was no inter-segment revenue for both years.

The accounting policies of the reportable and operating 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 certain administrative and other expenses and finance costs net of finance income. The segment results of hotel operation operated through investments in associates includes revenue and direct expenses without allocation of associates' administrative and other expenses, finance income and income tax expense of the associates. 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, 2015

### 5. SEGMENT INFORMATION (Continued)

#### Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	2015 HK\$	2014 HK\$
<b>Segment assets</b>		
Hotel operation – City Garden Hotel	1,401,498,727	1,422,354,241
Investment holding	621,625,425	634,255,877
Hotel operation – interests in associates	1,302,588,048	1,308,681,846
Others – club operation and hotel management	1,633,744	1,691,622
	<hr/>	<hr/>
Total segment assets	3,327,345,944	3,366,983,586
Amounts due from associates	62,025,977	88,993,493
Unallocated assets	676,554,077	429,228,101
	<hr/>	<hr/>
Consolidated assets	4,065,925,998	3,885,205,180
	<hr/>	<hr/>
<b>Segment liabilities</b>		
Hotel operation – City Garden Hotel	18,059,064	20,022,586
Investment holding	41,323	9,000
Others – club operation and hotel management	1,702,944	1,287,393
	<hr/>	<hr/>
Total segment liabilities	19,803,331	21,318,979
Amount due to an associate	1,246,376	1,604,468
Unallocated liabilities	22,249,889	28,176,907
	<hr/>	<hr/>
Consolidated liabilities	43,299,596	51,100,354
	<hr/>	<hr/>

For the purposes of assessing segment performance and allocating resources between segments, all assets are allocated to reportable segments other than the Group's corporate assets, amounts due from associates, and bank balances and cash and all liabilities are allocated to reportable segments other than the Group's corporate liabilities, amount due to an associate, taxation payable and deferred taxation.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2015

### 5. SEGMENT INFORMATION (Continued)

#### Other segment information

	Addition to non-current assets (Note)	
	2015 HK\$	2014 HK\$
Amounts included in the measure of segment assets:		
Hotel operation – City Garden Hotel	21,949,025	17,937,942
Others – club operation and hotel management	32,112	82,551
	<b>21,981,137</b>	<b>18,020,493</b>

	Depreciation and amortisation of property, plant and equipment		Gain (loss) on disposal of property, plant and equipment	
	2015 HK\$	2014 HK\$	2015 HK\$	2014 HK\$
Amounts regularly provided to the chief operating decision makers but not included in the measure of segment profit or loss:				
Hotel operation – City Garden Hotel	43,363,164	40,328,689	8,909	(4,416)
Others – club operation and hotel management	105,159	117,647	–	–
	<b>43,468,323</b>	<b>40,446,336</b>	<b>8,909</b>	<b>(4,416)</b>

Note: Non-current assets included property, plant and equipment.

#### Geographical information

All of the activities of the Group are based in Hong Kong and all of the Group's revenue and contribution to profit for the year are derived from Hong Kong. All the assets of the Group are located in Hong Kong.

### 6. FINANCE INCOME

	2015 HK\$	2014 HK\$
Interest income on bank deposits	<b>6,790,530</b>	<b>3,553,057</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2015

### 7. FINANCE COSTS

	2015 HK\$	2014 HK\$
Interest and other finance costs on other unsecured loans wholly repayable within five years	<b>5,671</b>	13,579

### 8. PROFIT BEFORE TAXATION

	2015 HK\$	2014 HK\$
Profit before taxation has been arrived at after charging (crediting):		
Directors' emoluments (note 10)	<b>3,395,610</b>	3,699,801
Other staff costs	<b>93,992,034</b>	90,530,249
Contributions to retirement benefit scheme (other than directors) (note 30)	<b>4,024,649</b>	3,968,079
Total staff costs	<b>101,412,293</b>	98,198,129
Auditor's remuneration		
Audit services		
Current year	<b>795,000</b>	757,000
Underprovision in prior years	–	11,600
Non-audit services	<b>795,000</b>	768,600
	<b>420,000</b>	400,100
	<b>1,215,000</b>	1,168,700
Cost of hotel inventories consumed (included in direct expenses)	<b>28,409,449</b>	25,956,326
Depreciation and amortisation of property, plant and equipment (included in other expenses)	<b>43,468,323</b>	40,446,336
Repairs and maintenance in respect of hotel properties (included in other expenses)	<b>4,508,142</b>	4,432,083
Share of income tax expenses of associates (included in share of results of associates)	<b>26,702,688</b>	30,153,764
Minimum lease payments under operating leases	<b>228,768</b>	224,873
Rental income in respect of premises, net of negligible outgoings	<b>(1,089,800)</b>	(1,148,500)
(Gain) loss on disposal of property, plant and equipment	<b>(8,909)</b>	4,416

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2015

### 9. INCOME TAX EXPENSE

	2015 HK\$	2014 HK\$
Income tax expense (credit) comprises:		
Hong Kong Profits Tax calculated at 16.5% (2014: 16.5%) on the estimated assessable profit		
Current year	16,328,776	20,090,943
Overprovision in prior year	(54,923)	(60,000)
Dividend withholding tax	–	93,811
	<b>16,273,853</b>	20,124,754
Deferred tax (note 23)		
Current year	(257,362)	(94,562)
	<b>16,016,491</b>	20,030,192

The income tax expense for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss as follows:

	2015 HK\$	2014 HK\$
Profit before taxation	<b>219,981,214</b>	254,544,933
Tax charge at Hong Kong Profits Tax rate of 16.5% (2014: 16.5%)	36,296,900	41,999,913
Tax effect of results attributable to associates	(21,487,818)	(24,130,723)
Tax effect of expenses not deductible for tax purpose	4,606,916	4,376,704
Tax effect of income not taxable for tax purpose	(3,383,794)	(2,102,298)
Effect of different tax rate of a subsidiary	–	(60,976)
Utilisation of tax losses previously not recognised	(404)	(7,272)
Tax effect of tax losses not recognised	39,614	14,844
Overprovision in prior year	(54,923)	(60,000)
Income tax expense for the year	<b>16,016,491</b>	20,030,192

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2015

### 10. DIRECTORS' AND CHAIRMAN'S EMOLUMENTS

	Fee	2015 Other emoluments			Total	Fee	2014 Other emoluments			Total
		Salaries and other benefits	Contributions to retirement benefit scheme	Discretionary bonus			Salaries and other benefits	Contributions to retirement benefit scheme	Discretionary bonus	
	HK\$	HK\$	HK\$	(Note i) HK\$	HK\$	HK\$	HK\$	(Note i) HK\$	HK\$	
<b>Executive Directors:</b>										
Mr. Robert Ng Chee Siong (Note ii)	36,000	-	-	-	36,000	36,000	-	-	36,000	
Mr. Daryl Ng Win Kong	36,000	-	-	-	36,000	36,000	-	-	36,000	
Mr. Nicholas Yim Kwok Ming (Note iii)	15,000	2,106,580	20,000	513,030	2,654,610	18,000	2,407,141	21,250	2,985,131	
Mr. Giovanni Viterale (Note iv)	18,000	-	-	-	18,000	-	-	-	-	
	<b>105,000</b>	<b>2,106,580</b>	<b>20,000</b>	<b>513,030</b>	<b>2,744,610</b>	<b>90,000</b>	<b>2,407,141</b>	<b>21,250</b>	<b>3,057,131</b>	
<b>Non-Executive Directors:</b>										
The Honourable Ronald Joseph Arculli (Note v)	50,000	-	-	-	50,000	50,000	-	-	50,000	
Mr. Gilbert Lui Wing Kwong	134,000	-	-	-	134,000	134,000	-	-	134,000	
	<b>184,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>184,000</b>	<b>184,000</b>	<b>-</b>	<b>-</b>	<b>184,000</b>	
<b>Independent Non-Executive Directors:</b>										
Mr. Peter Wong Man Kong	150,000	-	-	-	150,000	150,000	-	-	150,000	
Mr. Adrian David Li Man-kiu (Note vi)	150,000	-	-	-	150,000	150,000	-	-	150,000	
Mr. Steven Ong Kay Eng (Note vi)	142,000	-	-	-	142,000	142,000	-	-	142,000	
Mr. Wong Cho Bau (Note vii)	25,000	-	-	-	25,000	16,670	-	-	16,670	
	<b>467,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>467,000</b>	<b>458,670</b>	<b>-</b>	<b>-</b>	<b>458,670</b>	
	<b>756,000</b>	<b>2,106,580</b>	<b>20,000</b>	<b>513,030</b>	<b>3,395,610</b>	<b>732,670</b>	<b>2,407,141</b>	<b>21,250</b>	<b>3,699,801</b>	

No Directors waived any emoluments for the year ended 30th June, 2015 (2014: nil).

Notes:

- (i) Discretionary bonus is determined primarily based on the performance of each Director and the profitability of the Group.
- (ii) Mr. Robert Ng Chee Siong is also the Chairman of the Company and his emoluments disclosed above include those for services rendered by him as the Chairman. Mr. Ng is also a substantial shareholder of the Company through his trustee interest in shares in the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong.
- (iii) Mr. Nicholas Yim Kwok Ming resigned as an Executive Director of the Company on 13th April, 2015.
- (iv) Mr. Giovanni Viterale was appointed as an Executive Director of the Company on 1st July, 2014. He retired by rotation and was re-appointed on 23rd October, 2014.
- (v) A consultancy fee of HK\$416,666 (2014: HK\$416,666) was paid to Ronald Arculli and Associates, of which The Honourable Ronald Joseph Arculli is the sole proprietor.
- (vi) Mr. Adrian David Li Man-kiu and Mr. Steven Ong Kay Eng retired by rotation and were re-appointed as Independent Non-Executive Directors of the Company on 23rd October, 2014.
- (vii) Mr. Wong Cho Bau retired as an Independent Non-Executive Director of the Company on 23rd October, 2013. He was appointed as an Independent Non-Executive Director of the Company on 20th January, 2015.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2015

### 11. EMPLOYEES' EMOLUMENTS

Of the five highest paid individuals of the Group, one (2014: one) is the Director of the Company whose emolument is disclosed in note 10 above. The emoluments of the remaining four (2014: four) individuals are employees of the Group, details of whose remuneration are as follows:

	2015 HK\$	2014 HK\$
Salaries and other emoluments	3,517,693	3,136,677
Contributions to retirement benefit scheme	84,000	84,000
Discretionary bonus (Note)	741,797	538,364
	<u>4,343,490</u>	<u>3,759,041</u>

Note: The discretionary bonuses for both years were determined by reference to the performance of the Group and individuals.

The emoluments were within the following bands:

	Number of individuals	
	2015	2014
Nil – HK\$1,000,000	2	3
HK\$1,000,001 – HK\$1,500,000	2	1

None of the four (2014: four) highest paid individuals waived any emoluments in both years.

During the year, no emoluments were paid by the Group to the four (2014: four) highest paid individuals and Directors, as an inducement to join or upon joining the Group or as compensation for loss of office.

### 12. DIVIDENDS

	2015 HK\$	2014 HK\$
Final dividend for the year ended 30th June, 2014 of HK4.0 cents (2014: final dividend for 2013 of HK4.0 cents) per share	38,596,877	37,940,745
Interim dividend for the year ended 30th June, 2015 of HK4.0 cents (2014: interim dividend for 2014 of HK4.0 cents) per share	<u>39,209,860</u>	<u>38,027,438</u>
	<u>77,806,737</u>	<u>75,968,183</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2015

### 12. DIVIDENDS (Continued)

A final dividend of HK4.0 cents for the year ended 30th June, 2015 (2014: a final dividend of HK4.0 cents for the year ended 30th June, 2014) per share amounting to HK\$39,833,370 (2014: HK\$38,596,877) in total has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming Annual General Meeting.

During the year, scrip alternative was offered in respect of the dividends. This scrip alternative was accepted by certain shareholders, as follows:

	2015 HK\$	2014 HK\$
Final dividend for the year ended 30th June, 2014/2013		
– Cash	990,373	32,088,957
– Scrip alternative	<u>37,606,504</u>	<u>5,851,788</u>
	<u>38,596,877</u>	<u>37,940,745</u>
Interim dividend for the year ended 30th June, 2015/2014		
– Cash	988,714	1,013,905
– Scrip alternative	<u>38,221,146</u>	<u>37,013,533</u>
	<u>39,209,860</u>	<u>38,027,438</u>
	<u>77,806,737</u>	<u>75,968,183</u>

### 13. EARNINGS PER SHARE – BASIC

The calculation of the basic earnings per share is based on the profit for the year of HK\$203,964,723 (2014: HK\$234,514,741) and on the weighted average number of 977,240,710 (2014: 952,690,781) shares in issue during the year.

No diluted earnings per share has been presented as there were no potential ordinary shares in both years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2015

### 14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land HK\$	Hotel buildings HK\$	Furniture, fixtures, leasehold improvement and hotel operating equipment HK\$	Total HK\$
<b>COST</b>				
At 1st July, 2013	1,546,000,000	357,619,883	124,713,931	2,028,333,814
Additions	–	–	18,020,493	18,020,493
Disposals	–	(918,432)	(611,181)	(1,529,613)
At 30th June, 2014	1,546,000,000	356,701,451	142,123,243	2,044,824,694
Additions	–	–	21,981,137	21,981,137
Disposals	–	(2,933,530)	(380,454)	(3,313,984)
<b>At 30th June, 2015</b>	<b>1,546,000,000</b>	<b>353,767,921</b>	<b>163,723,926</b>	<b>2,063,491,847</b>
<b>DEPRECIATION AND AMORTISATION</b>				
At 1st July, 2013	411,032,335	97,905,020	85,175,976	594,113,331
Provided for the year	22,217,964	5,084,141	13,144,231	40,446,336
Eliminated on disposals	–	(918,432)	(606,765)	(1,525,197)
At 30th June, 2014	433,250,299	102,070,729	97,713,442	633,034,470
Provided for the year	22,217,964	5,084,141	16,166,218	43,468,323
Eliminated on disposals	–	(2,933,530)	(376,733)	(3,310,263)
<b>At 30th June, 2015</b>	<b>455,468,263</b>	<b>104,221,340</b>	<b>113,502,927</b>	<b>673,192,530</b>
<b>CARRYING AMOUNTS</b>				
<b>At 30th June, 2015</b>	<b>1,090,531,737</b>	<b>249,546,581</b>	<b>50,220,999</b>	<b>1,390,299,317</b>
At 30th June, 2014	1,112,749,701	254,630,722	44,409,801	1,411,790,224

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

Leasehold land	Over the term of the lease of the land
Hotel buildings	Over the shorter of the term of the lease of the land upon which the buildings are situated, or 70 years
Furniture, fixtures and leasehold improvement	10% – 20%
Hotel operating equipment	20%

The leasehold land and hotel buildings are situated in Hong Kong held under medium-term lease.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2015

### 15. INTERESTS IN ASSOCIATES

	2015 HK\$	2014 HK\$
Cost of unlisted investments in associates	1,062,961,934	1,062,961,934
Deemed capital contribution to an associate	1,822,475	1,822,475
Share of post-acquisition profits, net of dividends received	237,803,639	243,897,437
	<b>1,302,588,048</b>	<b>1,308,681,846</b>

Details of the associates at 30th June, 2015 and 30th June, 2014 are as follows:

Name of company	Form of business structure	Place of incorporation/ operation	Class of shares held	Proportion of nominal value of issued share capital held by the Company		Principal activities
				Directly	Indirectly	
Asian Glory Limited	Incorporated	British Virgin Islands	Ordinary	–	25%	Investment holding
Bestown Property Limited (note (b))	Incorporated	Hong Kong	Ordinary	–	25%	Hotel owner and operation of The Royal Pacific Hotel & Towers
FHR International Limited (note (c))	Incorporated	Hong Kong	Ordinary	–	33.33%	Inactive
Greenroll Limited	Incorporated	Hong Kong	Ordinary	–	50%	Hotel owner and operation of Conrad Hong Kong
Regent Step Investment Limited	Incorporated	Hong Kong	Ordinary	25%	–	Provision of financial services

Notes:

- (a) All associates are unlisted.
- (b) Bestown Property Limited is a wholly-owned subsidiary of Asian Glory Limited.
- (c) The interests in FHR International Limited were acquired by the Group in November 2008 for a consideration of HK\$1.

Included in the cost of unlisted investments in associates is goodwill of HK\$186,513,404 (2014: HK\$186,513,404) arising on acquisitions of associates in prior years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2015

### 15. INTERESTS IN ASSOCIATES (Continued)

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

All of these associates are accounted for using the equity method in these consolidated financial statements.

#### Bestown Property Limited

	2015 HK\$	2014 HK\$
Current assets	<u>48,101,487</u>	<u>59,421,832</u>
Non-current assets	<u>1,729,913,492</u>	<u>1,727,630,941</u>
Current liabilities	<u>(1,071,824,658)</u>	<u>(1,214,388,336)</u>
Non-current liabilities	<u>(20,813,546)</u>	<u>(18,593,432)</u>

	2015 HK\$	2014 HK\$
Revenue	<u>417,999,233</u>	<u>451,530,780</u>
Profit and total comprehensive income for the year	<u>131,305,770</u>	<u>165,598,025</u>
Dividends received from the associate during the year	<u>–</u>	<u>–</u>

Reconciliation of the above summarised financial information to the carrying amount of the interest in Bestown Property Limited recognised in the consolidated financial statements:

	2015 HK\$	2014 HK\$
Net assets of Bestown Property Limited	<u>685,376,775</u>	<u>554,071,005</u>
Proportion of the Group's ownership interest in Bestown Property Limited	<u>25%</u>	<u>25%</u>
Carrying amount of the Group's interest in Bestown Property Limited	<u>171,344,193</u>	<u>138,517,751</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2015

### 15. INTERESTS IN ASSOCIATES (Continued)

<b>Greenroll Limited</b>		
	<b>2015</b> <i>HK\$</i>	2014 <i>HK\$</i>
Current assets	<b>626,466,000</b>	668,528,000
Non-current assets	<b>486,536,000</b>	504,814,000
Current liabilities	<b>(121,232,000)</b>	(128,821,000)
Non-current liabilities	<b>(26,810,000)</b>	(26,810,000)
	<b>2015</b> <i>HK\$</i>	2014 <i>HK\$</i>
Revenue	<b>779,080,000</b>	802,701,000
Profit and total comprehensive income for the year	<b>219,895,000</b>	243,823,000
Dividends received from the associate during the year	<b>136,323,000</b>	136,323,000
Reconciliation of the above summarised financial information to the carrying amount of the interest in Greenroll Limited recognised in the consolidated financial statements:		
	<b>2015</b> <i>HK\$</i>	2014 <i>HK\$</i>
Net assets of Greenroll Limited	<b>964,960,000</b>	1,017,711,000
Proportion of the Group's ownership interest in Greenroll Limited	<b>50%</b>	50%
Net assets of Greenroll Limited attributable to the Group	<b>482,480,000</b>	508,855,500
Consolidation adjustments at Group level	<b>647,749,642</b>	660,285,454
Carrying amount of the Group's interest in Greenroll Limited	<b>1,130,229,642</b>	1,169,140,954

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2015

### 15. INTERESTS IN ASSOCIATES (Continued)

#### Aggregate information of associates that are not individually material:

	2015 HK\$	2014 HK\$
The Group's share of loss and total comprehensive expense for the year	(8,928)	(4,130)
Dividends received from associates during the year	–	–
Aggregate carrying amount of the Group's interests in these associates	1,014,213	1,023,141

### 16. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015 HK\$	2014 HK\$
Non-current assets:		
Equity securities listed in Hong Kong, at fair value	621,601,918	633,411,582
Market value of listed securities	621,601,918	633,411,582

The Group's available-for-sale financial assets include investment in 3.76% (2014: 3.69%) of equity securities of a company listed on the Main Board of The Stock Exchange of Hong Kong Limited which is principally engaged in the ownership and management of hotel, retail, commercial and residential properties in Asia and the United States of America, and held by the Group for strategic investment purpose.

During the year ended 30th June, 2015, scrip dividend with fair value of HK\$12,905,223 (2014: HK\$6,628,834) was received by the Group and such amount was included in available-for-sale financial assets.

### 17. AMOUNTS DUE FROM ASSOCIATES

Amounts due from associates are unsecured, interest-free and repayable on demand.

### 18. BANK BALANCES AND CASH

Bank balances mainly comprise short-term bank deposits with original maturity of three months or less and carry interest rate at market rates ranging from 0.06% to 2.23% (2014: with average interest rate of 1.26%) per annum.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2015

### 19. TRADE AND OTHER RECEIVABLES

At 30th June, 2015, included in trade and other receivables of the Group are trade receivables of HK\$5,835,695 (2014: HK\$6,563,545). 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 receivables. The general credit term is from 30 days to 45 days.

The following is an analysis of trade receivables by age based on the invoice dates at the end of the reporting period:

	2015 HK\$	2014 HK\$
Trade receivables		
0 – 30 days	5,204,088	6,293,623
31 – 60 days	544,503	202,299
61 – 90 days	28,805	32,162
> 90 days	58,299	35,461
	<hr/>	<hr/>
	5,835,695	6,563,545
Other receivables	9,703,766	6,590,128
	<hr/>	<hr/>
	<b>15,539,461</b>	<b>13,153,673</b>

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributable to customers are reviewed periodically. 98.9% (2014: 99.6%) of the trade receivables that are neither past due nor impaired have good settlement repayment history. The Group has assessed the creditworthiness and historical default rates of these customers.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors of the Company believe that there is no provision required.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2015

### 19. TRADE AND OTHER RECEIVABLES (Continued)

Included in the Group's trade receivables are debtors with a carrying amount of HK\$64,398 at 30th June, 2015 (2014: HK\$26,376) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. Trade receivables that were past due but not impaired relate to a number of independent customers with subsequent settlement. Based on past experience, management considers that no impairment allowance is necessary in respect of these balances as there have not been a significant change in credit quality and the balances are still considered fully recoverable. The Group did not hold any collateral over these balances.

#### Aging of trade receivables which are past due but not impaired

	2015 HK\$	2014 HK\$
Overdue within 30 days	62,708	9,416
Overdue within 45 days	1,690	16,960
	<b>64,398</b>	<b>26,376</b>

### 20. TRADE AND OTHER PAYABLES

The following is an analysis of trade payables by age based on the invoice dates at the end of the reporting period:

	2015 HK\$	2014 HK\$
Trade payables within 30 days	7,104,468	8,483,902
Other payables	14,436,326	14,424,341
	<b>21,540,794</b>	<b>22,908,243</b>

The average credit period on purchases of goods is 45 days. The Group has financial risk management policies in place to ensure that all payables are repaid within the credit timeframe. The other payables comprise mainly accruals for audit fee, directors' fee, staff salaries and bonuses of approximately HK\$7,445,000 (2014: HK\$8,008,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2015

### 21. SHARE CAPITAL

	Number of ordinary shares of HK\$1 each		Nominal value	
	2015	2014	2015 HK\$	2014 HK\$
Authorised:				
At the beginning and the end of the year	<b>3,000,000,000</b>	3,000,000,000	<b>3,000,000,000</b>	3,000,000,000
Issued and fully paid:				
At the beginning of the year	<b>964,921,928</b>	948,518,625	<b>964,921,928</b>	948,518,625
Shares issued pursuant to scrip dividend schemes for final dividend in respect of the year ended 30th June, 2014/2013	<b>15,324,574</b>	2,167,329	<b>15,324,574</b>	2,167,329
Shares issued pursuant to scrip dividend schemes for interim dividend in respect of the year ended 30th June, 2015/2014	<b>15,587,743</b>	14,235,974	<b>15,587,743</b>	14,235,974
At the end of the year	<b>995,834,245</b>	964,921,928	<b>995,834,245</b>	964,921,928

On 3rd December, 2014 and 10th April, 2015, pursuant to scrip dividend schemes, the Company issued and allotted 15,324,574 shares and 15,587,743 shares of HK\$1.00 each at an issue price of HK\$2.454 and HK\$2.452 each to the shareholders who elected to receive shares of the Company in lieu of cash for the 2014 final and 2015 interim dividends in respect of each of year ended 30th June, 2014 and 2015, respectively. These shares rank pari passu in all respects with the then existing shares.

On 3rd December, 2013 and 17th April, 2014, pursuant to scrip dividend schemes, the Company issued and allotted 2,167,329 shares and 14,235,974 shares of HK\$1.00 each at an issue price of HK\$2.7 and HK\$2.6 each to the shareholders who elected to receive shares of the Company in lieu of cash for the 2013 final and 2014 interim dividends in respect of each of year ended 30th June, 2013 and 2014, respectively. These shares rank pari passu in all respects with the then existing shares.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2015

### 22. AMOUNT DUE TO AN ASSOCIATE

The amount is unsecured, interest-free and repayable on demand.

### 23. DEFERRED TAXATION

The following are the major deferred taxation liability recognised and movements thereon during the current and prior reporting years:

	<b>Accelerated tax depreciation</b> <i>HK\$</i>
At 1st July, 2013	6,778,610
Credited to profit or loss during the year	<u>(94,562)</u>
At 30th June, 2014	6,684,048
Credited to profit or loss during the year	<u>(257,362)</u>
<b>At 30th June, 2015</b>	<b><u>6,426,686</u></b>

At 30th June, 2015, the Group had unused tax losses of approximately HK\$12,941,000 (2014: HK\$12,703,000) available for offset against future profits. No deferred taxation asset has been recognised in respect of such losses due to the unpredictability of future profit streams. The unrecognised tax losses may be carried forward indefinitely.

### 24. OPERATING LEASE ARRANGEMENTS

#### The Group as lessor

Rental income earned during the year was HK\$1,089,800 (2014: HK\$1,148,500).

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	<b>2015</b> <b>HK\$</b>	2014 <i>HK\$</i>
Within one year	<b>1,095,960</b>	975,000
In the second to fifth year inclusive	<b><u>1,513,160</u></b>	<u>2,356,000</u>
	<b><u>2,609,120</u></b>	<u>3,331,000</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2015

### 24. OPERATING LEASE ARRANGEMENTS (Continued)

#### The Group as lessee

Minimum lease payments paid under operating leases during the year was HK\$228,768 (2014: HK\$224,873).

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:

	2015 HK\$	2014 HK\$
Within one year	194,896	228,768
In the second to fifth year inclusive	152,076	42,820
	<u>346,972</u>	<u>271,588</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.

### 25. COMMITMENTS

	2015 HK\$	2014 HK\$
Expenditures contracted for but not provided in the consolidated financial statements in respect of:		
Purchase of furniture, fixtures and hotel operating equipment	<u>4,205,500</u>	–

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2015

### 26. RELATED PARTY DISCLOSURES

(a) During the year, the Group entered into the following transactions with related parties:

	<i>Notes</i>	<b>2015</b> <b>HK\$</b>	2014 <i>HK\$</i>
Clubhouse management service income from a related company, being the building management company and agent for the unincorporated body of owners of Pacific Palisades	<i>(i) &amp; (ii)</i>	<b>3,240,000</b>	3,216,078
Hotel management fee income from an associate		<b>980,000</b>	980,000
Hotel management fee income from a related company	<i>(iii)</i>	<b>950,000</b>	950,000

*Notes:*

- (i) The related company is a wholly-owned subsidiary of Sino Land Company Limited, of which, Mr. Robert Ng Chee Siong, the controlling shareholder of the Company, has controlling interests.
- (ii) The controlling shareholder of the Company is interested in approximately 60% of the undivided shares of Pacific Palisades.
- (iii) Mr. Robert Ng Chee Siong was interested in this transaction as he has controlling interests in the related company.

(b) At the end of the reporting period, the Group had the outstanding balances with related parties. Details of the amounts due from (to) associates are set out in notes 17 and 22. In addition, included in trade and other payables (note 20) is an interest-bearing balance, carried fixed interest rate at 1.15% per annum (2014: 1.28% per annum), amounting to HK\$523,025 (2014: HK\$147,019), which represents balance with a related company, in which Mr. Philip Ng Chee Tat, a brother of Mr. Robert Ng Chee Siong, the controlling shareholder of the Company, has controlling interests.

(c) The remuneration of Directors, being key management during the year was as follows:

	<b>2015</b> <b>HK\$</b>	2014 <i>HK\$</i>
Short-term benefits	<b>3,375,610</b>	3,678,551
Retirement benefit scheme contributions	<b>20,000</b>	21,250
	<b>3,395,610</b>	3,699,801

The remuneration of Directors, being key management is determined by the 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, 2015

### 26. RELATED PARTY DISCLOSURES (Continued)

- (d) During the year, a consultancy fee of HK\$416,666 (2014: HK\$416,666) was paid to Ronald Arculli and Associates, of which The Honourable Ronald Joseph Arculli, a Non-Executive Director of the Company, is the sole proprietor.

Certain related party transactions disclosed above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules and their details are disclosed on pages 39 to 42 of the Directors' Report.

### 27. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The following table lists the subsidiaries of the Company at 30th June, 2015 and 30th June, 2014 which, in the opinion of the Directors, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Name of company	Place of incorporation/ operation	Class of shares held/ issued capital	Proportion of nominal value of issued/registered capital held by the Company	Principal activities
<i>Direct subsidiary</i>				
Active Finance Limited	Hong Kong	Ordinary HK\$2	100%	Provision of financial services among the Group
Aldrich Worldwide Holdings Limited	British Virgin Islands	Ordinary US\$1	100%	Investment holding
Allied Joy Limited	Hong Kong	Ordinary HK\$2	100%	Provision of nominee services
Asian Statesman Limited	British Virgin Islands	Ordinary US\$1	100%	Investment holding
Golden Profits Limited	Hong Kong	Ordinary HK\$2	100%	Café operation
Halliwell Ltd.	Cayman Islands	Ordinary US\$1	100%	Investment holding
Island Pacific Hotel Limited	Hong Kong	Ordinary HK\$2	100%	Hotel management

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2015

### 27. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of company	Place of incorporation/ operation	Class of shares held/ issued capital	Proportion of nominal value of issued/registered capital held by the Company	Principal activities
<i>Direct subsidiary (Continued)</i>				
Ocean Chief Limited	British Virgin Islands	Ordinary US\$1	100%	Share investment
Sheridan Holdings Ltd.	Cayman Islands	Ordinary US\$1	100%	Investment holding
Sino Fortune Limited	British Virgin Islands	Ordinary US\$1	100%	Investment holding
Sino March Assets Ltd.	British Virgin Islands	Ordinary US\$1	100%	Investment holding
Toby Investments Limited	Cayman Islands	Ordinary US\$1	100%	Investment holding
<i>Indirect subsidiary</i>				
Bosco Limited	British Virgin Islands	Ordinary US\$1	100%	Investment holding
Bright Tower (HK) Limited	Hong Kong	Ordinary HK\$2	100%	Club and café operations
China Asia Property Limited	Hong Kong	Ordinary HK\$2	100%	Hotel owner and operation
City Garden Hotel Limited	Hong Kong	Ordinary HK\$2	100%	Hotel management
R.P. Hotel Limited	Hong Kong	Ordinary HK\$2	100%	Hotel management
Speed Advance Investment Limited	British Virgin Islands/ Hong Kong	Ordinary US\$1	100%	Share investment
Wealth World Limited	Hong Kong	Ordinary HK\$1	100%	Café operation
Wellrich International Ltd.	British Virgin Islands/ Hong Kong	Ordinary US\$1	100%	Share investment
None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.				

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2015

### 28. 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 equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits as disclosed in the 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 shares 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.

### 29. FINANCIAL INSTRUMENTS

#### Categories of financial instruments

	2015 HK\$	2014 HK\$
<i>Financial assets</i>		
Available-for-sale financial assets	621,601,918	633,411,582
Loans and receivables (including cash and cash equivalents)	<u>746,959,735</u>	<u>525,891,205</u>
<i>Financial liabilities</i>		
Amortised cost	<u>12,354,615</u>	<u>13,277,500</u>

#### Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, available-for-sale financial assets, amounts due from associates, bank balances and cash, trade and other payables and amount due to an associate.

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.

#### Market risk

The Group's activities expose 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 risks. Details of each type of market risks are described as follows:



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2015

### 29. FINANCIAL INSTRUMENTS (Continued)

#### Financial risk management objectives and policies (Continued)

##### Market risk (Continued)

##### Currency risk

The Group's bank balances at the date of financial position had foreign currency exposures. The bank balances mainly dominated in United States Dollar, Great British Pound and Australian Dollars.

The carrying amounts of the Group's foreign currency denominated monetary assets at the reporting date are as follows:

	Assets	
	2015 HK\$	2014 HK\$
Australian Dollars	88,473,949	–
Great British Pound	29,292,717	–
United States Dollars ("US\$")	20,088,906	–

##### Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in Hong Kong Dollars ("HK\$") against the relevant foreign currencies. 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 exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit where HK\$ weaken 5% against the relevant currencies. For a 5% strengthening of HK\$ against the relevant currencies, there would be an equal and opposite impact on the pre-tax profit, and the balances below would be negative.

	Pre-tax profit or loss	
	2015 HK\$	2014 HK\$
Australian Dollars	4,423,697	–
Great British Pound	1,464,636	–

The Directors of the Company consider that the Company is exposed to minimal currency risk as HK\$ are pegged with the US\$. Sensitivity on foreign currency risk is therefore not presented. In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2015

### 29. FINANCIAL INSTRUMENTS (Continued)

#### Financial risk management objectives and policies (Continued)

##### Market risk (Continued)

##### *Interest rate risk*

Bank balances at floating rates expose the Group to cash flow interest rate risk. Other payable at fixed rate exposes the Group to fair value interest rate risk. 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 arise.

The Group's cash flow interest rate risk was mainly concentrated on the fluctuation of market rate arising from the bank balances. Bank balances are all short-term in nature. Therefore, any future variations in interest rates will not have a significant impact on the result of the Group.

##### *Interest rate sensitivity analysis*

Interest rate risk for the Group's bank balances at variable rate is not significant for both years and no sensitivity analysis is presented.

##### *Price risk*

The Group is exposed to equity price risk through its available-for-sale financial assets (investments in listed equity securities). The Group's equity price risk is mainly concentrated on equity instruments of one listed company operating in hotel industry sector listed on The Stock Exchange of Hong Kong Limited. In addition, the management monitors the price risk and will consider hedging the risk exposure should the need arise.

##### *Price risk sensitivity analysis*

The following tables show the sensitivity to equity price risk on the available-for-sale financial assets 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.

	<b>2015</b> <b>HK\$</b>	2014 HK\$
Available-for-sale financial assets		
Increase (decrease) in other comprehensive income		
– as a result of increase in equity price	<b>31,080,096</b>	31,670,579
– as a result of decrease in equity price	<b>(31,080,096)</b>	(31,670,579)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2015

### 29. FINANCIAL INSTRUMENTS *(Continued)*

#### **Financial risk management objectives and policies** *(Continued)*

##### Credit risk

At the end of each reporting period, the Group's maximum exposure to credit risk in the event of the counterparties' failure to discharge their obligations in relation to each class of recognised financial assets as stated in the consolidated statement of financial position. 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.

Also, the Group is subject to concentration of credit risks as over 8% (2014: 17%) of the Group's receivables are receivables from a number of associates with good credit quality. In order to minimise the credit risk and the concentration of credit risk, the Group reviews the recoverable amount of each individual receivable regularly to ensure that adequate impairment losses are recognised for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

Other than concentration of credit risk on advance to an associate and amounts due from associates, the Group does not have any other significant concentration of credit risk. The Group would closely monitor the financial positions including the net assets backing of the associates which are mainly engaged in hotel operation in Hong Kong and it is profitable. Trade receivables consist of a large number of customers.

The credit risk on liquid fund is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

##### Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount takes into account interest expense based on the interest rate at the end of the reporting period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2015

### 29. FINANCIAL INSTRUMENTS (Continued)

#### Financial risk management objectives and policies (Continued)

##### Liquidity risk (Continued)

	Weighted average effective interest rate %	Repayable on demand or less than 3 months HK\$	3 months to 1 year HK\$	Total undiscounted cash flows HK\$	Carrying amount HK\$
<b>2015</b>					
Trade and other payables	N/A	9,428,661	1,156,553	10,585,214	10,585,214
Trade and other payables	1.15	524,544	–	524,544	523,025
Amount due to an associate	N/A	1,246,376	–	1,246,376	1,246,376
		<b>11,199,581</b>	<b>1,156,553</b>	<b>12,356,134</b>	<b>12,354,615</b>
	Weighted average effective interest rate %	Repayable on demand or less than 3 months HK\$	3 months to 1 year HK\$	Total undiscounted cash flows HK\$	Carrying amount HK\$
<b>2014</b>					
Trade and other payables	N/A	10,677,165	848,848	11,526,013	11,526,013
Trade and other payables	1.28	147,494	–	147,494	147,019
Amount due to an associate	N/A	1,604,468	–	1,604,468	1,604,468
		<b>12,429,127</b>	<b>848,848</b>	<b>13,277,975</b>	<b>13,277,500</b>

#### Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market 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); and
- 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).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2015

### 29. FINANCIAL INSTRUMENTS (Continued)

#### Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	30.6.2015 HK\$	30.6.2014 HK\$		
Available-for-sale financial assets	621,601,918	633,411,582	Level 1	Quoted price from direct market comparable

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

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

#### Fair value measurements recognised in the consolidated statement of financial position

All of the Group's financial instruments that are measured subsequent to initial recognition at fair value, including listed equity securities which are classified as available-for-sale financial assets, amounting to HK\$621,601,918 (2014: HK\$633,411,582) are grouped under Level 1 fair value measurements. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

### 30. RETIREMENT BENEFIT SCHEME

The Group participates in the Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees which is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes 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 rate 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2015

### 31. FINANCIAL INFORMATION OF THE COMPANY

	2015 HK\$	2014 HK\$
Non-current assets		
Interests in subsidiaries	163,463,137	140,055,271
Investments in associates	1,219,500	1,219,500
Amounts due from subsidiaries	<u>2,031,844,361</u>	<u>2,294,415,967</u>
	<u>2,196,526,998</u>	<u>2,435,690,738</u>
Current assets		
Other receivables and prepayments	307,372	338,114
Amounts due from subsidiaries	897,599,064	616,985,287
Amounts due from associates	61,420,916	88,360,461
Bank balances and cash	<u>118,610</u>	<u>125,824</u>
	959,445,962	705,809,686
Current liability		
Other payables and accruals	<u>1,672,468</u>	<u>1,492,758</u>
Net current assets	<u>957,773,494</u>	<u>704,316,928</u>
Total assets less current liability	<u>3,154,300,492</u>	<u>3,140,007,666</u>
Capital and reserves		
Share capital	995,834,245	964,921,928
Reserves (Note a)	<u>2,157,197,658</u>	<u>2,173,816,360</u>
	3,153,031,903	3,138,738,288
Non-current liability		
Amounts due to subsidiaries	<u>1,268,589</u>	<u>1,269,378</u>
	<u>3,154,300,492</u>	<u>3,140,007,666</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2015

### 31. FINANCIAL INFORMATION OF THE COMPANY (Continued)

Note:

(a) Reserves of the Company

	Share premium <i>HK\$</i>	Distributable reserve <i>HK\$</i>	Retained profits <i>HK\$</i>	Total <i>HK\$</i>
At 1st July, 2013	334,548,039	1,428,033,313	504,393,604	2,266,974,956
Loss for the year	–	–	(43,393,369)	(43,393,369)
Shares issued pursuant to scrip dividend scheme for final dividend in respect of the year ended 30th June, 2013	3,684,459	–	–	3,684,459
Shares issued pursuant to scrip dividend scheme for interim dividend in respect of the year ended 30th June, 2014	22,777,559	–	–	22,777,559
Share issue expenses	(259,062)	–	–	(259,062)
Dividends	–	(75,968,183)	–	(75,968,183)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30th June, 2014	360,750,995	1,352,065,130	461,000,235	2,173,816,360
Profit for the year	–	–	16,544,014	16,544,014
Shares issued pursuant to scrip dividend scheme for final dividend in respect of the year ended 30th June, 2014	22,281,930	–	–	22,281,930
Shares issued pursuant to scrip dividend scheme for interim dividend in respect of the year ended 30th June, 2015	22,633,403	–	–	22,633,403
Share issue expenses	(271,312)	–	–	(271,312)
Dividends	–	(77,806,737)	–	(77,806,737)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 30th June, 2015</b>	<b>405,395,016</b>	<b>1,274,258,393</b>	<b>477,544,249</b>	<b>2,157,197,658</b>

## FINANCIAL SUMMARY

	Year ended 30th June,				
	2015 HK\$	2014 HK\$	2013 HK\$	2012 HK\$	2011 HK\$
<b>Results</b>					
Revenue	317,383,507	328,911,440	331,410,055	339,408,816	284,365,633
Direct expenses	(108,647,440)	(102,216,116)	(97,993,227)	(97,361,151)	(86,255,975)
Gross profit	208,736,067	226,695,324	233,416,828	242,047,665	198,109,658
Gain on disposal of available-for-sale financial assets	754,691	–	–	–	–
Other expenses	(85,418,037)	(82,821,559)	(85,064,111)	(85,759,412)	(83,435,120)
Marketing costs	(11,058,226)	(11,872,076)	(11,536,697)	(13,572,301)	(12,100,125)
Administrative expenses	(30,047,342)	(27,243,040)	(25,951,751)	(25,530,018)	(21,151,792)
Finance income (costs), net	6,784,859	3,539,478	467,847	(1,130,089)	(4,261,799)
Share of results of associates	130,229,202	146,246,806	151,345,208	141,632,652	122,679,146
Profit before taxation	219,981,214	254,544,933	262,677,324	257,688,497	199,839,968
Income tax expense	(16,016,491)	(20,030,192)	(21,859,921)	(22,675,844)	(16,528,973)
Profit for the year	203,964,723	234,514,741	240,817,403	235,012,653	183,310,995
			At 30th June,		
	2015 HK\$	2014 HK\$	2013 HK\$	2012 HK\$	2011 HK\$
<b>Assets and liabilities</b>					
Total assets	4,065,925,998	3,885,205,180	3,779,048,164	3,485,536,044	3,973,052,053
Total liabilities	(43,299,596)	(51,100,354)	(56,668,326)	(99,565,981)	(672,480,949)
Shareholders' Equity	4,022,626,402	3,834,104,826	3,722,379,838	3,385,970,063	3,300,571,104



# Sino Hotels (Holdings) Limited

## Proxy Form for use at the Annual General Meeting (or at any adjournment thereof)

I/We <sup>(Note 1)</sup> \_\_\_\_\_  
of \_\_\_\_\_  
being the registered holder(s) of <sup>(Note 2)</sup> \_\_\_\_\_  
ordinary shares of HK\$1.00 each in the capital of the above-named Company, **HEREBY APPOINT** the Chairman of  
the Meeting or <sup>(Note 3)</sup> \_\_\_\_\_  
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 Friday, the 23rd day of October, 2015 at 10:30 a.m. or as soon as the annual general meeting of Tsim Sha  
Tsui Properties 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 <sup>(Note 4)</sup>	Against <sup>(Note 4)</sup>
1. To receive and consider the audited Financial Statements and the Directors' and Independent Auditor's Reports for the year ended 30th June, 2015.		
2. To declare a final dividend of HK\$0.04 per ordinary share with an option for scrip dividend.		
3. (i) To re-elect Mr. Robert Ng Chee Siong as Director.		
(ii) To re-elect The Honourable Ronald Joseph Arculli as Director.		
(iii) To re-elect Mr. Gilbert Lui Wing Kwong as Director.		
(iv) To re-elect Mr. Wong Cho Bau as Director.		
(v) To authorise the Board to fix the Directors' remuneration for the financial year ending 30th June, 2016.		
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 buy-back 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 <sup>(Note 5)</sup> \_\_\_\_\_

### Notes:

1. Full name(s) and address(es) to be inserted in **BLOCK CAPITALS**.
2. Please insert the number of ordinary shares of HK\$1.00 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. The proxy need not be a shareholder of the Company but must attend the Meeting in person to represent you. **ANY ALTERATION MADE TO THIS FORM OF PROXY MUST BE INITIALED 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 principal office of the Company, 12th Floor, Tsim Sha Tsui Centre, Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong not less than 24 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. Completion and deposit of the form of proxy will not preclude you from attending and voting at the Meeting if you so wish.
9. 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.



