



Tsim Sha Tsui Properties Limited

ANNUAL REPORT 2009



STOCK CODE: 247

EXCHANGE TOWER

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

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

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CORPORATE INFORMATION

Board of Directors

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

(* Non-Executive Director)

(* Independent Non-Executive Directors)

Audit Committee

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

Remuneration Committee

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

Authorized Representatives

Robert Ng Chee Siong
Daryl Ng Win Kong

Secretary

Eric Ip Sai Kwong

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants, Hong Kong

Solicitors

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

Shareholders' Calendar

Closure of Register of Members	2nd November, 2009 to 5th November, 2009 (both dates inclusive)
Annual General Meeting	5th November, 2009
Interim Dividend Paid	HK10 cents per share 15th May, 2009
Final Dividend Payable	HK30 cents per share 4th December, 2009
Last Date for lodging scrip dividend election forms	26th November, 2009 4:30 p.m.

Principal Bankers

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

Registered Office

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Salisbury Road, Tsim Sha Tsui,
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Telephone : (852) 2721 8388
Fax : (852) 2723 5901
Website : www.sino.com
Email : info@sino.com

Registrars

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

Listing Information

Stock Code 247

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of **Tsim Sha Tsui Properties Limited** will be held at The Pacific Rooms, 9th Floor, Towers Wing, The Royal Pacific Hotel & Towers, 33 Canton Road, Tsim Sha Tsui, Kowloon, on Thursday, the 5th day of November, 2009 at 10:00 a.m. or as soon as the annual general meeting of Sino Land Company Limited closes, whichever is the later, for the following purposes:

1. To receive and consider the audited Financial Statements and the Directors' and Independent Auditor's Reports for the year ended 30th June, 2009.
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, 2010.
4. To re-appoint Deloitte Touche Tohmatsu as Auditor for the ensuing year and authorise the Board to fix their remuneration.
5. As special business to consider and, if thought fit, pass with or without amendments, the following resolutions as Ordinary Resolutions:

Ordinary Resolutions

(i) **"THAT:**

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

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

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

NOTICE OF ANNUAL GENERAL MEETING *(Continued)*

(ii) **“THAT:**

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

- (b) for the purposes of this resolution:

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

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

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

NOTICE OF ANNUAL GENERAL MEETING *(Continued)*

6. As special business to consider and, if thought fit, pass with or without amendments, the following resolutions as Special Resolutions:

Special Resolutions

- (i) **“THAT** the existing Articles of Association be and are hereby amended as follows:
- (a) Article 67
- (1) by deleting the words “twenty-one” in the first sentence of Article 67 and substituting therefor the words “twenty clear business”;
 - (2) by deleting the words “fourteen” in the first sentence of Article 67 and substituting therefor the words “ten clear business”;
 - (3) by adding the words “and the Listing Rules” after the words “subject to the provisions of the Companies Ordinance” in the second sentence of Article 67; and
 - (4) by adding the words “For the purpose of this Article 67, “business day” shall mean any day on which The Stock Exchange of Hong Kong Limited is open for business of dealing in securities.” as the last paragraph of Article 67.
- (b) Article 74
- by deleting the existing Article 74 in its entirety and substituting therefor the following Article:
74. At any general meeting a resolution put to the vote of the meeting shall be decided by poll.
- (c) Article 75
- (1) by deleting the words “If a poll is demanded as aforesaid, it” in the first sentence of Article 75 and substituting therefor the words “A poll”;
 - (2) by deleting the words “at which the poll was demanded,” in the first sentence of Article 75; and
 - (3) by deleting the words “demanded. The demand for a poll may be withdrawn, with the consent of the Chairman, at any time before the close of the meeting or the taking of the poll, whichever is the earlier” in the second and third sentences of Article 75 and substituting therefor the words “taken and shall be announced in such manner as required by the Listing Rules”.
- (d) Article 76
- (1) by deleting the words “duly demanded”; and
 - (2) by adding the word “immediately” after the word “taken”.

NOTICE OF ANNUAL GENERAL MEETING *(Continued)*

(e) Article 77

by deleting the words “whether on a show of hands or on a poll,” “at which the show of hands takes place or at which the poll is demanded,” and “second or” in the first sentence of Article 77.

(f) Article 78

by deleting the existing Article 78 in its entirety and renumbering the existing Articles 79 to 183 as Articles 78 to 182. All references to the number(s) of such Article(s) shall be amended accordingly to reflect the said renumbering.

(g) Article 80

- (1) by deleting the words “for the time being attached” in the first sentence of Article 80 and substituting therefor the words “from time to time attaching”;
- (2) by deleting the words “on a show of hands” in the first sentence of Article 80 and substituting therefor the words “on a poll”; and
- (3) by deleting the words “shall have one vote, and on a poll every member present in person or” in the first sentence of Article 80 and substituting therefor the words “or is present”.

(h) Article 83

by deleting the words “, whether on a show of hands or on a poll,” in the first sentence of Article 83.

(i) Article 87

- (1) by deleting the words “or poll” in the first sentence of Article 87;
- (2) by deleting the words “or on a poll demanded at a meeting or an adjourned meeting in cases” in the second sentence of Article 87;
- (3) by deleting the words “a member” in the third sentence of Article 87 and substituting therefor the words “the member appointing a proxy”; and
- (4) by deleting the words “or poll” in the third sentence of Article 87.

(j) Article 89

by deleting the words “to demand or join in demanding a poll and”.

(k) Article 90

by deleting the words “, or at such other place as is referred to in Article 87,”.

NOTICE OF ANNUAL GENERAL MEETING *(Continued)*

(I) Article 94

by deleting the words “so appointed shall hold office only” in the second sentence of Article 94 and substituting therefor the words “appointed to fill a casual vacancy and any Director appointed as an addition to the Board shall respectively hold office only until the next following general meeting of the Company and”.”

- (ii) “**THAT** the new Articles of Association, consolidating all of the proposed amendments referred to in Resolution 6(i), produced to this meeting and for the purpose of identification signed by the Chairman be and are hereby approved and adopted as the new Articles of Association of the Company in substitution for and to the exclusion of all existing Articles of Association of the Company.”

By Order of the Board
Eric IP Sai Kwong
Secretary

Hong Kong, 5th October, 2009

Notes:

- (a) At the Annual General Meeting, the Chairman of the Meeting will exercise his power under Article 74 of the Company's Articles of Association to put each of the above resolutions to the vote by way of a poll. On a poll, every shareholder who is present in person or by proxy shall have one vote for every share of which he is the holder.
- (b) Any member entitled to attend and vote at the above meeting may appoint one or more proxies to attend and on a poll vote instead of him. A proxy need not be a member of the Company.
- (c) In order to be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be lodged at the registered office of the Company at 12th Floor, Tsim Sha Tsui Centre, Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the meeting.
- (d) The Directors wish to state that the main purpose of the above proposed Special Resolutions for amendments to the existing Articles of Association and adoption of new Articles of Association is to incorporate the following Listing Rules requirements:
- (i) complying with any minimum notice period required under the Listing Rules for convening a general meeting and an annual general meeting;
 - (ii) complying with the requirements of the Listing Rules for voting of shareholders by poll at general meetings; and
 - (iii) distinguishing the term of office of a director appointed to fill a casual vacancy, who will hold office only until the next following general meeting, and the term of office of a director appointed as an addition to the Board, who will hold office only until the next following annual general meeting.

Copies of the existing Articles of Association and the proposed new Articles of Association are available for inspection at the registered office of the Company at 12th Floor, Tsim Sha Tsui Centre, Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong during normal business hours on any business day up to and including the date of the meeting and at the meeting.

- (e) The Register of Members of the Company will be closed from Monday, 2nd November, 2009 to Thursday, 5th November, 2009, both dates inclusive, during which period no share transfers will be effected. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Registrars, Tricor Friendly Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 30th October, 2009.

GROUP FINANCIAL SUMMARY

	Year ended 30th June,				
	2005 HK\$	2006 HK\$	2007 HK\$	2008 HK\$	2009 HK\$
Turnover	<u>4,200,138,919</u>	<u>8,382,271,778</u>	<u>7,598,901,347</u>	<u>6,338,666,190</u>	<u>9,783,329,056</u>
Profit attributable to equity holders	<u>2,740,910,779</u>	<u>3,141,928,270</u>	<u>3,357,484,479</u>	<u>4,678,945,536</u>	<u>1,818,627,113</u>
Non-current assets	32,279,067,666	38,479,062,645	44,290,694,830	53,846,737,050	57,916,675,050
Current assets	19,184,988,423	29,908,399,228	30,428,854,016	34,657,588,930	33,332,598,559
Current liabilities	<u>(4,358,555,404)</u>	<u>(9,986,435,807)</u>	<u>(11,031,295,823)</u>	<u>(13,167,516,026)</u>	<u>(15,919,724,169)</u>
	<u>47,105,500,685</u>	<u>58,401,026,066</u>	<u>63,688,253,023</u>	<u>75,336,809,954</u>	<u>75,329,549,440</u>
Share capital	278,599,087	281,674,438	286,315,877	290,187,562	293,220,023
Reserves	<u>12,039,735,298</u>	<u>16,232,969,114</u>	<u>19,823,674,870</u>	<u>24,461,383,732</u>	<u>25,949,725,481</u>
Shareholders' funds	12,318,334,385	16,514,643,552	20,109,990,747	24,751,571,294	26,242,945,504
Equity component of convertible bonds of a listed subsidiary	182,663,817	174,120,907	–	–	–
Minority interests	16,444,468,516	18,252,426,505	22,713,593,244	29,257,946,975	29,403,898,799
Non-current liabilities	<u>18,160,033,967</u>	<u>23,459,835,102</u>	<u>20,864,669,032</u>	<u>21,327,291,685</u>	<u>19,682,705,137</u>
	<u>47,105,500,685</u>	<u>58,401,026,066</u>	<u>63,688,253,023</u>	<u>75,336,809,954</u>	<u>75,329,549,440</u>
Shareholders' funds at book value per share	8.84	11.72	14.05	17.06	17.90
Basic earnings per share (cents)	198.52	224.59	236.58	324.91	124.64
Dividend per share (cents)	20.00	37.00	38.50	40.00	40.00

CHAIRMAN'S STATEMENT

I am pleased to present the 2008/2009 Annual Report to shareholders.

FINAL RESULTS

The turnover of the Group for the financial year ended 30th June, 2009 increased significantly to HK\$9,783.3 million, representing an increase of 54.3% compared with HK\$6,338.6 million last year, primarily due to good market response on the sales of residential units in The Palazzo, The Dynasty, Vista and One Madison by the Group's subsidiary Sino Land Company Limited.

The Group's audited net profit attributable to shareholders for the financial year ended 30th June, 2009 was HK\$1,818.6 million (2008: HK\$4,678.9 million). Excluding revaluation surplus on investment properties net of deferred tax of HK\$67.7 million, the underlying net profit from operations decreased by 29.4% to HK\$1,750.9 million for the year ended 30th June, 2009 (2008: HK\$2,481.6 million). Earnings per share for the year was 124.64 cents.

DIVIDENDS

The Directors have resolved to recommend a final dividend of 30 cents per share in respect of the year ended 30th June, 2009 to shareholders whose names appear on the Register of Members of the Company on 5th November, 2009. Together with the interim dividend of 10 cents per share, the total dividend for the full year is 40 cents per share.

The Directors propose that shareholders be given the option to receive the final dividend in new shares in lieu of cash. The scrip dividend proposal is subject to: (1) the approval of the proposed final dividend at the Annual General Meeting to be held on 5th November, 2009; and (2) The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued pursuant to this proposal.

A circular containing details of the scrip dividend proposal will be despatched to shareholders together with the form of election for scrip dividend on or about 10th November, 2009. It is expected that the final dividend warrants and share certificates will be despatched to shareholders on or about 4th December, 2009.

REVIEW OF OPERATIONS

The operations under Sino Land Company Limited ("Sino Land") represent a substantial portion of the operations of the Group as a whole. As at 30th June, 2009 Tsim Sha Tsui Properties Limited (the "Company") had 51.53% interest in Sino Land. Therefore, for discussion purposes, we have focused on the operations of Sino Land.

Sales Activities

Turnover and earnings of Sino Land derived from sales of properties at subsidiary level for the financial year ended 30th June, 2009 were mainly contributed from the sales of residential units in new projects namely The Palazzo, The Dynasty and Vista, the occupation permits of which were obtained during the financial year, as well as One Madison completed in the previous financial year.

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

Sales Activities *(Continued)*

Completed during the financial year 2008/2009, The Palazzo has a total of 1,375 luxurious residential units and an elegant and comprehensive clubhouse of over 220,000 square feet dividing into a number of thematic sections each offering a specific set of entertaining, leisure or sport facilities. The project is conveniently located in the prime area in Shatin district affording the panoramic views of the Shatin international racecourse, the lush Penfold Park, Tolo Harbour as well as the Shing Mun River. The Palazzo is well served by a number of public transportations with the Fotan Station on the East Rail right opposite to it. The East Rail will also connect with the future Shatin to Central Link currently under planning. The surrounding road network has also been developed well. The Route 8 also provides a direct access from Central through the Western Harbour Crossing. The Palazzo was launched for sale in May 2008 and market response was good with over 80% of the total units sold.

The Dynasty, a luxurious residential project consisting of 256 units, is located in the centre of Tsuen Wan in North-West New Territories and conveniently accessible to the two railway arteries Tsuen Wan West Station on the West Rail and Tsuen Wan Station on the Tsuen Wan Line. All residential units in the project enjoy the panoramic views of Victoria Harbour and Rambler Channel as well as two bridges namely Stonecutter Bridge and Ting Kau Bridge. The exceptionally high floor-to-ceiling height, balcony and top class kitchenwares in each unit are some of the key features of the project. The Dynasty was launched on the market in October 2008 with over 83% of the total units sold to date.

Located at New Kowloon West, Vista is a residential project encompassing a total of 173 unparallel residential units and each of the units commands a panoramic view of the Kowloon peninsula. The project is only a few minutes' walk to the Cheung Sha Wan Station. Its location, high floor-to-ceiling height and balcony for each residential unit are the key attractions of the project. Sale was launched in January 2009 and market response was good. As of to date, over 87% of the total units have been sold.

Capitalising on improved market sentiment in the second quarter of 2009, Sino Land launched the sales of Lake Silver in May. Located atop of the Wu Kai Sha Station on the East Rail overlooking the picturesque natural coastline of Ma On Shan area, Lake Silver commands spectacular seaviews of Tolo Harbour, Tolo Channel and Starfish Bay as well as Ma On Shan Coastal mountain ranges including Pak Sin Leng and Kau To Shan. This unparallel and high quality property development comprises a total of 2,169 residential units in 7 towers, approximately 45,000 square feet of retail space and a clubhouse of approximately 360,000 square feet. The clubhouse is named Palace by the Sea. The design of it is inspired by the essence of the world-class resorts and it offers a wide range of leisure facilities and thematic gardens for the residents to enjoy. Sales of this project received overwhelming response from market with over 85% of the total units sold to date.

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

Sales Activities *(Continued)*

Subsequent to the year ended 30th June, 2009, Sino Land launched the sales of a residential project named Park Place in August, 2009. Located in the prime area in Xiamen, Fujian Province, on the east coast of the Mainland, the project offers a total of 73 luxurious residential units. Market response was good with over 97% of the total units sold.

Earnings from property sales at associate level were mainly derived from completed residential units in Chengdu International Community in Chengdu, Sichuan and One HoneyLake, Shenzhen. Over 93% of the units launched to date in Chengdu International Community and almost all of the units in One HoneyLake have already been sold.

During the financial year ended 30th June, 2009, Sino Land completed 9 projects. Details of the completed projects are presented in the table below with a total attributable gross floor area of over 3.2 million square feet.

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> <i>(Square feet)</i>
1. The Palazzo 28 Lok King Street, Shatin, New Territories, Hong Kong	Residential/ Retail	Joint Venture	1,322,883
2. Exchange Tower 33 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong	Commercial	100%	609,027
3. The Dynasty/Citywalk 2 18 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong	Residential/ Retail	Joint Venture	479,728
4. Chengdu International Community Xipu Zhen, Pi Xian, Jin Niu District, Chengdu, Sichuan, PRC	Residential	20%	439,518

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

Sales Activities *(Continued)*

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> <i>(Square feet)</i>
5. Vista 188 Fuk Wa Street, Kowloon, Hong Kong	Residential/ Retail	Joint Venture	134,043
6. The Hennessy 256 Hennessy Road, Wan Chai, Hong Kong	Commercial	100%	71,862
7. Goodwood Park 138 Hang Tau Road, Kwu Tung, Sheung Shui, New Territories, Hong Kong	Residential	100%	23,638
8. Clifford Pier 80 Collyer Quay, Singapore 049326	Commercial	100%	11,393
9. Park Place 130 Jia He Lu, Xiamen, PRC	Residential/ Retail	100%	123,128
			3,215,220

Land Bank

As at 30th June, 2009, Sino Land has a land bank of approximately 43.5 million square feet of attributable gross floor area comprising a balanced portfolio of properties of which 67% is residential; 22% commercial; 5% industrial; 3% car parks and 3% hotels. In terms of breakdown of the land bank by status, 31.2 million square feet consist of properties under development, 10.8 million square feet of properties for investment/own use and 1.5 million square feet of properties held for sale. Sino Land will continue to selectively replenish its land bank, both in Hong Kong and Mainland China, to optimise its earnings potential.

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

Land Bank *(Continued)*

On 23rd June, 2009, Sino Land was awarded by the Urban Renewal Authority of Hong Kong the development rights for the site at Lee Tung Street/McGregor Street in Wan Chai. The site is only a few minutes walk to Wan Chai Station. Upon completion, the site will yield a total of approximately 817,710 square feet of residential and commercial gross floor area as well as a subway to connect the project with the Wan Chai Station. The project will incorporate redevelopment, conservation and revitalization elements featuring the tradition and culture of the local business and community. Further, the excellent school network and the nearby shopping facilities in Wan Chai area are positive points for the homebuyers. Sino Land has 50% interest in the development rights of the project. Details of the acquisition and the attributable gross floor area for Sino Land are shown below:

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> <i>(Square feet)</i>
Lee Tung Street/McGregor Street Wan Chai, Hong Kong	Residential/ Commercial	Joint Venture	408,855
			<hr/>
			408,855

Subsequent to the financial year ended 30th June, 2009, Sino Land entered into a sale and purchase agreement in August 2009 to acquire a company holding an investment property. The total gross floor area of the property is approximately 58,107 square feet comprising retail spaces and a total of 87 luxurious serviced apartments. Located at 74-80 Johnston Road, Wan Chai, opposite to Southorn Playground and close to the above development at Lee Tung Street/McGregor Street, the property is in the hub of Wan Chai and well served by various public transportation including the subway and tram.

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS

(Continued)

Property Development

Sino Land expects to complete a total of 4 projects with an attributable gross floor area of over 2.5 million square feet in the financial year ending 30th June, 2010. Details of the projects are as follows:

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> <i>(Square feet)</i>
1. Lake Silver No. 599 Sai Sha Road, MTR Wu Kai Sha Station, Ma On Shan, New Territories, Hong Kong	Residential/ Retail	Joint Venture	1,858,405
2. Sino International Plaza 137 Wu Xi Lu, Fuzhou, PRC	Commercial	100%	499,158
3. TPTL 179, Ma Wo, Tai Po, New Territories, Hong Kong	Residential	100%	114,486
4. The Fullerton Bay Hotel and Customs House Singapore	Hotel/Retail	100%	93,909
			<hr/> <u>2,565,958</u>

Subsequent to the financial year ended 30th June, 2009, Sino Land obtained the occupation permit for Lake Silver from the Building Authority of the HKSAR Government on 17th July, 2009.

High standards of product and service quality are utmost important part of Sino Land's policy on project development and asset management. Sino Land has made significant effort to continuously improve the developments and services by applying stringent quality control, environmentally friendly features and facilities to enhance the lifestyles of the customers. Management of Sino Land is also mindful of the environmental sustainability in terms of project development. Efforts to reduce carbon emissions, use more sustainable materials, apply energy efficient design and layout as well as employ environmentally friendly fixture and fittings are highly encouraged and pursued.

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

Property Development *(Continued)*

This year, management of Sino Land is delighted to have received the “**Best Residential Developer in Hong Kong**” voted by Euromoney's Real Estate Poll 2009. Management would like to express heartfelt appreciation to everyone who nominated Sino Land for this award. Special thanks also go to the customers who have supported us and given us suggestions throughout the years so that Sino Land can do better and improve over time. Your encouragement and support continue to motivate Sino Land to further improve the quality of the products and services.

Rental Activities

Sino Land's gross rental revenue, including the attributable share of its associates, increased significantly by 18.3% to HK\$2,265.8 million for the financial year ended 30th June, 2009 compared with HK\$1,915.2 million in the previous year.

The growth in rental revenue during the financial year 2008/2009 was mainly due to increases in rental rates for leases renewed across all sectors of the rental portfolio, additional rental contributions from Olympian City 1 and 2 shopping malls due to acquisitions of the remaining interests in the development companies of the two properties, and newly completed rental properties.

During the financial year 2008/2009, Sino Land completed a total of six new commercial projects with a total of approximately 1 million square feet for investment purpose. These projects are Exchange Tower, Citywalk 2 – the retail space attached to The Dynasty, The Hennessy, retail spaces in The Palazzo and Vista as well as Clifford Pier in Singapore (part of The Fullerton Heritage). Since occupation permits for these projects were obtained in various stages throughout the financial year 2008/2009, full potential of rental contributions from these projects are yet to materialise.

Conveniently located in the heart of Kowloon East, Exchange Tower is easily accessible by the Mass Transit Railway system and other forms of public transport. The building incorporates a number of environmentally friendly features, including a Sky Garden of approximately 28,000 square feet with a 16 feet floor-to-ceiling height and recreational facilities, vertical greening in the main atrium, landscaped public spaces, an innovative green balcony on every office floor and alfresco dining areas with panoramic sea views. Leasing of this property has attracted a good mix of tenants.

Citywalk 2 is designed to complement and extend Citywalk. This contemporary three-storey technologically innovative mall comprises approximately 200,000 square feet of space accommodating brand-name shops, cinemas, lifestyle stores, restaurants and supermarkets. The mall comes with Hong Kong's first 'ArchiSculpture', the iGlobe, a distinctive giant pixelated wall with thousands of LED discs integrated into the exterior of the building as an electronic facade. Citywalk 2 and Citywalk are connected by a footbridge. Combining the two offer customers and local residents a complete spectrum of dynamic shopping, dining and entertainment choices.

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

Rental Activities *(Continued)*

The Hennessy is located in bustling Wan Chai, a few minutes' walk from the Wan Chai Station. The commercial building is just minutes away from the Causeway Bay and Central entertainment hubs. The first three retail floors are covered by a 50 feet high glass curtain that provides excellent visibility from the street. The unique podium garden on the second level features a floor-to-ceiling height of over 24 feet, and the Sky Garden on the twenty-third floor features floor-to-ceiling heights exceeding 19 feet. The gardens provide an urban oasis for the tenants. Every floor has over 15 feet floor-to-ceiling heights and a flexible layout, making it a differentiated and sought-after product amongst the city's commercial buildings. Leasing of The Hennessy has progressed well and the project has attracted a well diversified mix of tenants.

The retail spaces of The Palazzo and Vista, which are directly beneath their residential towers, comprise a total gross floor area of approximately 21,500 square feet and 22,000 square feet respectively. The retail spaces are ideal for such businesses as restaurants, supermarkets, florists, arts and music stores that cater to residents and local needs in their own catchment areas.

The neo-classical inspired Clifford Pier is named after Sir Hugh Charles Clifford, Governor of the Straits Settlements (1927 to 1929). The pier was first opened on 3rd June, 1933. It is defined by its notable architecture as a quintessential column-free Victorian wrought-iron pier. Clifford Pier is a historic landmark and was the key landing point for visitors and immigrants arriving by ships in the early days of Singapore. Now part of The Fullerton Heritage, the makeover of the pier is complete and it was opened in December 2008. The revitalised pier has kept its original architectural characteristics and charm and it commands the spectacular panorama of the glittering seafront of the Marina Bay developments, Singapore's first integrated resort. The pier affords over 10,000 square feet of commercial space, and has been leased to a stylish modern Chinese establishment. Together, the pier and the surrounding attractions of Marina Bay will be one of the Singapore's top tourism, entertainment and dining destinations.

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

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

Rental Activities *(Continued)*

As at 30th June, 2009, Sino Land has approximately 10.8 million square feet of attributable gross floor area of properties for investment/own use, compared with 9.9 million square feet in the previous financial year. Of this portfolio, commercial developments (retail and office) account for 63%, industrial developments 15%, car parks 13%, hotels 6%, and residential 3%. Sino Land expects to complete a total of approximately 3 million square feet of attributable gross floor area of investment properties in the next few years, which will further increase its recurrent income base.

Hotels

The global financial turmoil has affected a number of industries. Tourism has not been immune from the impact, with decreased business and leisure travels. The growth of the tourism industry has slowed since the last quarter of 2008.

However, many destinations have developed stimulus measures to support the tourism industry and to minimise the impact of the global economic downturn. These stimulus measures, include fiscal incentives, travel facilitation, increased marketing schemes and transnational cooperation, will have strong multiplier effect that is conducive to economic regeneration.

The Fullerton Hotel Singapore

During these challenging times, the Singapore Government has put in place a number of measures to support the tourism industry that have benefited the hotel, hospitality and travel sectors. New attractions on the horizon include new infrastructure developments, such as the two-berth International Cruise Terminal at Marina South and the transformation of Marina Bay area into a world class city. Gardens by the Bay and Singapore Sports Hub coupled with the increasing number of tourist attractions and offerings will also raise Singapore's appeal.

The success of the 2008 Formula One SingTel Singapore Grand Prix held during the financial year 2008/2009 benefited The Fullerton's business. This year (2009) the event will be held from 24th to 27th September and is expected to generate much excitement about the destination. The Fullerton is located prominently at Turn 13, the Grand Prix's spectacular Hairpin, where guests can enjoy spectacular trackside views against a panoramic backdrop of the Marina Bay seaside.

The Fullerton has received a number of awards from respected organisations and magazines in recognition of its standards of service during the financial year 2008/2009. These awards include those from Condé Nast Traveler, Best in Travel Poll, Wine and Dine Magazine and Singapore Business Review Magazine.

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

Hotels *(Continued)*

Conrad Hong Kong

In Hong Kong, the HKSAR Government has introduced a set of relief measures since the end of 2008 to assist enterprises in riding out the difficult times. A financial budget of HK\$100 million to assist organisers to host more attractive arts, cultural and sporting events to Hong Kong over the next three years will also alleviate the industry's operational difficulties.

Looking forward, the East Asian Games to be held in December 2009 will be a good opportunity to attract more visitors to Hong Kong. The cruise terminals expected to be in operation by mid-2013 will complement the HKSAR Government's programme promoting multi-destination travel. The restoration and revitalisation of heritage buildings by the HKSAR Government will further enrich the cultural attractions of Hong Kong. Hong Kong Tourism Board's recent efforts to attract more Taiwanese visitors and to take weekend getaways to Hong Kong, as well as coordination with the Macau Government Tourist Office and Guangdong Provincial Tourism Bureau to develop multi-destinations itineraries that include Hong Kong are positive initiatives for the growth of the sector in the long-run.

During the financial year 2008/2009, the overall performance of Conrad Hong Kong was affected by decreasing business travels and company meetings, mainly in financial, banking and corporate accounts. Lower financial activity, such as initial public offerings, also decreased conferences and company meeting activities.

Conrad Hong Kong has received a number of awards from respected organisations in recognition of its service quality. These include awards from Condé Nast Traveler's Business Poll Awards, Institutional Investor, Travel & Leisure, Forbes Traveler.com and Asian Legal Business.

New Hotels

In Singapore, Sino Land expects to complete the development of an exclusive luxurious hotel located in between the Clifford Pier and Customs House. The hotel will be named The Fullerton Bay Hotel. Upon completion, estimated to be in the fourth quarter of 2009, the hotel will offer approximately 100 guest rooms and suites with unrivalled waterfront Marina Bay views, stylish rooftop pool and bar, a classy city lounge and a glamorous restaurant where patrons can enjoy various fine cuisine and magnificent views of the bay.

In Hong Kong, Sino Land is in the process of converting a portion of the retail area in One SilverSea project in West Kowloon to a luxurious boutique hotel with approximately 32 guest rooms. The conversion is under documentation and designing stage and it is expected to be completed in 2010/2011.

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS

(Continued)

Mainland China Business

Mainland China is an important market for Sino Land due to its proximity to Hong Kong and the growing prospects. The economic growth in Mainland China since the mid-80s has created wealth and foreign reserves for the nation. Infrastructural developments over the years have enhanced connectivity and accessibility among cities and within cities. Affluent households are on the rise demanding for better livelihood, quality housing and higher standard of living.

The successful completion and sales of the residential projects, namely One HoneyLake in Shenzhen, Chengdu International Community in Chengdu, Greenfields in Guangzhou, Beverly Garden, Colonnades Court and Park Place in Xiamen have given Sino Land a good foothold in the property market in Mainland China. Sino Land's interest in Raffles City Shanghai, comprising office and retail spaces in the central business area of Huangpu District, Shanghai, is the stepping stone for Sino Land to establish its presence in this metropolitan city and financial centre on the Mainland.

Management believes the economic growth of China will continue despite some economic adjustments in the short-term. In view of the long-term growth potential of the property market in Mainland China, Sino Land has accumulated an additional 23.7 million square feet of attributable gross floor area of land bank for residential and commercial developments since 2005. As mentioned above, over the past few years, Sino Land has marketed and sold some of its properties in Mainland China, as at 30th June, 2009, Sino Land has a total of 26.8 million square feet of land bank in Mainland China namely Shanghai, Chongqing, Chengdu, Guangzhou, Xiamen, Fuzhou and Zhangzhou. Of the total land bank in Mainland China, 26.2 million square feet are development land bank and the remaining are completed properties for investment and for sale purposes. Approximately 89% of the development land bank in Mainland China are residential developments, the remaining are commercial developments. Sino Land continues to seek for good business opportunities in cities with good economic fundamentals that can bring good value to shareholders.

In the coming financial year ending 30th June, 2010, Sino Land expects to complete a commercial development with total gross floor area of 499,158 square feet comprising office and retail spaces in Fuzhou, the capital of Fujian Province. The city of Fuzhou is famous for its seaport and it is an important place of Chinese modern navy and the shipbuilding industry. With improvement in cross-strait relations between Central Government and Taiwan, the city is expected to set for further growth. Located in the business centre of the city and the project is named Sino International Plaza, it will be used for investment purpose and will further enhance the rental income of Sino Land.

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

Mainland China Business *(Continued)*

Sino Land has a number of residential projects in the pipeline and will be launched for sales and completed in the next few years, namely Mandarin Garden, Regency Park and Central Park in Xiamen, Fujian Province. Projects in Chengdu, Chongqing and Zhangzhou city in Fujian Province are in process and expected to be completed in phases. Sino Land expects more contributions from projects in Mainland China in the next few years.

Sino Land's commitment to building quality properties and providing after-sales professional property management services have been the key factors in achieving customer satisfaction and we are committed to doing the same for projects in Mainland China.

Other than the matters mentioned above, there has been no material change from the information published in the report and accounts for the financial year ended 30th June, 2008.

FINANCE

As at 30th June, 2009, the Group's gearing ratio was at approximately 26.9%, expressed as a percentage of total borrowings to the total assets. Of the total borrowings, 41% was repayable within one year, 31% repayable between one and two years and 28% repayable between two and five years. The Group, including the attributable share of its associates, had cash resources of approximately HK\$14,427.4 million, comprising cash on hand of approximately HK\$8,619.0 million together with committed undrawn facilities of approximately HK\$5,808.4 million. All the cash on hand is in the form of deposits in banks of high credit ratings.

There was no material change in foreign currency borrowings and the capital structure of the Group for the financial year ended 30th June, 2009. Foreign exchange exposure has been prudently kept at a minimal level. The Group's borrowings are subject to floating interest rates. The Group has maintained a prudent and sound financial management policy and has not entered into any transaction relating to derivatives and/or any other form of accumulators, swap transactions and options.

CORPORATE GOVERNANCE

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

CHAIRMAN'S STATEMENT *(Continued)*

CUSTOMER SERVICE

Sino Land reaffirms its commitment to building quality projects. In keeping with its mission to enhance customer satisfaction, Sino Land will wherever possible ensure that attractive design concepts and features, which are also environmentally friendly, are integral elements of its developments. Management continues to conduct regular reviews of its properties and where necessary makes improvements to maintain its reputation for the highest standards of quality and service.

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

CORPORATE SOCIAL RESPONSIBILITY

As a committed corporate citizen, over the years Sino Land has been actively involved in a range of community programmes, voluntary services, green initiatives, art and cultural events, and staff team-building activities.

Community Care

Sino Land serves the community with an emphasis on helping the underprivileged. Launched in January 2009, the "Eye-opening Journey" programme took about 500 underprivileged children on a series of life-enriching hands-on activities. These included soccer training with professional soccer players, a community art event, a drama workshop, a "giant brain challenge" game day and an outreach camp. The events expanded participants' horizons and helped develop their potential and build team spirit.

Sino Land is a longstanding supporter of the Hong Kong Community Chest, Oxfam, St. Christopher Home, Salvation Army, Hong Kong Christian Service and Hong Chi Association. Among the charitable activities Sino Land has sponsored and participated in are the Community Chest's "Sports Corporate Challenge", "Hong Chi Climbathon", "Sowers Action Challenging 12 Hours Charity Marathon", "Sino Team Challenge 36" and the "Oxfam Trailwalker".

Sino Land also spreads a message of love and care to those in need through its keen "Sino Caring Friends" volunteer team, which donated over 40,000 hours of service to the community in 2008. In the past year, the team collaborated closely with various charity organisations, including Hope Worldwide and Hong Kong Family Welfare Society, to organise birthday parties and art workshops for the underprivileged. To celebrate the Dragon Boat Festival, the team joined elderly members of Hong Kong Society for the Aged to make 400 rice dumplings and distribute them to the society's elderly centres and those living alone.

CHAIRMAN'S STATEMENT *(Continued)*

CORPORATE SOCIAL RESPONSIBILITY *(Continued)*

Community Care *(Continued)*

Recognising its efforts in the community, Sino Land was awarded the 5 Years Plus Caring Company Logo by the Hong Kong Council of Social Service in 2008/09.

Environmental Protection

Sino Land has made substantial efforts by putting considerable resources into making its properties greener through well-thought-out architectural planning, energy saving and management initiatives. Sino Land is one of the first corporations to become the 'Carbon Audit • Green Partners' who committed to conduct or assist in conducting carbon audits on their buildings and to initiate carbon reduction programmes in the coming 2 years according to the 'Carbon Reduction Charter', launched by the Environment Bureau in July 2008.

Following the pioneering launch of the Vertical Garden concept in Vision City/Citywalk, Sino Land further implemented this feature across its new projects, including Exchange Tower and The Palazzo, to offer its residents and tenants greener and better quality living and working environments. In 2008, Sino Land received three gold awards and three merit awards in the Leisure and Cultural Services Department's "Best Landscape Award 2008". Among other accolades, Vision City and Mount Beacon won the Gold Award in the Soft Landscape Design Award.

Sino Land's fully integrated property management service provider, Sino Property Services (SPS) comprising Sino Estates Management Limited (SEML), Sino Security Services Limited (SSSL), Best Result Cleaning Services Limited (BRCSL) and Sino Parking Services Limited (SPSL), recognises its role in promoting environmental protection. On the property management side, environmental protection initiatives can be divided into several categories, namely treatment of used materials or waste; reduction of wastage; reduction of greenhouse gases (GHGs) or carbon footprint; conservation of nature; landscaping and promoting healthy lifestyles. SPS is committed to building a sustainable environment in Hong Kong.

During the financial year 2008/2009, SEML received a number of awards for service, energy saving, environmental protection and quality management from various sources, including government departments, professional organisations and community bodies.

SEML understands the importance of saving energy to protect the environment and reduce costs for customers. Considerable efforts have been made in four main areas, namely lighting, electrical appliances and equipment, air conditioning and lifts and escalators. As of 31st July, 2009, 87 projects under the management of SEML have received The Hong Kong Energy Efficiency Registration Scheme for Buildings Registration Certificates granted by the Electrical and Mechanical Services Department of the HKSAR Government.

CHAIRMAN'S STATEMENT *(Continued)*

CORPORATE SOCIAL RESPONSIBILITY *(Continued)*

Environmental Protection *(Continued)*

In March 2009, 45 projects to which SEML provides property management services received 30 'Wastewi\$e Labels', 10 'Energywi\$e Labels' and five 'Indoor Air Quality Labels' in the Hong Kong Awards for Environmental Excellence 2008. Skyline Tower also clinched the Bronze Award in the Sectoral Awards – Property Management category.

Further to the above awards, SEML received a number of certificates for the residential projects that it manages in the Competition on Source Separation of Domestic Waste 2008/2009 organised by the Environmental Protection Department of HKSAR Government.

SEML has also collaborated with organisations such as the Environmental Protection Department of the HKSAR Government, WWF Hong Kong, Greeners Action, Polar Museum Foundation and Friends of the Earth to organise and support events and activities to raise public awareness and educate people how to protect our environment, and encourage the concept of healthy living.

Under the Sino Green Academy launched in 2008, more than 100 property management staff members have been appointed as Sino Green Ambassadors after completing intensive environmental training courses conducted by the Environmental Protection Department and the Electrical and Mechanical Services Department. The Green Ambassadors shoulder the responsibility of promoting green management techniques and raising environmental awareness throughout 180 Sino projects.

Sino Land is enthusiastic in promoting green lifestyles to the younger generation. For three consecutive years Sino Land has sponsored over 25,000 primary and secondary school students to join the "A Day at Organic Farm" programme, where they visit the organic farm to experience farming and learn about the production of organic food. Earlier in 2009, Sino Land also organised the "Greenovation Challenge" competition to encourage the public to recycle waste into innovative home items. The competition received an overwhelming response of over 600 entries and was enthusiastically supported by local designers and artists.

Arts and Culture

Believing that art and culture enhance the quality of life and create a more harmonious society, Sino Land launched the "Art in Hong Kong" programme in 2006 to provide opportunities for local artists to display and promote their work, bring art to people's daily lives and enhance public appreciation of the arts.

CHAIRMAN'S STATEMENT *(Continued)*

CORPORATE SOCIAL RESPONSIBILITY *(Continued)*

Arts and Culture *(Continued)*

Sino Land has transformed its properties into public galleries, including the lobbies of Central Plaza and China Hong Kong City, and OC Gallery in Olympic City. Apart from providing free venues, Sino Group's "Art in Hong Kong" programme offers professional assistance that spans curatorial support, publicity, exhibition design and artwork installation. Sino Land also shares its marketing expertise to help promote exhibitions through its extensive network.

Art education is also key to Sino Group's "Art in Hong Kong" programme, which has organised a wide range of educational activities including workshops, talks and guided tours to further engage visitors and enhance their understanding of art.

Stepping into its third year, Sino Group's "Art in Hong Kong" has presented more than 80 exhibitions and art events featuring a wide variety of art disciplines including painting, installation, sculpture, photography and papercutting. Notable events include the "Rising Stars Arts Festival", a collaboration with the Japan Hayashibara Foundation to bring artists with disabilities from Asia together, and Circle Painting Project, a large scale community art event, in which 700 underprivileged kids and members of the public were invited to join American artist Hiep Nguyen to create a gigantic painting expressing the circle theme.

Apart from initiating exhibitions, "Art in Hong Kong" also sponsors major art events in Hong Kong. For three consecutive years, it has been the Chief Sponsor of the annual "Fotanian Artists Open Studio Programme", which welcomes the public to a behind-the-scenes glimpse of the workspaces of over 180 artists. Sino Land is also a keen sponsor of memorable performances by international artists and arts groups such as Wenyu Shen and Hong Kong Children's Symphony Orchestra, Hong Kong Arts Festival, Accapella Festival 2009, and Chamber Music Festival 2009. Sino Land also supports the graduation exhibitions of fine art and design students from various local universities. In addition, we provide rental sponsorships to house the Asia Art Archive and Opera Hong Kong.

In 2008, in recognition of its contribution to the development of local arts, Sino Group's "Art in Hong Kong" programme received the annual "Award for Arts Sponsorship" for the second consecutive year, and the "Award for Arts Promotion" for the first time, from the Hong Kong Arts Development Council.

Staff Engagement

Apart from providing professional development and personal growth opportunities to realise the potential of staff, Sino Land cares for the well-being of its people and encourages team spirit by organising various competitive and sports events including the "International Stanley Dragon Boat Championships", "Sino Team Challenge 36", "Green Power Hike" and "MTR Hong Kong Race Walking".

CHAIRMAN'S STATEMENT *(Continued)*

PROSPECTS

The global economic downturn triggered by credit issues in the global financial sector has shown signs of bottoming out as economic indicators have revealed a stabilising trend after months of coordinated economic regeneration efforts by respective governments. Positive indications include improving credit flows and liquidity as well as an easing in unemployment growth. As a result, consumers are regaining confidence.

Despite concerns over the pace of recovery, a number of governments of the leading countries have reaffirmed their commitment to introducing more measures, if necessary, to curb any economic relapse. This determination has conveyed a strong signal to markets that the situation is stabilising. Governments and other stakeholders have learned invaluable lessons from the global financial turmoil and are reviewing economic infrastructures and finding ways to improve financial systems and regulatory frameworks. Priorities include establishing better institutional monitoring and corporate governance with the aim of improving future productivity and efficiency and building resilience against unexpected shocks.

China, one of the world's largest economies, continues to grow. The Central Government's stimulus programme includes the acceleration of certain key infrastructure developments, and the introduction of fiscal and monetary measures as well as further developing closer economic cooperation between Mainland China and Hong Kong. Among the objectives are encouraging consumer spending, sustaining property sector and strengthening equity markets. China's ever closer ties with Hong Kong coupled with existing and future infrastructure networks, as well as the city's geographical advantage, will offer abundant opportunities for Hong Kong. Easier bilateral flow of goods, services and people across the border will further benefit Hong Kong's economic growth. Ongoing economic support by the Central Government will also invigorate Hong Kong in the international business and economic arena. Further, the improved political relationship between Central Government and Taiwan, the Three Links (postal, transportation and trade) between Mainland China and Taiwan and the increase in cross-strait investments involving Taiwan-based companies establishing their businesses in Mainland China will also be positive to Hong Kong's future growth, as stability across the Straits will benefit Hong Kong.

In Hong Kong, the various rounds of relief measures introduced by the HKSAR Government are reviving the economy and proving conducive to weathering difficult times. Among the proposed and confirmed infrastructure developments that will encourage a more stable and consistent economic environment are the Hong Kong-Zhuhai-Macao Bridge and the Guangzhou-Shenzhen-Hong Kong Express Rail Link, redevelopment and revitalisation programmes planned for various districts, the restoration of heritage buildings and tourist attractions, and a commitment to uphold the existing land and housing policy. As far as the banking system is concerned, it is reassuring to see that it remains healthy and well capitalised. Financial intermediaries are important to maintain a stable financial system that allows capital to be efficiently channelled to investment and production. Recent economic statistics reveal that the economic downturn has slowed with unemployment easing as well as improved market sentiment and confidence.

CHAIRMAN'S STATEMENT *(Continued)*

PROSPECTS *(Continued)*

Demand for quality housing and better standards of living remains strong in Hong Kong. Home buying activity has been supported by liquidity in the banking sector with banks offering attractive and competitive mortgage rates and terms to buyers. Marriage numbers remain at high levels and birth rates continue to rise. Property transactions have picked up, with buyers' interest returning as can be seen from the sales results of recent launches in the market. The property market in Hong Kong is experiencing a healthy growth.

We, like others, believe that crisis also presents opportunities because it leads to more focused efforts and stronger teamwork to improve productivity and operational efficiency. Despite the current economic situation, we face these challenges with confidence as we move forward. The Group continues to be prudently positioned to benefit from future opportunities that will arise, and will strive to optimise its earnings, improve the quality of our products and services, and enhance customers' lifestyles which will ultimately lead us to serve our customers better. As Sino Land has a strong financial position with good liquidity, management will continue to deliver value for shareholders. Sino Land will maintain a policy of selectively and continuously replenishing its land bank both in Hong Kong and China, which will enable it to strengthen earnings and profitability. The Directors are confident in the medium to long term prospects of the Group.

STAFF AND MANAGEMENT

Mr. Raymond Tong Kwok Tung, who served on the Board for over 14 years, resigned from the Board effective 1st September, 2009. I would like to express my appreciation for his valuable contributions during his directorship with the Company.

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

Robert NG Chee Siong
Chairman

Hong Kong, 9th September, 2009

BIOGRAPHICAL DETAILS OF DIRECTORS & SENIOR MANAGEMENT

(I) EXECUTIVE DIRECTORS

Mr. Robert Ng Chee Siong, aged 57, an Executive Director since 1978 and Chairman of the Group since 1991, was called to the Bar in 1975. He has been actively engaged in property investment and development in Hong Kong during the last 33 years and is also the director of a number of subsidiaries and associated companies of the Company. Mr. Ng is the Chairman of Sino Land Company Limited (“Sino Land”), the subsidiary company of the Company, and the Chairman of Sino Hotels (Holdings) Limited (“Sino Hotels”). In addition, he is an Independent Non-Executive Director of The Hongkong and Shanghai Hotels, Limited, a Director of The Real Estate Developers Association of Hong Kong and a Member of the 11th National Committee of the Chinese People’s Political Consultative Conference. He was a Non-Executive Director of SCMP Group Limited from May 2004 to May 2007. Mr. Ng is the father of Mr. Daryl Ng Win Kong, an Executive Director of the Company and the son of the substantial shareholder Mr. Ng Teng Fong.

Mr. Daryl Ng Win Kong, aged 31, an Executive Director of the Company since April 2005, holds a Bachelor of Arts Degree from Columbia University in New York. Mr. Ng first joined the Company as Executive (Development) in 2003. He is a director of a number of subsidiaries and associated companies of the Company and is an Executive Director of Sino Land and Sino Hotels. He is also an Independent Non-Executive Director of Blue Cross (Asia-Pacific) Insurance Limited and BEA Life Limited and a Director of Hong Kong Design Centre. He is a member of the Infrastructure Development Advisory Committee of the Hong Kong Trade Development Council, a General Committee member of The Chamber of Hong Kong Listed Companies, a member of the International Advisory Council of Columbia University in the City of New York, a member of the Tenth Sichuan Committee of Chinese People’s Political Consultative Conference, a Committee member of the Tenth All-China Youth Federation, a Trustee member of World Wide Fund for Nature Hong Kong and a Director of The Real Estate Developers Association of Hong Kong. He is the eldest son of the Chairman Mr. Robert Ng Chee Siong and the eldest grandson of the substantial shareholder Mr. Ng Teng Fong.

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

(II) NON-EXECUTIVE DIRECTOR

The Honourable Ronald Joseph Arculli, GBS, CVO, OBE, JP, aged 70, has been a Director of the Company since 1994 and was re-designated from an Independent Non-Executive Director to a Non-Executive Director in July 2005. The Honourable Ronald Arculli through Arculli and Associates (July – December 2005) and since 1st January, 2006 through Ronald Arculli and Associates provides consultancy services to the Company. He is also a Non-Executive Director of Sino Land and Sino Hotels. The Honourable Ronald Arculli is the Independent Non-Executive Chairman of Hong Kong Exchanges and Clearing Limited. He has a long and distinguished record of public service on numerous government committees and advisory bodies. He was the Chairman of The Hong Kong Jockey Club from 2002 to August 2006. He is a practising solicitor and has served on the Legislative Council from 1988 to 2000. He is currently a non-official member of the Executive Council of The Hong Kong Special Administrative Region Government, the Chairman of Committee on the Review of Post-service Outside Work for Directorate Civil Servants, an Honorary Advisor of the Social Ventures Hong Kong Limited, a member of the board of West Kowloon Cultural District Authority (“WKCD”) and a member of the Consultation Panel appointed under WKCD. The Honourable Ronald Arculli is an Independent Non-Executive Director of Hang Lung Properties Limited and SCMP Group Limited, and a Non-Executive Director of Hongkong Electric Holdings Ltd., Hutchison Harbour Ring Limited and HKR International Limited, all companies listed on The Stock Exchange of Hong Kong Limited. He was an Independent Non-Executive Director of Shanghai Century Acquisition Corporation, a company listed on the American Stock Exchange, from October 2005 to May 2008.

(III) INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Allan Zeman, GBS, JP, aged 61, an Independent Non-Executive Director of the Company since September 2004, is the holder of Honorary Doctor of Laws Degree from The University of Western Ontario, Canada. He is also an Independent Non-Executive Director of Sino Land. After spending more than 39 years in Hong Kong, Dr. Zeman has established many business interests in Hong Kong and overseas, ranging from property development, entertainment to public relations, in addition to having an interest in Li & Fung Limited, a company listed on The Stock Exchange of Hong Kong Limited. Dr. Zeman is the Chairman of Ocean Park, a major theme park in Hong Kong, and also the Chairman of Lan Kwai Fong Holdings Limited, the major ultimate property owner and developer in Lan Kwai Fong, one of Hong Kong’s most popular tourist destinations. Dr. Zeman is a member of the Tourism Strategy Group for the Hong Kong Tourism Commission, the Business Facilitation Advisory Committee, the Commission on Strategic Development to serve on Economic Development and Economic Cooperation with Mainland. Dr. Zeman serves as a board member on a number of public bodies in Hong Kong, including the Hong Kong Arts Festival, the Hong Kong Community Chest, the Urban Renewal Authority and West Kowloon Cultural District Authority. Dr. Zeman is a Director of The “Star” Ferry Company, Limited and an Independent Non-Executive Director of Pacific Century Premium Developments Limited and The Link Management Limited. Dr. Zeman is also a Director of Wynn Resorts, Limited, a listed company in USA.

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

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

Mr. Adrian David Li Man-kiu, JP, aged 36, an Independent Non-Executive Director since April 2005, is a Deputy Chief Executive of The Bank of East Asia, Limited and is responsible for the overall management and control of the Bank's business in Hong Kong. He is also an Independent Non-Executive Director of Sino Land and Sino Hotels. Mr. Li is a member of the Ninth and Tenth Guangdong Provincial Committee and was formerly a member of the Ninth and Tenth Guangzhou Committee of the Chinese People's Political Consultative Conference, PRC. He is also a committee member of the Ninth and Tenth All-China Youth Federation, the Deputy Chairman of the Ninth Beijing Municipality Youth Federation and a Counsellor of Hong Kong United Youth Association Limited. In addition, he is a Council Member of the Vocational Training Council and the Chairman of its Banking and Finance Industry Training Board, and a member of the Mandatory Provident Fund Industry Schemes Committee of the Mandatory Provident Fund Schemes Authority. He is an Independent Non-Executive Director of China State Construction International Holdings Limited and an Alternate Independent Non-Executive Director of San Miguel Brewery Hong Kong Limited. Further, he is an Alternate Non-Independent Non-Executive Director of AFFIN Holdings Berhad, a company listed on the main board of the Malaysia Stock Exchange. Mr. Li was formerly a board member of Ocean Park Corporation and the Chairman of the Investment Committee of the Hong Kong Export Credit Insurance Corporation. Mr. Li holds a Master Degree in Management from Kellogg Graduate School of Management, Northwestern University, Evanston, Illinois, US, and a Master Degree of Arts and a Bachelor Degree of Arts in Law from the University of Cambridge. He is a member of The Law Society of England and Wales and The Law Society of Hong Kong.

Mr. Steven Ong Kay Eng, aged 63, an Independent Non-Executive Director since July 2005. He is also an Independent Non-Executive Director of Sino Hotels. He is a Director of Altrade Investments Pte. Ltd. in Singapore and a substantial shareholder of Hwa Hong Corporation Limited, which is listed on the main board of the Singapore Stock Exchange. Mr. Ong has been a veteran banker with extensive experience in banking and finance over 43 years. He was the Chairman of Foreign Bankers' Association in Beijing, People's Republic of China from 1999 to 2000.

(IV) SENIOR MANAGEMENT

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

CORPORATE GOVERNANCE REPORT

The Board of Directors (the “Board”) is committed to providing effective management and sound control of the Company for maximizing the shareholders’ value. The corporate governance principles of the Company emphasize the attainment and maintenance of a high standard of corporate governance practices and procedures, a quality Board, sound internal controls and high transparency and accountability to the shareholders. The Company has adopted its own Code on Corporate Governance Practices and has complied with all code provisions as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) (the “Code”) except that there was no separation of the roles of the chairman and the chief executive officer. The corporate governance practices of the Company in compliance with the Code during the financial year ended 30th June, 2009 with explanation of the abovementioned deviation are set out below in this report.

CORPORATE GOVERNANCE PRACTICES

DIRECTORS

Corporate Governance Principle

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

Board Composition

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

The Board members are:

Executive Directors

Mr. Robert Ng Chee Siong (*Chairman*)

Mr. Daryl Ng Win Kong

* *Mr. Raymond Tong Kwok Tung resigned on 1st September, 2009*

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, JP

Mr. Steven Ong Kay Eng

Biographical details of the Directors and their relationships, where applicable, are contained on pages 27 to 29 “Biographical Details of Directors & Senior Management”.

CORPORATE GOVERNANCE REPORT *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

DIRECTORS *(Continued)*

Division of Responsibilities

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

The Board is of the view that the current management structure has been effective in facilitating the Company's operation and business development and that necessary checks and balances consistent with sound corporate governance practices are in place. The implementation of strategies and policies of the Board and the operations of each business unit are overseen and monitored by designated responsible Executive Directors. The Board found that the current arrangement had worked effectively in enabling it to discharge its responsibilities satisfactorily. In addition, the three Independent Non-Executive Directors have contributed valuable views and proposals for the Board's deliberation and decisions. The Board will review the management structure regularly to ensure it continues to meet these objectives and is in line with the industry practices.

Board Meetings

The Board holds at least four regular meetings a year which are scheduled at the beginning of the year and will meet more frequently as and when required. During the financial year ended 30th June, 2009, the Board had held four meetings and the attendance records of the Directors are set out on page 37.

Directors' Appointment, Re-election and Removal

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

The rotating Directors who are subject to retirement and re-election at the 2009 annual general meeting are set out on page 39.

The Company has not established a nomination committee. The Board is collectively responsible for appointing new Directors either to fill causal vacancies or as additional Board members.

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

CORPORATE GOVERNANCE REPORT *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

DIRECTORS *(Continued)*

Confirmation of Independence

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

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Emolument Policy

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

Remuneration Committee

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

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

CORPORATE GOVERNANCE REPORT *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

Remuneration Committee *(Continued)*

During the year, the Remuneration Committee has held one meeting, reviewed and endorsed the Company's existing emolument policy and reviewed the remuneration of Directors. No Director was involved in deciding his own remuneration at the meeting of the Committee. The attendance records of individual Committee members are set out on page 37.

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

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

ACCOUNTABILITY AND AUDIT

Directors' Responsibilities for the Financial Statements

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

The auditor is responsible for auditing and reporting his opinion on the financial statements of the Group and the independent auditor's report for the financial year ended 30th June, 2009 is set out on page 52.

CORPORATE GOVERNANCE REPORT *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

ACCOUNTABILITY AND AUDIT *(Continued)*

Internal Controls and Risk Management

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

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

Under the Group's internal control and risk management framework, twice a year each major operation unit or department identifies major risks, assesses and evaluates the risks according to their likely impact and the likelihood of occurrence and develops effective control activities to mitigate the risks. The results of such risks assessment, evaluation and mitigation of each operation unit or department are summarized in a standard and consistent manner for the Internal Audit Department's review. Depending on the nature and exposure of the risks of individual operation units or departments, the Internal Audit Department performs further operational and financial reviews, makes recurring and impromptu site investigations on selected risk areas to ensure the effectiveness of the control activities developed by the relevant operation units or departments. The findings by the Internal Audit Department on the weaknesses of control activities are communicated with the operation units or departments concerned. Relevant control activities are enhanced and post-audit reviews are conducted, where appropriate. In compliance with a new code provision of the Code effective from 1st January, 2009, the Internal Audit Department's review has also considered the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget. In addition, the external auditor Deloitte Touche Tohmatsu has also carried out certain procedures in relation to the qualifications of the staff of the Company's accounting and financial reporting function. The Internal Audit Department summarizes the results and reports to the Audit Committee, which reports to the Board.

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

CORPORATE GOVERNANCE REPORT *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

ACCOUNTABILITY AND AUDIT *(Continued)*

Audit Committee

The Company set up its Audit Committee on 23rd September, 1998. The Committee reports to the Board and has held regular meetings since its establishment to review and make recommendations to improve the Group's financial reporting process and internal controls. The Committee comprises Mr. Adrian David Li Man-kiu, JP (Committee Chairman), Dr. Allan Zeman, GBS, JP and Mr. Steven Ong Kay Eng, all of whom are Independent Non-Executive Directors. During the year, the Committee had held four meetings to review the 2008 annual report and accounts, the 2008/2009 interim report and accounts, the internal audit reports on the internal controls and risk management matters and the Compliance Committee reports on the Listing Rules compliance matters of the Company and reported all such relevant matters to the Board.

The Audit Committee has reviewed the accounting policies and practices adopted by the Company and the annual report for the financial year ended 30th June, 2009. The attendance records of individual Committee member are set out on page 37.

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

Compliance Committee

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

Codes for Dealing in the Company's Securities

The Company has adopted its code for dealing in the Company's securities by Directors (the "Company Code") on terms no less exacting than the required standard set out in the Model Code of the Listing Rules. The Company has made specific enquiries of all Directors who confirmed compliance with the required standard set out in the Company Code during the year ended 30th June, 2009.

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

CORPORATE GOVERNANCE REPORT *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

ACCOUNTABILITY AND AUDIT *(Continued)*

Auditors' Remuneration

The fees in respect of audit and non-audit services provided to the Company and its subsidiaries by the auditors for the year ended 30th June, 2009 amounted to HK\$3,859,427 and HK\$916,330 respectively. The non-audit services mainly consist of taxation, review and other reporting services.

COMMUNICATION WITH SHAREHOLDERS

Timely Performance Information

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

Annual General Meeting

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

CORPORATE GOVERNANCE REPORT *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

Directors' Attendance Records for meetings held during the financial year ended 30th June, 2009

Name of Directors	Number of meetings attended/held		
	Board	Audit Committee	Remuneration Committee
Mr. Robert Ng Chee Siong	4/4	–	–
The Honourable Ronald Joseph Arculli, GBS, CVO, OBE, JP	4/4	–	–
Dr. Allan Zeman, GBS, JP	3/4	3/4	1/1
Mr. Adrian David Li Man-kiu, JP	4/4	4/4	1/1
Mr. Steven Ong Kay Eng	4/4	4/4	–
Mr. Raymond Tong Kwok Tung (resigned on 1st September, 2009)	3/4	–	–
Mr. Daryl Ng Win Kong	3/4	–	1/1

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Company for the year ended 30th June, 2009.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in Note 50 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 53.

An interim dividend of HK10 cents per share amounting to HK\$133,159,211 by way of cash dividends and HK\$13,394,756 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 5th November, 2009, amounting to HK\$439,830,035.

INVESTMENT PROPERTIES

During the year, the Group acquired investment properties of HK\$30,321,790, incurred renovation cost on investment properties of HK\$57,696,990 and disposed of investment properties of HK\$5,926,661, and also transferred from properties under development of HK\$3,959,793,325 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\$693,831,676 has been credited directly to the consolidated income statement.

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

PROPERTY, PLANT AND EQUIPMENT

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

MAJOR PROPERTIES

Details of the major properties of the Group at 30th June, 2009 are set out on pages 144 to 162.

SUBSIDIARIES AND ASSOCIATES

Details of the Company's principal subsidiaries and associates at 30th June, 2009 are set out in Notes 50 and 51 to the consolidated financial statements, respectively.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in Note 35 to the consolidated financial statements.

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

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

DIRECTORS' REPORT *(Continued)*

DISTRIBUTABLE RESERVE OF THE COMPANY

The Company's reserve available for distribution to shareholders as at 30th June, 2009 were the retained profits of HK\$601,946,452 (2008: HK\$506,429,533).

TREASURY, GROUP BORROWINGS AND INTEREST CAPITALISED

The Group maintains a prudent approach in its treasury management with foreign exchange exposure being kept at a minimal level and interest rates on a floating rate bases. Bank borrowings and other loans repayable on demand or within one year are classified as current liabilities. Repayment analysis of bank borrowings and other loans as at 30th June, 2009 are set out in Notes 33 and 34 to the consolidated financial statements.

Interest expenses capitalised by the Group during the year in respect of properties under development amounted to HK\$138,642,872.

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 (resigned on 1st September, 2009)

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, JP

Mr. Steven Ong Kay Eng

In accordance with the provisions of the Company's Articles of Association and pursuant to Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), Mr. Robert Ng Chee Siong and Dr. Allan Zeman, GBS, 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, 2009, the interests and short positions held by the Directors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

(a) Long Positions in Shares of the Company

Name of Directors	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Mr. Robert Ng Chee Siong	565,834	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, JP	–	–	–
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 Company Limited

Name of Directors	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Mr. Robert Ng Chee Siong	3,008,919	Beneficial owner of 134,348 shares and spouse interest in 2,874,571 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, JP	–	–	–
Mr. Steven Ong Kay Eng	–	–	–
* Mr. Raymond Tong Kwok Tung	–	–	–
Mr. Daryl Ng Win Kong	77,013	Beneficial owner	≈0%

* resigned on 1st September, 2009

DIRECTORS' REPORT (Continued)

DIRECTORS' INTERESTS (Continued)

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

(ii) Associated Companies

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

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

Notes:

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

DIRECTORS' REPORT *(Continued)*

DIRECTORS' INTERESTS *(Continued)*

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

(ii) Associated Companies *(Continued)*

Notes: (Continued)

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

Save as disclosed above, as at 30th June, 2009, 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, its holding company, any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REPORT *(Continued)*

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

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

The Honourable Ronald Joseph Arculli, 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 49 to the consolidated financial statements, there were no other contracts of significance in relation to the Group's business, to which the Company, its holding company, any of its subsidiaries or fellow subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisting at the end of the year or at any time during the year.

SERVICE CONTRACTS

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

CONNECTED TRANSACTIONS

(A) Existing Continuing Connected Transactions up to 30th June, 2009

The Company and Sino Land Company Limited ("Sino Land") jointly announced on 29th June, 2007 that the Group had entered into agreements on 28th June, 2007 ("Agreements" or individually "Agreement") relating to the following non-exempt continuing connected transactions between the Company or its subsidiaries and the Ng Family (including Mr. Ng Teng Fong, Mr. Robert Ng Chee Siong and their respective associates) for the three financial years commencing from 1st July, 2007 and ending on 30th June, 2010 with annual caps fixed for each of the years. Particulars of the Agreements together with the total considerations for the year ended 30th June, 2009 are disclosed herein as required under the Listing Rules:

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

(A) Existing Continuing Connected Transactions up to 30th June, 2009 *(Continued)*

(a) Building Cleaning Services

Party A:	Best Result Cleaning Services Limited, a wholly-owned subsidiary of Sino Land
Party B:	Ng Family
Nature of transactions:	Provision of building cleaning services by the Group to properties owned or partly owned by the Ng Family
Terms:	A lump sum fee to be agreed between the parties which shall be determined by reference to cost plus a profit margin
Annual Cap:	HK\$82 million
Total consideration for the year:	HK\$45.35 million

(b) Car Park Management Services

Party A:	Sino Parking Services Limited, a company held as to 50% by Sino Land and 50% by the Ng Family
Party B:	The Group
Nature of transactions:	Provision of car park management services by the Ng Family to properties owned or party owned by the Group
Terms:	A lump sum fee to be agreed between the parties which shall be determined by reference to a rate of the total gross revenue generated from car parking operations in the properties managed by Sino Parking Services Limited pursuant to the Agreement
Annual Cap:	HK\$20 million
Total consideration for the year:	HK\$14.47 million

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

(A) Existing Continuing Connected Transactions up to 30th June, 2009 *(Continued)*

(c) Estate Management and General Administrative Services

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

Party B: Ng Family

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

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

Annual Cap: HK\$40 million

Total consideration for the year: HK\$21.48 million

(d) Security Guard Services

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

Party B: Ng Family

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

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

Annual Cap: HK\$80 million

Total consideration for the year: HK\$54.55 million

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

(A) Existing Continuing Connected Transactions up to 30th June, 2009 *(Continued)*

(e) Lease of Premises

Party A: The Group

Party B: Ng Family

Nature of transactions: Lease of premises by:

- (a) the Group of properties owned or partly owned by the Ng Family
- (b) the Ng Family of properties owned or partly owned by the Group

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

Annual Cap: HK\$54 million, comprising

- (a) lease of premises by the Group – HK\$53 million; and
- (b) lease of premises by the Ng Family – HK\$1 million

Total consideration for the year: HK\$47.94 million, comprising

- (a) lease of premises by the Group – HK\$47.37 million; and
- (b) lease of premises by the Ng Family – HK\$0.57 million

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

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

(A) Existing Continuing Connected Transactions up to 30th June, 2009 *(Continued)*

The Ng Family is a connected person of the Company and its subsidiary Sino Land. 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 further strengthened the footholds of the Group in the provision of property management services in Hong Kong.

During the year, the above continuing connected transactions were carried out within their respective annual caps 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.

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

- (i) have received the approval of the Board of Directors of the Company;
- (ii) have been entered into in accordance with the pricing policies of the Group;
- (iii) have been entered into in accordance with the terms of the relevant agreements governing the transactions; and
- (iv) have not exceeded the respective annual caps as disclosed in the relevant press announcement.

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

(B) Provisions of Corporate Guarantees Constituting Connected Transactions of the Company during the year

- (a) The Company and Sino Land jointly announced on 12th February, 2009 that Sino Land and Boswell Holdings Limited ("Boswell", a company controlled by the Ng Family) executed the corporate guarantee in favour of the lender and other related documents, pursuant to which Sino Land and Boswell guaranteed (on a several, pro rata and pari passu basis) respectively 20% and 80% of the obligations of Boatswain Enterprises Limited and Beverhill Limited (together, the "Borrowers") in respect of an additional revolving loan tranche of HK\$240 million provided under a supplement to the existing loan facilities which had an aggregate principle amount of up to HK\$1,700 million ("Loan Facilities"). The additional revolving loan tranche will be provided until one month before 14th October, 2010, the same as for the Loan Facilities, as additional working capital for the Borrowers. In addition to the corporate guarantee, the existing securities (including the pledge of the shares of the Borrowers held by the immediate holding companies) provided in favour of the lender in respect of the existing Loan Facilities have also been extended to cover the additional revolving loan tranche.

The Ng Family is a connected person of the Company by virtue of it being a substantial shareholder of the Company. The Borrowers are companies in which the Ng Family controls 30% or more of the voting rights. Accordingly, they are associates of the Ng Family and connected persons 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.

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

(B) Provisions of Corporate Guarantees Constituting Connected Transactions of the Company during the year *(Continued)*

- (b) The Company and Sino Land jointly announced on 20th March, 2009 that Sino Land and Boswell executed a corporate guarantee in favour of the lender, pursuant to which each of Sino Land and Boswell guaranteed (on a several, pro rata and pari passu basis) 50% of the obligations of Rich Century Investment Limited ("Rich Century") in respect of all principal, interest and other moneys due under the loan facilities. The loan facilities originally had an aggregate principal amount of HK\$1,000 million and was not secured by any parent guarantee. On 19th March, 2009, the aggregate principal amount of the loan facilities was increased to HK\$1,200 million. Reflecting the current debt market environment and requirements of lending banks, the entering into of the corporate guarantee by Sino Land and Boswell as security for Rich Century's obligations under the loan facilities was, inter alia, a condition for the increase of the aggregate principal amount of the loan facilities. The loan facilities have a maturity date of 31st January, 2012. The purpose of the additional loan amount under the loan facilities is to provide working capital to Rich Century and to repay existing advances from shareholders. This would in turn add to the cashflow of the Group.

The Ng Family is a connected person of the Company by virtue of it being a substantial shareholder of the Company. Rich Century is a company in which the Ng Family controls 30% or more of the voting rights. Accordingly, it is an associate of the Ng Family and a connected person of the Company under the Listing Rules. The entering into the corporate guarantee by Sino Land, a subsidiary of the Company, constituted a connected transaction of the Company under Rule 14A.13(3) of the Listing Rules.

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

Details of other related party transactions are set out in Note 49 to the consolidated financial statements.

DIRECTORS' REPORT *(Continued)*

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

As at 30th June, 2009, 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	1,053,455,218 <i>(Notes 1 and 2)</i>	Beneficial owner of 83,412,152 shares, spouse interest in 65,241 shares and interest of controlled corporations in 969,977,825 shares	71.85%
Tamworth Investment Limited	399,861,994 <i>(Note 2)</i>	Beneficial owner	27.27%
Strathallan Investment Limited	267,955,241 <i>(Note 2)</i>	Beneficial owner	18.27%
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	9.69%
Nippomo Limited	136,239,918 <i>(Note 2)</i>	Beneficial owner	9.29%
Fanlight Investment Limited	100,535,243 <i>(Note 2)</i>	Beneficial owner	6.85%

Notes:

- 969,977,825 shares were held through companies which were 100% controlled by Mr. Ng Teng Fong – 100,535,243 shares by Fanlight Investment Limited, 136,239,918 shares by Nippomo Limited, 3,159,031 shares by Orient Creation Limited, 267,955,241 shares by Strathallan Investment Limited, 399,861,994 shares by Tamworth Investment Limited and 62,226,398 shares by Transpire Investment Limited.
- The interests of Tamworth Investment Limited, Strathallan Investment Limited, Nippomo Limited and Fanlight Investment Limited were duplicated in the interests of Mr. Ng Teng Fong.
- 3,269 shares were held by Meadow Gate Company Limited which is 70% controlled by Solid Capital Holdings Limited.

DIRECTORS' REPORT *(Continued)*

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

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

Save as disclosed above and so far as the Directors of the Company are aware, as at 30th June, 2009, 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\$409,000.

MAJOR SUPPLIERS AND CUSTOMERS

The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 83% of the Group's total purchases and the purchases attributable to the Group's largest supplier was approximately 41% of the Group's total purchases.

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

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

CORPORATE GOVERNANCE

The corporate governance report is set out on pages 30 to 37.

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, 9th September, 2009

INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF TSIM SHA TSUI PROPERTIES LIMITED

尖沙咀置業集團有限公司

(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Tsim Sha Tsui Properties Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 53 to 142, which comprise the Group's and the Company's balance sheets as at 30th June, 2009 and the Group's consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30th June, 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
9th September, 2009

CONSOLIDATED INCOME STATEMENT

For the year ended 30th June, 2009

	NOTES	2009 HK\$	2008 HK\$
Turnover	7	9,783,329,056	6,338,666,190
Cost of sales		(3,417,931,581)	(1,681,793,664)
Direct expenses		(1,309,369,142)	(1,211,536,348)
Gross profit		5,056,028,333	3,445,336,178
Increase in fair value of investment properties		693,831,676	3,909,016,692
Other income		114,291,457	255,711,507
(Loss) gain arising from change in fair value of trading securities		(342,860,295)	81,349,769
Fair value adjustment on non-current interest-free unsecured other loans		91,399,403	154,336,812
(Loss) gain on disposal of available-for-sale investments		(25,097,108)	272,934,332
Impairment loss on available-for-sale investments		(190,000,000)	–
Other gains and losses	21	149,281,961	948,542,906
Administrative expenses		(732,705,442)	(690,931,446)
Finance income	9	226,307,034	338,609,030
Finance costs	10	(605,372,041)	(723,426,486)
Net finance costs		(379,065,007)	(384,817,456)
Share of results of associates	11	(31,476,405)	1,618,445,535
Profit before taxation	12	4,403,628,573	9,609,924,829
Income tax expense	15	(684,435,463)	(1,055,246,905)
Profit for the year		3,719,193,110	8,554,677,924
Attributable to:			
Equity holders of the Company		1,818,627,113	4,678,945,536
Minority interests		1,900,565,997	3,875,732,388
		3,719,193,110	8,554,677,924
Dividends	16	581,835,309	574,073,268
Earnings per share	17		
Basic		124.64 cents	324.91 cents

BALANCE SHEETS

At 30th June, 2009

	NOTES	THE COMPANY		THE GROUP	
		2009 HK\$	2008 HK\$	2009 HK\$	2008 HK\$
Non-current assets					
Investment properties	18	–	–	37,557,672,042	32,869,587,643
Hotel property	19	–	–	866,755,233	940,436,535
Property, plant and equipment	20	62,675	129,615	86,751,076	89,101,477
Goodwill	21	–	–	739,233,918	759,025,809
Prepaid lease payments – non-current	22	–	–	425,296,321	461,706,289
Investments in subsidiaries	23	4,163,536,472	3,968,938,167	–	–
Interests in associates	24	–	–	5,354,226,247	6,400,660,327
Available-for-sale investments	26	–	–	1,155,635,282	1,803,885,954
Advances to associates	24	–	–	11,649,449,516	10,467,082,995
Advances to investee companies	28	–	–	18,114,871	18,030,643
Long-term loans receivable	29	–	–	63,540,544	37,219,378
		<u>4,163,599,147</u>	<u>3,969,067,782</u>	<u>57,916,675,050</u>	<u>53,846,737,050</u>
Current assets					
Properties under development		–	–	18,521,080,429	25,239,750,206
Stocks of unsold properties		–	–	2,783,127,944	1,228,386,946
Hotel inventories		–	–	21,594,351	24,501,559
Prepaid lease payments – current	22	–	–	4,916,722	5,276,645
Trading securities	27	1,159,072	1,129,700	1,745,362,214	2,093,103,695
Amounts due from subsidiaries	23	3,200,688,908	2,812,443,942	–	–
Amounts due from associates	24	–	–	430,971,757	933,660,729
Accounts and other receivables	30	1,557	1,550	1,482,914,200	930,463,722
Current portion of long-term loans receivable	29	–	–	3,936,331	3,082,818
Taxation recoverable		–	–	144,414,012	280,231,328
Restricted bank deposits	31	–	–	364,430,266	332,228,662
Time deposits, bank balances and cash	31	28,599,186	333,307	7,829,850,333	3,586,902,620
		<u>3,230,448,723</u>	<u>2,813,908,499</u>	<u>33,332,598,559</u>	<u>34,657,588,930</u>
Current liabilities					
Accounts and other payables	32	2,079,742	2,149,052	4,575,185,579	4,101,700,741
Amounts due to associates	24	–	–	505,399,107	1,420,298,993
Taxation payable		–	–	788,472,934	786,539,874
Current portion of long-term bank borrowings	33	–	–	227,926,231	424,293,045
Bank loans					
– secured	33	43,000,000	50,000,000	7,968,796,853	5,157,288,262
– unsecured	33	–	–	1,198,662,306	598,625,776
Other loans					
– secured	34	446,772	19,345,894	593,745,181	460,931,803
– unsecured	34	–	–	53,956,405	210,362,340
Bank overdrafts	33	–	–	–	965,260
Financial guarantee contracts – current		83,183,331	–	7,579,573	6,509,932
		<u>128,709,845</u>	<u>71,494,946</u>	<u>15,919,724,169</u>	<u>13,167,516,026</u>
Net current assets		<u>3,101,738,878</u>	<u>2,742,413,553</u>	<u>17,412,874,390</u>	<u>21,490,072,904</u>
Total assets less current liabilities		<u>7,265,338,025</u>	<u>6,711,481,335</u>	<u>75,329,549,440</u>	<u>75,336,809,954</u>

BALANCE SHEETS (Continued)

At 30th June, 2009

	NOTES	THE COMPANY		THE GROUP	
		2009 HK\$	2008 HK\$	2009 HK\$	2008 HK\$
Capital and reserves					
Share capital	35	293,220,023	290,187,562	293,220,023	290,187,562
Share premium and reserves	36	5,062,263,227	4,584,809,974	25,949,725,481	24,461,383,732
Equity attributable to equity holders of the Company		5,355,483,250	4,874,997,536	26,242,945,504	24,751,571,294
Minority interests		–	–	29,403,898,799	29,257,946,975
Total equity		5,355,483,250	4,874,997,536	55,646,844,303	54,009,518,269
Non-current liabilities					
Long-term bank borrowings					
– due after one year	33	–	–	11,021,483,445	12,433,957,277
Other loans – due after one year	34	–	–	3,557,469,697	3,961,571,480
Financial guarantee contracts					
– non-current		40,969,617	–	8,866,002	10,478,165
Deferred taxation	37	–	–	3,025,572,478	2,923,637,129
Advances from subsidiaries	38	1,868,885,158	1,836,483,799	–	–
Advances from associates	39	–	–	2,067,188,354	1,990,863,531
Advances from minority shareholders	40	–	–	2,125,161	6,784,103
		1,909,854,775	1,836,483,799	19,682,705,137	21,327,291,685
		7,265,338,025	6,711,481,335	75,329,549,440	75,336,809,954

The consolidated financial statements on pages 53 to 142 were approved and authorised for issue by the Board of Directors on 9th September, 2009 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, 2009

	Attributable to equity holders of the Company						Total HK\$	Minority interests HK\$	Total HK\$
	Share capital HK\$	Share premium HK\$	Capital redemption reserve HK\$	Investment revaluation reserve HK\$	Exchange reserve HK\$	Retained profits HK\$ (Note)			
At 1st July, 2007	286,315,877	3,512,415,245	224,000	487,800,004	70,797,873	15,752,437,748	20,109,990,747	22,713,593,244	42,823,583,991
Loss on fair value changes of available-for-sale investments	-	-	-	(45,949,197)	-	-	(45,949,197)	(49,975,353)	(95,924,550)
Exchange differences arising on translation of foreign operations	-	-	-	-	212,157,277	-	212,157,277	204,226,633	416,383,910
Net (expense) income recognised directly in equity	-	-	-	(45,949,197)	212,157,277	-	166,208,080	154,251,280	320,459,360
Profit for the year	-	-	-	-	-	4,678,945,536	4,678,945,536	3,875,732,388	8,554,677,924
Revaluation reserves released on disposals	-	-	-	(199,112,682)	-	-	(199,112,682)	(194,047,210)	(393,159,892)
Total recognised (expense) income for the year	-	-	-	(245,061,879)	212,157,277	4,678,945,536	4,646,040,934	3,835,936,458	8,481,977,392
Issue of shares in lieu of cash dividends	3,871,685	-	-	-	-	-	3,871,685	-	3,871,685
Premium on issue of shares upon scrip dividends	-	565,801,196	-	-	-	-	565,801,196	-	565,801,196
Shares issue expenses	-	(60,000)	-	-	-	-	(60,000)	-	(60,000)
Acquisition of additional interest in a listed subsidiary	-	-	-	-	-	-	-	(220,825,520)	(220,825,520)
Issue of shares by a listed subsidiary	-	-	-	-	-	-	-	3,264,122,913	3,264,122,913
Scrip dividend re-invested by minority shareholders	-	-	-	-	-	-	-	631,688,850	631,688,850
Dividends paid to minority shareholders	-	-	-	-	-	-	-	(966,568,970)	(966,568,970)
Final dividend – 2007	-	-	-	-	-	(429,473,815)	(429,473,815)	-	(429,473,815)
Interim dividend – 2008	-	-	-	-	-	(144,599,453)	(144,599,453)	-	(144,599,453)
At 30th June, 2008	290,187,562	4,078,156,441	224,000	242,738,125	282,955,150	19,857,310,016	24,751,571,294	29,257,946,975	54,009,518,269
Loss on fair value changes of available-for-sale investments	-	-	-	(195,090,005)	-	-	(195,090,005)	(151,839,105)	(346,929,110)
Exchange differences arising on translation of foreign operations	-	-	-	-	(45,146,256)	-	(45,146,256)	(65,748,274)	(110,894,530)
Net expenses recognised directly in equity	-	-	-	(195,090,005)	(45,146,256)	-	(240,236,261)	(217,587,379)	(457,823,640)
Profit for the year	-	-	-	-	-	1,818,627,113	1,818,627,113	1,900,565,997	3,719,193,110
Impairment loss on available-for-sale investments recognised in consolidated income statement	-	-	-	97,112,230	-	-	97,112,230	92,887,770	190,000,000
Revaluation reserves released on disposals	-	-	-	12,737,642	-	-	12,737,642	12,183,544	24,921,186
Total recognised (expense) income for the year	-	-	-	(85,240,133)	(45,146,256)	1,818,627,113	1,688,240,724	1,788,049,932	3,476,290,656
Issue of shares in lieu of cash dividends	3,032,461	-	-	-	-	-	3,032,461	-	3,032,461
Premium on issue of shares upon scrip dividends	-	381,979,617	-	-	-	-	381,979,617	-	381,979,617
Shares issue expenses	-	(43,283)	-	-	-	-	(43,283)	-	(43,283)
Acquisition of additional interest in a listed subsidiary	-	-	-	-	-	-	-	(843,144,591)	(843,144,591)
Scrip dividend re-invested by minority shareholders	-	-	-	-	-	-	-	168,787,880	168,787,880
Dividends paid to minority shareholders	-	-	-	-	-	-	-	(967,741,397)	(967,741,397)
Final dividend – 2008	-	-	-	-	-	(435,281,342)	(435,281,342)	-	(435,281,342)
Interim dividend – 2009	-	-	-	-	-	(146,553,967)	(146,553,967)	-	(146,553,967)
At 30th June, 2009	293,220,023	4,460,092,775	224,000	157,497,992	237,808,894	21,094,101,820	26,242,945,504	29,403,898,799	55,646,844,303

Note: At 30th June, 2009, retained profits in the sum of HK\$1,312,101,619 (2008: HK\$1,336,488,158) of certain associates attributable to the Group are distributable by way of dividend subject to the prior consent of their bankers.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30th June, 2009

	2009 HK\$	2008 HK\$
OPERATING ACTIVITIES		
Profit before taxation	4,403,628,573	9,609,924,829
Adjustments for:		
Finance costs	605,372,041	723,426,486
Depreciation	37,279,830	34,191,107
Release of prepaid lease payments	5,096,684	4,993,010
Loss on disposal of property, plant and equipment	415,665	2,882,103
Cost of hotel property and investment properties written off	5,111,954	4,783,124
Impairment loss on trade receivables	143,071,089	3,811,504
Impairment loss on available-for-sale investments	190,000,000	–
Share of results of associates	31,476,405	(1,618,445,535)
Increase in fair value of investment properties	(693,831,676)	(3,909,016,692)
Finance income	(226,307,034)	(338,609,030)
Loss on disposal of investment properties	341,866	133,343
Loss (gain) arising from change in fair value of trading securities	342,860,295	(81,349,769)
Fair value adjustment on non-current interest-free unsecured other loans	(91,399,403)	(154,336,812)
Loss (gain) on disposal of available-for-sale investments	25,097,108	(272,934,332)
Other gains and losses	(149,281,961)	(948,542,906)
(Reversal) recognition of impairment loss in respect of loans receivable	(32,840)	12,759
Operating cash flows before movements in working capital	4,628,898,596	3,060,923,189
Decrease (increase) in properties under development	1,205,653,278	(7,627,369,643)
Decrease in stocks of unsold properties	41,832,476	1,562,989,611
Decrease (increase) in hotel inventories	2,907,208	(1,745,705)
Increase in trading securities	(25,955,686)	(13,665,527)
(Increase) decrease in accounts and other receivables	(695,521,567)	3,145,815,439
Increase in accounts and other payables	506,142,814	970,680,575
Net cash from operations	5,663,957,119	1,097,627,939
Hong Kong Profits Tax paid	(538,540,141)	(827,800,743)
Hong Kong Profits Tax refunded	135,817,316	–
Taxation in other jurisdictions paid	(29,682,656)	(39,300,702)
NET CASH FROM OPERATING ACTIVITIES	5,231,551,638	230,526,494

CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the year ended 30th June, 2009

	NOTES	2009 HK\$	2008 HK\$
INVESTING ACTIVITIES			
Repurchase of its own shares by a listed subsidiary		(673,755,737)	(387,498,312)
Purchase of available-for-sale investments		(71,111,108)	(43,581,364)
Advances to associates		(547,223,432)	(3,553,864,948)
Additions to investment properties		(88,018,780)	(86,945,700)
Capital contribution to associates		(452,309)	(2,092,470)
Increase in restricted bank deposits		(32,201,604)	(48,189,099)
Additions to hotel property		(719,060)	(2,101,082)
Purchase of property, plant and equipment		(28,241,912)	(39,882,560)
Dividends received from associates		957,599,888	560,256,275
(Increase) decrease in long-term loans receivable		(27,141,839)	45,090,466
Interest received		122,941,659	144,313,496
Proceeds from disposal of available-for-sale investments		372,256,752	1,622,176,640
Advances to investee companies		(84,228)	(5,663,935)
Proceeds from disposal of investment properties		5,584,795	3,751,870
Proceeds from disposal of property, plant and equipment		248,635	573,662
Acquisition of assets and liabilities through purchase of subsidiaries	42a	–	(2,147,095,962)
Acquisition of businesses	42b	–	47,517,183
NET CASH USED IN INVESTING ACTIVITIES		(10,318,280)	(3,893,235,840)
FINANCING ACTIVITIES			
New bank and other loans		5,320,249,254	9,585,836,018
Proceeds from issue of shares by a listed subsidiary		–	4,305,400,000
Shares issue expenses incurred by the Company and its listed subsidiary		–	(91,032,639)
(Repayment to) advance from associates		(865,186,081)	653,420,687
Repayments of bank and other loans		(3,848,090,781)	(8,976,365,497)
Interest paid		(580,023,819)	(896,452,524)
Repayments to minority shareholders		(4,658,942)	(217,669,956)
Dividends paid to minority shareholders		(825,907,764)	(334,880,120)
Dividends paid		(196,866,514)	(4,400,387)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		(1,000,484,647)	4,023,855,582
NET INCREASE IN CASH AND CASH EQUIVALENTS		4,220,748,711	361,146,236
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		3,585,937,360	3,133,977,761
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		23,164,262	90,813,363
CASH AND CASH EQUIVALENTS CARRIED FORWARD		7,829,850,333	3,585,937,360
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Time deposits, bank balances and cash		7,829,850,333	3,586,902,620
Bank overdrafts		–	(965,260)
		7,829,850,333	3,585,937,360

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June, 2009

1. GENERAL

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

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in Note 50.

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

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

In the current year, the Company and its subsidiaries (the "Group") have applied, for the first time, the following new amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning on 1st July, 2008.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

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

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective on 1st July, 2008.

HKFRSs (Amendments)	Improvements to HKFRSs 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKAS 1 (Revised)	Presentation of Financial Statements ³
HKAS 23 (Revised)	Borrowing Costs ³
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ⁴
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ³
HKAS 39 (Amendment)	Eligible Hedged Items ⁴
HKFRS 1 (Amendment)	Additional Exemptions for First time Adopters ⁵
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ³
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ³
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions ⁵
HKFRS 3 (Revised)	Business Combinations ⁴
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments ³
HKFRS 8	Operating Segments ³
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate ³
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation ⁶
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners ⁴
HK(IFRIC)-Int 18	Transfers of Assets from Customers ⁷

¹ Effective for annual periods beginning on or after 1st January, 2009, except the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009

² Effective for annual periods beginning on or after 1st January, 2009, 1st July, 2009 or 1st January, 2010, as appropriate

³ Effective for annual periods beginning on or after 1st January, 2009

⁴ Effective for annual periods beginning on or after 1st July, 2009

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

⁶ Effective for annual periods beginning on or after 1st October, 2008

⁷ Effective for transfers on or after 1st July, 2009

The application of the amendment to HKAS 40 *Investment Property* which is contained in HKFRSs (Amendments) *Improvements to HKFRSs* issued in 2008 will affect the accounting for the Group's investment properties under construction or development for future use as an investment property of the Group. The amendment to HKAS 40 brings such investment properties within the scope of HKAS 40. Such properties (including the leasehold land and building element) are currently measured at cost less impairment in accordance with HKAS 16 *Property, Plant and Equipment*.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2009

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

HKAS 23 (Revised) *Borrowing Costs* requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Directors believe that the adoption of HKAS 23 (Revised) will not have a significant impact to the Group as the Group has already applied the accounting policy of capitalising the borrowing costs under the current standard, which is consistent with HKAS 23 (Revised).

The adoption of HKFRS 3 (Revised) *Business Combinations* may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009. HKAS 27 (Revised) *Consolidated and Separate Financial Statements* will affect the accounting treatment for changes in parent’s ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of consolidation

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2009

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

The acquisition of businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 *Business Combinations* are recognised at their fair values at the acquisition date.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Goodwill

Goodwill arising on acquisitions prior to 1st January, 2005

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2009

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill *(Continued)*

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

Goodwill arising on an acquisition of a business for which the agreement date is on or after 1st January, 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses. Capitalised goodwill arising on an acquisition of a business is presented separately in the consolidated balance sheet.

Any increase in ownership interests in existing subsidiaries is treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. Any decrease in ownership interest in existing subsidiaries (being the difference between the consideration received and the carrying amount of the share of net assets disposed of) was recognised in profit and loss.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

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

Investments in subsidiaries

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

Interests in associates

An associate is an entity over which the investor has significant influence and that is neither subsidiary nor an interest in a joint venture.

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 carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of net assets of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its 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. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2009

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Interests in associates *(Continued)*

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

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

Goodwill arising on acquisitions prior to 1st January, 2005

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

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

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

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

Jointly controlled operations

When the Group undertakes its activities under joint venture arrangements directly, constituted as jointly controlled operations, the Group recognises in the consolidated financial statements the assets that it controls and the liabilities that it incurs; and the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled operations.

Investment properties

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2009

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Hotel property and property, plant and equipment

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

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

Impairment losses on tangible assets

At each balance sheet date, 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 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. Impairment loss is recognised as an expense immediately.

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 as income immediately.

Properties under development

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

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

Stocks of unsold properties

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

Hotel inventories

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2009

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when 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 capitalised.

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

Leasing

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

The Group as lessor

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

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land and building

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2009

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

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

Financial assets

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount of the financial assets at initial recognition.

Income is recognised on an effective interest basis for debt instruments.

Financial assets at fair value through profit or loss

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

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

At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2009

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Loans and receivables

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

Available-for-sale financial assets

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

At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss (see accounting policy on impairment of financial assets below).

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

Impairment of financial assets

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2009

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

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

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

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

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

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

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

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

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2009

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity

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

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Other financial liabilities

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

Equity instruments

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

Financial guarantee contracts

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2009

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition

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

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

Revenue recognition

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

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

Payments received from the purchasers prior to the date of revenue recognition are recorded as deposits received on sales of properties and presented as current liabilities.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2009

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

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

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes income statement 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 balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised 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 tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit and loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2009

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

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

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the exchange reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Retirement benefits costs

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Estimated net realisable value on properties under development

In determining whether allowances should be made to the Group's properties under development, the Group takes into consideration the current market environment and the estimated market value (i.e. the estimated selling price less estimated costs of selling expenses) less estimated costs to completion of the properties. An allowance is made if the estimated market value is less than the carrying amount. If the actual net realisable value on properties under development is less than expected as a result of change in market condition and/or significant variation in the budgeted development cost, material provision for impairment losses may result. The carrying amount of the properties under development is HK\$18,521,080,429 (2008: HK\$25,239,750,206).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2009

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

Allowance for stocks of unsold properties

Management exercises its judgment in making allowance for stocks of unsold properties with reference to the existing market environment, the sales performance in previous years and estimated market value of the properties, i.e. the estimated selling price less estimated costs of selling expenses. A specific allowance for stocks of unsold properties is made if the estimated market value of the property is lower than its carrying amount. The specific allowance for stocks of unsold properties is made based on the estimation of net realisable value on the unsold properties. If the actual net realisable values of the stocks of unsold properties are less than expected as a result of change in market condition, material provision for impairment losses may result. The carrying amount of the stocks of unsold properties is HK\$2,783,127,944 (2008: HK\$1,228,386,946).

Depreciation on hotel property

In determining the estimated useful life of the hotel property, the management makes reference to the relevant term of lease of the hotel property, which is 96 years. Any changes to the estimated useful life of the hotel property may cause a material adjustment to the carrying amount and the depreciation charge within the next financial year.

At 30th June, 2009, the carrying amount of the hotel property is HK\$866,755,233, net of accumulated depreciation of HK\$82,691,906 (2008: HK\$940,436,535, net of accumulated depreciation of HK\$78,119,291). Details of the movements of the hotel property are disclosed in Note 19.

Income taxes

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

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

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

Fair value of investment properties

Investment properties are carried in the consolidated balance sheet at 30th June, 2009 at their fair value of HK\$37,557,672,042 (2008: HK\$32,869,587,643). The fair value was based on a valuation on these properties conducted by an independent firm of professional valuers using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group’s investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt, which includes the bank borrowings and other loans, advances from associates and minority shareholders and equity attributable to equity holders of the Company, comprising issued share capital, retained profits and other reserves as disclosed in consolidated statement of changes in equity.

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

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

6. FINANCIAL INSTRUMENTS

Categories of financial instruments	THE COMPANY		THE GROUP	
	2009 HK\$	2008 HK\$	2009 HK\$	2008 HK\$
Financial assets				
Trading securities (fair value through profit or loss)	1,159,072	1,129,700	1,745,362,214	2,093,103,695
Available-for-sale investments	–	–	1,155,635,282	1,803,885,954
Loans and receivables (including cash and cash equivalents)	<u>3,229,288,094</u>	<u>2,812,777,249</u>	<u>21,596,731,403</u>	<u>16,246,081,273</u>
Financial liabilities				
Amortised cost	1,914,411,672	1,907,978,745	28,252,601,651	27,633,741,534
Financial guarantee contracts	<u>124,152,948</u>	–	<u>16,445,575</u>	16,988,097

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2009

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies

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

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

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

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 risk. Details of each type of market risks are described as follows:

Currency risk

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the respective balance sheet dates are as follow:

	THE GROUP	
	2009 HK\$	2008 HK\$
Assets		
Renminbi ("RMB")	1,093,978,190	1,322,915,752
United States Dollars ("USD")	66,921,003	826,468
Liabilities		
RMB	287,854,079	1,208,498,527
USD	232,815,371	234,502,045

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Foreign currency sensitivity analysis

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

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

	THE GROUP	
	2009 HK\$	2008 HK\$
RMB	40,219,136	5,720,861

Certain available-for-sale investments and trading securities are denominated in foreign currency of the group entities. For available-for-sale investments, an increase/decrease in 5% of Singaporean dollar against the functional currency of the relevant group entities would result in an increase/decrease of HK\$9,895,568 (2008: HK\$14,456,112) in the Group's investment revaluation reserve. For trading securities, an increase/decrease in 5% of HKD against the functional currency of the relevant group entities would result in an increase/decrease of HK\$9,900,712 (2008: HK\$10,455,483) in the Group's profit for the year. The Company's trading securities are not exposed to foreign currency risk.

Interest rate risk

Loans, bank balances and bank borrowings at floating rates expose the Group and Company to cash flow interest rate risk. Payables at fixed rates expose the Group to fair value interest rate risk (Note 32). The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate sensitivity analysis

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

At the respective balance sheet dates, if interest rates had increased/decreased by 50 basis points and all other variables were held constant, the Group's profit for the year would have decreased/increased by approximately HK\$97,754,413 (2008: HK\$89,148,069). The Company has no significant interest risk.

Other price risk

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

Other price risk sensitivity analysis

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

Available-for-sale investments

	THE GROUP	
	2009 HK\$	2008 HK\$
Increase (decrease) in investment revaluation reserve		
– as a result of increase in equity price	56,221,817	90,194,298
– as a result of decrease in equity price	(56,221,817)	(90,194,298)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Other price risk sensitivity analysis (Continued)

Trading securities

	THE GROUP	
	2009 HK\$	2008 HK\$
Increase (decrease) in profit for the year		
– as a result of increase in equity price	72,783,465	87,057,337
– as a result of decrease in equity price	(72,783,465)	(87,057,337)

Credit risk

At each balance sheet date, the Group's and the Company's maximum exposure to credit risk in the event of the counterparties failure to discharge their obligations are in relation to each class of recognised financial assets as stated in the balance sheets and the amount of contingent liabilities as disclosed in Note 45. In order to minimize the credit risk of trade receivables, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk

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

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

THE COMPANY

	Weighted average interest rate %	Repayable on demand or less than 1 month HK\$	1-3 months HK\$	3 months to 1 year HK\$	1-2 years HK\$	Total undiscounted cash flows HK\$	Carrying amount HK\$
2009							
Accounts and other payables	N/A	2,077,146	-	2,596	-	2,079,742	2,079,742
Other loans – variables rates	7.46	446,772	-	-	-	446,772	446,772
Bank borrowing – variables rates	2.10	75,275	150,551	43,075,275	-	43,301,101	43,000,000
Advances from subsidiaries	2.79	-	-	-	1,921,002,590	1,921,002,590	1,868,885,158
		<u>2,599,193</u>	<u>150,551</u>	<u>43,077,871</u>	<u>1,921,002,590</u>	<u>1,966,830,205</u>	<u>1,914,411,672</u>
2008							
Accounts and other payables	N/A	2,146,456	-	2,596	-	2,149,052	2,149,052
Other loans – variables rates	7.00	19,345,894	-	-	-	19,345,894	19,345,894
Bank borrowing – variables rates	2.40	100,387	50,100,387	-	-	50,200,774	50,000,000
Advances from subsidiaries	3.09	-	-	-	1,893,285,680	1,893,285,680	1,836,483,799
		<u>21,592,737</u>	<u>50,100,387</u>	<u>2,596</u>	<u>1,893,285,680</u>	<u>1,964,981,400</u>	<u>1,907,978,745</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

THE GROUP

	Weighted average interest rate %	Repayable on demand or less than 1 month HK\$	1-3 months HK\$	3 months to 1 year HK\$	1-2 years HK\$	2-5 years HK\$	Total undiscounted cash flows HK\$	Carrying amount HK\$
2009								
Account and other payable								
– non-interest bearing	N/A	688,839,774	14,930,750	332,157,460	–	–	1,035,927,984	1,035,927,984
– fixed rate	7.00	116,205	232,411	20,850,570	–	–	21,199,186	19,920,927
Other liabilities								
– non-interest bearing	N/A	449,564,580	–	55,834,526	1,571,493,369	–	2,076,892,475	2,046,349,603
– fixed rate	1.98	285,789	571,578	2,572,102	271,208,853	260,585,750	535,224,072	528,323,858
– fixed rate	0.50	16	32	144	39,337	–	39,529	39,161
Borrowings								
– variable rate	2.57	808,329,956	3,991,494,266	5,649,087,712	5,897,400,322	6,957,352,115	23,303,664,371	21,336,974,171
– non-interest bearing	N/A	–	–	–	3,285,065,947	–	3,285,065,947	3,285,065,947
		<u>1,947,136,320</u>	<u>4,007,229,037</u>	<u>6,060,502,514</u>	<u>11,025,207,828</u>	<u>7,217,937,865</u>	<u>30,258,013,564</u>	<u>28,252,601,651</u>
2008								
Account and other payable								
– non-interest bearing	N/A	304,098,397	48,710,794	588,398,786	–	–	941,207,977	941,207,977
– fixed rate	7.25	1,119,383	309,661	26,865,780	–	–	28,294,824	26,591,687
Other liabilities								
– non-interest bearing	N/A	1,420,298,993	–	–	1,567,499,380	–	2,987,798,373	2,930,644,483
– fixed rate	3.78	1,072,852	2,145,705	9,655,672	240,958,512	263,553,898	517,386,639	484,274,698
– fixed rate	0.50	1,261	2,522	11,349	3,027,446	–	3,042,578	3,027,446
Borrowings								
– variable rate	2.12	1,014,261,027	1,582,728,808	4,476,390,752	6,864,960,494	6,466,117,032	20,404,458,113	19,488,406,173
– non-interest bearing	N/A	210,362,340	–	–	3,703,563,542	–	3,913,925,882	3,759,589,070
		<u>2,951,214,253</u>	<u>1,633,897,490</u>	<u>5,101,322,339</u>	<u>12,380,009,374</u>	<u>6,729,670,930</u>	<u>28,796,114,386</u>	<u>27,633,741,534</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

6. FINANCIAL INSTRUMENTS (Continued)

Fair values of financial instruments

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

- the fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices.
- the fair values of financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices and rates from observable current market transactions as input.

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

7. TURNOVER

	2009 <i>HK\$</i>	2008 <i>HK\$</i>
Sales of properties held for sale	6,801,645,855	3,625,415,758
Gross rental income from properties	1,822,019,356	1,473,843,912
Building management and service fee income	598,622,219	575,953,559
Hotel operations	431,540,291	487,126,108
Interest income from loans receivable	2,767,393	8,261,301
Dividend income		
listed investments	103,815,692	140,504,735
unlisted investments	17,016,250	19,197,004
Others	5,902,000	8,363,813
	9,783,329,056	6,338,666,190

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

8. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into five operating divisions – property, investments in securities, financing, hotel and building management and services. These operating divisions are the basis on which the Group reports its primary segment information as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 30th June, 2009

	Property HK\$	Investments in securities HK\$	Financing HK\$	Hotel HK\$	Property management and services HK\$	Elimination HK\$	Consolidated HK\$
TURNOVER							
Property rental	1,822,019,356	-	-	-	-	-	1,822,019,356
Property sales	6,807,547,855	-	-	-	-	-	6,807,547,855
Hotel operations	-	-	-	431,540,291	-	-	431,540,291
Management services	-	-	-	-	598,622,219	-	598,622,219
Dividend income from equity investments	-	120,831,942	-	-	-	-	120,831,942
Financing	-	-	2,767,393	-	-	-	2,767,393
	<u>8,629,567,211</u>	<u>120,831,942</u>	<u>2,767,393</u>	<u>431,540,291</u>	<u>598,622,219</u>	<u>-</u>	<u>9,783,329,056</u>
Inter-segment sales*	-	-	-	-	34,261,042	(34,261,042)	-
Segment revenue	8,629,567,211	120,831,942	2,767,393	431,540,291	632,883,261	(34,261,042)	9,783,329,056
Other income	41,004,423	15,954,781	155,229	541,001	51,652,109	-	109,307,543
	<u>8,670,571,634</u>	<u>136,786,723</u>	<u>2,922,622</u>	<u>432,081,292</u>	<u>684,535,370</u>	<u>(34,261,042)</u>	<u>9,892,636,599</u>
SEGMENT RESULT	<u>5,129,482,056</u>	<u>(421,445,813)</u>	<u>2,922,622</u>	<u>130,801,932</u>	<u>135,887,803</u>	<u>-</u>	<u>4,977,648,600</u>
Fair value adjustment on non-current interest-free unsecured other loans							91,399,403
Unallocated other income							4,983,914
Unallocated corporate expenses							(409,143,893)
Unallocated other gains and losses							149,281,961
Net finance costs							(379,065,007)
Share of results of associates	(73,146,630)	(831,883)	136,572	42,147,620	217,916	-	(31,476,405)
Profit before taxation							4,403,628,573
Income tax expense							(684,435,463)
Profit for the year							<u>3,719,193,110</u>

* Inter-segment sales were charged at cost plus margin basis as agreed between both parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

8. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business segments (Continued)

CONSOLIDATED BALANCE SHEET

At 30th June, 2009

	Property HK\$	Investments in securities HK\$	Financing HK\$	Hotel HK\$	Property management and services HK\$	Consolidated HK\$
ASSETS						
Segment assets						
Goodwill	679,591,273	–	2,550,113	43,911,900	13,180,632	739,233,918
Other segment assets	59,166,440,803	3,007,255,374	122,918,162	2,226,163,730	213,919,491	64,736,697,560
	59,846,032,076	3,007,255,374	125,468,275	2,270,075,630	227,100,123	65,475,931,478
Interests in associates	4,504,926,681	111,844,861	(607,189)	794,849,515	(56,787,621)	5,354,226,247
Advances to associates	8,547,634,085	1,373,812,531	–	–	1,728,002,900	11,649,449,516
Amounts due from associates	354,126,223	7,912,275	4,253,616	–	64,679,643	430,971,757
Unallocated corporate assets						8,338,694,611
Consolidated total assets						91,249,273,609
LIABILITIES						
Segment liabilities	4,202,245,560	46,266,833	80,633,732	100,106,375	164,503,815	4,593,756,315
Amounts due to associates	493,920,111	765,740	–	–	10,713,256	505,399,107
Advances from associates	1,806,751,114	–	–	260,437,240	–	2,067,188,354
Borrowings						24,622,040,118
Unallocated corporate liabilities						3,814,045,412
Consolidated total liabilities						35,602,429,306

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

8. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business segments (Continued)

OTHER INFORMATION

For the year ended 30th June, 2009

	Property HK\$	Investments in securities HK\$	Financing HK\$	Hotel HK\$	Property management and services HK\$	Consolidated HK\$
Release of prepaid lease payments	-	-	-	5,096,684	-	5,096,684
Capital additions						
– Property, plant and equipment	2,416,761	424,790	-	18,055,881	7,344,480	28,241,912
– Investment properties	46,900,577	-	-	41,118,203	-	88,018,780
– Hotel properties	-	-	-	719,060	-	719,060
Depreciation	3,209,852	256,518	-	23,395,748	10,417,712	37,279,830
Cost of hotel property and investment properties written off	4,760,473	-	-	351,481	-	5,111,954
Fair value gain on investment properties	693,831,676	-	-	-	-	693,831,676
Fair value loss on trading securities	-	342,860,295	-	-	-	342,860,295
Impairment loss on available-for-sale investments	-	190,000,000	-	-	-	190,000,000
Impairment loss recognised on receivables	143,071,089	-	-	-	-	143,071,089
Loss on disposal of investment properties	341,866	-	-	-	-	341,866
Loss on disposal of property, plant and equipment	23,251	-	-	384,610	7,804	415,665
Loss on disposal of available-for-sale investments	-	25,097,108	-	-	-	25,097,108

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

8. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business segments (Continued)

CONSOLIDATED INCOME STATEMENT

For the year ended 30th June, 2008

	Property HK\$	Investments in securities HK\$	Financing HK\$	Hotel HK\$	Property management and services HK\$	Elimination HK\$	Consolidated HK\$
TURNOVER							
Property rental	1,473,843,912	-	-	-	-	-	1,473,843,912
Property sales	3,629,280,758	-	-	-	-	-	3,629,280,758
Hotel operations	-	-	-	487,126,108	-	-	487,126,108
Management services	-	-	-	-	575,953,559	-	575,953,559
Dividend income from equity investments	-	164,200,552	-	-	-	-	164,200,552
Financing	-	-	8,261,301	-	-	-	8,261,301
	<u>5,103,124,670</u>	<u>164,200,552</u>	<u>8,261,301</u>	<u>487,126,108</u>	<u>575,953,559</u>	<u>-</u>	<u>6,338,666,190</u>
Inter-segment sales*	-	-	-	-	25,528,645	(25,528,645)	-
Segment revenue	5,103,124,670	164,200,552	8,261,301	487,126,108	601,482,204	(25,528,645)	6,338,666,190
Other income	40,283,835	4,593,784	2,703,286	2,659,997	27,988,828	-	78,229,730
	<u>5,143,408,505</u>	<u>168,794,336</u>	<u>10,964,587</u>	<u>489,786,105</u>	<u>629,471,032</u>	<u>(25,528,645)</u>	<u>6,416,895,920</u>
SEGMENT RESULT	<u>6,792,306,639</u>	<u>521,354,449</u>	<u>10,964,587</u>	<u>176,951,493</u>	<u>102,478,536</u>	<u>-</u>	<u>7,604,055,704</u>
Fair value adjustment on non-current interest-free unsecured other loans							154,336,812
Unallocated other income							177,481,777
Unallocated corporate expenses							(508,120,449)
Unallocated other gains and losses							948,542,906
Net finance costs							(384,817,456)
Share of results of associates	1,552,101,036	(4,819)	310,542	66,254,743	(215,967)	-	1,618,445,535
Profit before taxation							9,609,924,829
Income tax expense							(1,055,246,905)
Profit for the year							<u>8,554,677,924</u>

* Inter-segment sales were charged at cost plus margin basis as agreed between both parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

8. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business segments (Continued)

CONSOLIDATED BALANCE SHEET

At 30th June, 2008

	Property HK\$	Investments in securities HK\$	Financing HK\$	Hotel HK\$	Property management and services HK\$	Consolidated HK\$
ASSETS						
Segment assets						
Goodwill	698,084,254	–	2,582,364	44,681,710	13,677,481	759,025,809
Other segment assets	59,184,706,246	4,018,732,758	134,849,209	2,200,248,680	205,996,617	65,744,533,510
	59,882,790,500	4,018,732,758	137,431,573	2,244,930,390	219,674,098	66,503,559,319
Interests in associates	5,620,136,046	85,446,685	(743,763)	752,701,894	(56,880,535)	6,400,660,327
Advances to associates	8,280,343,295	1,350,392,340	–	–	836,347,360	10,467,082,995
Amounts due from associates	856,481,074	8,237,396	4,915,187	–	64,027,072	933,660,729
Unallocated corporate assets						4,199,362,610
Consolidated total assets						88,504,325,980
LIABILITIES						
Segment liabilities	3,747,610,565	61,482,676	46,678,803	120,906,635	148,794,262	4,125,472,941
Amounts due to associates	1,408,777,360	777,242	–	–	10,744,391	1,420,298,993
Advances from associates	1,735,017,001	–	–	255,846,530	–	1,990,863,531
Borrowings						23,247,995,243
Unallocated corporate liabilities						3,710,177,003
Consolidated total liabilities						34,494,807,711

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

8. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business segments (Continued)

OTHER INFORMATION

For the year ended 30th June, 2008

	Property HK\$	Investments in securities HK\$	Financing HK\$	Hotel HK\$	Property management and services HK\$	Consolidated HK\$
Release of prepaid lease payments	-	-	-	4,993,010	-	4,993,010
Capital additions						
- Property, plant and equipment	10,256,635	-	-	17,434,375	12,198,609	39,889,619
- Investment properties	4,965,784,729	-	-	12,004,472	-	4,977,789,201
- Hotel property	-	-	-	2,101,082	-	2,101,082
Depreciation	2,528,188	234,622	-	21,890,203	9,538,094	34,191,107
Cost of hotel property and investment properties written off	1,052,286	-	-	3,730,838	-	4,783,124
Fair value gains						
- Investment properties	3,909,016,692	-	-	-	-	3,909,016,692
- Trading securities	-	81,349,769	-	-	-	81,349,769
Impairment loss recognised on receivables	3,811,504	-	-	-	-	3,811,504
Loss on disposal of investment properties	133,343	-	-	-	-	133,343
Loss on disposal of property, plant and equipment	821	-	-	2,645,835	235,447	2,882,103
Gain on disposal of available-for-sale investments	-	272,934,332	-	-	-	272,934,332

Geographical segments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

9. FINANCE INCOME

	2009 <i>HK\$</i>	2008 <i>HK\$</i>
Interest income on:		
advances to associates	38,579,619	42,333,425
advances to investee companies	907,693	916,221
bank deposits	83,454,347	101,063,850
Imputed interest income on non-current interest-free		
advances to associates	88,801,853	189,303,393
Financial guarantee income	14,563,522	4,992,141
	<u>226,307,034</u>	<u>338,609,030</u>

10. FINANCE COSTS

	2009 <i>HK\$</i>	2008 <i>HK\$</i>
Interest and other finance costs on:		
bank loans and overdrafts wholly repayable within		
five years	487,135,325	680,342,735
other loans wholly repayable within five years	45,388,886	63,269,364
Imputed interest expense on non-current interest-free		
advances from associates	57,153,890	67,281,109
Imputed interest expense on non-current interest-free		
unsecured other loans	154,336,812	187,192,646
	<u>744,014,913</u>	<u>998,085,854</u>
Less: Amounts capitalised to properties under development	<u>(138,642,872)</u>	<u>(274,659,368)</u>
	<u>605,372,041</u>	<u>723,426,486</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

11. SHARE OF RESULTS OF ASSOCIATES

	2009 HK\$	2008 HK\$
Share of results of associates comprises:		
Share of profits of associates	28,306,694	1,987,624,517
Share of taxation of associates	<u>(59,783,099)</u>	<u>(369,178,982)</u>
	<u>(31,476,405)</u>	<u>1,618,445,535</u>

The Group's share of profits of associates included the Group's share of a decrease in fair value of investment properties of the associates of HK\$415,179,334 (2008: Group's share of an increase of HK\$1,141,843,694) recognised in the income statements of the associates.

12. PROFIT BEFORE TAXATION

	2009 HK\$	2008 HK\$
(a) Profit before taxation has been arrived at after charging (crediting):		
Staff costs including Directors' remuneration:		
Salaries and other benefits	765,044,999	791,057,529
Retirement benefit scheme contributions	<u>29,627,956</u>	<u>29,394,951</u>
Total staff costs	<u>794,672,955</u>	<u>820,452,480</u>
Release of prepaid lease payments (included in administrative expenses)	5,096,684	4,993,010
Auditor's remuneration		
– audit services		
– current year provision	3,983,015	3,974,773
– (over)under provision of previous years	(123,588)	377,373
– non audit services	916,330	914,500
Cost of hotel inventories consumed	55,634,006	50,235,740
Cost of properties sold	3,412,004,920	1,676,327,042
Depreciation	37,279,830	34,191,107
Loss on disposal of property, plant and equipment	415,665	2,882,103
Impairment loss recognised on receivables	143,071,089	3,811,504
Impairment loss on available-for-sale investments	190,000,000	–
Loss on disposal of investment properties	341,866	133,343
Cost of hotel property and investment properties written off	5,111,954	4,783,124
Net exchange gain (included in other income)	(12,369,066)	(20,971,780)
Interest on deposit paid (Note b)	<u>(4,983,914)</u>	<u>(177,481,777)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

12. PROFIT BEFORE TAXATION (Continued)

- (b) In relation to the legal proceedings between Sino Land Company Limited (“Sino Land”) and its wholly-owned subsidiary, Mariner International Hotels Limited (collectively referred to as “Mariner”) and Hang Lung Group Limited and its subsidiary, Atlas Limited (collectively referred to as “Hang Lung”) to acquire a company which owned a property in Yau Kom Tau, Tsuen Wan, New Territories, which was to be developed into a hotel, the Court of Final Appeal on 5th February, 2007 handed down a judgment to allow the appeal by Mariner against Hang Lung so as to: (i) set aside the judgments of the High Court and the Court of Appeal; (ii) declare that Hang Lung repudiated the agreement; (iii) order repayment by Hang Lung to Mariner of its deposit with interest to be assessed by the High Court if not agreed; (iv) award Mariner damages to be assessed by the High Court; and (v) direct that costs in the proceedings (at all levels) to be dealt with on written submissions by the parties.

On 6th February, 2007, Hang Lung repaid the deposit sum of HK\$321,000,000 to Mariner. On 15th January, 2008, the High Court handed down a decision on the interest rate to be used to calculate the interest cost in relation to the deposit paid by Mariner. On 16th January, 2008, following the decision of the High Court, Hang Lung paid a sum of HK\$177,481,777 representing the interest cost to Mariner leaving the damages and costs to be agreed or decided by the courts. During the year, Hang Lung paid interest on legal cost, amounting to HK\$4,983,914, which was included in other income. Actions against Hang Lung for damages and costs are in progress.

13. DIRECTORS’ EMOLUMENTS

The emoluments paid or payable to each of the seven (2008: seven) directors was as follows:

2009

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

13. DIRECTORS' EMOLUMENTS (Continued)

2008	Mr. Robert Ng Chee Siong HK\$	Mr. Raymond Tong Kwok Tung HK\$	Mr. Daryl Ng Win Kong HK\$	The Honourable Ronald Joseph Arculli HK\$ (Note ii)	Dr. Allan Zeman HK\$	Mr. Adrian David Li Man-kiu HK\$	Mr. Steven Ong Kay Eng HK\$	Total HK\$
Fees	70,000	60,000	60,000	120,000	380,000	380,000	180,000	1,250,000
Other emoluments								
Salaries and other benefits	1,226,760	4,052,250	742,288	-	-	-	-	6,021,298
Retirement benefits scheme contributions	12,000	12,000	12,000	-	-	-	-	36,000
Discretionary bonus (Note i)	-	663,760	131,930	-	-	-	-	795,690
Total emoluments	1,308,760	4,788,010	946,218	120,000	380,000	380,000	180,000	8,102,988

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

Note ii: A consultancy fee of HK\$2,083,330 (2008: HK\$2,083,330), including HK\$1,666,664 (2008: HK\$1,666,664) paid directly by Sino Land, was paid to Ronald Arculli and Associates, of which The Honourable Ronald Joseph Arculli, GBS, CVO, OBE, JP, is the sole proprietor.

14. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, one (2008: one) is an Executive Director of the Company whose emoluments are included in Note 13 above. The emoluments of the remaining four (2008: four) individuals disclosed pursuant to the Listing Rules are as follows:

	2009 HK\$	2008 HK\$
Salaries and other emoluments (including basic salaries, housing allowances, other allowances and benefits in kind)	18,403,348	17,137,265
Retirement benefits scheme contributions	90,000	108,000
Discretionary bonus	2,086,570	5,611,327
	20,579,918	22,856,592

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

14. EMPLOYEES' EMOLUMENTS (Continued)

The emoluments were within the following bands:

HK\$	Number of individuals	
	2009	2008
3,500,001 – 4,000,000	1	1
4,000,001 – 4,500,000	–	1
4,500,001 – 5,000,000	1	–
5,000,001 – 6,000,000	1	–
6,000,001 – 6,500,000	1	1
8,500,001 – 9,000,000	–	1

For the years ended 30th June, 2009 and 2008, no emoluments were paid by the Group to these five highest paid individuals, including Directors, as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, no Director waived any emoluments.

15. INCOME TAX EXPENSE

	2009 HK\$	2008 HK\$
The charge comprises:		
Taxation attributable to the Company and its subsidiaries		
Hong Kong Profits Tax		
Provision for the year calculated at 16.5% (2008: 16.5%)	528,938,991	388,063,244
Prior year tax reduction	–	(1,213,086)
Under(over)provision in previous years	933,533	(1,262,275)
	529,872,524	385,587,883
Taxation in other jurisdictions		
Provision for the year	31,638,717	39,043,617
Underprovision in previous years	28,814	2,945,544
	561,540,055	427,577,044
Deferred taxation (Note 37)		
Current year	122,895,408	752,147,257
Attributable to change in tax rate	–	(124,477,396)
	122,895,408	627,669,861
	684,435,463	1,055,246,905

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

15. INCOME TAX EXPENSE (Continued)

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

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

	2009 HK\$	2008 HK\$
Profit before taxation	4,403,628,573	9,609,924,829
Tax at Hong Kong Profits Tax rate of 16.5% (2008: 16.5%)	726,598,715	1,585,637,596
Tax effect of share of results of associates	5,193,607	(267,043,514)
Tax effect of expenses not deductible for tax purpose	111,824,056	93,760,545
Tax effect of income not taxable for tax purpose	(118,353,675)	(233,307,777)
Underprovision in previous years	895,252	1,683,269
Tax effect of tax losses not recognised	61,009,850	21,175,005
Tax effect of deferred tax assets not recognised	87,666,250	80,022,402
Utilisation of tax losses previously not recognised	(59,009,876)	(59,970,687)
Utilisation of deferred tax assets previously not recognised	(134,107,541)	(56,001,999)
Decrease in opening deferred tax liability resulting from a decrease in Hong Kong Profits Tax rate	–	(124,477,396)
Effect of tax deduction	–	(1,213,086)
Effect of different tax rates of subsidiaries operating in other jurisdictions	2,718,825	14,982,547
Tax charge for the year	684,435,463	1,055,246,905

Details of deferred taxation are set out in Note 37.

The IRD initiated tax inquiries for the years of assessment 1995/96 to 2002/03 on Sing-Ho Finance Company Limited (“Sing-Ho Finance”), a wholly-owned subsidiary of Sino Land. Notices of assessment for additional tax in an aggregate sum of approximately HK\$515,464,000 were issued to Sing-Ho Finance for the years under review and objections were lodged with the IRD by Sing-Ho Finance. The IRD agreed to hold over the tax claim subject to the purchase of tax reserve certificates (the “TRC”) of approximately HK\$109,940,000 for those years of assessments. These TRC have been purchased by the Group. After considering the advice from the tax advisors and in view of the tax requires are still at the stage of collation of evidence, and in the opinion of the Directors of the Company, the ultimate outcome of these tax inquiries cannot presently be determined. The Directors are also of the opinion that the payment of the additional taxes is not probable and therefore, no provision for any liabilities from the assessment that may result has been made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

15. INCOME TAX EXPENSE (Continued)

The IRD also initiated a tax inquiry for the years of assessment 1998/99 to 2001/02 on City Empire Limited ("City Empire"), another wholly-owned subsidiary of Sino Land. Notices of assessment for additional tax of approximately HK\$263,438,000 were issued to City Empire for the years under review and objections were lodged with the IRD by City Empire. The IRD agreed to hold over the tax claim subject to the purchase of TRC of approximately HK\$131,719,000 for those years of assessments. In the current year, the tax case for City Empire has been settled in favour of the Company. Accordingly, the full amount of the tax reserve certificate has been refunded by IRD.

16. DIVIDENDS

	2009 HK\$	2008 HK\$
Dividends recognised as distribution during the year:		
Final dividend for the year ended 30th June, 2008: HK30 cents (2008: HK30 cents for the year ended 30th June, 2007) per share	435,281,342	429,473,815
Interim dividend for the year ended 30th June, 2009: HK10 cents (2008: HK10 cents for the year ended 30th June, 2008) per share	146,553,967	144,599,453
	581,835,309	574,073,268

During the year, scrip dividends were offered in respect of the 2008 final and 2009 interim dividends. These scrip alternatives were accepted by the majority of shareholders, as follows:

	2009 Interim Dividend HK\$	2008 Final Dividend HK\$
Dividends:		
Cash	133,159,211	63,664,020
Scrip alternatives	13,394,756	371,617,322
	146,553,967	435,281,342

A final dividend of HK30 cents per share for the year ended 30th June, 2009 has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming Annual General Meeting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2009

17. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	2009 HK\$	2008 <i>HK\$</i>
Earnings for the purpose of basic earnings per share	<u>1,818,627,113</u>	<u>4,678,945,536</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,459,109,882</u>	<u>1,440,077,799</u>

No diluted earnings per share has been presented for the years ended 30th June, 2009 and 2008 as there are no potential ordinary shares outstanding during the current and prior year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

18. INVESTMENT PROPERTIES

THE GROUP

	Investment properties in Hong Kong held under long leases <i>HK\$</i>	Investment properties in Hong Kong held under medium- term leases <i>HK\$</i>	Properties under redevelopment in Hong Kong <i>HK\$</i>	Investment property in Singapore held under a long lease <i>HK\$</i>	Total <i>HK\$</i>
FAIR VALUE					
At 1st July, 2007	2,071,805,803	21,108,353,980	217,000,000	409,280,000	23,806,439,783
Exchange realignment	–	–	–	60,671,600	60,671,600
Additions	13,464,098	59,469,222	2,007,908	12,004,472	86,945,700
Arising on acquisition of subsidiaries (Note 42a)	–	4,890,843,501	–	–	4,890,843,501
Transfer from properties under development upon completion	–	120,607,866	–	–	120,607,866
Disposals	–	(3,885,213)	–	–	(3,885,213)
Write off	–	–	–	(1,052,286)	(1,052,286)
Increase in fair value	450,722,491	3,226,068,145	30,992,092	201,233,964	3,909,016,692
At 30th June, 2008	2,535,992,392	29,401,457,501	250,000,000	682,137,750	32,869,587,643
Exchange realignment	–	–	–	(42,872,248)	(42,872,248)
Additions	300,000	44,849,462	1,751,115	41,118,203	88,018,780
Transfer from long lease to medium-term lease	(960,992,392)	960,992,392	–	–	–
Transfer from properties under development upon completion	362,709,477	3,351,886,390	–	245,197,458	3,959,793,325
Disposals	–	(5,926,661)	–	–	(5,926,661)
Write off	–	(4,760,473)	–	–	(4,760,473)
Increase (decrease) in fair value	5,799,804	793,345,775	(1,751,115)	(103,562,788)	693,831,676
At 30th June, 2009	1,943,809,281	34,541,844,386	250,000,000	822,018,375	37,557,672,042

The fair values of the Group's investment properties at 30th June, 2009 and 2008 have been arrived at on the basis of valuations carried out as at that date by Knight Frank Petty Ltd. and Collier International Consultancy & Valuation (Singapore) Pte Ltd, firms of independent qualified professional property valuers not connected with the Group. The valuations were arrived at by reference to market evidence of recent transaction prices for similar properties and/or on the basis of discounted cash flow projections based on estimates of future rental income from properties using current market rentals and yields as inputs.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

19. HOTEL PROPERTY

THE GROUP	Hotel property in Singapore held under a long lease HK\$
COST	
At 1st July, 2007	910,698,888
Exchange realignment	109,486,694
Additions	2,101,082
Written off	(3,730,838)
	<hr/>
At 30th June, 2008	1,018,555,826
Exchange realignment	(69,476,266)
Additions	719,060
Written off	(351,481)
	<hr/>
At 30th June, 2009	949,447,139
	<hr/>
DEPRECIATION	
At 1st July, 2007	60,237,390
Exchange realignment	7,827,097
Provided for the year	10,054,804
	<hr/>
At 30th June, 2008	78,119,291
Exchange realignment	(5,690,964)
Provided for the year	10,263,579
	<hr/>
At 30th June, 2009	82,691,906
	<hr/>
CARRYING AMOUNTS	
At 30th June, 2009	866,755,233
	<hr/>
At 30th June, 2008	940,436,535
	<hr/>
<p>The hotel property is depreciated on a straight-line basis over the relevant terms of the lease of 96 years.</p>	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

20. PROPERTY, PLANT AND EQUIPMENT

THE COMPANY	
	Motor vehicles HK\$
COST	
At 1st July, 2007, 30th June, 2008 and 2009	<u>403,700</u>
DEPRECIATION	
At 1st July, 2007	207,145
Provided for the year	<u>66,940</u>
At 30th June, 2008	274,085
Provided for the year	<u>66,940</u>
At 30th June, 2009	<u>341,025</u>
CARRYING AMOUNTS	
At 30th June, 2009	<u>62,675</u>
At 30th June, 2008	<u>129,615</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

20. PROPERTY, PLANT AND EQUIPMENT (Continued)

THE GROUP						
	Computer system HK\$	Furniture, fixtures and equipment HK\$	Leasehold improvements HK\$	Motor vehicles HK\$	Plant and machinery HK\$	Total HK\$
COST						
At 1st July, 2007	47,327,240	104,480,624	28,985,658	14,935,538	9,437,683	205,166,743
Exchange realignment	1,289,037	10,014,253	–	317,164	35,362	11,655,816
Arising on acquisition of subsidiaries (Note 42a)	7,059	–	–	–	–	7,059
Additions	6,776,453	24,299,406	4,144,851	4,175,013	486,837	39,882,560
Disposals	(975,960)	(9,066,513)	(281,124)	(1,337,187)	(4,492,375)	(16,153,159)
At 30th June, 2008	54,423,829	129,727,770	32,849,385	18,090,528	5,467,507	240,559,019
Exchange realignment	(850,504)	(6,979,483)	(1,118)	(280,852)	(22,437)	(8,134,394)
Additions	9,234,838	16,059,309	1,939,761	466,628	541,376	28,241,912
Disposals	(743,234)	(1,962,442)	(55,880)	(543,800)	(22,092)	(3,327,448)
At 30th June, 2009	62,064,929	136,845,154	34,732,148	17,732,504	5,964,354	257,339,089
DEPRECIATION						
At 1st July, 2007	35,206,671	56,227,150	23,139,177	10,552,401	7,538,351	132,663,750
Exchange realignment	1,039,525	6,057,794	2,042	226,453	29,069	7,354,883
Provided for the year	4,384,059	14,024,149	2,930,272	1,907,272	890,551	24,136,303
Eliminated on disposals	(966,945)	(6,125,837)	(73,205)	(1,256,995)	(4,274,412)	(12,697,394)
At 30th June, 2008	39,663,310	70,183,256	25,998,286	11,429,131	4,183,559	151,457,542
Exchange realignment	(706,022)	(4,353,558)	(238)	(142,243)	(20,571)	(5,222,632)
Provided for the year	6,438,780	14,513,773	3,338,401	1,896,588	828,709	27,016,251
Eliminated on disposals	(531,818)	(1,517,361)	(48,429)	(543,800)	(21,740)	(2,663,148)
At 30th June, 2009	44,864,250	78,826,110	29,288,020	12,639,676	4,969,957	170,588,013
CARRYING AMOUNTS						
At 30th June, 2009	17,200,679	58,019,044	5,444,128	5,092,828	994,397	86,751,076
At 30th June, 2008	14,760,519	59,544,514	6,851,099	6,661,397	1,283,948	89,101,477

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

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

	THE GROUP <i>HK\$</i>
GROSS AMOUNT	
At 1st July, 2007	564,207,862
Arising on acquisition of additional interests in a listed subsidiary	219,571,511
Eliminated on disposal of partial interests in a listed subsidiary	<u>(24,753,564)</u>
At 30th June, 2008	759,025,809
Arising on acquisition of additional interests in a listed subsidiary	34,072,269
Eliminated on disposal of partial interests in a listed subsidiary	<u>(53,864,160)</u>
At 30th June, 2009	<u>739,233,918</u>

Goodwill at 30th June, 2009 and 2008 is arisen from acquisition of additional interests in the Company's listed subsidiary, repurchase of certain of its shares by the listed subsidiary for cancellation as well as issue of scrip dividends by the listed subsidiary. Particulars regarding impairment testing on goodwill are disclosed in Note 25.

During the year ended 30th June, 2009, the listed subsidiary of the Group carried out issuance of scrip dividend and repurchase of shares. It gave rise to a deemed disposal and acquisition of partial interest in a listed subsidiary held by the Group. The resultant loss of approximately HK\$6,000,000 from the deemed partial disposal and a negative goodwill of approximately HK\$155,000,000 from the deemed partial acquisition (2008: approximately HK\$949,000,000 gain on deemed disposal arising from placement of shares of the listed subsidiary) have been reported as other gains and losses in the consolidated income statement.

22. PREPAID LEASE PAYMENTS

	THE GROUP	
	2009 <i>HK\$</i>	2008 <i>HK\$</i>
The Group's prepaid lease payments comprise:		
Leasehold land outside Hong Kong – long lease	<u>430,213,043</u>	<u>466,982,934</u>
Analysed for reporting purposes as:		
Current assets	4,916,722	5,276,645
Non-current assets	<u>425,296,321</u>	<u>461,706,289</u>
	<u>430,213,043</u>	<u>466,982,934</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

23. INVESTMENTS IN SUBSIDIARIES/AMOUNTS DUE FROM SUBSIDIARIES

	THE COMPANY	
	2009 HK\$	2008 HK\$
Investments in subsidiaries:		
Unlisted shares, at cost less impairment losses recognised	92,140,138	4,455,136
Listed shares in Hong Kong, at cost	<u>4,071,396,334</u>	<u>3,964,483,031</u>
	<u>4,163,536,472</u>	<u>3,968,938,167</u>
Market value of Hong Kong listed investments	<u>14,762,611,177</u>	<u>17,649,325,433</u>

The amounts due from subsidiaries grouped under current assets are unsecured, interest-free and repayable on demand.

Particulars of the Company's principal subsidiaries at 30th June, 2009 and 2008 are set out in Note 50.

24. INTERESTS IN ASSOCIATES/ADVANCES TO ASSOCIATES/AMOUNTS DUE FROM/TO ASSOCIATES

	THE GROUP	
	2009 HK\$	2008 HK\$
Interests in associates:		
Unlisted shares, at cost	2,494,566,374	2,557,067,139
Share of post-acquisition profits	<u>2,859,659,873</u>	<u>3,843,593,188</u>
	<u>5,354,226,247</u>	<u>6,400,660,327</u>

Included in the cost of investment in associates is goodwill of HK\$142,498,716 (2008: HK\$142,498,716) arising on acquisitions of associates in prior years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

24. INTERESTS IN ASSOCIATES/ADVANCES TO ASSOCIATES/AMOUNTS DUE FROM/TO ASSOCIATES (Continued)

The advances to associates of the Group are unsecured and have no fixed repayment terms. At 30th June, 2009, out of the Group's advances to associates, HK\$1,376,498,329 (2008: HK\$1,390,702,904) bears interest at effective rate determined based on the Group's cost-of-funds plus a margin per annum and the remaining balance of HK\$10,272,951,187 (2008: HK\$9,076,380,091) is interest-free. The effective interest rate for imputed interest income is determined based on the cost-of-fund plus a margin per annum. In the opinion of the Directors, the Group will not demand for repayment within twelve months from the balance sheet date and the advances are therefore shown as non-current.

The amounts due from associates of the Group grouped under current assets are unsecured and are expected to be repaid within one year. At 30th June, 2009, out of the Group's amounts due from associates, HK\$142,716,109 (2008: HK\$256,298,961) bears interest at effective rate determined based on the cost-of-funds plus a margin per annum and the remaining balance of HK\$288,255,648 (2008: HK\$677,361,768) is interest-free.

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

Particulars of the principal associates at 30th June, 2009 and 2008 are set out in Note 51.

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

	2009 HK\$	2008 <i>HK\$</i>
Total assets	86,377,126,533	88,322,850,052
Total liabilities	(67,077,880,605)	(68,163,759,775)
Net assets	19,299,245,928	20,159,090,277
Group's share of net assets of associates	5,211,727,531	6,258,161,611
Turnover	3,708,403,984	5,997,098,719
Profit for the year	158,472,160	3,783,467,778
Group's share of results of associates for the year	(31,476,405)	1,618,445,535

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2009

24. INTERESTS IN ASSOCIATES/ADVANCES TO ASSOCIATES/AMOUNTS DUE FROM/TO ASSOCIATES *(Continued)*

The IRD initiated tax inquiries in respect of the deductions on certain loan interest and related expenses for the years of assessment 1994/95 to 2002/03 on a wholly owned subsidiary, Wide Harvest Investment Limited ("WHI"), of the Group's associate, Million Success Limited and for the years of assessment 1994/95 to 2002/03 on a wholly-owned subsidiary, Murdoch Investments Inc. ("MII"), of the Group's associate, Erleigh Investment Limited. Notices of assessment for additional tax in the aggregate amounts of approximately HK\$396,088,000 and HK\$115,399,000 were issued to WHI and MII for the years under review, respectively, and objections were lodged with the IRD by WHI and MII. The IRD agreed to hold over the tax claim subject to the purchase of TRC of approximately HK\$212,061,000 and HK\$18,212,000 respectively, for those years of assessments. These TRC have been purchased by the corresponding companies. During the year ended 30th June, 2008, WHI reached a settlement agreement with the IRD to settle the tax inquiries for the years of assessment 1994/95 to 2002/03. The Group's share of additional tax amounted to approximately HK\$48,842,000 in prior year.

In respect of MII case, the effective share of the additional tax attributable to the Group as at 30th June, 2009 is estimated to be approximately HK\$26,745,000 (2008: HK\$23,478,000). Together with the advice from their tax advisors, management of MII confirmed that it is their intention to vigorously contest the relevant assessments issued by the IRD. The management of MII is of the opinion that the outcome of these assessments/objections cannot presently be estimated. The management is also of the opinion that the payment of the additional taxes is not probable and therefore, no provision for any liabilities has been made by MII.

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

25. IMPAIRMENT TESTING ON GOODWILL

During the year ended 30th June, 2009 and 2008, management of the Group performed an impairment review in respect of goodwill arising on the acquisition of additional interests in the Company's listed subsidiary, Sino Land, with the carrying amount of HK\$739,233,918 at 30th June, 2009 (2008: HK\$759,025,809) as set out in Note 21. Sino Land is the Company's major operating arm in respect of the Group's five operating divisions as set out in Note 8. The recoverable amount of these operating divisions (which are also the cash generating units) is determined based on fair value less costs to sell. The management determined that there is no impairment on goodwill as at 30th June, 2009 and 2008. The amounts of goodwill allocated to respective cash generating units are disclosed in Note 8.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

26. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	THE GROUP	
	2009 HK\$	2008 HK\$
Listed investments:		
Equity securities listed in		
Hong Kong	758,014,637	1,215,056,176
Singapore	366,106,693	489,890,423
United States of America	–	67,425,403
	<u>1,124,121,330</u>	<u>1,772,372,002</u>
Unlisted securities:		
Equity securities	30,898,952	30,898,952
Club debentures	615,000	615,000
	<u>31,513,952</u>	<u>31,513,952</u>
Total	<u>1,155,635,282</u>	<u>1,803,885,954</u>

As at the balance sheet date, all available-for-sale investments are stated at fair value, except for those unlisted equity investments of which their fair values cannot be measured reliably.

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

In the current year, the Group disposed of certain listed equity securities with carrying amount of HK\$397,353,860 (2008: HK\$1,349,242,308), which had been carried at fair value before the disposal. A loss on disposal of HK\$25,097,108 (2008: gain on disposal of HK\$272,934,332) has been recognised in profit or loss for the current year. Upon the disposal, the revaluation deficits of HK\$12,737,642 (2008: revaluation surplus of HK\$199,112,682) was released to profit or loss accordingly.

During the year, impairment loss of HK\$190,000,000 (2008: Nil) in respect of the equity securities listed in Hong Kong has been recognised in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

27. TRADING SECURITIES

Trading securities comprise:

	THE COMPANY		THE GROUP	
	2009 HK\$	2008 HK\$	2009 HK\$	2008 HK\$
Listed investments:				
Equity securities listed in Hong Kong	1,159,072	1,129,700	1,457,072,956	1,746,277,610
Equity securities listed elsewhere	–	–	288,289,258	346,826,085
Total	1,159,072	1,129,700	1,745,362,214	2,093,103,695

28. ADVANCES TO INVESTEE COMPANIES

The advances to investee companies of the Group are unsecured and have no fixed repayment terms. At 30th June, 2009, out of the advances, HK\$18,114,871 (2008: HK\$17,904,819) bears interest at effective rate determined based on the cost-of-funds plus a margin per annum and the remaining balance of HK\$Nil (2008: HK\$125,824) is interest-free. In the opinion of the Directors, the Group will not demand for repayment within twelve months from the balance sheet date and the advances are therefore shown as non-current.

29. LONG-TERM LOANS RECEIVABLE

	THE GROUP	
	2009 HK\$	2008 HK\$
Total long-term variable-rate loans receivable	67,476,875	40,302,196
Less: Current portion shown under current assets	(3,936,331)	(3,082,818)
	63,540,544	37,219,378

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

29. LONG-TERM LOANS RECEIVABLE (Continued)

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

Included in the carrying amount of loans receivable at 30th June, 2009 is accumulated impairment loss of HK\$12,242,722 (2008: HK\$12,275,562).

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

	THE GROUP	
	2009 HK\$	2008 HK\$
Variable-rate loans receivable:		
Within one year	3,936,331	3,082,818
In more than one year but not more than five years	13,458,692	9,889,262
In more than five years	50,081,852	27,330,116
	<u>67,476,875</u>	<u>40,302,196</u>

The Group's long-term loans receivable are denominated in HKD and carry interest rates (which are the contractual interest rates) at prime rate plus a margin per annum and are secured by second mortgages over the properties acquired by the purchasers. The maturity dates of the balances are ranging from 6 to 20 years (2008: ranging from 7 to 16) years.

Movements in the allowance for doubtful debts

	THE GROUP	
	2009 HK\$	2008 HK\$
Balance at beginning of the year	12,275,562	12,262,803
Impairment losses recognised	–	12,759
Impairment losses reversed	(32,840)	–
	<u>12,242,722</u>	<u>12,275,562</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

29. LONG-TERM LOANS RECEIVABLE (Continued)

At 30th June, 2009 and 2008, no balance is past due but not impaired. The Group has assessed the creditworthiness, past payment history and substantial settlement after the balance sheet date, and considered that the amounts are still recoverable and no further credit provision is required in excess of allowance for doubtful debts. Loans receivable which are neither overdue nor impaired are in good quality.

30. ACCOUNTS AND OTHER RECEIVABLES

At 30th June, 2009, included in accounts and other receivables of the Group are trade receivables of HK\$904,068,982 (2008: HK\$483,285,976). Trade receivables mainly comprise rental receivables which are billed in advance and settlements are expected upon receipts of billings and properties sales proceeds receivables.

	THE GROUP	
	2009 HK\$	2008 HK\$
Trade receivables	1,065,805,906	501,951,811
Less: Allowance for doubtful debts	(161,736,924)	(18,665,835)
	904,068,982	483,285,976
Other receivables	578,845,218	447,177,746
	1,482,914,200	930,463,722

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2009

30. ACCOUNTS AND OTHER RECEIVABLES *(Continued)*

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

	THE GROUP	
	2009 HK\$	2008 HK\$
0 – 30 days	462,772,963	429,687,621
31 – 60 days	396,782,153	17,470,928
61 – 90 days	4,254,254	6,296,745
Over 90 days	40,259,612	29,830,682
	904,068,982	483,285,976

Movements in the allowance for doubtful debts

	THE GROUP	
	2009 HK\$	2008 HK\$
Balance at beginning of the year	18,665,835	15,310,638
Impairment losses recognised on receivables	143,071,089	3,811,504
Amounts written off as uncollectible	–	(456,307)
	161,736,924	18,665,835

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

30. ACCOUNTS AND OTHER RECEIVABLES (Continued)

Ageing of trade receivables which are past due but not impaired

	THE GROUP	
	2009 HK\$	2008 HK\$
Overdue within 30 days	462,671,173	76,921,411
Overdue between 31 days to 60 days	396,782,153	17,470,928
Overdue between 61 days to 90 days	4,254,254	6,296,745
Overdue for more than 90 days	40,259,612	29,830,682
	903,967,192	130,519,766

For those past due but not impaired receivables, although no collateral is held, the Group has assessed the creditworthiness, past payment history and substantial settlement after the balance sheet date, and considers that the amounts are still recoverable and no further credit provision is required in excess of allowance for doubtful debts. Trade receivables over 90 days amounting to HK\$40,259,612 (2008: HK\$29,830,682) are sufficiently covered by rental deposits received from the respective tenants and no allowance is required for these receivables under the Group's allowance policy.

Trade receivables which are neither overdue nor impaired are in good quality.

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

The restricted bank deposits of the Group represent rental income received from certain properties which have been charged but can be applied for settlement of property expenses, interest payment and principal repayment of the corresponding secured bank loans. The restricted bank deposits and time deposits carry floating interest rates, ranging from 0.0001% to 4.78% (2008: 0.675% to 5.875%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

32. ACCOUNTS AND OTHER PAYABLES

At 30th June, 2009, included in accounts and other payables of the Group are trade payables of HK\$108,731,713 (2008: HK\$562,669,631).

The accounts and other payables of the Group are unsecured and repayable on demand. At 30th June, 2009, out of the payables, HK\$19,920,927 (2008: HK\$26,591,687) bear interest at 7% per annum (2008: 7.25% per annum) and the remaining balance of HK\$4,555,264,652 (2008: HK\$4,075,109,054) is interest free. The interest bearing payables represent the amount due to a related company, in which Mr. Robert Ng Chee Siong, Director of the Company, holds share interest and directorship of the related company.

Customers' deposits, in relation to the Group's sales of properties, included in other payable, amounted to approximately HK\$1,061,718,000 as at 30 June 2009 (2008: approximately HK\$1,841,785,000).

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

	THE GROUP	
	2009 HK\$	2008 HK\$
0 – 30 days	73,052,757	204,218,461
31 – 60 days	10,539,384	20,797,624
61 – 90 days	5,504,091	1,952,953
Over 90 days	19,635,481	335,700,593
	108,731,713	562,669,631

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

33. BANK BORROWINGS

	THE COMPANY		THE GROUP	
	2009 HK\$	2008 HK\$	2009 HK\$	2008 HK\$
Short-term bank loans				
Secured	43,000,000	50,000,000	7,968,796,853	5,157,288,262
Unsecured	–	–	1,198,662,306	598,625,776
	43,000,000	50,000,000	9,167,459,159	5,755,914,038
Secured bank overdrafts	–	–	–	965,260
Total short-term bank loans	43,000,000	50,000,000	9,167,459,159	5,756,879,298
Long-term unsecured bank loans				
More than one year but not exceeding two years	–	–	–	498,842,806
Long-term secured bank loans				
Within one year	–	–	227,926,231	424,293,045
More than one year but not exceeding two years	–	–	4,416,978,913	5,972,782,275
More than two years but not exceeding three years	–	–	4,870,763,721	4,149,282,076
More than three years but not exceeding four years	–	–	1,733,740,811	618,309,309
More than four years but not exceeding five years	–	–	–	1,194,740,811
	–	–	11,249,409,676	12,359,407,516
Less: Current portion shown under current liabilities	–	–	(227,926,231)	(424,293,045)
	–	–	11,021,483,445	11,935,114,471
Total bank loans – due after one year	–	–	11,021,483,445	12,433,957,277
Total bank loans	43,000,000	50,000,000	20,416,868,835	18,615,129,620

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

33. BANK BORROWINGS (Continued)

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

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

	HK\$ equivalent of United States Dollars HK\$
As at 30th June, 2009	232,515,000
As at 30th June, 2008	234,066,000

34. OTHER LOANS

	THE COMPANY		THE GROUP	
	2009 HK\$	2008 HK\$	2009 HK\$	2008 HK\$
Unsecured other loans				
On demand or within				
one year	–	–	53,956,405	210,362,340
More than one year but				
not exceeding two years	–	–	3,285,065,947	3,549,226,730
	–	–	3,339,022,352	3,759,589,070
Less: Current portion shown				
under current liabilities	–	–	(53,956,405)	(210,362,340)
	–	–	3,285,065,947	3,549,226,730
Secured other loans				
On demand or within				
one year	446,772	19,345,894	593,745,181	460,931,803
More than one year but				
not exceeding two years	–	–	32,047,500	120,000,000
More than two years but				
not exceeding three years	–	–	240,356,250	34,393,500
More than three years but				
not exceeding four years	–	–	–	257,951,250
	446,772	19,345,894	866,148,931	873,276,553
Less: Current portion shown				
under current liabilities	(446,772)	(19,345,894)	(593,745,181)	(460,931,803)
	–	–	272,403,750	412,344,750
Total other loans – due after				
one year	–	–	3,557,469,697	3,961,571,480
Total other loans	446,772	19,345,894	4,205,171,283	4,632,865,623

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

34. OTHER LOANS (Continued)

At 30th June, 2009, the secured other loans of the Group carry contractual interest rates (which are also the effective interest rates) at prime rate plus a margin per annum. The unsecured other loans are interest-free and out of which an aggregate amount of HK\$3,285,065,947 (2008: HK\$3,549,226,730) are included in non-current liability as the lenders have agreed not to demand repayment within twelve months from the balance sheet date and is discounted over the 12-month period using HIBOR plus a margin per annum.

35. SHARE CAPITAL

	2009		2008	
	Number of ordinary shares of HK\$0.20 each	Nominal value HK\$	Number of ordinary shares of HK\$0.20 each	Nominal value HK\$
Authorised:				
At 1st July and at 30th June	2,500,000,000	500,000,000	2,500,000,000	500,000,000
Issued and fully paid:				
At 1st July	1,450,937,808	290,187,562	1,431,579,383	286,315,877
Issue of shares in lieu of cash dividends	15,162,308	3,032,461	19,358,425	3,871,685
At 30th June	1,466,100,116	293,220,023	1,450,937,808	290,187,562

On 12th December, 2008 and 15th May, 2009, the Company issued and allotted a total of 14,601,859 ordinary shares and 560,449 ordinary shares of HK\$0.20 each of the Company at an issue price of HK\$25.45 and HK\$23.90 each, respectively, in lieu of cash for 2008 final and 2009 interim dividends.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

36. SHARE PREMIUM AND RESERVES

THE COMPANY				
	Share premium	Capital redemption reserve	Retained profits	Total
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
At 1st July, 2007	3,512,415,245	224,000	422,783,442	3,935,422,687
Premium on issue of shares upon scrip dividends	565,801,196	–	–	565,801,196
Shares issue expenses	(60,000)	–	–	(60,000)
Profit for the year	–	–	657,719,359	657,719,359
Final dividend – 2007	–	–	(429,473,815)	(429,473,815)
Interim dividend – 2008	–	–	(144,599,453)	(144,599,453)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30th June, 2008	4,078,156,441	224,000	506,429,533	4,584,809,974
Premium on issue of shares upon scrip dividends	381,979,617	–	–	381,979,617
Shares issue expenses	(43,283)	–	–	(43,283)
Profit for the year	–	–	677,352,228	677,352,228
Final dividend – 2008	–	–	(435,281,342)	(435,281,342)
Interim dividend – 2009	–	–	(146,553,967)	(146,553,967)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30th June, 2009	<u>4,460,092,775</u>	<u>224,000</u>	<u>601,946,452</u>	<u>5,062,263,227</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

37. DEFERRED TAXATION

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

	Accelerated tax depreciation <i>HK\$</i>	Revaluation of investment properties <i>HK\$</i>	Undistributed profits of associates <i>HK\$</i>	Tax losses <i>HK\$</i>	Others <i>HK\$</i>	Total <i>HK\$</i>
At 1st July, 2007	230,447,777	2,090,357,452	–	(135,698,726)	56,769,243	2,241,875,746
Exchange realignment	–	–	–	–	14,343,963	14,343,963
Acquisition of subsidiaries (<i>Note 42a</i>)	39,747,559	–	–	–	–	39,747,559
Charged (credited) to income for the year	103,276,733	652,318,853	18,156,344	(46,178,526)	24,573,853	752,147,257
Effect of change in tax rate	(11,328,851)	(117,658,803)	–	4,545,325	(35,067)	(124,477,396)
At 30th June, 2008	362,143,218	2,625,017,502	18,156,344	(177,331,927)	95,651,992	2,923,637,129
Exchange realignment	–	–	(11,889)	–	(12,332,368)	(12,344,257)
Charged (credited) to income for the year	20,705,678	93,075,341	(7,492,388)	34,488,881	(17,882,104)	122,895,408
Settlement on withholding tax	–	–	(8,615,802)	–	–	(8,615,802)
At 30th June, 2009	382,848,896	2,718,092,843	2,036,265	(142,843,046)	65,437,520	3,025,572,478

For the purpose of balance sheet presentation, the deferred tax assets and liabilities have been offset.

At 30th June, 2009, the Group had unused tax losses of HK\$2,127,392,791 (2008: HK\$2,324,362,198) available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$865,778,103 (2008: HK\$1,074,868,564) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$1,261,614,688 (2008: HK\$1,249,493,634) due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

At 30th June, 2009, the Group had deductible temporary differences of HK\$2,043,116,079 (2008: HK\$2,324,578,448). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

At the balance sheet date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was HK\$213,612,692 (2008: HK\$185,848,052). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

38. ADVANCES FROM SUBSIDIARIES

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

39. ADVANCES FROM ASSOCIATES

The advances from associates of the Group are unsecured and have no fixed repayment terms but are not repayable within twelve months from the balance sheet date. At 30th June, 2009, HK\$526,237,857 (2008: HK\$480,518,041) of the advances bears interest at effective rate determined based on the cost-of-funds plus a margin per annum and the remaining balance of HK\$1,540,950,497 (2008: HK\$1,510,345,490) is interest-free. The effective interest rate for imputed interest expenses is determined based on the cost-of-funds plus a margin per annum.

40. ADVANCES FROM MINORITY SHAREHOLDERS

The advances from minority shareholders of the Group are unsecured, bear interest at effective rate determined based on the cost-of-funds plus a margin per annum and have no fixed repayment terms. The minority shareholders agreed not to demand repayable within the next twelve months from the balance sheet date and the advances are therefore shown as non-current.

41. JOINTLY CONTROLLED OPERATION

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

At 30th June, 2009 and 2008, the aggregate amount of assets, liabilities, income and expenses recognised in the consolidated financial statements in relation to the interest in jointly controlled operation are as follows:

	2009 HK\$	2008 <i>HK\$</i>
Assets	<u>21,711,910,845</u>	<u>22,501,834,861</u>
Liabilities	<u>8,914,394,375</u>	<u>8,802,621,086</u>
Income	<u>6,498,568,009</u>	<u>3,427,719,900</u>
Expenses	<u>4,133,559,017</u>	<u>1,076,341,314</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

42. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of assets and liabilities through purchase of subsidiaries

During the year ended 30th June, 2008, the Group acquired additional 57.5% and 70% equity interest of Benefit Bright (B.V.I.) Limited and Harvest Sun (B.V.I.) Limited respectively, for a total consideration of HK\$2,399,007,743. These companies hold investment properties. Prior to the acquisition, the Group held 42.5% interest in Benefit Bright (B.V.I.) Limited, 30% interest in Harvest Sun (B.V.I.) Limited and these have been accounted for as interests in associates. These companies then became subsidiaries subsequent to the acquisition.

The net assets acquired in the transaction are as follows:

	Benefit Bright (B.V.I.) Limited	Harvest Sun (B.V.I.) Limited	
	Acquiree's carrying amount before combination and fair value HK\$	Acquiree's carrying amount before combination and fair value HK\$	Total HK\$
Net assets acquired:			
Investment properties	4,402,797,500	488,046,001	4,890,843,501
Property, plant and equipment	–	7,059	7,059
Mortgage loan receivable	–	1,320,975	1,320,975
Stock of unsold properties	161,700,000	15,420,000	177,120,000
Accounts and other receivables	47,863,804	10,920,604	58,784,408
Bank balances	130,241,742	121,670,039	251,911,781
Accounts and other payables	(50,822,387)	(98,881,661)	(149,704,048)
Unsecured loans payable	(5,404,914,222)	–	(5,404,914,222)
Taxation payable	–	(32,775)	(32,775)
Deferred taxation	(24,816,243)	(14,931,316)	(39,747,559)
	(737,949,806)	523,538,926	(214,410,880)
Assignment of unsecured loans payable	3,107,771,227	–	3,107,771,227
			2,893,360,347
Interests in associates held prior to the acquisition	(284,188,055)	(210,164,549)	(494,352,604)
	<u>2,085,633,366</u>	<u>313,374,377</u>	<u>2,399,007,743</u>
Total cash consideration paid for acquisition of assets and liabilities through purchase of subsidiaries			<u>2,399,007,743</u>
Net cash outflow arising on acquisition:			
Cash consideration paid			(2,399,007,743)
Bank balances acquired			251,911,781
			<u>(2,147,095,962)</u>

The companies acquired contributed HK\$994,692,829 to the Group's profit for the period between the date of acquisition and the balance sheet date at 30th June, 2008.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

42. ACQUISITION OF SUBSIDIARIES (Continued)

(b) Acquisition of businesses

During the year ended 30th June, 2008, the Group acquired 50% and 57.5% of the issued share capital of Olympian City 2 Finance Company Limited and Olympian City 2 Management Company Limited respectively, for a total consideration of HK\$5,382,016. Prior to the acquisition, the Group held 50% interest in Olympian City 2 Finance Company Limited, 42.5% interest in Olympian City 2 Management Company Limited and these have been accounted for as interests in associates. These companies then became subsidiaries subsequent to the acquisition. The acquisition of Olympian City 2 Finance Company Limited and Olympian City 2 Management Company Limited has been accounted for using the purchase method.

The net assets acquired in the transaction are as follows:

	Olympian City 2 Finance Company Limited	Olympian City 2 Management Company Limited	Total
	Acquiree's carrying amount before combination and fair value HK\$	Acquiree's carrying amount before combination and fair value HK\$	Total HK\$
Net assets acquired:			
Mortgage loan receivable	3,243,331	–	3,243,331
Accounts and other receivables	6,849,649	–	6,849,649
Bank balances	777,420	52,121,779	52,899,199
Accounts and other payables	(119,006)	(52,109,922)	(52,228,928)
Unsecured loans payable	(14,334,149)	–	(14,334,149)
Taxation payable	–	(648)	(648)
	(3,582,755)	11,209	(3,571,546)
Assignment of unsecured loans payable	7,167,296	–	7,167,296
			3,595,750
Interests in associates held prior to the acquisition	1,791,030	(4,764)	1,786,266
	5,375,571	6,445	5,382,016
Total cash consideration paid for acquisition of business			5,382,016
Net cash inflow arising on acquisition:			
Cash consideration paid			(5,382,016)
Bank balances acquired			52,899,199
			47,517,183

The companies acquired contributed HK\$1,202 to the Group's profit for the period between the date of acquisition and the balance sheet date at 30th June, 2008.

If the acquisition had been completed on 1st July, 2007, total group revenue for the year ended 30th June, 2008 would have been HK\$6,251,491,208, and profit for the year ended 30th June, 2008 would have been HK\$7,720,996,255, as restated. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1st July, 2007, nor is it intended to be a projection of future results.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

43. MAJOR NON-CASH TRANSACTIONS

On 12th December, 2008 and 15th May, 2009, the Company issued and allotted a total of 14,601,859 (2008: 14,415,147) ordinary shares and 560,449 (2008: 4,943,278) ordinary shares of HK\$0.2 each of the Company at HK\$25.45 (2008: HK\$29.54) and HK\$23.90 (2008: HK\$29.10) per share, respectively, to the shareholders in lieu of cash for 2008 final and 2009 interim dividends (2008: 2007 final and 2008 interim dividends).

On 11th December, 2008 and 14th May, 2009, Sino Land issued and allotted a total of 1,917,421 (2008: 46,266,032) ordinary shares and 37,865,347 (2008: 22,784,071) ordinary shares of HK\$1.00 at HK\$6.728 (2008: HK\$25.87) and HK\$9.658 (2008: HK\$17.988) per share, respectively, to Sino Land's shareholders in lieu of cash for Sino Land's 2008 final and 2009 interim dividends (2008: 2007 final and 2008 interim dividends).

44. PLEDGE OF ASSETS

THE GROUP

- (a) At 30th June, 2009, the aggregate facilities of bank loans, overdrafts and other loans amounting to approximately HK\$22,600,046,000 (2008: HK\$23,592,723,000) were secured by certain of the Group's listed investments, properties, restricted bank deposits, shares of Sino Land and floating charges on bank balances amounting to a total of HK\$58,668,728,759 (2008: HK\$59,758,329,698). At that date, the facilities were utilised to the extent of approximately HK\$20,131,415,000 (2008: HK\$18,420,996,000).

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

	2009 HK\$	2008 HK\$
Investment properties	25,594,058,275	32,202,496,824
Property, plant and equipment	666,837	525,702
Properties under development	18,109,155,455	16,255,016,367
Stocks of unsold properties	626,473,450	1,062,648,005
Accounts and other receivables	15,534,709	9,790,533
Pledged bank balances	1,351,917,434	286,470,794
Trading securities	12,768,936,180	9,910,323,539
Others	201,986,419	31,057,934
	58,668,728,759	59,758,329,698

- (b) At 30th June, 2009, investments in and advances to certain associates amounting to approximately HK\$5,862,035,000 (2008: HK\$6,164,802,000), in addition to certain assets pledged by the associates, were pledged to or assigned to secure loan facilities made available by banks or financial institutions to such associates. The Group's attributable portion of these facilities amounted to HK\$10,313,300,000 (2008: HK\$10,415,450,000), of which HK\$7,233,300,000 (2008: HK\$7,191,850,000) was utilised by the associates and guaranteed by Sino Land.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

44. PLEDGE OF ASSETS (Continued)

THE COMPANY

At 30th June, 2009, the Company and certain subsidiaries' bank and other loan facilities at an aggregate amount of HK\$652,961,772 (2008: HK\$279,345,894) were secured by certain shares held by the Company amounting to HK\$1,805,858,372 (2008: HK\$1,480,248,758). At that date, the facilities were utilised to the extent of HK\$652,961,772 (2008: HK\$279,345,894).

45. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Other than as disclosed in Note 15, at the balance sheet date, the Company and the Group had commitments and contingent liabilities as follows:

	THE COMPANY		THE GROUP	
	2009 HK\$	2008 HK\$	2009 HK\$	2008 HK\$
(i) Commitments in respect of land premium payable	–	–	–	835,100,000
(ii) Guarantees in respect of banking facilities of:				
Subsidiaries				
– Utilised	2,303,291,000	2,084,066,000	–	–
– Unutilised	79,224,000	–	–	–
	2,382,515,000	2,084,066,000	–	–
Associates				
– Utilised	–	–	7,233,300,000	7,191,850,000
– Unutilised	–	–	3,080,000,000	3,223,600,000
	–	–	10,313,300,000	10,415,450,000

As at 30th June, 2009, the Group issued corporate financial guarantees to banks in respect of banking facilities granted to associates. At the balance sheet date, an amount of HK\$16,445,575 (2008: HK\$16,988,097) has been recognised in the consolidated balance sheet as liabilities.

As at 30th June, 2009, the Company issued corporate financial guarantees to banks in respect of banking facilities granted to subsidiaries. At the balance sheet date, an amount of HK\$124,152,948 (2008: Nil) has been recognised in the Company balance sheet as liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

45. COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

(b) At the balance sheet date, share of commitments and contingent liabilities of associates are as follows:

	THE COMPANY		THE GROUP	
	2009 HK\$	2008 HK\$	2009 HK\$	2008 HK\$
(i) Share of commitments in respect of land premium payable	–	–	931,116,625	1,290,211,250
(ii) Share of contingent liabilities (Note 24)	–	–	51,929,000	46,359,000

46. OPERATING LEASE ARRANGEMENTS

The Group as lessor

Property rental income earned during the year, net of outgoings of HK\$295,991,756 (2008: HK\$248,059,344), was HK\$1,526,627,600 (2008: HK\$1,225,784,568). Most of the properties held have committed tenants with rental fixed for an average term of two years.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments, which fall due:

	2009 HK\$	2008 HK\$
Within one year	1,258,063,609	1,387,129,384
In the second to fifth year inclusive	1,291,259,649	1,626,452,130
After five years	33,343,259	21,051,170
	2,582,666,517	3,034,632,684

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

46. OPERATING LEASE ARRANGEMENTS (Continued)

The Group as lessee

Minimum lease payments paid under operating leases during the year was HK\$47,323,831 (2008: HK\$46,051,786).

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2009 <i>HK\$</i>	2008 <i>HK\$</i>
Within one year	33,476,845	23,762,768
In the second to fifth year inclusive	<u>14,249,521</u>	<u>6,590,852</u>
	<u>47,726,366</u>	<u>30,353,620</u>

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

The Company did not have any significant commitments either as a lessor or a lessee at the balance sheet date.

47. RETIREMENT BENEFIT SCHEME

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

48. POST BALANCE SHEET EVENT

Subsequent to the year end, a wholly-owned subsidiary of Sino Land entered into a sale and purchase agreement to purchase a company, which holds a property in Wan Chai for investment purpose, at a consideration of approximately HK\$585,000,000. The transaction will be completed in October 2009.

49. RELATED PARTY DISCLOSURES

The Group had the following transactions with related parties:

(a) Related companies

	2009 HK\$	2008 HK\$
Service fees received therefrom (Note i)	121,961,295	117,313,286
Rental paid thereto (Note i)	47,366,409	46,051,786
Consultancy fee paid thereto (Note ii)	2,083,330	2,083,330
Fair value adjustment on non-current interest-free unsecured other loans (Note iii)	91,399,403	154,336,812
Imputed interest expense on non-current interest-free unsecured other loans (Note iii)	154,336,812	187,192,646

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

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

Note iii: All the unsecured other loans of the Group amounting to HK\$3,339,022,352 (2008: HK\$3,759,589,070) were borrowed from a close family member of Mr. Ng Teng Fong, the controlling shareholder of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

49. RELATED PARTY DISCLOSURES (Continued)

(b) Associates

	2009 HK\$	2008 HK\$
Service fees paid thereto	14,470,022	12,285,907
Management fees received therefrom	23,522,625	21,535,260
Interest income received therefrom	38,579,619	42,333,425
Interest expenses paid thereto	9,594,265	18,733,689
Imputed interest income on non-current interest-free advances to associates	88,801,853	189,303,393
Imputed interest expense on non-current interest-free advances from associates	57,153,890	67,281,109
	<u>57,153,890</u>	<u>67,281,109</u>

Certain of the above related party transactions also constitute continuing connected transactions as defined in chapter 14A of the Listing Rules and their details are disclosed on pages 43 to 49 in the Directors' report.

Details of the outstanding balances with subsidiaries, associates, a related company and minority shareholders as well as interest-free unsecured other loans at the balance sheet date are set out in the balance sheet and in Notes 23, 24, 32, 34, 38, 39 and 40.

In addition, as set out in Notes 44 and 45, the Company and the Group have granted guarantees and pledged certain assets to banks and financial institutions for facilities granted to the group entities and associates.

Compensation of key management personnel

The remuneration of Directors during the year was as follows:

	2009 HK\$	2008 HK\$
Short-term benefits	7,760,179	8,066,988
Retirement benefit scheme contributions	36,000	36,000
	<u>7,796,179</u>	<u>8,102,988</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

50. PRINCIPAL SUBSIDIARIES

The Directors are of the opinion that a complete list of all subsidiaries will be of excessive length and therefore the following list contains only the particulars of subsidiaries at 30th June, 2009 and 2008 which materially affected the results or assets and liabilities of the Group.

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

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
				Directly %	Indirectly %	Total %	2008 Total %	
Able Way Investments Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Financing
Acclaim Investment Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Share investment
Accomplishment Investment Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Share investment
Ackerley Estates Limited	Hong Kong	Ordinary	HK\$20,000,000	–	100	100	100	Property investment
Active Success Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Advance Profit Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Alfaso Investment Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property investment
Allbright Global Investments, S.A.	Republic of Panama/ Hong Kong	Bearer	US\$200	100	–	100	100	Share investment
Allways Success Finance Limited	Hong Kong	Ordinary	HK\$10	–	100	100	100	Mortgage loan financing
Ample Way Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Apex Speed Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Beauty Plaza Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property investment
Benefit Bright Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Best Origin Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

50. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company			2008 Total %	Principal activities
				Directly %	Indirectly %	Total %		
Bestone Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property development
Best General Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Provision of financial services
Best Result Cleaning Services Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Cleaning services
Brighter Investment Company Limited	Hong Kong	Ordinary	HK\$400,000	100	–	100	100	Share investment
Century Profit Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Cheer Result Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Champion Rise Limited	Hong Kong	Ordinary	HK\$2	–	100	100	N/A	Property investment
Champion Top Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property development
Crenshaw Investment Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Share investment
Citywalk Management Company Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Building management
Dragon (Hong Kong) Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property development
e.Sino Company Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Investment holding
Elegant Lane Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Entertainment City Limited	Hong Kong	Ordinary	HK\$4,500,000	–	100	100	100	Property investment
Ever Champion Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

50. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company			2008 Total %	Principal activities
				2009 Directly %	2009 Indirectly %	2009 Total %		
Ever Success Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Financing
Falcon City Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Famous General Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Famous Palace Properties Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property investment
Far Gain Limited	Hong Kong	Ordinary	HK\$10,000	–	100	100	100	Property investment
Firm Wise Investment Limited	Hong Kong	Ordinary	HK\$10	–	70	70	70	Property investment
Forlink Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Fortune Garden Inc.	Republic of Liberia/ Hong Kong	Registered/ Bearer	US\$1	–	100	100	100	Share investment
Free Champion Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Fu King Investment Limited	Hong Kong	Ordinary	HK\$1,000,000	–	100	100	100	Investment holding
Full Fair Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Fullerton Hotels & Resorts Pte. Ltd.	Singapore	Ordinary	S\$10,000	–	100	100	100	Management services
Fung Yuen Construction Company Limited	Hong Kong	Ordinary	HK\$1,000,000	–	100	100	100	Building construction
Golden Century Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Financing
Global Honest Finance Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Mortgage loan financing
Globaland Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

50. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company			2008 Total %	Principal activities
				Directly %	Indirectly %	Total %		
Glorypark Limited	Hong Kong	Ordinary	HK\$1,000	–	100	100	100	Property investment
Golden Leaf Investment Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property investment
Grace Rays Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Grand Creator Investment (BVI) Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$10	–	60	60	60	Investment holding
Grand Creator Investment Limited	Hong Kong	Ordinary	HK\$2	–	60	60	60	Property trading
Grand Empire Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Project management
Grandeal Limited	Hong Kong/ PRC	Ordinary	HK\$2	–	100	100	100	Property trading
Great Land (HK) Limited	Hong Kong	Ordinary	HK\$1,000,000	–	100	100	100	Property trading and investment
Handsome Lift Investment (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Property investment
Hang Hau Station (Project Management) Limited	Hong Kong	Ordinary	HK\$2	–	60	60	60	Project management
Harvest Sun Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Harvestrade Investment Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property trading and investment
Hickson Limited	Hong Kong	Ordinary	HK\$20	–	100	100	100	Property investment
High Elite Finance Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Mortgage loan financing
High Elite Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Hong Kong Elite Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

50. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company			2008 Total %	Principal activities
				Directly %	Indirectly %	Total %		
Jade Bird Development Limited	Hong Kong	Ordinary	HK\$100,000	–	100	100	100	Property trading and investment
Jade Line Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Jade Mate Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Jade Pine Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property investment
Jade Queen Properties Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Jet Rise Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Ka Fai Land Investment Limited	Hong Kong	Ordinary	HK\$500,000	100	–	100	100	Share investment
King Century Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
King Chance Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Investment holding
Kingdom Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Kingsfield International Investments Limited	Hong Kong	Ordinary	HK\$1	–	100	100	N/A	Property investment
King Talent Investments Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Financing
Land Success Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Landscape Investment Limited	Hong Kong/ PRC	Ordinary	HK\$2	–	100	100	100	Property development
Lucky Fortress Inc.	Republic of Liberia/ Hong Kong	Registered/ Bearer	US\$1	–	100	100	100	Share investment
Mackey Limited	Hong Kong	Ordinary	HK\$100	–	100	100	100	Property trading
Mailcoach Investment Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Share investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

50. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company			2008 Total %	Principal activities
				2009 Directly %	2009 Indirectly %	2009 Total %		
Main Earn Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Financing
Mander Investment Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Share investment
Mega Sino Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	N/A	Investment holding
Morbest Profits Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Share investment
Multipurpose Investment Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property trading and investment
Nam Lung (Singapore) Pte. Limited	Singapore	Ordinary	S\$2	100	–	100	100	Share dealing
Nice Scene International Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Investment holding
Ocean Century Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Financing
Ocean Treasure (Hong Kong) Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Octerworth Enterprises Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property investment
Olympian City 1 (Project Management) Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Project management
Olympian City 2 Finance Company Limited	Hong Kong	Ordinary	HK\$1,000	–	100	100	100	Mortgage loan financing
Olympian City 2 (Project Management) Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Project management

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

50. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company			2008 Total %	Principal activities
				2009 Directly %	2009 Indirectly %	2009 Total %		
Orchard Centre Holdings (Pte.) Limited	Singapore	Ordinary	S\$8,400,000	–	95	95	95	Property trading and share dealing
Orchard Place (Pte.) Limited	Singapore	Ordinary	S\$1,000,000	–	95	95	95	Property trading
Orient Harvest International Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading
Parason Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Share investment
Peace Success Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading
Perfect Sun Properties Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Precious Land Pte. Limited	Singapore	Ordinary	S\$2	–	100	100	100	Property investment
Precious Quay Pte. Ltd.	Singapore	Ordinary	S\$10,000	–	100	100	100	Property investment and development
Precious Treasure Pte Ltd	Singapore	Ordinary	S\$20,000,000	–	100	100	100	Hotel operation and property investment
Premium Living Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Premium living services
Pridegate (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Property investment
Prime Harvest (Administration Services) Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Consultant services provider
Prime Harvest Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

50. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company			2008 Total %	Principal activities
				2009 Directly %	2009 Indirectly %	2009 Total %		
Prime Reward Finance Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Financing
Primewin Properties Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Profit Falcon Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Financing
Profit Land Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Decoration services provider
Pui Chee Enterprises Limited	Hong Kong	Ordinary	HK\$1,000,000	100	–	100	100	Share investment
Rainbow City Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property development
Ramage Investment Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Share investment
Rankchief Company Limited	Hong Kong	Ordinary	HK\$200	–	100	100	100	Property trading
Real Maker Development Limited	Hong Kong	Ordinary	HK\$200,000	–	90	90	90	Property investment
Regent Profit Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Region One Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Residence Oasis Finance Company Limited	Hong Kong	Ordinary	HK\$2	–	60	60	60	Mortgage loan financing
Rich Tact International (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Property investment
Rich Treasure Investments Limited	Hong Kong	Ordinary	HK\$1	–	100	100	N/A	Mortgage Loan financing

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

50. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company			2008 Total %	Principal activities
				2009 Directly %	2009 Indirectly %	2009 Total %		
Richtune Investment Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Share investment
Rickson Investment Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Investment holding
Roystar Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Investment holding
Ruddiman Trading Company Limited	Hong Kong	Ordinary	HK\$100,000	–	100	100	100	Investment holding
Saky Investment (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Property investment
Santander Investment Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Share investment
Serenity Park Building Management Limited	Hong Kong	Ordinary	HK\$10	–	100	100	100	Building management
Sharp Rise Company Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading
Shine Harvest International Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property development
Sidak Investment Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property trading and investment
Silver Palm Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Silver Target Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Sincere Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property development
Sing-Ho Finance Company Limited	Hong Kong	Ordinary	HK\$30,000,000	–	100	100	100	Financing

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

50. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company			2008 Total %	Principal activities
				Directly %	Indirectly %	Total %		
Sino Administration Services Limited	Hong Kong	Ordinary	HK\$3	–	100	100	100	Administration services
Sino Estates Management Limited	Hong Kong	Ordinary	HK\$5,500,000	–	100	100	100	Building management
Sino Estates Services Limited	Hong Kong	Ordinary	HK\$20	–	100	100	100	Building management
Sino Land Company Limited (Listed in Hong Kong)	Hong Kong	Ordinary	HK\$4,839,469,538	23.76	27.74	51.50	50.64	Investment holding
Sino Land Finance Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Deposit placing
Sino Land (Fuzhou) Co., Ltd. (Note i)	PRC	Registered	HK\$50,000,000	–	100	100	100	Property development
Sino Land (Guangzhou) Company Limited (Note i)	PRC	Registered	US\$3,200,000	–	100	100	100	Property trading and investment
Sino Land (Zhangzhou) Company Limited (Note i)	PRC	Registered	HK\$94,150,000	–	100	100	100	Property development
Sino Land Investment (Holdings) Ltd.	Cayman Islands/ Hong Kong	Ordinary	US\$6,000,000	–	100	100	100	Investment holding
Sino Security Services Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Security services
Spangle Investment Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Share investment
Sparkling Investment Company Limited	Hong Kong	Ordinary	HK\$200	100	–	100	100	Share investment
Standard Union Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Share investment
Success One Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Success United Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Financing

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

50. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company			2008 Total %	Principal activities
				2009 Directly %	2009 Indirectly %	2009 Total %		
Sunny Force Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Sunrise Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Super One Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Thousand Growth Development Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property investment
Timeshare Development (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Property investment
Trans China Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Triple Reach International (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Property investment
Triumph One Limited	Hong Kong	Ordinary	HK\$10,000	–	100	100	100	Property trading and investment
Union Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading
Union Harvest Investments Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property development
Union Treasure Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Financing
Union Vision Limited	Hong Kong	Ordinary	HK\$2	–	100	100	N/A	Property investment
Vasilon Pte Ltd	Singapore	Ordinary	S\$2	–	100	100	100	Investment holding
Weiland Development Company Limited	Hong Kong	Ordinary	HK\$33,140,000	–	100	100	100	Property investment
Well Growth International Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

50. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company			2008 Total %	Principal activities
				2009 Directly %	2009 Indirectly %	2009 Total %		
Wendia Limited	Hong Kong	Ordinary	HK\$20	–	100	100	100	Property investment
Will Glory Company (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Property investment
Win Harvest (HK) Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Winchamp Limited	Hong Kong	Ordinary	HK\$2	–	100	100	N/A	Property investment
Wise Century Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Wise Mate Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
World Ace Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
World Empire Investment (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Property investment
信和置業(成都)有限公司 (Note i)	PRC	Registered	HK\$3,122,000,000	–	100	100	100	Property development
成都信和佳景房地產開發有限公司 (Note i)	PRC	Registered	HK\$700,000,000	–	100	100	100	Property development
成都信和萬景房地產開發有限公司 (Note i)	PRC	Registered	HK\$700,000,000	–	100	100	100	Property development

Notes:

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

(ii) None of the subsidiaries had issued any debt securities at 30th June, 2009 and 2008.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

51. PRINCIPAL ASSOCIATES

The Directors are of the opinion that a complete list of all associates will be of excessive length and therefore the following list contains only the particulars of associates at 30th June, 2009 and 2008 which materially affect the results of the year or form a substantial portion of the net assets of the Group.

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

Name of associate	Place of incorporation/ establishment/ operation	Class of shares held	Proportion of nominal value of issued share capital/ registered capital held indirectly by the Company		Principal activities
			2009 Total %	2008 Total %	
Ace Glory Limited	Hong Kong	Ordinary	25	25	Property development
Asian Success Investments Limited	Hong Kong	Ordinary	33.3	33.3	Property trading
Astoria Estate Management Company Limited	Hong Kong	Ordinary	50	50	Building management
Best Profit Limited	Hong Kong	Ordinary	50	50	Property development
Better Chief Limited	Hong Kong	Ordinary	50	50	Property investment
Beverhill Limited	Hong Kong	Ordinary	20	20	Property investment
Boatswain Enterprises Limited	Hong Kong	Ordinary	20	20	Property investment
Brisbane Trading Company Limited	Hong Kong	Ordinary and non-voting deferred	50	50	Property trading
Century Rise Limited	Hong Kong	Ordinary	50	50	Property development
Cheer City Properties Limited	Hong Kong	Ordinary	20	20	Property investment
Chongqing Champion Globe Company Limited	PRC	Registered	50	50	Property development
Chongqing Champion King Company Limited	PRC	Registered	50	50	Property development
Chongqing Sino Land Company Limited	PRC	Registered	50	50	Property development
C.H.K.C. Building Management Limited	Hong Kong	Ordinary	25	25	Building management

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

51. PRINCIPAL ASSOCIATES (Continued)

Name of associate	Place of incorporation/ establishment/ operation	Class of shares held	Proportion of nominal value of issued share capital/ registered capital held indirectly by the Company		Principal activities
			2009 Total %	2008 Total %	
Cosmos Door Limited	Hong Kong	Ordinary	50	50	Property investment
Credit World Limited	Hong Kong	Ordinary	20	20	Property trading
Direct Win Development Limited	Hong Kong	Ordinary	33.3	33.3	Property trading
Dramstar Company Limited	Hong Kong	Ordinary	22	22	Property trading
Empire Funds Limited	Hong Kong	Ordinary	50	50	Property trading
Enterprico Investment Limited	Hong Kong	Ordinary	50	50	Loan financing
Eternal Honest Finance Company Limited	Hong Kong	Ordinary	50	50	Mortgage loan financing
Famous Empire Finance Limited	Hong Kong	Ordinary	40	40	Mortgage loan financing
Famous Empire Properties Limited	Hong Kong	Ordinary	40	40	Property trading and investment
Finedale Industries Limited	Hong Kong	Ordinary	33.3	33.3	Property investment
Full Raise International Limited	British Virgin Islands/ Hong Kong	Ordinary	25	25	Investment holding
Gloryland Limited	Hong Kong	Ordinary	33.3	33.3	Property investment
Golden Famous International Limited	Hong Kong	Ordinary	25	25	Property trading
Grace Sign Limited	Hong Kong	Ordinary	30	30	Property trading
Grand Palisades Finance Company Limited	Hong Kong	Ordinary	20	20	Mortgage loan financing
Grand Rise Investments Limited	Hong Kong	Ordinary	50	50	Property investment
Grand Site Development Limited	Hong Kong	Ordinary	50	N/A	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

51. PRINCIPAL ASSOCIATES (Continued)

Name of associate	Place of incorporation/ establishment/ operation	Class of shares held	Proportion of nominal value of issued share capital/ registered capital held indirectly by the Company		Principal activities
			2009 Total %	2008 Total %	
Greenroll Limited	Hong Kong	Ordinary	30	30	Hotel operation
Hua Qing Holdings Pte Ltd	Singapore	Ordinary	23.5	23.5	Investment holding
Island Resort Estate Management Company Limited	Hong Kong	Ordinary	40	40	Building management
Jet Fame (Hong Kong) Limited	Hong Kong	Ordinary	50	50	Property investment
Lead Bright Finance Limited	Hong Kong	Ordinary	20	20	Mortgage loan financing
Lead Bright Limited	Hong Kong	Ordinary	20	20	Property trading
Million Success Limited	Hong Kong	Ordinary	25	25	Property investment
More Treasure Company Limited	Hong Kong	Ordinary	25	25	Property investment
Murdoch Investments Inc.	Republic of Panama/ Hong Kong	Ordinary	45	45	Property investment
Nimble Limited	British Virgin Islands/ Hong Kong	Ordinary	45	45	Investment holding
Pacific Bond Limited	Hong Kong	Ordinary	35	35	Property development
Prime Force Limited	Hong Kong	Ordinary	50	50	Property trading
Pui Hay Enterprises Limited	Hong Kong	Ordinary	50	50	Property trading
Rich Century Investment Limited	Hong Kong	Ordinary	50	50	Property investment
Silver Link Investment Limited	Hong Kong	Ordinary	40	40	Property trading and investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2009

51. PRINCIPAL ASSOCIATES (Continued)

Name of associate	Place of incorporation/ establishment/ operation	Class of shares held	Proportion of nominal value of issued share capital/ registered capital held indirectly by the Company		Principal activities
			2009 Total %	2008 Total %	
Sino Parking Services Limited	Hong Kong	Ordinary	50	50	Carpark operation
Sino Real Estate Agency Limited	Hong Kong	Ordinary	50	50	Real estate agency
Tat Lee Construction Company Limited	Hong Kong	Ordinary	25	25	Building construction
Teamer International Limited	Hong Kong	Ordinary	35	35	Property development
Union King (Hong Kong) Limited	Hong Kong	Ordinary	45	45	Property development
Victory World Limited	Hong Kong	Ordinary	50	50	Property trading and investment
Wide Harvest Investment Limited	Hong Kong	Ordinary	25	25	Property investment
Win Chanford Enterprises Limited	Hong Kong	Ordinary	50	50	Property investment
Wisekey Investment Limited	British Virgin Islands/ Hong Kong	Ordinary	50	50	Investment holding
深圳中海信和地產開發有限公司	PRC	Registered	50	50	Property trading
中海信和(成都)物業發展有限公司	PRC	Registered	20	20	Property development and trading

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 30th June, 2009, Sino Land Company Limited (“Sino Land”) was 51.53% owned subsidiary of the Company. On a consolidated basis, the Company had a general disclosure obligation under Rule 13.22 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) with respect to the advances to, and guarantees given for the benefits of its affiliated companies by the Company (through Sino Land and/or its subsidiaries). In accordance with Rule 13.22 of the Listing Rules, the Company discloses the following statement of indebtedness, capital commitments and contingent liabilities reported on by the affiliated companies of Sino Land and/or its subsidiaries as at the end of the most recent financial period. This information has been extracted from the relevant audited financial statements of the affiliated companies.

	At 30th June, 2009 HK\$	At 30th June, 2008 HK\$
Sino Land’s share of total indebtedness of its affiliated companies		
– Bank loans	8,113,068,694	8,171,329,718
Advances from Sino Land and/or its subsidiaries	12,291,766,209	11,744,542,777
	<u>20,404,834,903</u>	<u>19,915,872,495</u>
Sino Land’s share of commitments of land premium payable of its affiliated companies	<u>931,116,625</u>	<u>1,290,211,250</u>
Sino Land’s share of contingent liabilities of its affiliated companies	<u>51,929,000</u>	<u>46,359,000</u>

Note: “Affiliated companies” mentioned above refers to associates of the Group.

MAJOR PROPERTIES HELD BY THE GROUP

Dated at 30th June, 2009

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment/own use							
HONG KONG							
1. No. 1 Chatham Path Mid-levels, Hong Kong	2072	51.50%	–	4,017	R	Completed	Existing
2. 15 Shek O Headland, Hong Kong	2047	51.50%	2,970	1,147	R	Completed	Existing
3. 20-24 Staunton Street Central, Hong Kong	2844	51.50%	3,313	11,380 4,266 <u>15,646</u>	R C	Completed	Existing
4. 148 Electric Road North Point, Hong Kong	2047	51.50%	13,160	101,661	C	Completed	Existing
5. Bayview Park 3 Hong Man Street, Chai Wan, Hong Kong	2047	51.50%	17,122	42,364	R	Completed	Existing
6. Central Plaza 18 Harbour Road, Wan Chai, Hong Kong	2047	5.15%	77,824	72,100	C	Completed	Existing
7. The Centrium 60 Wyndham Street, Central, Hong Kong	2047	36.05%	17,061	92,256	C	Completed	Existing
8. Conrad Hong Kong Pacific Place, 88 Queensway, Hong Kong	2047	15.45%	–	85,236	H	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP *(continued)*

Dated at 30th June, 2009

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment/own use							
HONG KONG							
9. Harbour Centre Harbour Road & Fleming Road, Hong Kong	2128	8.60%	32,626	20,686	C	Completed	Existing
10. The Hennessy 256 Hennessy Road, Wan Chai, Hong Kong	2127	51.50%	4,791	37,009	C	Completed	Existing
11. Hollywood Centre 233 Hollywood Road, Hong Kong	2128	25.75%	6,706	24,568	C	Completed	Existing
12. Island Resort Mall 28 Siu Sai Wan Road, Chai Wan, Hong Kong	2047	20.60%	275,470	38,973 27,605* <u>66,578</u>	C P	Completed	Existing
				* 247 carpark			
13. Marina House 68 Hing Man Street, Shau Kei Wan, Hong Kong	2047	51.50%	7,818	61,438	C	Completed	Existing
14. One Capital Place 18 Luard Road, Wan Chai, Hong Kong	2127	51.50%	5,315	37,823	C	Completed	Existing
15. Pacific Palisades 1 Braemar Hill Road, Hong Kong	2047	10.30%	165,550	48,178	R	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (continued)

Dated at 30th June, 2009

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment/own use							
HONG KONG							
16. Pacific Plaza 418 Des Voeux Road West, Hong Kong	2860	51.50%	9,450	84,697	C	Completed	Existing
17. 25/F United Centre Queensway, Hong Kong	2128	25.75%	–	5,266	C	Completed	Existing
KOWLOON							
18. No. 1 Hung To Road Kwun Tong, Kowloon	2047	17.15%	60,970	92,393	I	Completed	Existing
19. No.12,14,16 & 18 Hau Wong Road, Kowloon City, Kowloon	2047	51.50%	3,967	14,011 4,376 <u>18,387</u>	R C	Completed	Existing
20. The Astrid 180 Argyle Street, Kowloon	2047	51.50%	61,118	8,996	R	Completed	Existing
21. Cameron Plaza 23 Cameron Road, Tsim Sha Tsui, Kowloon	2038	51.50%	5,413	33,758	C	Completed	Existing
22. China Hong Kong City 33 Canton Road, Tsim Sha Tsui, Kowloon	2135	12.88%	165,334	185,108	C	Completed	Existing
23. Corporation Square 8 Lam Lok Street, Kowloon Bay, Kowloon	2047	51.50%	21,745	80,294	I	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP *(continued)*

Dated at 30th June, 2009

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment/own use							
KOWLOON							
24. Exchange Tower 33 Wang Chiu Road, Kowloon Bay, Kowloon	2055	51.50%	50,752	313,649	C	Completed	Existing
25. Fullerton Centre 19 Hung To Road, Kwun Tong, Kowloon	2047	51.50%	10,394	58,882	I	Completed	Existing
26. Futura Plaza 111-113 How Ming Street, Kwun Tong, Kowloon	2047	51.50%	18,783	116,079	C	Completed	Existing
27. Hong Kong Pacific Centre 28 Hankow Road, Tsim Sha Tsui, Kowloon	2039	51.50%	18,028	119,792	C	Completed	Existing
28. Kent Court 137 Boundary Street, Kowloon	2047	51.50%	–	1,582	R	Completed	Existing
29. Kwun Tong Harbour Plaza 182 Wai Yip Street, Kwun Tong, Kowloon	2047	51.50%	31,018	80,737 102,360* <u>183,097</u>	C P	Completed	Existing
				* 244 carparks			
30. Kwun Tong Plaza 68 Hoi Yuen Road, Kwun Tong, Kowloon	2047	51.50%	25,995	485 99,237* <u>99,722</u>	C P	Completed	Existing
				* 188 carparks			

MAJOR PROPERTIES HELD BY THE GROUP *(continued)*

Dated at 30th June, 2009

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment/own use							
KOWLOON							
31. Olympian City 1 Shopping Mall, 11 Hoi Fai Road, MTR Olympic Station, Kowloon	2047	Joint Venture	712,614	139,931 [†]	C	Completed	Existing
32. Olympian City 2 Shopping Mall, 18 Hoi Ting Road, MTR Olympic Station, Kowloon	2047	Joint Venture	708,577	511,287 [†]	C	Completed	Existing
33. Omega Plaza 32 Dundas Street, Kowloon	2047	51.50%	5,385	41,599	C	Completed	Existing
34. One Madison 305 Castle Peak Road, Kowloon	2047	51.50%	7,200	6,592	C	Completed	Existing
35. One New York 468 Castle Peak Road, Kowloon	2047	51.50%	6,448	4,955	C	Completed	Existing
36. One SilverSea 18 Hoi Fai Road, Kowloon	2052	51.50%	112,484	57,929	C	Completed	Existing
37. Parmanand House 51-52 Haiphong Road, Kowloon	2863	51.50%	1,800	9,292	C	Completed	Existing
38. Remington Centre 23 Hung To Road, Kwun Tong, Kowloon	2047	51.50%	10,370	58,763	I	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP *(continued)*

Dated at 30th June, 2009

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment/own use							
KOWLOON							
39. Skyline Tower 39 Wang Kwong Road, Kowloon Bay, Kowloon	2047	25.75%	68,986	213,166	C	Completed	Existing
40. Sunshine Plaza Shopping Arcade, 17 Sung On Street, Hung Hom, Kowloon	2047	51.50%	26,598	30,327	C	Completed	Existing
41. Tsim Sha Tsui Centre Salisbury Road, Tsim Sha Tsui, Kowloon	2127	23.18%	42,835	119,124	C	Completed	Existing
42. Vista 188 Fuk Wa Street, Sham Shui Po, Kowloon	2054	Joint Venture	14,895	22,335 [†]	C	Completed	Existing
43. Westley Square 48 Hoi Yuen Road, Kwun Tong, Kowloon	2047	51.50%	21,110	122,666	I/O	Completed	Existing
44. Yau Tong Industrial City 17 Ko Fai Road, Yau Tong, Kowloon	2047	46.35%	100,580	239,283	I	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (continued)

Dated at 30th June, 2009

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment/own use							
NEW TERRITORIES							
45. Avon Park Shopping Mall, 15 Yat Ming Street, Fanling, New Territories	2047	51.50%	145,649	52,520	C	Completed	Existing
46. Citywalk 1 Yeung Uk Road, Tsuen Wan, New Territories	2052	Joint Venture	207,659	245,419 [†]	C	Completed	Existing
47. Citywalk 2 18 Yeung Uk Road, Tsuen Wan, New Territories	2054	Joint Venture	77,823	191,568 [†]	C	Completed	Existing
48. Golden Plaza 28 Shui Che Kwun Street, Yuen Long, New Territories	2047	51.50%	21,420	16,572 89,389* <u>105,961</u>	C P	Completed	Existing
* 226 car parks							
49. Grand Regentville Shopping Arcade, 9 Wo Mun Street, Fanling, New Territories	2049	51.50%	131,448	36,803 76,370* <u>113,173</u>	C P	Completed	Existing
* 214 car parks							
50. Mansfield Industrial Centre 19 Hong Yip Street, Tung Tau, Yuen Long, New Territories	2047	51.50%	52,582	57,295	I	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP *(continued)*

Dated at 30th June, 2009

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment/own use							
NEW TERRITORIES							
51. Maritime Bay Shopping Mall, 18 Pui Shing Road, Tseung Kwan O, New Territories	2047	51.50%	64,261	29,518	C	Completed	Existing
52. Oceania Heights Shopping Mall, 2 Hoi Chu Road, Tuen Mun, New Territories	2052	51.50%	65,552	14,977	C	Completed	Existing
53. The Palazzo 28 Lok King Street, Shatin, New Territories	2053	Joint Venture	287,258	21,528 [†]	C	Completed	Existing
54. Parklane Centre 25 Kin Wing Street, Tuen Mun, New Territories	2047	51.50%	26,522	43,769 85,992* <u>129,761</u>	I P	Completed	Existing
				* 60 carparks			
55. Ping Wui Centre 13-17 Ping Wui Street, Yuen Long, New Territories	2047	51.50%	20,376	10,507 89,232* <u>99,739</u>	C P	Completed	Existing
				* 232 carparks			
56. Rosedale Gardens Shopping Arcade, 133 Castle Peak Road, Tuen Mun, New Territories	2047	51.50%	29,956	18,135	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (continued)

Dated at 30th June, 2009

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment/own use							
NEW TERRITORIES							
57. Shatin Galleria 18-24 Shan Mei Street, Fo Tan, Shatin, New Territories	2047	51.50%	38,234	138,431 48,251* <u>186,682</u>	C P	Completed	Existing
* 138 carparks							
58. Springdale Villas Shopping Arcade, 80 Ma Tin Road, Yuen Long, New Territories	2047	51.50%	45,273	20,429 44,858* <u>65,287</u>	C P	Completed	Existing
* 134 carparks							
59. Sunley Centre 9 Wing Yin Street, Tsuen Wan, New Territories	2047	51.50%	17,362	87,844	I	Completed	Existing
60. Tuen Mun Town Plaza, Phase I 1 Tuen Shun Street & 1 Tuen Shing Street, Tuen Mun, New Territories	2047	51.50%	262,715	439,580 81,027* <u>520,607</u>	C P	Completed	Existing
* 270 carparks							
61. The Waterside Shopping Mall, 15 On Chun Street, Ma On Shan, Shatin, New Territories	2047	20.60%	69,428	11,728	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP *(continued)*

Dated at 30th June, 2009

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment/own use							
MAINLAND CHINA							
62. Greenfields Chuangye Road, Guangzhou Economic & Technology Development District, Guangzhou	2054	51.50%	53,131	7,690 6,623* <u>14,313</u>	C P	Completed	Existing
* 27 carparks							
63. Raffles City Shanghai Plot 105 A&B, 228 Xizang Road Central, Huangpu District, Shanghai	2044 2046	11.51%	163,624	155,090	C	Completed	Existing
OVERSEAS – SINGAPORE							
64. The Fullerton Hotel Singapore 1 Fullerton Square, Singapore	2096	51.50%	139,469	240,208	H	Completed	Existing
65. One Fullerton 1 Fullerton Road, Singapore	2096	51.50%	92,646	41,423	C	Completed	Existing
66. The Fullerton Waterboat House 3 Fullerton Road, Singapore	2032	51.50%	16,921	11,198	C	Completed	Existing
67. Clifford Pier 80 Collyer Quay, Singapore	2067	51.50%	70,397	5,867	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP *(continued)*

Dated at 30th June, 2009

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties held for sale							
HONG KONG							
1. Far East Finance Centre 16 Harcourt Road, Hong Kong	2130	9.84%	34,595	5,083	C	Completed	Existing
2. Island Resort 28 Siu Sai Wan Road, Chai Wan, Hong Kong	2047	20.60%	275,470	3,234	R	Completed	Existing
KOWLOON							
3. Chevalier Commercial Centre Wang Hoi Road, Kowloon Bay, Kowloon	2047	17.15%	44,350	5,968	C	Completed	Existing
4. Hewlett Centre 54 Hoi Yuen Road, Kwun Tong, Kowloon	2047	51.50%	38,000	7,776	I	Completed	Existing
5. Kowloon Plaza 485 Castle Peak Road, Cheung Sha Wan, Kowloon	2047	51.50%	19,375	13,237	I	Completed	Existing
6. Metro Centre 32 Lam Hing Street, Kowloon Bay, Kowloon	2047	51.50%	27,125	9,473	I	Completed	Existing
7. One Madison 305 Castle Peak Road, Kowloon	2047	51.50%	7,200	26,563	R	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP *(continued)*

Dated at 30th June, 2009

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties held for sale							
KOWLOON							
8. One New York 468 Castle Peak Road, Kowloon	2047	51.50%	6,448	12,449	R	Completed	Existing
9. One SilverSea 18 Hoi Fai Road, Kowloon	2052	51.50%	112,484	4,374	R	Completed	Existing
10. Pan Asia Centre 137 Wai Yip Street, Kwun Tong, Kowloon	2047	51.50%	5,760	34,254	I	Completed	Existing
11. Vista 188 Fuk Wa Street, Sham Shui Po, Kowloon	2054	Joint Venture	14,895	29,730 [†]	R	Completed	Existing
12. Westin Centre 26 Hung To Road, Kwun Tong, Kowloon	2047	25.75%	17,280	53,342	I	Completed	Existing
NEW TERRITORIES							
13. Cambridge Plaza 188 San Wan Road, Sheung Shui, New Territories	2047	51.50%	–	89,794	I	Completed	Existing
14. The Dynasty 18 Yeung Uk Road, Tsuen Wan, New Territories	2054	Joint Venture	77,823	88,654 [†]	R	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP *(continued)*

Dated at 30th June, 2009

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties held for sale							
NEW TERRITORIES							
15. Goodwood Park 138 Hang Tau Road, Kwu Tung, Sheung Shui, New Territories	2054	51.50%	61,032	12,174	R	Completed	Existing
16. Lincoln Centre 20 Yip Fung Street, Fanling, New Territories	2047	51.50%	21,163	31,489	I	Completed	Existing
17. The Palazzo 28 Lok King Street, Shatin, New Territories	2053	Joint Venture	287,258	404,679 [†]	R	Completed	Existing
18. Poly Centre 15 Yip Fung Street, Fanling, New Territories	2047	51.50%	18,191	5,371	I	Completed	Existing
19. Raleigh Centre 9 Yip Cheong Street, Fanling, New Territories	2047	51.50%	10,194	4,319	I	Completed	Existing
20. Sea Crest Terrace Mui Wo, Lantau Island, New Territories	2047	51.50%	7,976	412 3,861 <u>4,273</u>	R C	Completed	Existing
21. St. Andrews Place 38 Kam Chui Road, Beas Stable, Sheung Shui, New Territories	2050	51.50%	247,281	4,993	R	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP *(continued)*

Dated at 30th June, 2009

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties held for sale							
NEW TERRITORIES							
22. Technology Plaza 29-35 Sha Tsui Road, Tsuen Wan, New Territories	2047	51.50%	20,000	7,966	I	Completed	Existing
23. Vision City 1 Yeung Uk Road, Tsuen Wan, New Territories	2052	Joint Venture	207,659	43,290 [†]	R	Completed	Existing
MAINLAND CHINA							
24. Chengdu International Community Xipu Zhen, Pi Xian, Jin Niu District, Chengdu, Sichuan	2074	10.30%	14,253,628	64,250	R	Completed	Existing
25. Park Place 130 Jia He Lu, Xiamen	2069 2039	51.50%	44,118	57,906 5,505 <u>63,411</u>	R C	Completed	Existing
OVERSEAS – SINGAPORE							
26. Far East Shopping Centre 545 Orchard Road, Singapore	2870	95.0%	36,017	57,694	C	Completed	Existing
27. Orchard Plaza 150 Orchard Road, Singapore	2076	95.0%	44,455	32,886	C	Completed	Existing
28. Orchard Shopping Centre 321 Orchard Road, Singapore	Freehold	95.0%	12,409	18,550	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP *(continued)*

Dated at 30th June, 2009

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties under development							
HONG KONG							
1. 38 Repulse Bay Road, Hong Kong Rural Building Lot No. 380 (*)	2084	51.50%	16,176	6,248	R	Demolition works completed	February 2011
2. 53 Conduit Road, Hong Kong The Remaining Portion of Inland Lot No. 2138 and Inland Lot No. 2613	2065	51.50%	24,930	31,117	R	Planning stage	March 2012
3. Aberdeen, Hong Kong Aberdeen Inland Lot. 451	2057	18.03%	68,922	116,060	R	Foundation works in progress	July 2012
4. Lee Tung Street/ McGregor Street Project, Wan Chai, Hong Kong	2059	Joint Venture	88,500	731,392 86,318 <u>817,710[†]</u>	R C	Planning stage	June 2015
KOWLOON							
5. The Hermitage Junction of Hoi Wang Road and Hoi Ting Road, Kowloon Kowloon Inland Lot No. 11167	2055	25.75%	66,510	111,320 17,127 <u>128,447</u>	R C	Superstructure works in progress	September 2010
6. The Hermitage Hoi Ting Road, Kowloon Kowloon Inland Lot No. 11168	2055	25.75%	79,621	133,264 20,502 <u>153,766</u>	R C	Superstructure works in progress	September 2010

MAJOR PROPERTIES HELD BY THE GROUP *(continued)*

Dated at 30th June, 2009

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties under development							
KOWLOON							
7. 270-274 Cheung Sha Wan Road, Kowloon Remaining Portion of New Kowloon Inland Lot No. 1069	2047	51.50%	4,490	16,421 3,892 <u>20,313</u>	R C	Superstructure works in progress	September 2010
8. 18 Wang Chiu Road, Kowloon Bay, Kowloon New Kowloon Inland Lot No. 5856 (*)	2047	25.75%	29,063	89,804	C	Sub-structure & Superstructure works in progress	December 2010
9. Baker Court Hung Hom, Kowloon Kowloon Inland Lot No. 11181	2058	Joint Venture	2,982	22,357 4,467 <u>26,824[†]</u>	R C	Foundation works in progress	June 2011
10. 1 Broadcast Drive, Kowloon Tong, Kowloon New Kowloon Inland Lot No. 6374	2056	51.50%	65,531	101,245	R	Foundation works in progress	September 2011
11. Junction of Hoi Wang Road, Yan Cheung Road and Yau Cheung Road, West Kowloon Reclamation Area, Kowloon Kowloon Inland Lot No. 11073	2057	23.18%	86,757	130,690 20,106 <u>150,796</u>	R C	Basement works in progress	December 2011
12. Beech Street/Ivy Street, West Kowloon, Kowloon Kowloon Inland Lot No. 11192	2058	Joint Venture	25,058	187,939 37,588 <u>225,527[†]</u>	R C	Foundation works in progress	June 2012

MAJOR PROPERTIES HELD BY THE GROUP *(continued)*

Dated at 30th June, 2009

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties under development							
NEW TERRITORIES							
13. Lake Silver 599 Sai Sha Road MTR Wu Kai Sha Station Development, Shatin, New Territories Shatin Town Lot No. 530	2055	Joint Venture	367,601	1,815,349 43,056 <u>1,858,405[†]</u>	R C	Superstructure works in progress	July 2009
14. Ma Wo Tai Po, New Territories Tai Po Town Lot No. 179	2055	51.50%	63,603	58,960	R	Superstructure works in progress	November 2009
15. Cheung Sha Lantau Island Lot No. 245 in DD331	2057	51.50%	178,542	36,780	R	Ground investigation works completed	March 2011
16. Pak Shek Kok Reclamation Phase I Site A, Tai Po, New Territories Tai Po Town Lot No. 187	2057	25.75%	107,941	83,385 5,557 <u>88,942</u>	R C	Foundation works in progress	July 2011
17. Pak Shek Kok Reclamation Phase I Site B, Tai Po, New Territories Tai Po Town Lot No. 186	2057	18.03%	238,164	128,787	R	Foundation works in progress	August 2011
18. Pak Shek Kok Reclamation Phase I Site C, Tai Po, New Territories Tai Po Town Lot No. 188	2057	12.88%	214,225	96,535	R	Foundation works in progress	January 2012

MAJOR PROPERTIES HELD BY THE GROUP *(continued)*

Dated at 30th June, 2009

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties under development							
MAINLAND CHINA							
19. Sino International Plaza 137 Wu Xi Lu, Fuzhou	2059	51.50%	58,126	257,066	C	Superstructure completed	October 2009
20. Chengdu International Community Xipu Zhen, Pi Xian, Jin Niu District, Chengdu, Sichuan	2074 2044	10.30%	14,253,628	317,745 74,282 19,956 <u>411,983</u>	R C H	Foundation works in progress	December 2010
21. Mandarin Garden West Side of Jia He Lu & North of Song Bai Zhong Lu, Xiamen Lot No. 89-C2	2061 2041	51.50%	33,188	56,196 8,174 <u>64,370</u>	R C	Foundation works in progress	October 2011
22. Central Park Jia He Lu, South-East Side of Lu Ling Lu, Xiamen Lot No. 90-C5, C6	2068 2046	51.50%	113,904	240,450 26,392 <u>266,842</u>	R C	Foundation works in progress	May 2012
23. West of Cheng Kun Railway, East of Sha He, South of Cheng Luo Road, North of Ying Hui Road, Cheng Hua District, Chengdu	2078 2048	51.50%	2,630,308	6,133,362 618,000 <u>6,751,362</u>	R C	Planning stage	September 2012
24. Regency Park Hu Bin Bei Lu, Xiamen Lot No. 88-C5	2066 2046	51.50%	64,882	254,516 6,761 <u>261,277</u>	R C	Planning stage	January 2013

MAJOR PROPERTIES HELD BY THE GROUP *(continued)*

Dated at 30th June, 2009

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties under development							
MAINLAND CHINA							
25. 1 Zhong Xing Duan, Qiao Bei Cun, Hua Xin Street, Jiang Bei District, Chongqing	2058	25.75%	2,206,725	2,351,212	R	Planning stage	June 2013
	2048			237,562	C		
				163,532	H		
				<u>2,752,306</u>			
26. Kaisawangchao at East, Zhanghua Lu at South, Donglinghao Lu at West & Zhangxiang Lu at North, Zhangzhou, Fujian Province, 2004G12	2075	51.50%	1,004,199	2,635,891	R	Planning stage	June 2013
	2045			99,781	C		
				<u>2,735,672</u>			
OVERSEAS – SINGAPORE							
27. The Fullerton Bay Hotel and Customs House 70 & 80 Collyer Quay, Singapore	2067	51.50%	83,313	40,730	H	Superstructure works in progress	November, 2009
				7,633	C		
				<u>48,363</u>			

Note: C : Commercial

R : Residential

I : Industrial

I/O : Industrial/Office

H : Hotel

P : Multi-storey carpark

(*) : Property under redevelopment

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

Tsim Sha Tsui Properties Limited

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

I/We ^(Note 1) _____

of _____

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

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

of _____

as my/our proxy to act for me/us at the Annual General Meeting (or at any adjournment thereof) of the Company to be held at The Pacific Rooms, 9th Floor, Towers Wing, The Royal Pacific Hotel & Towers, 33 Canton Road, Tsim Sha Tsui, Kowloon on Thursday, the 5th day of November, 2009 at 10:00 a.m. or as soon as the annual general meeting of Sino Land Company Limited closes, whichever is the later, and at such Meeting (or at any adjournment thereof) and in the event of a poll to vote for me/us and in my/our name(s) as indicated below or if no such indication is given, as my/our proxy thinks fit.

	For ^(Note 4)	Against ^(Note 4)
1. To receive and consider the audited Financial Statements and the Directors' and Independent Auditor's Reports for the year ended 30th June, 2009.		
2. To declare a final dividend of HK\$0.3 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 Dr. Allan Zeman, GBS, JP as Director. (iii) To authorise the Board to fix the Directors' remuneration for the financial year ending 30th June, 2010.		
4. To re-appoint Deloitte Touche Tohmatsu as Auditor for the ensuing year and to authorise the Board to fix their remuneration.		
5. (i) To approve share repurchase mandate (Ordinary Resolution on item 5(i) of the Notice of Annual General Meeting). (ii) To approve share issue mandate (Ordinary Resolution on item 5(ii) of the Notice of Annual General Meeting). (iii) To approve extension of share issue mandate (Ordinary Resolution on item 5(iii) of the Notice of Annual General Meeting).		
6. To approve the amendments to the Articles of Association and adopt the new Articles of Association (Special Resolutions on item 6 of the Notice of Annual General Meeting).		

Dated _____ Signature ^(Note 5) _____

Notes:

1. Full name(s) and address(es) to be inserted in **BLOCK CAPITALS**.
2. Please insert the number of ordinary shares of HK\$0.20 each registered in your name(s). If no number is inserted, this form of proxy will be deemed to relate to all the ordinary shares of the Company registered in your name(s).
3. If any proxy other than the Chairman of the Meeting is preferred, strike out the words "the Chairman of the Meeting or" herein inserted and insert the name and address of the proxy desired in the space provided. **ANY ALTERATION MADE TO THIS FORM OF PROXY MUST BE INITIALLED BY THE PERSON WHO SIGNS IT.**
4. **IMPORTANT: IF YOU WISH TO VOTE FOR A RESOLUTION, TICK IN THE RELEVANT BOX MARKED "FOR". IF YOU WISH TO VOTE AGAINST A RESOLUTION, TICK IN THE RELEVANT BOX MARKED "AGAINST".** Failure to complete the boxes will entitle your proxy to cast his vote at his discretion. Your proxy will also be entitled to vote at his discretion on any resolution properly put to the Meeting other than those referred to in the Notice convening the Meeting.
5. This form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, must be either under its common seal or under the hand of an officer or attorney duly authorised.
6. In order to be valid, this form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited at the registered office of the Company, 12th Floor, Tsim Sha Tsui Centre, Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or adjourned Meeting (as the case may be).
7. In the case of joint holders, any one of such joint holders may vote at the Meeting, either personally or by proxy, but if more than one of such joint holders be present at the Meeting personally or by proxy, that one of the said persons whose name stands first on the register of members in respect of the relevant shares shall alone be entitled to vote in respect thereof.
8. Any member entitled to attend and vote at the Meeting may appoint one or more proxies to attend and on a poll vote instead of him. The proxy need not be a member of the Company but must attend the Meeting in person to represent you.
9. Completion and deposit of the form of proxy will not preclude you from attending and voting at the Meeting if you so wish.
10. At the Annual General Meeting, the Chairman of the Meeting will exercise his power under Article 74 of the Company's Articles of Association to 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.



