

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Company for the year ended 30th June, 2007.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in Note 49 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 49.

An interim dividend of HK8.5 cents per share amounting to HK\$637,422 by way of cash dividends and HK\$120,680,253 by way of scrip alternatives were paid to the shareholders during the year. The Directors now recommend the payment of a final dividend of HK30 cents per share to the shareholders on the Register of Members on 15th November, 2007, amounting to HK\$429,473,815.

INVESTMENT PROPERTIES

During the year, the Group acquired and disposed of investment properties of HK\$199,629,001 and HK\$7,374,578, respectively, and also transferred from properties under development of HK\$516,105,803 to investment properties. The Group revalued all its investment properties at the year end date and the increase in fair value of the investment properties amounting to HK\$2,415,946,051 has been credited directly to the consolidated income statement.

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

PROPERTY, PLANT AND EQUIPMENT

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

MAJOR PROPERTIES

Details of the major properties of the Group at 30th June, 2007 are set out on pages 124 to 140.

SUBSIDIARIES AND ASSOCIATES

Details of the Company's principal subsidiaries and associates at 30th June, 2007 are set out in Notes 49 and 50 to the financial statements, respectively.

SHARE CAPITAL

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

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

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

DIRECTORS' REPORT *(Continued)*

DISTRIBUTABLE RESERVE OF THE COMPANY

The Company's reserve available for distribution to shareholders at 30th June, 2007 comprised retained profits of HK\$422,783,442 (2006: HK\$380,502,605).

CONVERTIBLE BONDS

During the year, the principal amount of HK\$2,403,540,000 as at 30th June, 2006, was fully converted.

Details of this and other movements in the convertible bonds of the Group are set out in Note 35 to the financial statements.

TREASURY, GROUP BORROWINGS AND INTEREST CAPITALISED

The Group maintains a prudent approach in its treasury management with foreign exchange exposure being kept at a minimal level and interest rates on a floating rate bases. Bank loans, overdrafts and other borrowings repayable within one year or on demand are classified as current liabilities. Repayment analysis of bank and other borrowings as at 30th June, 2007 are set out in Notes 33 and 34 to the financial statements.

Interest expenses capitalised by the Group during the year in respect of properties under development amounted to HK\$399,857,734.

DIRECTORS

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

Executive Directors

Mr. Robert Ng Chee Siong
Mr. Raymond Tong Kwok Tung
Mr. Daryl Ng Win Kong

Non-executive Director

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

Independent Non-executive Directors

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

In accordance with the provisions of the Company's Articles of Association, Mr. Robert Ng Chee Siong and The Honourable Ronald Joseph Arculli, GBS, CVO, OBE, JP 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, 2007, the interests and short positions held by the Directors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

(a) Long Positions in Shares of the Company

Name of Directors	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Mr. Robert Ng Chee Siong	549,427	Beneficial owner	0.03%
The Honourable Ronald Joseph Arculli, GBS, CVO, OBE, JP	60,000	Beneficial owner	≈0%
Dr. Allan Zeman, GBS, JP	–	–	–
Mr. Adrian David Li Man-kiu	–	–	–
Mr. Steven Ong Kay Eng	–	–	–
Mr. Raymond Tong Kwok Tung	–	–	–
Mr. Daryl Ng Win Kong	–	–	–

(b) Long Positions in Shares of Associated Corporations

(i) Subsidiary Company

Sino Land

Name of Directors	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Mr. Robert Ng Chee Siong	2,802,701	Beneficial owner of 125,142 shares and spouse interest in 2,677,559 shares	0.06%
The Honourable Ronald Joseph Arculli, GBS, CVO, OBE, JP	1,044,095	Beneficial owner	0.02%
Dr. Allan Zeman, GBS, JP	–	–	–
Mr. Adrian David Li Man-kiu	–	–	–
Mr. Steven Ong Kay Eng	–	–	–
Mr. Raymond Tong Kwok Tung	–	–	–
Mr. Daryl Ng Win Kong	71,737	Beneficial owner	≈0%

DIRECTORS' REPORT (Continued)

DIRECTORS' INTERESTS (Continued)

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

(ii) Associated Companies

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

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

Notes:

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

DIRECTORS' REPORT *(Continued)*

DIRECTORS' INTERESTS *(Continued)*

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

(ii) Associated Companies *(Continued)*

Notes: (Continued)

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

Save as disclosed above, as at 30th June, 2007, 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.

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' INTERESTS IN COMPETING BUSINESSES

Pursuant to paragraph 8.10 of the Listing Rules, the Company discloses that during the year, the following 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 and Mr. Raymond Tong Kwok Tung held directorships in companies of Ng Family (including Mr. Ng Teng Fong, Mr. Robert Ng Chee Siong and their respective associates) which engage in businesses of property investment, development and management and/or hotel operation.

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

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Apart from the transactions disclosed under the heading "Related Party Disclosures" as set out in Note 48 to the financial statements, there were no other contracts of significance in relation to the Group's business, 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, subsisting at the end of the year or at any time during the year.

DIRECTORS' REPORT *(Continued)*

SERVICE CONTRACTS

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

CONNECTED TRANSACTIONS

(A) Existing Continuing Connected Transactions up to 30th June, 2007

The Company and Sino Land Company Limited ("Sino Land") jointly announced on 2nd November, 2004 that the Group had entered into agreements on 13th October, 2004 ("Agreements" or individually "Agreement") relating to the following non-exempt continuing connected transactions between its subsidiaries and the Ng Family (including Mr. Ng Teng Fong and Mr. Robert Ng Chee Siong and their respective associates) for the three financial years commenced from 1st July, 2004 and ended on 30th June, 2007 with annual caps fixed for each of the years. Particulars of the Agreements together with the total considerations for the year ended 30th June, 2006 are disclosed herein as required under the Listing Rules:

(a) Building Cleaning Services

Party A:	Best Result Cleaning Services Limited, a wholly-owned subsidiary of Sino Land
Party B:	Ng Family
Nature of transactions:	Provision of building cleaning services by Best Result Cleaning Services Limited to properties owned by the Ng Family
Terms:	A lump sum fee to be agreed between the parties which shall be determined by reference to cost plus a profit margin
Annual Cap:	HK\$23.16 million
Total consideration for the year:	HK\$18.21 million
Basis of the Annual Cap:	By reference to the nature and value of these transactions for the years ended 30th June, 2002 of HK\$15.20 million, 30th June, 2003 of HK\$14.00 million and 30th June, 2004 of HK\$14.80 million, the scale and operations of the business of Sino Land and its subsidiaries, the anticipated development and growth of such businesses and changes of general economic conditions for the three years, which management deemed reasonable as at the date of Agreement.

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

(A) Existing Continuing Connected Transactions up to 30th June, 2007 *(Continued)*

(b) Car Park Management Services

Party A:	Sino Land
Party B:	Sino Parking Services Limited, a company held as to 50% by Sino Land and 50% by the Ng Family
Nature of transactions:	Provision of parking lot management services by Sino Parking Services Limited to properties of the Group
Terms:	A lump sum fee to be agreed between the parties which shall be determined by reference to a rate of the total gross revenue generated from car parking operations in the properties managed by Sino Parking Services Limited pursuant to the Agreement
Annual Cap:	HK\$18.36 million
Total consideration for the year:	HK\$10.79 million
Basis of the Annual Cap:	By reference to the nature and value of these transactions for the years ended 30th June, 2002 of HK\$12.60 million, 30th June, 2003 of HK\$11.40 million and 30th June, 2004 of HK\$11.10 million, the scale and operations of the business of Sino Land and its subsidiaries, the anticipated development and growth of such businesses and changes of general economic conditions for the three years, which management deemed reasonable as at the date of Agreement.

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

(A) Existing Continuing Connected Transactions up to 30th June, 2007 *(Continued)*

(c) Estate Management and General Administrative Services

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

Party B: Ng Family

Nature of transactions: Provision of estate management services by Sino Estates Management Limited to certain buildings owned by the Ng Family

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

Annual Cap: HK\$6.29 million

Total consideration for the year: HK\$5.87 million

Basis of the Annual Cap: By reference to the nature and value of these transactions for the years ended 30th June, 2002 of HK\$4.27 million, 30th June, 2003 of HK\$4.14 million and 30th June, 2004 of HK\$4.36 million, the scale and operations of the business of Sino Land and its subsidiaries, the anticipated development and growth of such businesses and changes of general economic conditions for the three years, which management deemed reasonable as at the date of Agreement.

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

(A) Existing Continuing Connected Transactions up to 30th June, 2007 *(Continued)*

(d) Security Guard Services

Party A:	Sino Security Services Limited, a wholly-owned subsidiary of Sino Land
Party B:	Ng Family
Nature of transactions:	Provision of security guard services by Sino Security Services Limited to buildings owned by the Ng Family
Terms:	A lump sum fee to be agreed between the parties which shall be determined by reference to cost plus a profit margin
Annual Cap:	HK\$46.47 million
Total consideration for the year:	HK\$19.70 million
Basis of the Annual Cap:	By reference to the nature and value of these transactions for the years ended 30th June, 2002 of HK\$23.20 million, 30th June, 2003 of HK\$20.80 million and 30th June, 2004 of HK\$24.40 million, the scale and operations of the business of Sino Land and its subsidiaries, the anticipated development and growth of such businesses and changes of general economic conditions for the three years, which management deemed reasonable as at the date of Agreement.

DIRECTORS' REPORT (Continued)

CONNECTED TRANSACTIONS (Continued)

(A) Existing Continuing Connected Transactions up to 30th June, 2007 (Continued)

(e) Lease of Premises

Party A:	Sino Land
Party B:	Ng Family
Nature of transactions:	Lease of premises by the Group of properties owned or to be owned by the Ng Family
Terms:	A lump sum rent exclusive of rates and management fees to be agreed between the parties which shall be determined by reference to the prevailing market rent or below of the particular premises
Annual Cap:	HK\$30.79 million
Total consideration for the year:	HK\$30.68 million
Basis of the Annual Cap:	By reference to the nature and value of these transactions for the years ended 30th June, 2002 of HK\$18.80 million, 30th June, 2003 of HK\$18.20 million and 30th June, 2004 of HK\$19.40 million, the scale and operations of the business of Sino Land and its subsidiaries, the anticipated development and growth of such businesses and changes of general economic conditions for the three years, which management deemed reasonable as at the date of Agreement.

The Ng Family is a connected person of the Company and therefore the above transactions constituted continuing connected transactions of the Company pursuant to the Listing Rules.

The Group is a leading property management services provider, which provides services including building cleaning services, car park management services, estate management services, security guard services and other services. The Directors considered that the above continuing connected transactions were consistent with the business and commercial objectives of the Group and provided a good opportunity to strengthen the footholds of the Group in the provision of property management services in Hong Kong.

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

(A) Existing Continuing Connected Transactions up to 30th June, 2007 *(Continued)*

During the year, the above continuing connected transactions were carried out within their respective annual caps and have been reviewed by the Directors of the Company (including the Independent Non-executive Directors). The Independent Non-executive Directors have confirmed that during the year, the above continuing connected transactions were all conducted and entered into:

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

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

(B) Renewal of Continuing Connected Transactions

Reference is made to the continuing connected transactions mentioned in section (A) above. The original agreements have expired on 30th June, 2007 and the continuing connected transactions were carried out upon the terms set out therein. New agreements ("New Agreements" or individually "New Agreement") have been entered into on 28th June, 2007 to continue such continuing connected transactions, with certain amendments made to the previous terms including the scope of the services to be provided, for a term of three years commencing from 1st July, 2007 and ending 30th June, 2010 with annual caps fixed for each of these years. Particulars of the New Agreements are disclosed herein:

(a) Building Cleaning Services

Party A:	Best Result Cleaning Services Limited, a wholly-owned subsidiary of Sino Land
Party B:	Ng Family
Nature of transactions:	Provision of building cleaning services by Sino Land and its subsidiaries to properties owned or partly-owned by the Ng Family
Consideration:	A lump sum fee to be agreed between the parties which shall be determined by reference to cost plus a profit margin
Annual Cap:	HK\$82 million
Basis of the Annual Cap:	By reference to the nature and value of these transactions for the three years ended 30th June, 2007, the existing scale and operations of the business, the anticipated development and growth of such businesses and changes of general economic conditions for the next three years, which management deemed reasonable.

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

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

(b) **Car Park Management Services**

Party A:	Sino Parking Services Limited, a company held as to 50% by Sino Land and 50% by the Ng Family
Party B:	Sino Land and its subsidiaries
Nature of transactions:	Provision of car park management services by the Ng Family to properties owned or partly-owned by Sino Land and its subsidiaries
Consideration:	A lump sum fee to be agreed between the parties which shall be determined by reference to a rate of the total gross revenue generated from car parking operations in the properties managed by Sino Parking Services Limited pursuant to the Agreement
Annual Cap:	HK\$20 million
Basis of the Annual Cap:	By reference to the nature and value of these transactions for the three years ended 30th June, 2007, the existing scale and operations of the business, the anticipated development and growth of such businesses and changes of general economic conditions for the three years, which management deemed reasonable.

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

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

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

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

Party B: Ng Family

Nature of transactions: Provision of estate management, life style services, home maintenance services, courtesy services and general administrative services by Sino Land and its subsidiaries to properties owned or partly-owned by the Ng Family

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

Annual Cap: HK\$40 million

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

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

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

(d) **Security Guard Services**

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

Party B: Ng Family

Nature of transactions: Provision of security guard services by Sino Land and its subsidiaries to properties owned or partly-owned by the Ng Family

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

Annual Cap: HK\$80 million

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

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

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

(e) **Lease of Premises**

Party A: Sino Land and its subsidiaries

Party B: Ng Family

Nature of transactions: Lease of premises by:

- (a) Sino Land and its subsidiaries of properties owned or partly-owned by the Ng Family
- (b) the Ng Family of properties owned or partly-owned by Sino Land and its subsidiaries

Terms: A lump sum rent exclusive of rates and management fees to be agreed between the parties which shall be determined by reference to the prevailing market rent or below of the particular premises

Annual Cap: HK\$54 million, comprising

- (a) lease of premises by Sino Land and its subsidiaries – 53 million; and
- (b) lease of premises by the Ng Family – 1 million

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

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

(C) Provision of Corporate Guarantees Constituting Connected Transactions of the Company during the year

- (i) On 5th October, 2006, Sino Land executed a corporate guarantee (on a several and pari passu basis) in favour of the lenders to secure 25% of the repayment obligations of Wide Harvest Investment Limited (the "Wide Harvest", a company in which Sino Land and the Ng Family respectively hold 25% and 75% of equity interest) under a loan facility of up to HK\$2,500 million. Under the corporate guarantee, Sino Land would be liable to pay proportionally and severally according to its equity interest in Wide Harvest the amount outstanding under the loan facility upon the default in repayment by Wide Harvest. The loan facility was obtained by Wide Harvest to repay and refinance its existing loan and to provide additional facility for its working capital. The lenders have required the provision of the corporate guarantee as security for the provision of the loan facility to Wide Harvest.

Ng Family is a connected person of the Company by virtue of it being a substantial shareholder of the Company. Wide Harvest is a company which the Ng Family controls 30% or more of the voting rights. Accordingly, it is an associate of the Ng Family and a connected person of the Company under the Listing Rules. The entering into the corporate guarantee by Sino Land, a subsidiary of the Company, constituted a connected transaction of the Company under Rule 14A.13(2)(a)(i) of the Listing Rules.

- (ii) On 16th March, 2007, (i) Sino Land and Boswell Holdings Limited ("Boswell", a company controlled by Ng Family) executed a corporate guarantee in favour of the lender, pursuant to which (inter alia) each of Sino Land and Boswell guaranteed (on a several, pro rata and pari passu basis) 50% of the obligations of Better Chief Limited ("Better Chief") under a loan facility of up to HK\$716 million; and (ii) Sino Land and Devlin Limited, an indirect wholly-owned subsidiary of Boswell, executed a share mortgage in favour of the lender, pursuant to which (inter alia) each of Sino Land and Devlin Limited charged all of its shares in Better Chief (in aggregate, representing the total issued share capital of Better Chief) as security for the obligations of Better Chief under the loan facility. Under the corporate guarantee, Sino Land would be liable to pay proportionally and severally according to its equity interest in Better Chief the amount outstanding under the loan facility upon the default in repayment by Better Chief. The loan facility was obtained by Better Chief to repay and refinance the premium for lease modification and construction costs in respect of a land development project.

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

(C) Provision of Corporate Guarantees Constituting Connected Transactions of the Company during the year *(Continued)*

(ii) *(Continued)*

The corporate guarantee and the share mortgage were entered into by Sino Land as conditions for the drawdown of the loan facility to Better Chief.

Ng Family is a connected person of the Company by virtue of it being a substantial shareholder of the Company. Better Chief is a company which the Ng Family controls 30% or more of the voting rights. Accordingly, it is an associate of the Ng Family and a connected person of the Company under the Listing Rules. The entering into the corporate guarantee and share mortgage by Sino Land, a subsidiary of the Company, constituted a connected transaction of the Company under Rule 14A.13(2)(a)(i) of the Listing Rules.

- (iii) On 26th June, 2007, (i) Sino Land and Boswell executed a corporate guarantee in favour of the lenders, pursuant to which (inter alia) Sino Land and Boswell guaranteed (on a several, pro rata and pari passu basis) 20% and 80% of the obligations of Cheer City Properties Limited ("Cheer City") under a loan facility up to HK\$2,800 million; and (ii) Dragon Fortune Limited, an indirect wholly-owned subsidiary of Sino Land, executed a share charge in favour of the lenders, pursuant to which (inter alia) Dragon Fortune Limited charged shares representing 20% of the issued share capital of Cheer City as security for 20% of the obligations of Cheer City under the loan facility. Under the corporate guarantee, Sino Land would be liable to pay proportionally and severally according to its equity interest in Cheer City the amount outstanding under the loan facility upon the default in repayment by Cheer City. The loan facility was obtained by Cheer City to repay and refinance its existing club loan facility and to provide general working capital for Cheer City, part of which has been used to repay all the outstanding shareholders' loans provided by Sino Land and Boswell to Cheer City. The corporate guarantee and the share charge are entered into by Sino Land and Dragon Fortune Limited respectively as conditions for the drawdown of the loan facility to Cheer City.

Ng Family is a connected person of the Company by virtue of it being a substantial shareholder of the Company. Cheer City is a company which the Ng Family controls 30% or more of the voting rights. Accordingly, it is an associate of the Ng Family and a connected person of the Company under the Listing Rules. The entering into the corporate guarantee and share charge by Sino Land, a subsidiary of the Company, constituted a connected transaction of the Company under Rule 14A.13(2)(a)(i) of the Listing Rules.

Details of other related party transactions are set out in Note 48 to the financial statements.

DIRECTORS' REPORT *(Continued)*

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

As at 30th June, 2007, the interests and short positions of the substantial shareholders and other shareholders in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of Part XV of the SFO were as follows:

Long Positions in Shares of the Company

Name of Substantial Shareholders	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Mr. Ng Teng Fong	1,027,208,656 <i>(Notes 1 & 2)</i>	Beneficial owner of 81,332,047 shares, spouse interest in 63,615 shares and interest of controlled corporations in 945,812,994 shares	71.75%
Tamworth Investment Limited	389,888,788 <i>(Note 2)</i>	Beneficial owner	27.23%
Strathallan Investment Limited	261,273,057 <i>(Note 2)</i>	Beneficial owner	18.25%

Name of Other Shareholders	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Solid Capital Holdings Limited	142,019,065 <i>(Note 3)</i>	Security interest in 141,957,347 shares and beneficial owner of 61,718 shares	9.92%
Nippomo Limited	132,842,408 <i>(Note 2)</i>	Beneficial owner	9.27%
Fanlight Investment Limited	98,018,982 <i>(Note 2)</i>	Beneficial owner	6.84%

DIRECTORS' REPORT *(Continued)*

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

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

Notes:

1. 945,812,994 shares were held through companies which were 100% controlled by Mr. Ng Teng Fong – 98,018,982 shares by Fanlight Investment Limited, 132,842,408 shares by Nippomo Limited, 3,116,562 shares by Orient Creation Limited, 261,273,057 shares by Strathallan Investment Limited, 389,888,788 shares by Tamworth Investment Limited and 60,673,197 shares by Transpire Investment Limited.
2. The interests of Tamworth Investment Limited, Strathallan Investment Limited, Nippomo Limited and Fanlight Investment Limited were duplicated in the interests of Mr. Ng Teng Fong.
3. 3,269 shares were held by Meadow Gate Company Limited which is 70% controlled by Solid Capital Holdings Limited.

Save as disclosed above and so far as the Directors of the Company are aware of, as at 30th June, 2007, no other person had an interest or short position in the shares and underlying shares of the Company which were recorded in the register required to be kept under Section 336 of the SFO, or was otherwise a substantial shareholder of the Company.

DONATIONS

During the year, the Group made charitable and other donations amounting to approximately HK\$1,725,000.

MAJOR SUPPLIERS AND CUSTOMERS

The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 80% of the Group's total purchases and the purchases attributable to the Group's largest supplier was approximately 57% of the Group's total purchases.

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

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

CORPORATE GOVERNANCE

The corporate governance report is set out on pages 22 to 27.

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 at all times 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, 18th September, 2007