

ANNUAL REPORT 2010

The Fullerton Bay Hotel, Singapore





The Hermitage

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 Standard Limited, 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong.

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

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

Shareholders may at any time choose to change their choice of language and means of receipt (i.e. in printed form or by electronic means through the Company’s website) of all future Corporate Communications from the Company by giving reasonable notice in writing by post to the Company’s Registrars, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong or by email at sinoland83-ecom@hk.tricorglobal.com.



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Robert Ng Chee Siong, Chairman
 Ronald Joseph Arculli, GBM, CVO, GBS, OBE, JP#
 Allan Zeman, GBS, JP*
 Adrian David Li Man-kiu, JP*
 Fu Yuning*
 Yu Wai Wai
 Thomas Tang Wing Yung
 Daryl Ng Win Kong
 Ringo Chan Wing Kwong
 Sunny Yeung Kwong

(# Non-Executive Director)

(* Independent Non-Executive Directors)

AUDIT COMMITTEE

Adrian David Li Man-kiu, JP, Chairman
 Allan Zeman, GBS, JP
 Fu Yuning

REMUNERATION COMMITTEE

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

AUTHORIZED REPRESENTATIVES

Robert Ng Chee Siong
 Thomas Tang Wing Yung

SECRETARY

Eric Ip Sai Kwong

AUDITOR

Deloitte Touche Tohmatsu
 Certified Public Accountants, Hong Kong

SOLICITORS

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

SHAREHOLDERS' CALENDAR

Closure of Register of Members	25th October, 2010 to 28th October, 2010 (both dates inclusive)
Annual General Meeting	28th October, 2010
Interim Dividend Paid	HK10 cents per share 26th April, 2010
Final Dividend Payable	HK30 cents per share 29th November, 2010
Last Date for lodging scrip dividend election forms	18th November, 2010 4:30 p.m.

PRINCIPAL BANKERS

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

INVESTOR RELATIONS CONTACT

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

REGISTERED OFFICE

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

REGISTRARS

Tricor Standard Limited
 26th Floor, Tesbury Centre,
 28 Queen's Road East,
 Hong Kong
 Telephone : (852) 2980 1333
 Fax : (852) 2861 1465
 Email : sinoland83-ecom@hk.tricorglobal.com

LISTING INFORMATION

Stock Code	83
American Depositary Receipt	
CUSIP Number	829344308
Trading Symbol	SNOLY
ADR to Ordinary Share Ratio	1:5
Listing	Level One (OTC)
Depository Bank	The Bank of New York 101 Barclay Street, 22nd Floor – West, New York, NY 10286, U.S.A.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of **Sino Land Company Limited** will be held at The Pacific Rooms, 9th Floor, Towers Wing, The Royal Pacific Hotel & Towers, 33 Canton Road, Tsim Sha Tsui, Kowloon, on Thursday, the 28th day of October, 2010 at 9:30 a.m. for the following purposes:

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

Ordinary Resolutions

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

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

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

NOTICE OF ANNUAL GENERAL MEETING *(Continued)*

(ii) **“THAT:**

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

(b) for the purposes of this resolution:

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

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

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

By Order of the Board
Eric IP Sai Kwong
Secretary

Hong Kong, 27th September, 2010

NOTICE OF ANNUAL GENERAL MEETING *(Continued)*

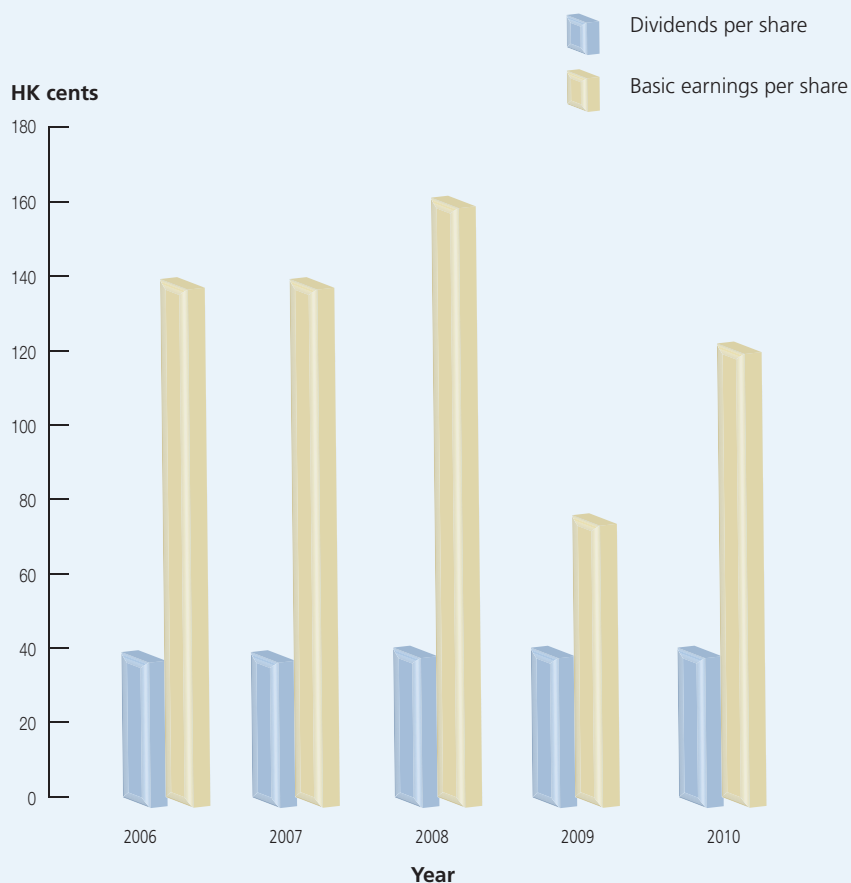
Notes:

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

GROUP FINANCIAL SUMMARY

	2006 HK\$	2007 HK\$	2008 HK\$	2009 HK\$	2010 HK\$
Turnover	<u>8,328,333,552</u>	<u>7,532,059,672</u>	<u>6,251,058,498</u>	<u>9,692,696,496</u>	<u>7,697,867,707</u>
Underlying net profit from operations	<u>4,728,504,548</u>	<u>3,904,433,554</u>	<u>3,373,424,278</u>	<u>3,600,779,712</u>	<u>3,506,201,575</u>
Profit attributable to owners of the Company	<u>6,017,801,108</u>	<u>6,267,284,721</u>	<u>7,720,997,490</u>	<u>3,730,647,312</u>	<u>6,093,689,617</u>
Basic earnings per share (cents)	139.63	139.61	161.19	77.06	125.29
Dividends per share (cents)	38.5	38.5	40.0	40.0	40.0

Basic Earnings & Dividends Per Share

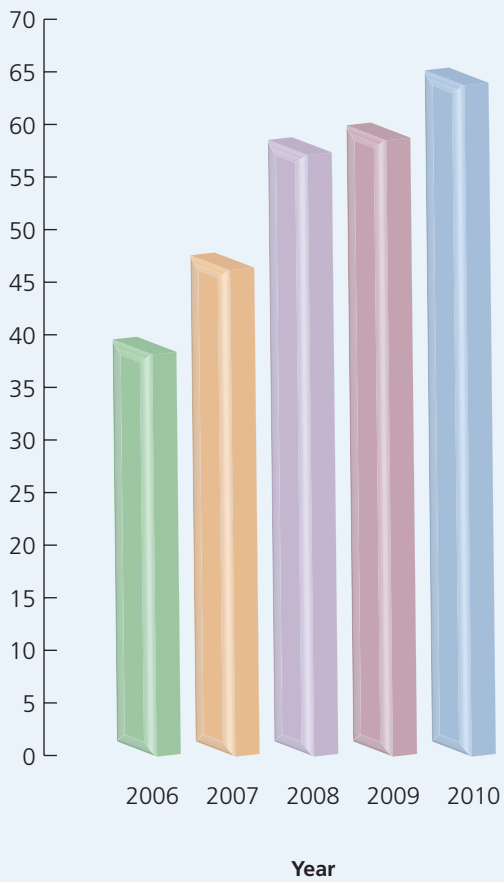


GROUP FINANCIAL SUMMARY (Continued)

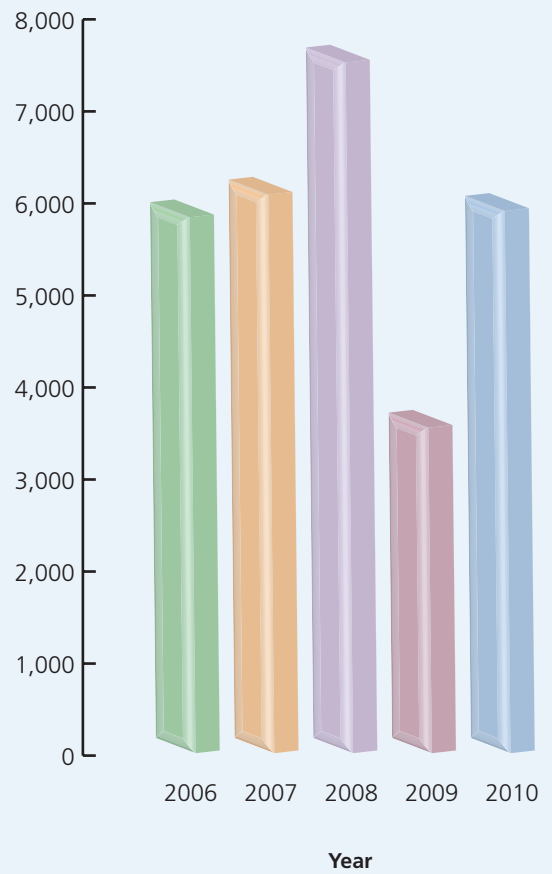
	2006 HK\$	2007 HK\$	2008 HK\$	2009 HK\$	2010 HK\$
STATEMENT OF FINANCIAL POSITION					
Non-current assets	38,275,797,419	43,508,811,045	52,864,428,586	56,990,840,219	66,046,488,473
Current assets	28,928,424,264	29,208,439,886	33,369,256,356	32,183,175,355	29,603,462,485
Current liabilities	<u>(7,765,719,610)</u>	<u>(8,728,250,385)</u>	<u>(10,420,180,942)</u>	<u>(13,724,042,539)</u>	<u>(9,760,389,490)</u>
	<u>59,438,502,073</u>	<u>63,989,000,546</u>	<u>75,813,504,000</u>	<u>75,449,973,035</u>	<u>85,889,561,468</u>
Share capital	4,303,699,473	4,610,386,667	4,878,702,770	4,839,469,538	4,902,690,690
Reserves	<u>35,442,627,530</u>	<u>42,970,489,278</u>	<u>53,844,551,716</u>	<u>55,162,426,042</u>	<u>60,412,367,380</u>
Shareholders' funds	39,746,327,003	47,580,875,945	58,723,254,486	60,001,895,580	65,315,058,070
Non-controlling interests	39,711,496	184,850,571	263,646,073	296,130,462	378,678,205
Non-current liabilities	<u>19,652,463,574</u>	<u>16,223,274,030</u>	<u>16,826,603,441</u>	<u>15,151,946,993</u>	<u>20,195,825,193</u>
	<u>59,438,502,073</u>	<u>63,989,000,546</u>	<u>75,813,504,000</u>	<u>75,449,973,035</u>	<u>85,889,561,468</u>
Shareholders' funds at book value per share	<u>9.24</u>	<u>10.32</u>	<u>12.04</u>	<u>12.40</u>	<u>13.32</u>

GROUP FINANCIAL SUMMARY *(Continued)*

Shareholders' Funds
(HK\$ Billion)



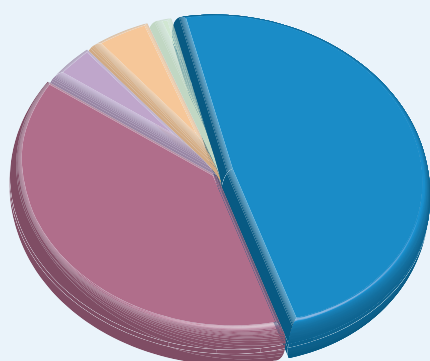
Profit Attributable to Owners of the Company
(HK\$ Million)



GROUP FINANCIAL SUMMARY (Continued)

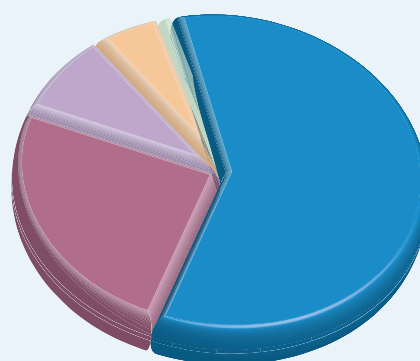
The Company and its subsidiaries (“the Group”)

Breakdown of Segment Results
for the year ended 30th June, 2010



- Property sales **48.8%**
- Property rental **39.5%**
- Property management and other services **4.4%**
- Hotel operations **5.6%**
- Investments in securities and financing **1.7%**

Breakdown of Segment Revenue
for the year ended 30th June, 2010

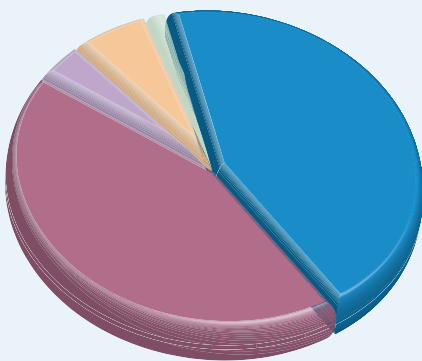


- Property sales **59.3%**
- Property rental **25.0%**
- Property management and other services **9.1%**
- Hotel operations **5.7%**
- Investments in securities and financing **0.9%**

GROUP FINANCIAL SUMMARY *(Continued)*

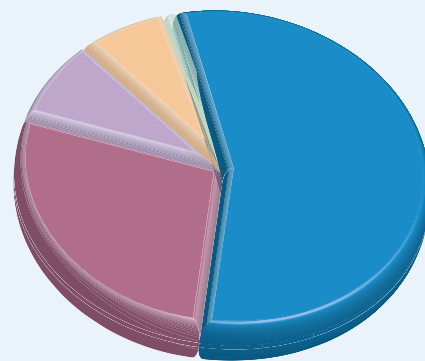
The Group and attributable share from associates

Breakdown of Segment Results
for the year ended 30th June, 2010



- Property sales **44.0%**
- Property rental **43.9%**
- Property management and other services **4.1%**
- Hotel operations **6.5%**
- Investments in securities and financing **1.5%**

Breakdown of Segment Revenue
for the year ended 30th June, 2010



- Property sales **55.6%**
- Property rental **27.6%**
- Property management and other services **8.8%**
- Hotel operations **7.2%**
- Investments in securities and financing **0.8%**

CHAIRMAN'S STATEMENT



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

FINAL RESULTS

The Group achieved net profit attributable to shareholders of HK\$6,093.6 million for the financial year ended 30th June, 2010, representing an increase of 63.3% compared with HK\$3,730.6 million in the previous financial year. Excluding revaluation surplus (net of deferred taxation) on investment properties of HK\$2,587.4 million, the underlying net profit from operations was HK\$3,506.2 million (2009: HK\$3,600.7 million).

The turnover of the Group for the financial year 2009/2010 was HK\$7,697.8 million. Earnings per share was 125.29 cents, an increase of 62.6% when compared with the previous financial year (2009: 77.06 cents).

CHAIRMAN'S STATEMENT *(Continued)*



In recognition of the outstanding performance of its management in corporate governance, Sino Group has been honoured with the 'Corporate Governance Asia Annual Recognition Awards 2010' by leading financial magazine Corporate Governance Asia four years in a row. This reveals the high regard in which international financial circles hold the Group's standards of governance. The awards were only given to those companies that demonstrated excellence in corporate governance during the past 12 months.

DIVIDENDS

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

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

A circular containing details of the scrip dividend proposal will be despatched to shareholders together with the form of election for scrip dividend on or about 3rd November, 2010. It is expected that the final dividend warrants and share certificates will be despatched to shareholders on or about 29th November, 2010.

BUSINESS REVIEW

(1) Sales Activities

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

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

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

CHAIRMAN'S STATEMENT (Continued)

BUSINESS REVIEW
(Continued)**(1) Sales Activities** (Continued)

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

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

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

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



Sino Group's 'Art in Hong Kong' joined hands with the Hong Kong Society of Illustrators to curate and create the exhibition 'Take a Break with Art' at Citywalk, where 23 local illustrators created various art forms including graffiti works and 3D pieces in the form of chairs and benches.

CHAIRMAN'S STATEMENT (Continued)



Sino Group supported the MTR HK Race Walking for the sixth consecutive year, winning the 'MTR Chairman Invitational Race' championship and was named 'Highest Fund Raising Corporate Teams' in the 2010 event.

BUSINESS REVIEW

(Continued)

(1) Sales Activities (Continued)

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

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

CHAIRMAN'S STATEMENT (Continued)

BUSINESS REVIEW
(Continued)

(2) Land Bank

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

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

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

CHAIRMAN'S STATEMENT (Continued)

BUSINESS REVIEW
(Continued)**(3) Property Development**

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

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

CHAIRMAN'S STATEMENT *(Continued)***BUSINESS REVIEW**
*(Continued)***(3) Property Development** *(Continued)*

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

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

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

(4) Rental Activities

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

CHAIRMAN'S STATEMENT *(Continued)*



Forty Sino Caring Friends volunteers joined more than 300 participants from Islands District middle schools, co-organisers and sponsors to plant 6,000 indigenous saplings on Nei Lak Shan, Ngong Ping, Lantau Island.

BUSINESS REVIEW

(Continued)

(4) Rental Activities *(Continued)*

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

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

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

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

CHAIRMAN'S STATEMENT (Continued)

BUSINESS REVIEW*(Continued)***(4) Rental Activities** *(Continued)*

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

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

(5) Hotels

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

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



Sixty underprivileged kids were sponsored to learn cooking skills from a dietitian and hotel chef under Sino Group's 'Eye-opening Journey' community care programme. Participating kids prepared a nutritious and tasty 'two dish, one soup' meal to show love and care to their parents.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS REVIEW *(Continued)*

(5) Hotels *(Continued)*

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

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

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

(6) Mainland China Business

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

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

CHAIRMAN'S STATEMENT *(Continued)***BUSINESS REVIEW**
*(Continued)***(6) Mainland China Business** *(Continued)*

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

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

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

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

CHAIRMAN'S STATEMENT *(Continued)*

FINANCE

As at 30th June, 2010, the Group's gearing was 21.5%, expressed as a percentage of bank and other borrowings net of cash and bank balances over shareholders' equity. The increase in gearing compared with that of 8.3% as at 31st December, 2009 and 16.5% as at 30th June, 2009 was mainly due to payment of land premiums. Of the total borrowings, 24.9% was repayable within one year, 23.8% repayable between one and two years and 51.3% repayable between two and five years. The Group's borrowings are subject to floating interest rates. The Group, including the attributable share of its associates, had cash resources of approximately HK\$17,231.6 million as at 30th June, 2010, comprising cash on hand of approximately HK\$5,408.7 million together with committed undrawn facilities of approximately HK\$11,822.9 million. All the cash on hand are deposited with banks of high credit ratings. Total assets and shareholders' funds of the Group were HK\$95,649.9 million and HK\$65,315.0 million respectively.

There was no material change in foreign currency borrowings and the capital structure of the Group for the financial year ended 30th June, 2010. Foreign exchange exposure has been prudently kept at a minimal level. The Group 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 practicing good corporate governance, the Group has formed Audit, Compliance and Remuneration Committees. The Group is committed to maintaining corporate transparency as well as good communications with investors and shareholders. The Group disseminates information about new developments through various channels, such as non-deal roadshows, investor conferences, results briefings, site visits and its corporate website.

CUSTOMER SERVICE

The Group reaffirms its commitment to building quality projects. In keeping with its mission to enhance customer satisfaction, the Group will wherever possible ensure that attractive design concepts and features, which are also environmentally friendly, are integral elements of its developments. Management maintains regular reviews of its properties so that improvements can be made on a continuous basis. This helps to build our reputation for the highest standards of quality and service.

Delivering high-quality customer service has long been one of the Group's key business objectives. During the financial year 2009/2010, the Group's Sino Property Services received a number of awards from the HKSAR Government and other respected organisations in recognition of its quality of service, management capability, contributions to the community and charitable services, and the promotion of environmental protection. The Group will continue to make improvements in its quality of service to ensure customer satisfaction.

CHAIRMAN'S STATEMENT *(Continued)***CORPORATE SOCIAL RESPONSIBILITY**

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

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

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

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

PROSPECTS

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

CHAIRMAN'S STATEMENT *(Continued)*

PROSPECTS *(Continued)*

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

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

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

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

CHAIRMAN'S STATEMENT *(Continued)***PROSPECTS**
(Continued)

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

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

**STAFF AND
MANAGEMENT**

I would like to take this opportunity to congratulate Dr. Fu Yuning, an Independent Non-Executive Director of the Group, for his new appointment as Chairman of China Merchants Group Limited.

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

Robert NG Chee Siong
Chairman

Hong Kong, 2nd September, 2010

BIOGRAPHICAL DETAILS OF DIRECTORS & SENIOR MANAGEMENT

(I) EXECUTIVE DIRECTORS

Mr. Robert Ng Chee Siong, aged 58, an Executive Director since 1981 and Chairman of the Group since 1991, was called to the Bar in 1975. He has been actively engaged in property investment and development in Hong Kong during the last 34 years and is also the director of a number of subsidiaries and associated companies of the Company. Mr. Ng is the Chairman of Tsim Sha Tsui Properties Limited (“TST Properties”), the holding company of the Company, and the Chairman of Sino Hotels (Holdings) Limited (“Sino Hotels”). In addition, he is an Independent Non-Executive Director of The Hongkong and Shanghai Hotels, Limited, a Director of The Real Estate Developers Association of Hong Kong and a Member of the 11th National Committee of the Chinese People’s Political Consultative Conference. Mr. Ng is the father of Mr. Daryl Ng Win Kong, an Executive Director of the Company and the son of the substantial shareholder Mr. Ng Teng Fong (deceased).

Mr. Yu Wai Wai, aged 50, an Executive Director of the Company since January 2003, is a member of the Hong Kong Institute of Architect, a Registered Architect and an Authorized Person (Architect). He has extensive experience in design, project management, quality management, construction site management and cost management. Mr. Yu joined the Company in 1992 and is in charge of the Development Division. He is also the director of a number of subsidiaries and associated companies of the Company.

Mr. Thomas Tang Wing Yung, aged 55, is an Executive Director of the Company since April 2005. He first joined the Company, TST Properties and Sino Hotels as Chief Financial Officer in November 2003. Mr. Tang obtained his Bachelor of Science Degree in Modern Mathematics from Surrey University, United Kingdom. He has been an Associate Member of The Institute of Chartered Accountants in England and Wales since 1981. He is also a Fellow Member of The Hong Kong Institute of Certified Public Accountants (Practising) and has over 33 years of experience in accounting and finance.

Prior to joining the Sino Group, Mr. Tang was Managing Director of an investment and financial advisory services firm that is a member of an international group, overseeing operations in the Asia-Pacific region. He has also served as a Director and Executive Committee member of a publicly-listed company in Hong Kong, where he participated in formulating the company’s investment policy as well as reviewing and approving the company’s investments and divestments, trading and retail distribution in the Mainland China and in Hong Kong.

Mr. Tang is also a director of a number of subsidiaries and associated companies of the Company and Sino Hotels.

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

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

Mr. Ringo Chan Wing Kwong, aged 50, an Executive Director of the Company since January 2008. He first joined the Company in 1988 and has been an associate director (Group Treasury) of the Company since 2005. He is also a director of a number of subsidiaries and certain associated companies of the Company. Mr. Chan holds a Master Degree of Business Administration and is a Fellow Member of the Association of Chartered Certified Accountants and an Associate Member of The Hong Kong Institute of Certified Public Accountants (Practising). Mr. Chan has over 26 years of experience in accounting and finance.

Mr. Sunny Yeung Kwong, aged 55, an Executive Director of the Company since July 2008. He first joined the Company in 2005 and has been an Associate Director of the Company since 2006. Mr. Yeung holds degrees in both Law and Architecture, is a Registered Architect, a non-practising Barrister, and a Fellow of the Chartered Institute of Arbitrators. Mr. Yeung is currently in charge of Sino Property Services ("SPS"), the property management arm of the Sino Group with a 6,500 headcount. SPS provides comprehensive property management services and is composed of 4 key business units, Sino Estates Management Limited, Sino Security Services Limited, Sino Parking Services Limited and Best Result Cleaning Services Limited. He is also a director of a number of subsidiaries companies and certain associated companies of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS & SENIOR MANAGEMENT *(Continued)***(II) NON-EXECUTIVE DIRECTOR**

The Honourable Ronald Joseph Arculli, GBM, CVO, GBS, OBE, JP, aged 71, has been a Director of the Company since 1981 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 TST Properties and Sino Hotels. The Honourable Ronald Arculli is the Independent Non-Executive Chairman of Hong Kong Exchanges and Clearing Limited. He has a long and distinguished record of public service on numerous government committees and advisory bodies. He was the Chairman of The Hong Kong Jockey Club from 2002 to August 2006. He is a practising solicitor and has served on the Legislative Council from 1988 to 2000. He is currently a non-official member of the Executive Council of The Hong Kong Special Administrative Region Government, the Chairman of the Honorary Advisory Committee of SVHK Foundation Limited, a member of the board of West Kowloon Cultural District Authority (“WKCDA”) and a member of the Consultation Panel appointed under WKCDA. The Honourable Ronald Arculli is an Independent Non-Executive Director of Hang Lung Properties Limited and SCMP Group Limited, and a Non-Executive Director of Hongkong Electric Holdings Ltd., Hutchison Harbour Ring Limited and HKR International Limited, all companies listed on The Stock Exchange of Hong Kong Limited. He was an Independent Non-Executive Director of Shanghai Century Acquisition Corporation, a company listed on the American Stock Exchange, from October 2005 to May 2008.

(III) INDEPENDENT NON-EXECUTIVE DIRECTORS

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

BIOGRAPHICAL DETAILS OF DIRECTORS & SENIOR MANAGEMENT *(Continued)***(III) INDEPENDENT
NON-EXECUTIVE
DIRECTORS**
(Continued)

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

Dr. Fu Yuning, aged 53, an Independent Non-Executive Director since June 2005, graduated from Dalian Institute of Technology in the PRC with a Bachelor Degree in Port and Waterway Engineering. He obtained a Doctorate Degree in Offshore Engineering from Brunel University, United Kingdom, where he worked as a Post-Doctorate research fellow. Dr. Fu is the Chairman of China Merchants Group Limited. He is also the Chairman of China Merchants Holdings (International) Company Limited, a company listed on The Stock Exchange of Hong Kong Limited. He is the Chairman of China Merchants Energy Shipping Company Limited, a company listed on the Shanghai Stock Exchange, the Chairman of China International Marine Containers (Group) Limited, a company listed on the Shenzhen Stock Exchange, and a Director of China Merchants Bank Co., Ltd., a company listed on both the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited. Dr. Fu is also an Independent Non-Executive Director of Integrated Distribution Services Group Limited, a company listed on The Stock Exchange of Hong Kong Limited and an Independent Non-Executive Director of CapitalLand Limited, a company listed on Singapore Exchange Limited. Dr. Fu also holds directorship in some public associations such as General Committee Member of the Hong Kong General Chamber of Commerce, Director of Hong Kong Port Development Council and Member of the Advisory Committee of the Securities and Futures Commission, Hong Kong Special Administrative Region.

**(IV) SENIOR
MANAGEMENT**

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

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") is committed to providing effective management and sound control of the Company for maximizing the shareholders' value. The corporate governance principles of the Company emphasize the attainment and maintenance of a high standard of corporate governance practices and procedures, a quality Board, sound internal controls and high transparency and accountability to the shareholders. The Company has adopted its own Code on Corporate Governance Practices and has complied with all code provisions as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") (the "Code") except that there was no separation of the roles of the chairman and the chief executive officer. The corporate governance practices of the Company in compliance with the Code during the financial year ended 30th June, 2010 with explanation of the abovementioned deviation are set out below in this report.

CORPORATE GOVERNANCE PRACTICES

DIRECTORS

Corporate Governance Principle

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

Board Composition

The current Board composes of six 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. Yu Wai Wai
Mr. Thomas Tang Wing Yung
Mr. Daryl Ng Win Kong
Mr. Ringo Chan Wing Kwong
Mr. Sunny Yeung Kwong

Non-Executive Director

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

Independent Non-Executive Directors

Dr. Allan Zeman, GBS, JP
Mr. Adrian David Li Man-kiu, JP
Dr. Fu Yuning

Biographical details of the Directors and their relationships, where applicable, are contained on pages 26 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, 2010, 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 2010 annual general meeting are set out on page 40.

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

CORPORATE GOVERNANCE REPORT *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

DIRECTORS *(Continued)*

Directors' Appointment, Re-election and Removal *(Continued)*

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

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

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.

CORPORATE GOVERNANCE REPORT *(Continued)*CORPORATE GOVERNANCE PRACTICES *(Continued)*REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT *(Continued)***Remuneration Committee**
(Continued)

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.

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

The auditor is responsible for auditing and reporting his opinion on the financial statements of the Group and the independent auditor's report for the financial year ended 30th June, 2010 is set out on pages 126 to 127.

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

The Audit Committee has reviewed the accounting policies and practices adopted by the Company and the annual report for the financial year ended 30th June, 2010. The attendance records of individual Committee member are set out on page 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 respective Heads of Legal and Company Secretarial Departments, Group General Manager (Hotel), the Chief Financial Officer, Head of Internal Audit Department, department heads and the Compliance Officer. The Committee holds bi-monthly regular meetings to review and make recommendations to the Board and the Audit Committee on the Group's corporate governance issues and Listing Rules compliance matters.

CORPORATE GOVERNANCE REPORT *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

ACCOUNTABILITY AND AUDIT *(Continued)*

Codes for Dealing in the Company's Securities

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

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

Auditors' Remuneration

The fees in respect of audit and non-audit services provided to the Company and its subsidiaries by the auditors for the year ended 30th June, 2010 amounted to HK\$3,871,716 and HK\$656,765 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, 2010**

Name of Directors	Number of meetings attended/held		
	Board	Audit Committee	Remuneration Committee
Mr. Robert Ng Chee Siong	4/4	–	–
The Honourable Ronald Joseph Arculli, GBM, CVO, GBS, OBE, JP	4/4	–	–
Dr. Allan Zeman, GBS, JP	3/4	2/4	1/1
Mr. Adrian David Li Man-kiu, JP	4/4	4/4	1/1
Dr. Fu Yuning	3/4	3/4	–
Mr. Yu Wai Wai	4/4	–	–
Mr. Thomas Tang Wing Yung	4/4	–	–
Mr. Daryl Ng Win Kong	4/4	–	1/1
Mr. Ringo Chan Wing Kwong	3/4	–	–
Mr. Sunny Yeung Kwong	4/4	–	–

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in Note 47 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 128.

An interim dividend of HK10 cents per share amounting to HK\$174,117,924 by way of cash dividends and HK\$314,386,654 by way of scrip alternatives were paid to the shareholders during the year. The Directors now recommend the payment of a final dividend of HK30 cents per share to the shareholders on the Register of Members on 28th October, 2010, amounting to HK\$1,470,297,207.

INVESTMENT PROPERTIES

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

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

PROPERTY, PLANT AND EQUIPMENT

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

MAJOR PROPERTIES

Details of the major properties of the Group at 30th June, 2010 are set out on pages 219 to 238.

SUBSIDIARIES AND ASSOCIATES

Details of the Company's principal subsidiaries and associates at 30th June, 2010 are set out in Notes 47 and 48 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 33 to the consolidated financial statements.

DIRECTORS' REPORT (Continued)

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

During the year, the Company repurchased 33,866,000 ordinary shares on The Stock Exchange of Hong Kong Limited at an aggregate consideration of HK\$484,924,829. The repurchases were effected by the Directors for the enhancement of shareholders' value. Details of the repurchases are as follows:

Month of the repurchases	Total number of the ordinary shares repurchased	Highest price paid per share <i>HK\$</i>	Lowest price paid per share <i>HK\$</i>	Aggregate consideration <i>HK\$</i>
July 2009	8,586,000	15.50	12.04	120,066,912
August 2009	4,842,000	16.06	14.32	74,594,850
September 2009	4,344,000	14.54	13.66	60,943,465
October 2009	2,042,000	15.58	13.36	29,856,971
December 2009	6,098,000	15.56	14.06	90,287,388
January 2010	2,842,000	14.84	14.12	41,293,214
May 2010	1,760,000	13.92	12.32	23,007,476
June 2010	3,352,000	14.44	12.32	44,874,553
	<u>33,866,000</u>			<u>484,924,829</u>

Out of 33,866,000 shares repurchased, 32,566,000 shares were cancelled on delivery of the share certificates during the year while the remaining 1,300,000 shares repurchased on 29th and 30th June, 2010 were cancelled on delivery of the share certificates subsequent to the financial year. 1,632,000 ordinary shares repurchased in the last financial year ended 30th June, 2009 were cancelled during the financial year. The nominal value of HK\$34,198,000 of all the shares cancelled during the year was credited to capital redemption reserve and the relevant aggregate consideration of HK\$487,757,764 was paid out from the Company's retained profits.

Apart from the above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 30th June, 2010 were the retained profits of HK\$13,796,290,465 (2009: HK\$12,300,881,692).

DIRECTORS' REPORT (Continued)

**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 repayable within one year are classified as current liabilities. Repayment analysis of bank borrowings as at 30th June, 2010 are set out in Note 32 to the consolidated financial statements.

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

DIRECTORS

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

Executive Directors

Mr. Robert Ng Chee Siong
Mr. Yu Wai Wai
Mr. Thomas Tang Wing Yung
Mr. Daryl Ng Win Kong
Mr. Ringo Chan Wing Kwong
Mr. Sunny Yeung Kwong
Mr. Raymond Tong Kwok Tung (resigned on 1st September, 2009)

Non-Executive Director

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

Independent Non-Executive Directors

Dr. Allan Zeman, GBS, JP
Mr. Adrian David Li Man-kiu, JP
Dr. Fu Yuning

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

DIRECTORS' REPORT (Continued)

DIRECTORS' INTERESTS

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

(a) Long Positions in Shares of the Company

Name of Directors	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Mr. Robert Ng Chee Siong	3,092,079	Beneficial owner of 138,060 shares and spouse interest in 2,954,019 shares	0.06%
The Honourable Ronald Joseph Arculli, GBM, CVO, GBS, OBE, JP	1,044,095	Beneficial owner	0.02%
Dr. Allan Zeman, GBS, JP	–	–	–
Mr. Adrian David Li Man-kiu, JP	–	–	–
Dr. Fu Yuning	–	–	–
Mr. Yu Wai Wai	–	–	–
Mr. Thomas Tang Wing Yung	130,147	Beneficial owner	≈0%
Mr. Daryl Ng Win Kong	79,141	Beneficial owner	≈0%
Mr. Ringo Chan Wing Kwong	–	–	–
Mr. Sunny Yeung Kwong	–	–	–

DIRECTORS' REPORT (Continued)

DIRECTORS' INTERESTS (b) Long Positions in Shares of Associated Corporations
(Continued)**(i) Holding Company****Tsim Sha Tsui Properties Limited**

Name of Directors	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Mr. Robert Ng Chee Siong	573,036	Beneficial owner	0.03%
The Honourable Ronald Joseph Arculli, GBM, CVO, GBS, OBE, JP	60,000	Beneficial owner	≈0%
Dr. Allan Zeman, GBS, JP	–	–	–
Mr. Adrian David Li Man-kiu, JP	–	–	–
Dr. Fu Yuning	–	–	–
Mr. Yu Wai Wai	–	–	–
Mr. Thomas Tang Wing Yung	–	–	–
Mr. Daryl Ng Win Kong	–	–	–
Mr. Ringo Chan Wing Kwong	–	–	–
Mr. Sunny Yeung Kwong	–	–	–

(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%

DIRECTORS' REPORT (Continued)

DIRECTORS' INTERESTS
(Continued)**(b) Long Positions in Shares of Associated Corporations** (Continued)**(ii) Associated Companies** (Continued)

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

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

DIRECTORS' REPORT (Continued)

SHARE OPTION SCHEMES The Company and its subsidiaries have no share option schemes.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

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

DIRECTORS' 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 and Mr. Thomas Tang Wing Yung, Mr. Ringo Chan Wing Kwong and Mr. Sunny Yeung Kwong held directorships in companies of the Ng Family (including the late Mr. Ng Teng Fong and his estate, Mr. Robert Ng Chee Siong and their respective associates) which engage in businesses of property investment, development and management and hotel operation.

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

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Apart from the transactions disclosed under the heading "Related Party Disclosures" as set out in Note 46 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).

DIRECTORS' REPORT (Continued)

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

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

(a) Building Cleaning Services

Party A:	Best Result Cleaning Services Limited, a wholly-owned subsidiary of the Company
Party B:	Ng Family
Nature of transactions:	Provision of building cleaning services by the Group to properties developed or to be developed, owned or partly owned, or to be owned or partly owned by the Ng Family
Terms:	A lump sum fee to be agreed between the parties which shall be determined by reference to cost plus a profit margin
Annual Cap:	HK\$82 million
Total consideration for the year:	HK\$44.98 million

DIRECTORS' REPORT (Continued)

CONNECTED
TRANSACTIONS
(Continued)**(A) Continuing Connected Transactions up to 30th June, 2010 (Continued)****(b) Car Park Management Services**

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

Party B: The Group

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

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

Annual Cap: HK\$20 million

Total consideration for the year: HK\$18.44 million

(c) Estate Management and General Administrative Services

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

Party B: Ng Family

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

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

Annual Cap: HK\$40 million

Total consideration for the year: HK\$21.31 million

DIRECTORS' REPORT *(Continued)***CONNECTED
TRANSACTIONS**
*(Continued)***(A) Continuing Connected Transactions up to 30th June, 2010** *(Continued)***(d) Security Guard Services**

Party A:	Sino Security Services Limited, a wholly-owned subsidiary of the Company
Party B:	Ng Family
Nature of transactions:	Provision of security guard services by the Group to properties developed or to be developed, owned or partly owned, or to be owned or partly owned by the Ng Family
Terms:	A lump sum fee to be agreed between the parties which shall be determined by reference to cost plus a profit margin
Annual Cap:	HK\$80 million
Total consideration for the year:	HK\$53.87 million

DIRECTORS' REPORT (Continued)

CONNECTED
TRANSACTIONS
(Continued)**(A) Continuing Connected Transactions up to 30th June, 2010 (Continued)****(e) Lease of Premises**

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

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

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

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

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

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

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;

DIRECTORS' REPORT (Continued)

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

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

(B) Renewal of Continuing Connected Transactions

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

(a) Building Cleaning Services

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

DIRECTORS' REPORT (Continued)

**CONNECTED
TRANSACTIONS**
(Continued)**(B) Renewal of Continuing Connected Transactions** (Continued)**(b) Car Park Management Services**

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

(c) Estate Management and General Administrative Services

Party A:	Sino Estates Management Limited, a wholly-owned subsidiary of the Company
Party B:	Ng Family
Nature of transactions:	Provision of estate management, life style services, home maintenance services, courtesy services and general administrative services by the Group to properties developed or to be developed, owned or partly owned, or to be owned or partly owned by the Ng Family
Terms:	A lump sum fee to be agreed between the parties which shall be a fixed sum or determined by reference to a rate of the management expenditure as shown in the annual budget of or actually incurred by the Ng Family in respect of the properties managed by Sino Estates Management Limited pursuant to the New Agreement
Annual Cap:	HK\$41 million

DIRECTORS' REPORT (Continued)

**CONNECTED
TRANSACTIONS**
(Continued)**(B) Renewal of Continuing Connected Transactions** (Continued)**(d) Security Guard Services**

Party A:	Sino Security Services Limited, a wholly-owned subsidiary of the Company
Party B:	Ng Family
Nature of transactions:	Provision of security guard services by the Group to properties developed or to be developed, owned or partly owned, or to be owned or partly owned by the Ng Family
Terms:	A lump sum fee to be agreed between the parties which shall be determined by reference to cost plus a profit margin
Annual Cap:	HK\$86 million

(e) Lease of Premises

Party A:	The Group
Party B:	Ng Family
Nature of transactions:	Lease of premises by: <ul style="list-style-type: none"> (i) the Group of properties owned or to be owned by the Ng Family (ii) the Ng Family of properties owned or to be owned by the Group
Terms:	A lump sum rent exclusive of rates and management fees to be agreed between the parties which shall be determined by reference to the prevailing market rent of the particular premises

DIRECTORS' REPORT (Continued)

**CONNECTED
TRANSACTIONS**
(Continued)**(B) Renewal of Continuing Connected Transactions** (Continued)**(e) Lease of Premises** (Continued)

- Annual Cap:
- (i) HK\$75.6 million, comprising:
 - (a) HK\$72 million for lease of premises by the Group; and
 - (b) HK\$3.6 million for lease of premises by the Ng Family,

for the period from 1st July, 2010 to 30th June, 2011;
 - (ii) HK\$84 million, comprising:
 - (a) HK\$80.4 million for lease of premises by the Group; and
 - (b) HK\$3.6 million for lease of premises by the Ng Family,

for the period from 1st July, 2011 to 30th June, 2012; and
 - (iii) HK\$94.8 million, comprising:
 - (a) HK\$91.2 million for lease of premises by the Group; and
 - (b) HK\$3.6 million for lease of premises by the Ng Family,

for the period from 1st July, 2012 to 30th June, 2013.

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

DIRECTORS' REPORT (Continued)

**CONNECTED
TRANSACTIONS**
(Continued)

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

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

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

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

Details of other related party transactions are set out in Note 46 to the consolidated financial statements.

DIRECTORS' REPORT (Continued)

**SUBSTANTIAL
SHAREHOLDERS'
AND OTHER
SHAREHOLDERS'
INTERESTS**

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

Long Positions in Shares of the Company

Name of Substantial Shareholders	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Mr. Ng Teng Fong*	2,669,274,815 <i>(Notes 1, 2 and 3)</i>	Beneficial owner of 27,749,083 shares, spouse interest in 3,720,532 shares and interest of controlled corporations in 2,637,805,200 shares	54.44%
Tsim Sha Tsui Properties Limited	2,560,090,473 <i>(Notes 1(a), 1(b), 2 and 3)</i>	Beneficial owner of 1,175,764,633 shares and interest of controlled corporations in 1,384,325,840 shares	52.21%

Name of Other Shareholders	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Spangle Investment Limited	314,441,829 <i>(Note 2)</i>	Beneficial owner	6.41%
Ka Fai Land Investment Limited	275,522,251 <i>(Note 3)</i>	Beneficial owner	5.61%

* "Mr. Ng Teng Fong" referred to Mr. Ng Teng Fong (estate of Mr. Ng Teng Fong).

DIRECTORS' REPORT (Continued)

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

Long Positions in Shares of the Company (Continued)

Notes:

1. As regards 2,637,805,200 shares held by controlled corporations:
 - (a) 1,175,764,633 shares were held by Tsim Sha Tsui Properties Limited which was 71.95% controlled by Mr. Ng Teng Fong;
 - (b)
 - (i) 36,249,325 shares were held by Orchard Centre Holdings (Private) Limited, in which Nam Lung Properties Development Company Limited, a wholly-owned subsidiary of Tsim Sha Tsui Properties Limited, had a 95.23% control; and
 - (ii) 1,348,076,515 shares were held through certain other wholly-owned subsidiaries of Tsim Sha Tsui Properties Limited (including 314,441,829 shares held by Spangle Investment Limited (Note 2) and 275,522,251 shares held by Ka Fai Land Investment Limited (Note 3)); and
 - (c) 77,714,727 shares were held through companies which were 100% controlled by Mr. Ng Teng Fong – 125,535 shares by Fanlight Investment Limited, 124,273 shares by Garford Nominees Limited, 27,965,237 shares by Karaganda Investments Inc., 12,061,287 shares by Orient Creation Limited, 5,862,081 shares by Strathallan Investment Limited, 17,668,413 shares by Strong Investments Limited, 13,539,344 shares by Tamworth Investment Limited and 368,557 shares by Transpire Investment Limited.
2. 314,441,829 shares were held by Spangle Investment Limited, a wholly-owned subsidiary of Tsim Sha Tsui Properties Limited and were duplicated in the interests of Mr. Ng Teng Fong and Tsim Sha Tsui Properties Limited.
3. 275,522,251 shares were held by Ka Fai Land Investment Limited, a wholly-owned subsidiary of Tsim Sha Tsui Properties Limited and were duplicated in the interests of Mr. Ng Teng Fong and Tsim Sha Tsui Properties Limited.

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

DIRECTORS' REPORT *(Continued)*

DONATIONS

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

**MAJOR SUPPLIERS
AND CUSTOMERS**

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

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

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

**CORPORATE
GOVERNANCE**

The corporate governance report is set out on pages 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, 2nd September, 2010

Completed Properties

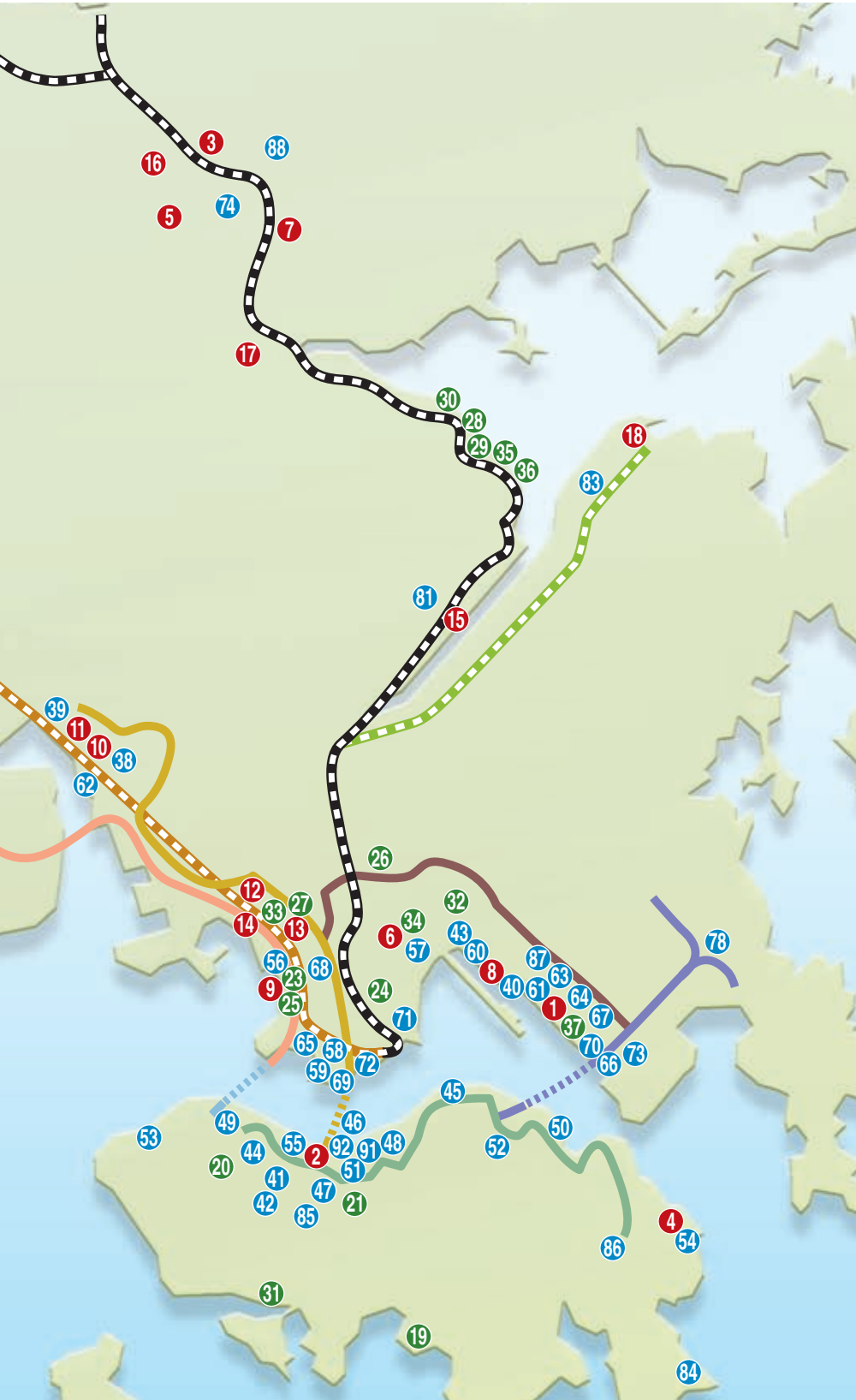
1. Westin Centre
2. Far East Finance Centre
3. Cambridge Plaza
4. Island Resort
5. St. Andrews Place
6. Majestic Park
7. Lincoln Centre
8. Pan Asia Centre
9. One SilverSea
10. Vision City
11. The Dynasty
12. One New York
13. One Madison
14. Vista
15. The Palazzo
16. Goodwood Park
17. The Balmoral
18. Lake Silver

Properties under development

19. 38 Repulse Bay Road, Rural Building Lot No. 380
20. 53 Conduit Road, The Remaining Portion of Inland Lot No. 2138 and Inland Lot No. 2613
21. Lee Tung Street/McGregor Street Project, Wan Chai
22. Cheung Sha, Lantau Island, Lot No. 245 in DD331
23. The Hermitage, South West Kowloon, Kowloon Inland Lot No. 11167 and 11168
24. Baker Court, Hung Hom, Kowloon Inland Lot No. 11181
25. Junction of Hoi Wang Road, Yan Cheung Road and Yau Cheung Road, West Kowloon, Kowloon Inland Lot No. 11073
26. 1 Broadcast Drive, Kowloon Tong, New Kowloon Inland Lot No. 6374
27. 270-274 Cheung Sha Wan Road, The Remaining Portion of New Kowloon Inland Lot No. 1069
28. Pak Shek Kok, Tai Po Town Lot No. 187
29. Pak Shek Kok, Tai Po Town Lot No. 188
30. Pak Shek Kok, Tai Po Town Lot No. 186
31. Aberdeen Inland Lot No. 451
32. 18 Kowloon East, 18 Wang Chiu Road, New Kowloon Inland Lot No. 5856
33. Beech Street/Ivy Street, West Kowloon, Kowloon Inland Lot No. 11192
34. 12-18 Hau Wong Road, Kowloon City
35. Pak Shek Kok, Tai Po Town Lot No. 200
36. Pak Shek Kok, Tai Po Town Lot No. 201
37. Yuet Wah Street and Hip Wo Street Project, Kwun Tong



Properties for investment/own use

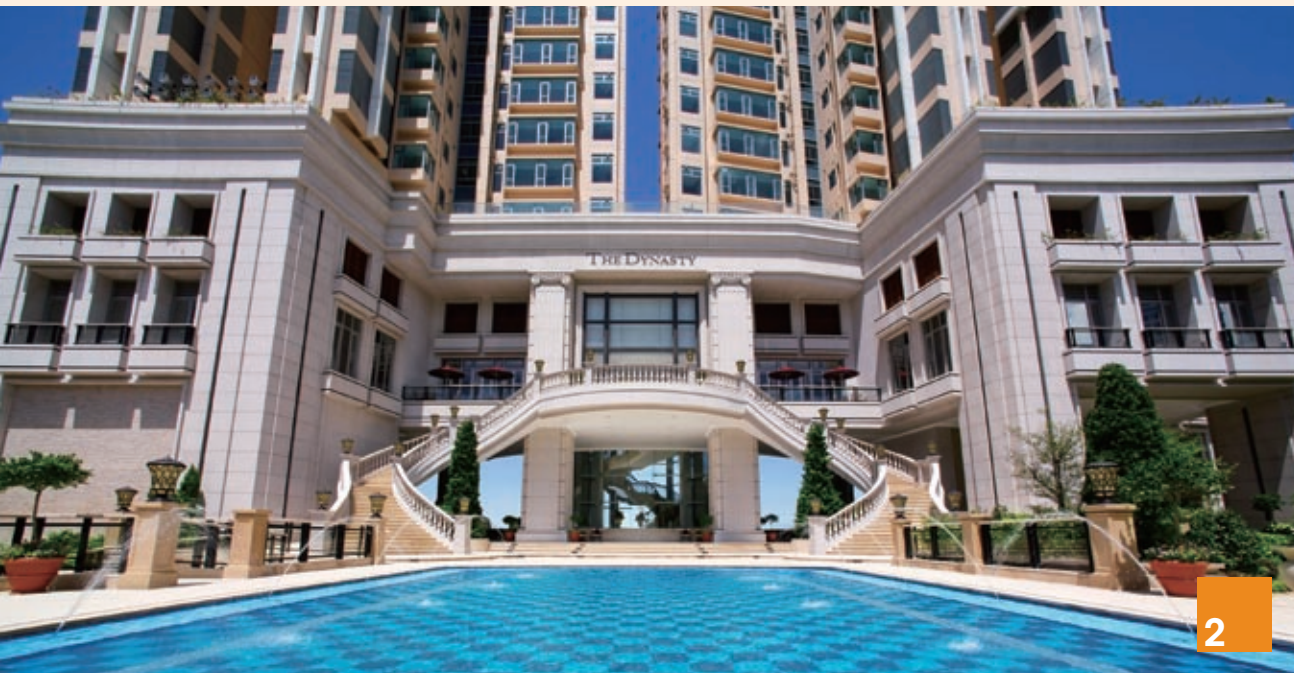


- 38. Citywalk
- 39. Citywalk 2
- 40. Exchange Tower
- 41. 20-24 Staunton Street
- 42. 26 Staunton Street
- 43. Skyline Tower
- 44. The Centrium
- 45. 148 Electric Road
- 46. Central Plaza
- 47. Conrad Hong Kong
- 48. Harbour Centre
- 49. Hollywood Centre
- 50. Marina House
- 51. One Capital Place
- 52. Pacific Palisades
- 53. Pacific Plaza
- 54. Island Resort Mall
- 55. 25/F United Centre
- 56. Olympian City
- 57. The Astrid
- 58. Cameron Plaza
- 59. China Hong Kong City
- 60. Corporation Square
- 61. Futura Plaza
- 62. Sunley Centre
- 63. Westley Square
- 64. Fullerton Centre
- 65. Hong Kong Pacific Centre
- 66. Kwun Tong Harbour Plaza
- 67. Kwun Tong Plaza
- 68. Omega Plaza
- 69. Parmanand House
- 70. Remington Centre
- 71. Sunshine Plaza Shopping Arcade
- 72. Tsim Sha Tsui Centre
- 73. Yau Tong Industrial City
- 74. Avon Park Shopping Mall
- 75. Springdale Villas Shopping Arcade
- 76. Golden Plaza
- 77. Mansfield Industrial Centre
- 78. Maritime Bay Shopping Mall
- 79. Parklane Centre
- 80. Ping Wui Centre
- 81. Shatin Galleria
- 82. tmtplaza
- 83. The Waterside Shopping Mall
- 84. 15 Shek O Headland
- 85. No. 1 Chatham Path, Mid-levels
- 86. Bayview Park
- 87. No. 1 Hung To Road
- 88. Grand Regentville Shopping Arcade
- 89. Rosedale Gardens Shopping Arcade
- 90. Oceania Heights Shopping Mall
- 91. The Hennessy
- 92. Fraser Suites Hong Kong

COMPLETED PROPERTIES



1



2

COMPLETED PROPERTIES (Continued)



1 The Palazzo

The Palazzo is situated right next to the world-class Sha Tin Racecourse, with direct access to the MTR, Route 8 and the planned Sha Tin to Central Link. It offers 1,375 residential units. Residents can enjoy full panoramic views of the Sha Tin Racecourse and unparalleled views of Kau To Shan and Tolo Harbour.

2 The Dynasty

Located at the hub of the comprehensive transportation networks offering convenient access to the MTR Tsuen Wan Station and Tsuen Wan West Station on the West Rail Line, these low-density residential units are poised to enjoy the riches of well-planned integrated city and spectacular harbour views.

3 Vista

Located in one of the most popular areas of West Kowloon, Vista is only two minutes' walk from the MTR Sham Shui Po Station, and offers a total of 173 residential units designed with balconies and 22,000 sq.ft. of retail space. The project commands magnificent views of Victoria Harbour. Its unique clubhouse facilities include a resort-style swimming pool, a banquet room and gymnasium.

COMPLETED PROPERTIES *(Continued)*



4

Goodwood Park

Located on the legendary Beas River, Goodwood Park provides a total of 23,638 sq.ft. of gross floor area encompassing 13 houses with lush private gardens. The clubhouse features an outdoor swimming pool and other superb facilities. The property is neighbour to the Hong Kong Golf Club, the Hong Kong Jockey Club Beas River Country Club and homes of various dignitaries.

COMPLETED PROPERTIES *(Continued)*



5 **Vision City**
Located in a well-planned integrated city in Tsuen Wan's popular waterfront, adjacent to landmark hotels, prime office buildings and mega shopping malls, Vision City enjoys convenient access to the MTR Tsuen Wan Station and Tsuen Wan West Station on the West Rail Line. The development provides 1,466 residential flats in five towers above a shopping mall.

6 **One SilverSea**
Overlooking Victoria Harbour from the West Kowloon waterfront, One SilverSea captures stunning views across Hong Kong's glittering skyline and majestic harbour. The prestigious development offers 700 residential apartments including penthouses with private pools, and all units enjoy generous ceiling heights.

COMPLETED PROPERTIES *(Continued)*



7 **St. Andrews Place**

St. Andrews Place is the epitome of comfort in the legendary neighbourhood of the Hong Kong Golf Club and the Hong Kong Jockey Club Beas River Country Club. The project comprises 26 high quality detached houses with large landscaped gardens.

8 **One Madison**

One Madison is a new addition to Sino Group's boutique residences in West Kowloon. It offers about 120 extra high ceiling units. With quick access to the MTR Cheung Sha Wan Station, this exceptional residence presents a truly cosmopolitan lifestyle to the discerning few.



COMPLETED PROPERTIES *(Continued)*



9 Lake Silver
Located atop the MTR Wu Kai Sha Station, the development comprises over 2,100 high-quality apartments, a world-class resort style clubhouse and enjoys breathtaking scenic mountain and sea views of Tolo Harbour, Tolo Channel and Pat Sin Leng Ranges.

10 The Balmoral
Located in Tai Po, The Balmoral presents an exclusive residence in a green and peaceful environment. The project consists of 79 apartments. The residence also features a clubhouse with landscape gardens and outdoor swimming pool.



PROPERTIES UNDER DEVELOPMENT



11 The Hermitage

Located in the heart of the Golden Circle in West Kowloon, The Hermitage is in close proximity with five major MTR stations, including the Olympic Station and the forthcoming Express Rail Link, as well as the West Kowloon Cultural District. This property comprises 964 units and a commercial complex. The classical designed clubhouse offers comprehensive leisure facilities.

12 Sino International Plaza, Fuzhou

Located in the business centre of Fuzhou, Sino International Plaza will be developed into an international Grade-A commercial building comprising office and retail space. The tower will feature a rooftop garden and a building facade made of energy efficient 'Low-E' glass.

13 Central Park, Xiamen

This site has been designated for residential and commercial development, comprising approximately 450 residential units of 467,000 sq.ft. and over 51,000 sq.ft. of commercial space.

14 Mandarin Garden, Xiamen

Located on Jia He Lu, Xiamen, Fujian, this site will be developed into a residential and commercial project, offering approximately 138 residential units and over 15,000 sq.ft. of retail space.

PROPERTIES UNDER DEVELOPMENT *(Continued)*



PROPERTIES FOR INVESTMENT/OWN USE



15

The Fullerton Bay Hotel Singapore

15 The much-anticipated The Fullerton Bay Hotel Singapore opened its doors on 8 July 2010. The hotel is the latest addition to the sparkling Marina Bay waterfront, with breathtaking architecture and stunning interiors that combine modernity and heritage. Seated on prime waterfront location in the Central Business District and arts and cultural precinct, the hotel offers classic hospitality and exquisite service with rooms featuring spectacular views of the Marina Bay and Singapore skyline. Step into a world of chic sophistication where The Fullerton Bay Hotel Singapore will set the tone for an indulgent lifestyle experience.



16

The Hennessy

16 The Hennessy is located in the heart of Wan Chai which is a vibrant community of restaurants, shops and offices. The 4.8-meter floor-to-floor height, full height windows, panoramic harbour views and the unique indoor and rooftop alfresco dining experience provide a perfect inspiration for creative minds. The Hennessy is just a stone's throw from the entertainment hub of Causeway Bay and minutes from the Central Business District with convenient MTR, bus, minibus and tram access.

PROPERTIES FOR INVESTMENT/OWN USE *(Continued)*



17 Exchange Tower
Exchange Tower is a commercial complex located in Hong Kong's latest focal point – Kowloon East. It is the first international Grade A office tower to integrate a green balcony on every office floor.



18 Fraser Suites Hong Kong
Occupying an enviable place in the heart of Hong Kong's famous Wanchai business and entertainment district, Fraser Suites Hong Kong is coveted for its location as well as its delivery of excellence. For busy executives for whom time is a premium, the serviced residence offers easy access to key business areas like Causeway Bay and Central; it is also close to the Hong Kong Convention and Exhibition Centre, Wanchai Ferry Terminal and Wanchai Waterfront business district.

PROPERTIES FOR INVESTMENT/OWN USE (Continued)



19

Citywalk

19 Citywalk is Hong Kong's first ever green shopping mall located on Yeung Uk Road in Tsuen Wan. This 250,000 sq.ft. shopping mall presents a 8,000 sq.ft. Vertical Garden and a 40,000 sq.ft. "Citywalk Piazza" with landscaped water feature. Together these increase the green space of the external areas to over 30 percent and provide shoppers with a fun, natural environment.



20

Citywalk 2

20 Citywalk 2 is designed to complement and extend Citywalk. This contemporary threestorey technologically innovative mall comprises approximately 200,000 sq.ft. of space, accommodating brand-name shops, cinemas, lifestyle stores, restaurants and department store, and features Hong Kong's first 'ArchiSculpture', the iGlobe, a distinctive giant electronic building facade with thousands of LED discs.

PROPERTIES FOR INVESTMENT/OWN USE (Continued)



21

Olympian City

21 Olympian City is located in the MTR Olympic Station with a combined area in excess of 650,000 sq.ft.. Its 80,000 sq.ft. of open piazza, variety of retail outlets, a cinema and bowling alley offer shoppers an excellent choice of entertainment and retail shopping, and the opportunity to dine on a wide selection of cuisine in its restaurants and food court. The mall is equipped with numerous plasma televisions, projector screens and a large outdoor LED screen to provide shoppers with entertainment and information.



22

tmtplaza

22 tmtplaza is the largest shopping mall in Northwest New Territories. With a total retail space of 1,000,000 sq.ft. and 400 diversified shops, restaurants and entertainment facilities, together with the upcoming international fashion brands, tmtplaza shall become the core attraction for shoppers in Northwest districts and offers a one-stop shopping environment in New Territories.

PROPERTIES FOR INVESTMENT/OWN USE (Continued)



23 **Tsim Sha Tsui Centre**
Tsim Sha Tsui Centre was the very first development in Tsim Sha Tsui East. As such, it stands as a tribute to the Sino Group's pioneering spirit. Today, it serves as the Group's headquarters, and remains an important office-cum-retail property. Tsim Sha Tsui Centre and the adjacent Empire Centre underwent a major facelift a few years ago, with the waterfront units transformed into a strip of stylish duplex restaurants, turning the twin building into a premier Tsim Sha Tsui East dining destination – Alfresco Lane.

24 **Hong Kong Pacific Centre**
Hong Kong Pacific Centre is located in the centre of Tsim Sha Tsui's bustling retail neighbourhood, and is just a stone's throw from the Nathan Road with heavy pedestrian flow. The project comprises an office tower and a shopping centre podium with a total gross floor area of 232,606 sq.ft..



PROPERTIES FOR INVESTMENT/OWN USE (Continued)



25



26

China Hong Kong City

25

China Hong Kong City is one of the largest golden glassclad complexes in the world and among Hong Kong's most prominent commercial complexes. Strategically located on Canton Road, Tsim Sha Tsui – Kowloon's busiest business and tourist district, this massive development includes five office towers with spectacular sea views, a six-storey shopping mall, the Royal Pacific Hotel & Towers, China Ferry Terminal, bus and taxi terminals, and ample car parking facilities. It is also well supported by all major means of public transport and is only a few minutes' walk from the Star Ferry Terminal and the MTR Tsim Sha Tsui Station and Austin Station.

Skyline Tower

26

Skyline Tower is located in the heart of the commercial district of Kowloon Bay and commands a magnificent view of the Victoria Harbour. This 39-storey building provides about 827,830 sq.ft. of prestigious commercial space and is well planned from project to interior design.

The Centrium

27

Located in the heart of Central, The Centrium is a Grade-A commercial development situated near the well-known Lan Kwai Fong district for cosmopolitan lifestyle, entertainment and dining purposes. The project provides about 255,911 sq.ft. of international-class commercial space and fine dining area.



27

PROPERTIES FOR INVESTMENT/OWN USE (Continued)



28



29

28 The Fullerton Heritage
The Fullerton Heritage is the Group's large-scale waterfront development project in Singapore's Marina Bay. The architecture combines historical and contemporary aspects to add vibrancy to the long-established culture, heritage and central business district. The development comprises six buildings, namely The Fullerton Bay Hotel Singapore, Clifford Pier, One Fullerton, Customs House, The Fullerton Hotel Singapore and The Fullerton Waterboat House.

29 The Fullerton Hotel Singapore
Once home to the General Post Office, The Singapore Club and the Chamber of Commerce, The Fullerton Hotel Singapore is now a hotel with 400 rooms and suites carefully designed to provide both business and leisure travellers with a sanctuary of calm and comfort in which to retreat and rejuvenate. The Hotel has received a number of awards from respected organisations and magazines in recognition of its standards of service.

PROPERTIES FOR INVESTMENT/OWN USE (Continued)



30

Clifford Pier

30 A historic landmark and the first port of call for immigrants in the early days of Singapore, the revitalized Clifford Pier has kept its original architectural characteristics and charm. Occupying an area of 11,393 sq.ft., the pier houses an elegant international restaurant and bar, featuring alfresco dining with breathtaking waterfront views.



31

Conrad Hong Kong

31 Towering 61 floors above one of Hong Kong's most prestigious and exclusive shopping and entertainment complexes – Pacific Place, Conrad Hong Kong is located within the central business district and in close proximity to major sites of interest. The award-winning hotel features 513 elegantly appointed rooms and suites that offer business and leisure travelers the optimum in comfort, facilities and service. The property is renowned for spaciousness and breathtaking views of The Peak and the Victoria Harbour.



32

Raffles City Shanghai

32 This 46-storey prime office tower is located in the central business area of Huangpu District and surrounded by boutique shops that attract heavy pedestrian flows. The project yields 1.35 million sq.ft. total gross floor area.

REVIEW OF OPERATIONS

(1) LAND BANK

As at 30th June, 2010, the Group had 42.0 million square feet of land bank. This land bank consists of a well-diversified portfolio of properties, comprising: residential 64%, commercial 25%, industrial 5%, car parks 4% and hotels 2%. Most of the developments currently under construction are situated in good locations and are conveniently served by various modes of transportation, including railway and subway lines. The tables below show the detailed breakdown of the Group's land bank as at 30th June, 2010.

The Group's commercial, industrial buildings, car parks and hotels, namely The Fullerton Hotel Singapore, The Fullerton Bay Hotel and Conrad Hong Kong are held mainly for long-term investment, and to generate a stable stream of recurrent income.

	By Status and Usage					Total Area	Percentage
	Residential	Commercial	Industrial	Car Park	Hotel		
	<i>(Gross Floor Area in Square Feet)</i>						
Properties under Development	26,114,188	3,441,799	0	0	264,710	29,820,697	71%
Properties for Investment/Own Use	289,291	6,901,678	1,631,309	1,458,149	713,354	10,993,781	26%
Completed Properties for Sale	699,247	37,307	506,480	0	0	1,243,034	3%
Total	27,102,726	10,380,784	2,137,789	1,458,149	978,064	42,057,512	100%
Percentage	64%	25%	5%	4%	2%	100%	

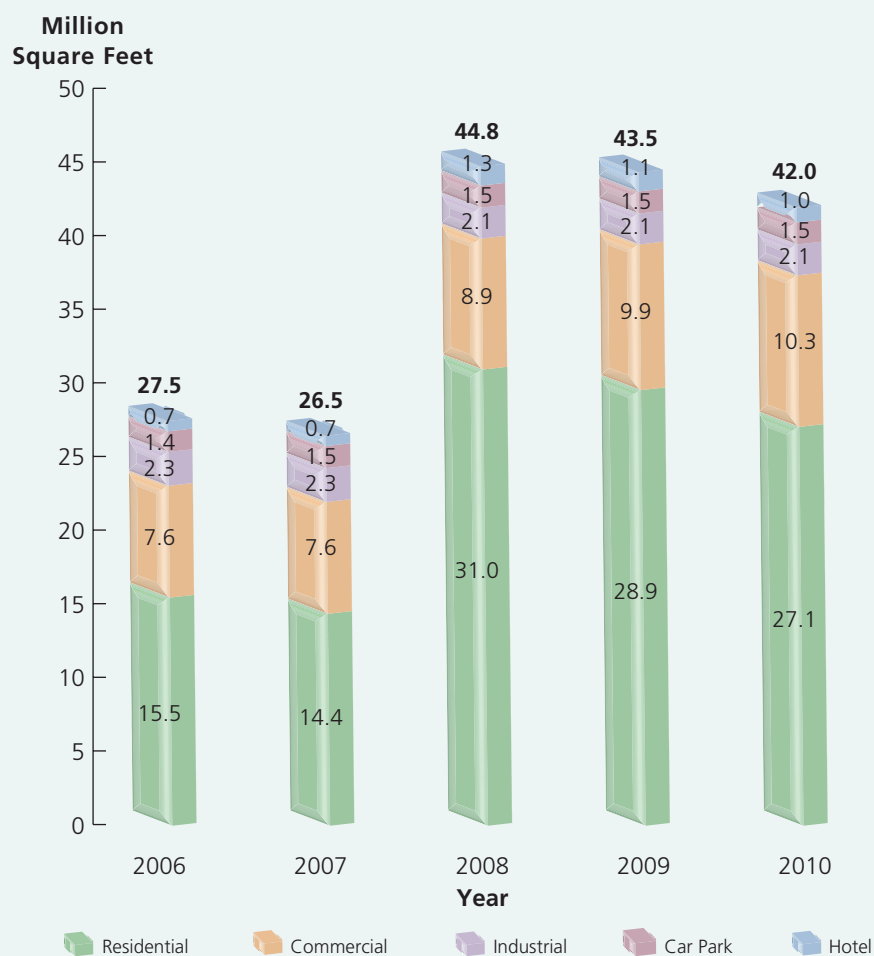
	By Location and Usage					Total Area	Percentage
	Residential	Commercial	Industrial	Car Park	Hotel		
	<i>(Gross Floor Area in Square Feet)</i>						
New Territories	2,439,283	2,146,092	644,007	1,000,234	0	6,229,616	15%
Kowloon	1,499,572	3,618,592	1,493,782	391,452	0	7,003,398	17%
Hong Kong Island	929,023	1,205,342	0	53,602	165,506	2,353,473	5%
Mainland China	22,234,848	3,282,367	0	12,861	264,710	25,794,786	61%
Singapore	0	128,391	0	0	547,848	676,239	2%
Total	27,102,726	10,380,784	2,137,789	1,458,149	978,064	42,057,512	100%

REVIEW OF OPERATIONS (Continued)

(1) LAND BANK (Continued)

The following charts show the changes of the Group's land bank by usage and geographical location over the last five financial years:

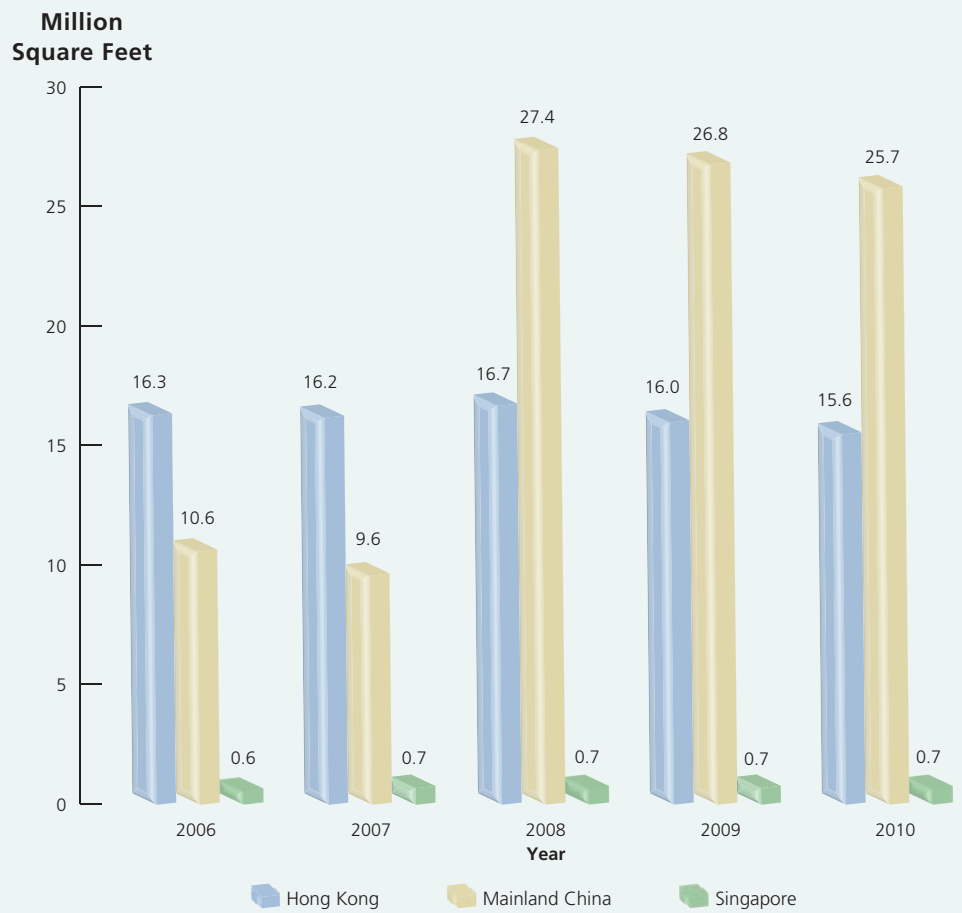
Land Bank – Breakdown by Usage (As at 30th June)



REVIEW OF OPERATIONS *(Continued)*

(1) LAND BANK *(Continued)*

Land Bank Breakdown by Geographical Location
(As at 30th June)



REVIEW OF OPERATIONS *(Continued)***(2) HIGHLIGHTS OF THE GROUP'S MAJOR PROPERTIES COMPLETED DURING THE FINANCIAL YEAR 2009/2010****Lake Silver (Joint Venture)**

No. 599 Sai Sha Road, Wu Kai Sha Station, Ma On Shan, New Territories, Hong Kong

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

The Balmoral (100% owned)

1 Ma Shing Path, Tai Po, New Territories, Hong Kong

In November 2004, the Group entered into a sale and purchase agreement for a plot of agricultural land of 63,603 square feet in Ma Wo, Tai Po, New Territories. Modification of the lease has been granted by the HKSAR Government. The site has been developed into a residential property consisting of 79 apartments in three medium-rise tower blocks. Situated in the midst of a green and quiet environment, The Balmoral has attracted interested buyers from different areas and two units have been sold. The Occupation Permit and the Certificate of Compliance were obtained in January and June 2010 respectively.

Customs House (100% owned)

70 Collyer Quay, Singapore

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

REVIEW OF OPERATIONS *(Continued)*



In June and July 2010, Olympian City welcomed the World Cup with live broadcasts of all 64 matches, large-scale football viewing parties and various promotions, which were extremely well-received.

(2) HIGHLIGHTS OF THE GROUP'S MAJOR PROPERTIES COMPLETED DURING THE FINANCIAL YEAR 2009/2010 *(Continued)*

The Fullerton Bay Hotel (100% owned)

80 Collyer Quay, Singapore

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

The hotel's trio of culinary experiences includes the signature restaurants of The Landing Point, Clifford and Lantern. Lantern is a stylish rooftop bar, surrounding the hotel's 25-metre rooftop swimming pool, where guests can enjoy the panoramic views of the Marina Bay waterfront and the Singapore skyline.

Clifford, the modern brasserie and the signature restaurant of the Hotel, is illuminated by 10-metre high floor-to-ceiling windows overlooking the sparkling waters of the bay. Furnished with layers of theatrical salons and with the views of Marina Bay, Clifford sets to redefine destination dining by the bay with personalized service.

The Landing Point, the lobby lounge of the Hotel, is positioned alongside an indoor promenade paved in bespoke marble mosaics. With a 13-metre long bar and spacious outdoor terrace, The Landing Point is designed to attract the sophisticated chic.

REVIEW OF OPERATIONS *(Continued)***(3) HIGHLIGHTS OF THE GROUP'S MAJOR PROPERTY DEVELOPMENTS****DEVELOPMENT PROJECTS IN HONG KONG****The Hermitage (50% owned)**

1 Hoi Wang Road, South West Kowloon, Hong Kong

On 27th September, 2005, the Group acquired these two contiguous sites adjacent to the Central Park residence and the Olympian City shopping mall. The Hermitage is well located in the heart of West Kowloon with a variety of transports available for residents and commuters to travel seamlessly to and from other parts of the city. It is also within West Kowloon district where the West Kowloon Cultural District, the commercial hub over the Kowloon Station of the Airport Railway and the future Guangzhou-Shenzhen-Hong Kong Express Rail Link are situated. The retail mall of The Hermitage is connected to Olympian City by a covered footbridge and residents and customers can access to Mongkok through another covered footbridge.

The Hermitage comprises six towers, offering a total of 964 residential units. The development faces south overlooking spectacular views of Victoria Harbour and Hong Kong Island and all units feature high ceilings and balconies. On completion, estimated to be in the financial year 2010/2011, it will yield a total of approximately 1.1 million square feet of gross floor area, of which approximately 949,000 square feet of gross floor area is designated for residential development and the remaining of approximately 146,100 square feet for retail use.

The Group has launched residential units in The Hermitage for sale in June 2010. Market response was favourable with over 89% of the total number of units sold in the overall development.



At Easter, top local balloon artists gathered at tmtplaza for the first HK Balloon Art Competition. The mall also introduced the first ever balloon zoo, all made from at least 15,000 colourful balloons.

REVIEW OF OPERATIONS *(Continued)*



Citywalk supported World Cup 2010 and invited guests and shoppers to indulge in football mania through an array of match parties and programmes.

(3) HIGHLIGHTS OF THE GROUP'S MAJOR PROPERTY DEVELOPMENTS *(Continued)*

DEVELOPMENT PROJECTS IN HONG KONG *(Continued)*

IL9018 (H15) Lee Tung Street/McGregor Street (Joint Venture)

Lee Tung Street/McGregor Street, Wan Chai, Hong Kong Island, Hong Kong

In June 2009, the Urban Renewal Authority awarded the Group the development rights to the site at Lee Tung Street/McGregor Street. The site is located in the heart of the Wan Chai, a vibrant and exciting area with a diverse tourist attractions and local landmarks. Wan Chai area has many historical conservation buildings, including the Old Wan Chai Post Office, The Pawn, Nam Kou Terrace, the "Green House" at Mallory Street, the "Blue House" at Stone Nullah Lane, the "Yellow House" at Hing Wan Street and a number of Buddhist temples. It is well known as a major art and cultural hub with two of the city's most popular performance venues, namely the Hong Kong Academy for Performing Arts and the Hong Kong Arts Centre. A wide variety of shops and restaurants offering a choice of cuisines. Wan Chai is also well known for the school networks in the area. Commuters can easily access to other areas from Wan Chai or from other areas to Wan Chai via various well-established modes of transport, including the MTR, tram and buses.

This project incorporates redevelopment, conservation and revitalisation elements. After its completion estimated to be in the financial year 2013/2014, a total of approximately 731,000 square feet of gross floor area with approximately 1,290 residential units and a themed shopping mall of over 90,000 square feet of gross floor area will be built. Planning and foundation works are currently in progress.

NKIL6499 (Joint Venture)

Yuet Wah Street, Kwun Tong, Kowloon, Hong Kong

In October 2009, the Group was awarded the rights to re-develop the site at Yuet Wah Street in Kwun Tong, which is situated at the eastern part of Kowloon Peninsula. The district is undergoing a redevelopment and revitalisation programme being carried out by the Urban Renewal Authority of Hong Kong. The site is located in the residential area of Kwun Tong with a playground, garden, shops and market nearby. In the vicinity of a bus terminus and Kwun Tong Station, the project is easily accessed by public transport. The project is currently under the planning and site formation stage. A total of approximately 232,800 square feet of residential space will be built upon its expected completion in the financial year 2013/2014.

REVIEW OF OPERATIONS *(Continued)***(3) HIGHLIGHTS OF THE GROUP'S MAJOR PROPERTY DEVELOPMENTS** *(Continued)***DEVELOPMENT PROJECTS IN HONG KONG** *(Continued)***KIL11073 (45% owned)**

West Kowloon, Hong Kong

The Group acquired this prime site close to Kowloon and Austin Road Stations in the West Kowloon area at a government land auction in May 2007. The foundation work and basement floors have been completed and the superstructure work has commenced. On completion, expected to be in the financial year 2011/2012, a total of approximately 650,600 square feet of gross floor area will be available, of which approximately 563,900 square feet of gross floor area are designated for residential and approximately 86,700 square feet is retail space.

NKIL 6374 (100% owned)

1 Broadcast Drive, Kowloon Tong, Kowloon, Hong Kong

The Group won this project at a land auction in November 2006. The site will be developed into a low-density residential project with a total of approximately 196,500 square feet of gross floor area. The foundation work has been completed and the superstructure work has commenced. Completion of the project is estimated to be in the financial year 2011/2012.

TPTL 187, Site A, Pak Shek Kok (50% owned)

Pak Shek Kok, Tai Po, New Territories, Hong Kong

Acquired in March 2007, the Group plans to build 345,406 square feet of low-density residential premises overlooking Tolo Harbour. Of the total gross floor area, approximately 323,800 square feet are residential area and approximately 21,500 square feet are retail space. The Group has 50% interest in the project. Foundation work has been completed and superstructure is now in progress. The project is estimated to be completed in the financial year 2011/2012.

REVIEW OF OPERATIONS *(Continued)*

(3) HIGHLIGHTS OF THE GROUP'S MAJOR PROPERTY DEVELOPMENTS *(Continued)*

DEVELOPMENT PROJECTS IN HONG KONG *(Continued)*

TPTL 186, Site B, Pak Shek Kok (35% owned)

Pak Shek Kok, Tai Po, New Territories, Hong Kong

This site was acquired at a government land auction in September 2007. It is located next to site TPTL 187 and 188. Upon completion, the site will yield a total of approximately 714,400 square feet of gross floor area of residential space. Foundation work has been completed and superstructure is now in progress. The project is estimated to be completed in the financial year 2011/2012.

TPTL 188, Site C, Pak Shek Kok (25% owned)

Pak Shek Kok, Tai Po, New Territories, Hong Kong

The development, in which the Group has 25% interest, will consist of approximately 749,700 square feet of residential premises. The site was acquired in a government land auction in March 2007. Work on the foundation has been completed and superstructure is now in progress. Project completion is estimated to be in the financial year 2011/2012.

TPTL 200, Site D1, Pak Shek Kok (100% owned)

Pak Shek Kok, Tai Po, New Territories, Hong Kong

The site was acquired in December 2009 through a government land auction, and is adjacent to the TPTL 187 and TPTL 201 sites. The area is well known for various types of sports including water sports and cycling. Upon completion, estimated to be in the financial year 2013/2014, a total of approximately 720,700 square feet of gross floor area will be built. Of this, 675,700 square feet will be for residential purposes and the remaining area for commercial use.

TPTL 201, Site D2, Pak Shek Kok (85% owned)

Pak Shek Kok, Tai Po, New Territories, Hong Kong

The site was acquired in December 2009 through a government land auction. The site is well connected to the site of TPTL 200 as well as the other three of the Group's project sites in Pak Shek Kok. Upon completion to be scheduled in the financial year 2013/2014, a total of approximately 720,700 square feet spaces will be provided. Of this, 675,700 square feet will be for residential purposes and the remaining area for commercial use.

REVIEW OF OPERATIONS *(Continued)***(3) HIGHLIGHTS OF THE GROUP'S MAJOR PROPERTY DEVELOPMENTS** *(Continued)***DEVELOPMENT PROJECTS IN HONG KONG** *(Continued)***Aberdeen Inland Lot No. 451 (35% owned)**

Aberdeen, Hong Kong Island, Hong Kong

In October 2007, the Group acquired this site in Aberdeen in a government land auction. The site is on the southern part of Hong Kong Island, historically, one of the earliest landing points for foreigners. It is only a few minutes drive to Ocean Park, one of Southeast Asia's largest oceanariums and theme parks. The nearby 423-hectares Aberdeen Country Park is also interesting as a country park developed in an earlier period of Hong Kong. Opposite to the site is the Aberdeen Marina Club. Upon completion, estimated to be in the financial year 2012/2013, the site will provide a total of approximately 643,800 square feet of gross floor area of residential space. The foundation work has been completed and superstructure work is in progress.

Lot No. 245 in Demarcation District No. 331 (100% owned)

Cheung Sha, Lantau Island, Hong Kong

This Cheung Sha site was acquired at a government land auction in October 2007. It is located in the picturesque southern part of Lantau Island overlooking an environmental reserve area. When completed, the project will provide a total of approximately 71,400 square feet of gross floor area of residential space. The project is in the planning and site formation stage. The project is estimated to be completed in the financial year 2012/2013.

IL2138 RP (100% owned)

53 Conduit Road, Hong Kong Island, Hong Kong

The Group acquired this site from a private landlord in August 2004. The site will be redeveloped into a residential project. On completion, estimated to be in the financial year 2012/2013, it will yield a total of approximately 60,400 square feet of gross floor area. Site formation and foundation work has commenced.

REVIEW OF OPERATIONS *(Continued)*

(3) HIGHLIGHTS OF THE GROUP'S MAJOR PROPERTY DEVELOPMENTS *(Continued)*

DEVELOPMENT PROJECTS IN HONG KONG *(Continued)*

Project at Cheung Sha Wan Road (100% owned)

Remaining portion of NKIL 1069, 270 Cheung Sha Wan Road, Kowloon, Hong Kong

The Group won this project through a tender in January 2007. The location of the site is close to the Sham Shui Po station. It will afford approximately 39,100 square feet of gross floor area consisting of approximately 32,200 square feet of residential area and approximately 6,900 square feet of retail space on completion. The project is estimated to be completed in the financial year 2010/2011.

KIL 11192 (Joint Venture)

Beech Street/Ivy Street, West Kowloon, Hong Kong

In March 2008, the Group was awarded the development rights by the Urban Renewal Authority to redevelop a site at Beech Street/Ivy Street in West Kowloon, close to the Olympian City Complex. It is expected that a total of 225,527 square feet of gross floor area comprising 187,939 square feet of residential gross floor area and 37,588 square feet of retail space will be built. Foundation work has been completed and the construction of superstructure is in progress. The project is estimated to be completed in the financial year 2011/2012.

KIL 11181 (Joint Venture)

Baker Court, Hung Hom, Kowloon, Hong Kong

In May 2008, the Group was awarded the development rights by Urban Renewal Authority to redevelop the site at Baker Court in Hung Hom. Foundation work has been completed and the construction of superstructure is in progress. The project will yield a total of 22,357 square feet of gross floor area of residential space and 4,467 square feet of gross floor area of retail space on completion, which is estimated to be in the financial year 2010/2011.

RBL380 (100% owned)

38 Repulse Bay Road, Hong Kong Island, Hong Kong

Located in one of the most prestigious charming areas in between the Deep Water Bay Beach and Repulse Bay Beach overlooking the Deep Water Bay and Middle Island in southern part of the Hong Kong Island, the project will be redeveloped into 3 houses. All houses can enjoy full sea views. On completion expected to be in the financial year 2012/2013, the development will afford a total of 12,132 square feet of gross floor area.

REVIEW OF OPERATIONS *(Continued)***(3) HIGHLIGHTS OF THE GROUP'S MAJOR PROPERTY DEVELOPMENTS** *(Continued)***DEVELOPMENT PROJECTS IN HONG KONG** *(Continued)***18 Kowloon East (50% owned)**

18 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong

The Group has commenced the redevelopment of an industrial building formerly known as Po Hing Centre in Kowloon Bay to a Grade-A office building. The redevelopment will enlarge the area to 348,752 square feet of total gross floor area. The construction of superstructure work is in progress. This commercial property will be completed in the financial year 2010/2011. 18 Kowloon East will be used for investment purposes and will further enhance the rental income of the Group.

DEVELOPMENT PROJECTS IN MAINLAND CHINA**Sino International Plaza, Fuzhou, PRC (100% owned)**

137 Wu Xi Lu, Fuzhou, PRC

The city of Fuzhou (also known as "City of Banyans") is the capital of Fujian Province. It is the political, economic, and cultural centre of the province. The city is also famous for its seaport, which is an important part to foreign trade and shipping. With improvement in cross-strait relations between the Central Government and Taiwan, the city is expected to experience further growth due to its proximity to Taiwan. Sino International Plaza will be used for investment purposes and will further enhance the rental income of the Group.

Sino International Plaza is located in the Central Business District of Fuzhou city and is conveniently accessible through an extensive transportation network making it a good location for local and multinational firms. A number of local attractions, namely Hot Spring Park, West Lake Park and Fujian Museum are also within the catchment area. The commercial development provides approximately 499,000 square feet of commercial gross floor area. Its low-E double glazed unitized curtain wall system presents an environmentally friendly architectural characteristic. The property also features an interior layout designed for tenant needs with efficient use of space and lighting. Each floor offers high ceilings, which enhance the sense of space and ventilation airflow. The project was completed in July 2010. Leasing of the project has progressed well, with the majority of the space already leased out.

REVIEW OF OPERATIONS *(Continued)*

(3) HIGHLIGHTS OF THE GROUP'S MAJOR PROPERTY DEVELOPMENTS *(Continued)*

DEVELOPMENT PROJECTS IN MAINLAND CHINA *(Continued)*

Project in Cheng Hua District, Chengdu (100% owned)

West of Cheng Kun Railway, East of Sha He, South of Cheng Luo Road, North of Ying Hui Road, Cheng Hua District, Chengdu, PRC

The Group acquired this site in the Cheng Hua District, on the eastern side of Chengdu, at a land auction in July 2007. Chengdu is the capital of Sichuan province, described as the "Heavenly State" (Tian Fu Zhi Guo), meaning a land abundant in minerals and resources. It is also the economic and financial centre of Southwestern China. The city is also famous for its bamboo forests, panda breeding and picturesque surrounding scenery.

The site is close to Tazhishan Park and the second ring road along the Sha He (River of Sand). It is only about 2 km from the new regional railway express station transportation hub, due for operation by end of 2010. The new transportation hub will connect the eastern part of Chengdu with neighbouring regions and the rest of the Chengdu city.

Upon completion, the approximately 13.1 million square feet development will include residential and commercial space and a hotel, all directly connected to local road networks. The project will be developed in phases. The piling work and construction of Phase 1 is estimated to commence in the fourth quarter of 2010. The entire project is expected to be completed in approximately 4 to 5 years time.

Project in Jiang Bei District, Chongqing (50% owned)

No. 1, Zhong Xing Duan, Qiao Bei Cun, Hua Xin Street, Jiang Bei District, Chongqing, PRC

Acquired in July 2007, the project is located in the prime area of the Jiang Bei District overlooking the Jia Ling Jiang, Jia Ling Jiang Bridge and the People's Square in the Yuzhong district (or Central Chongqing District) in Chongqing, which is the Mainland's largest and well developed commercial and industrial municipality.

Connected by the Jia Ling Jiang Bridge and Yu Ao Bridge, residents of the project can easily access the Yuzhong district and interesting places such as parks and attractions, including the Jie Fang Bei (The People's Liberation Monument) and the classical architecture of the Great Hall of the People.

REVIEW OF OPERATIONS *(Continued)***(3) HIGHLIGHTS OF THE GROUP'S MAJOR PROPERTY DEVELOPMENTS** *(Continued)***DEVELOPMENT PROJECTS IN MAINLAND CHINA**
*(Continued)***Project in Jiang Bei District, Chongqing (50% owned)** *(Continued)*

No. 1, Zhong Xing Duan, Qiao Bei Cun, Hua Xin Street, Jiang Bei District, Chongqing, PRC

Chongqing development zones have recently gone through a process of redefinition. The State Council has approved the development of certain districts within Chongqing city into its financial centre, a centre for manufacturing advanced products, and a centre for innovation and technological developments. The area where the site is located has been defined as a core development centre for finance, banking and business, as well as a cultural centre.

In June 2010, with the approval of the Central Government, the New District of the Two Rivers (Liangjiang Xinqu) was formed within the most central district of Chongqing. This will be Chongqing's new economic driver, and the project falls within the centre of the newly formed New District. This economic policy will further enhance the value of the site.

On completion, the project will yield approximately 10.7 million square feet of total gross floor area mainly comprising residences, offices, retail outlets and a hotel. The project will be developed in phases, with the construction of Phase 1 already begun. The entire project is expected to be completed in 4 to 5 years time.

Grand Park, Zhangzhou, Fujian Province, PRC (100% owned)

2004G12 North of Zhangxiang Road, Zhangzhou, Fujian Province, PRC

Located in the city centre of Zhangzhou, the site was acquired in 2004. Zhangzhou is a prefecture level city in Fujian Province, which is abundant in minerals and agricultural products. It is also known as "City of Flowers and Fruits" and the "Hometown of Narcissus". In terms of economic development and social connections, the city has close ties with Taiwan along with Xiamen. The economy of Zhangzhou will benefit from recent Cross-Strait developments. A substantial portion of the development is designated for residential development and a minor portion for commercial use. Construction work is expected to commence in the third quarter of 2010. Grand Park will be developed in phases, with the last phase to be completed in the financial year 2015/2016. Upon completion, a total of 4.5 million square feet of gross floor area will be built.

REVIEW OF OPERATIONS *(Continued)*

(3) HIGHLIGHTS OF THE GROUP'S MAJOR PROPERTY DEVELOPMENTS *(Continued)*

DEVELOPMENT PROJECTS IN MAINLAND CHINA *(Continued)*

Chengdu International Community, Sichuan, PRC (20% owned)

Xipu Zhen, Pi Xian, Jin Niu District, Chengdu, Sichuan, PRC

The site on which Chengdu International Community is built was acquired in 2004. The project is jointly developed with another property company. Upon completion, the development will yield a total of approximately 13 million square feet of total gross floor area consisting of approximately 8,500 residential units, approximately 721,000 square feet of commercial space and approximately 193,000 square feet of hotel space. To date, over 92% of the total number of units have been sold.

Central Park, Xiamen, PRC (100% owned)

Jia He Lu, South-East Side of Lu Ling Lu, Xiamen Lot No. 90-C5, C6, PRC

This site has been designated for residential and commercial development. Upon completion, the project will offer a total of approximately 518,000 square feet of gross floor area consisting of approximately 467,000 square feet of residential area and approximately 51,000 square feet of commercial space. Approximately 450 residential units will be built for this project. The foundation work has been completed and superstructure construction has commenced. The project is expected to be completed in the financial year 2012/2013.

Regency Park, Xiamen, PRC (100% owned)

Hu Bin Bei Lu, Xiamen Lot No. 88-C5, PRC

On completion, this development will offer a total of approximately 506,400 square feet of gross floor area consisting of approximately 486,900 square feet of residential space and approximately 19,500 square feet of retail space. Approximately 560 residential units will be built for this project. The foundation work is in progress and the superstructure construction is expected to commence in the late 2011. The project is expected to be completed in the financial year 2014/2015.

Mandarin Garden, Xiamen, PRC (100% owned)

West Side of Jia He Lu & North of Song Bai Zhong Lu, Xiamen Lot No. 89-C2, PRC

The site will be developed into approximately 125,100 square feet of gross floor area on completion. Of the total gross floor area, 109,700 square feet are for residential units and 15,400 square feet for retail use. Approximately 138 residential units will be built in this project. The foundation work has commenced and the project is expected to be completed in the financial year 2011/2012.

REVIEW OF OPERATIONS *(Continued)***(4) HIGHLIGHTS OF THE GROUP'S MAJOR PROPERTIES COMPLETED IN RECENT YEARS****The Palazzo (Joint Venture)**

28 Lok King Street, Shatin, New Territories, Hong Kong

The Palazzo is located in the prime area of Shatin overlooking spectacular panoramic views of the Shatin international racecourse, the lush Penfold Park, Tolo Harbour as well as the Shing Mun River. The project affords a total of 1,375 residential units in 10 towers and 21,528 square feet of retail space.

The design of the clubhouse in The Palazzo is inspired by Italian palaces and it is named The Palazzo Derby. The clubhouse offers a number of thematic gardens and areas, such as Borghese Garden, The Derby, Equestrian Courtyard, Piazza Michelangiolo and Olympic Hall as well as a spectrum of leisure and recreational facilities including a bowling alley, roman bath, mini theatre and gymnasium.

The Palazzo is well served by several public transportation links and is opposite to the Fotan Station on the East Rail, which will also connect to the future Shatin to Central Link with phase 1 estimated to be completed in 2015 and the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link estimated to be completed in the same year. The surrounding road network is also well developed with Route 8 providing direct access to Central through the Western Harbour Crossing.

The Palazzo was launched on the market in May 2008. Market response was good with over 94% of the total number of units sold to date. The Occupation Permit for The Palazzo was obtained in December 2008 and Certificate of Compliance obtained in April 2009.

REVIEW OF OPERATIONS *(Continued)*

(4) HIGHLIGHTS OF THE GROUP'S MAJOR PROPERTIES COMPLETED IN RECENT YEARS *(Continued)*

The Dynasty and Citywalk 2 (Joint Venture)

18 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong

The Urban Renewal Authority awarded the Group the rights to redevelop a site close to the Vision City residential project in Yeung Uk Road in Tsuen Wan in April 2004. The development is well served by a wide range of public transportation including two railway lines, West Rail and the Tsuen Wan Line. The development offers 288,160 square feet of residential area represented by 256 residential units as well as 191,568 square feet of retail space. The residential part is for sale and the retail part is retained for investment purposes. The Occupation Permit and Certificate of Compliance for the project were obtained in January and June 2009 respectively.

The Dynasty was launched on the market for sale in October 2008 and it was well received. To date, approximately 99% of the total number of units has been sold.

The retail mall is named Citywalk 2 which complements Citywalk in terms of tenant mix, design and shopping themes. Combined, Citywalk 2 and the environmentally-friendly shopping mall Citywalk, will create a shopping hub for residents in the entire Tsuen Wan area. Further details of Citywalk can be found in Section (6) of this Review of Operations.

Goodwood Park (100% owned)

138 Hang Tau Road, Kwu Tung, Sheung Shui, New Territories, Hong Kong

The Group acquired the site at 138 Hang Tau Road in Kwu Tung in January 2005. The project provides a total of 23,638 square feet of gross floor area with 13 houses with lush private gardens and clubhouse facilities. It is located near Beas River and its neighbours include The Royal Oaks, St. Andrews Place, The Hong Kong Golf Club and The Hong Kong Jockey Club Beas River Country Club. The Occupation Permit was obtained in December 2008 and the Certificate of Compliance was obtained in November 2009. Approximately 38% of the total number of houses has already been sold.

REVIEW OF OPERATIONS *(Continued)***(4) HIGHLIGHTS OF THE GROUP'S MAJOR PROPERTIES COMPLETED IN RECENT YEARS** *(Continued)***Vista (Joint Venture)**

188 Fuk Wa Street, Kowloon, Hong Kong

The Group successfully won a joint development contract from the Urban Renewal Authority to develop the site at Fuk Wing Street/Fuk Wa Street in September 2004. The site has been developed into a residential and retail project. Named Vista, the project is only a two-minute walk from the Sham Shui Po Station. The development yields a total of 134,043 square feet of gross floor area with 173 residential units. The Occupation Permit and Certificate of Compliance were obtained in November 2008 and March 2009 respectively. All units have already been sold.

Vista's retail space offers a total of approximately 22,000 square feet of floor area. The project is located in one of the most popular areas of Kowloon West with strong demand for retail space that caters to residents' and local needs.

Vision City and Citywalk (Joint Venture)

1 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong

Acquired in July 2002, this development is a joint venture with the Urban Renewal Authority. The project is easily accessed by various transportation links and is a short walk from two major railway arteries, namely the Tsuen Wan Station on the Tsuen Wan railway line and the Tsuen Wan West Station on the West Rail.

Vision City is located within a well-planned integrated city on Tsuen Wan's waterfront, adjacent to landmark hotels, office buildings and the Tsuen Wan City Hall, a centre of performing arts. With its environmental friendly retail mall Citywalk and clubhouse facilities, the project redefines the lifestyles of Tsuen Wan residents and promotes green and healthy living.

The project offers a total of 1,466 residential flats in five towers with a total gross floor area of approximately 1.15 million square feet and approximately 250,000 square feet of retail space. Further details of Citywalk are mentioned in Section (6) of this Review of Operations. The residential part of the development was launched on the market in April 2006 and all of the units have been sold. This project was completed in March 2007.

REVIEW OF OPERATIONS *(Continued)*

(4) HIGHLIGHTS OF THE GROUP'S MAJOR PROPERTIES COMPLETED IN RECENT YEARS *(Continued)*

One SilverSea (100% owned)

18 Hoi Fai Road, West Kowloon, Hong Kong

A much sought after development on the West Kowloon waterfront, One SilverSea commands a panoramic view of Victoria Harbour. The project is only a few minutes walk from the Olympic Station. It comprises 700 residential flats and 112,483 square feet of commercial space. The residential part of the project has sold very well with only a few units remaining unsold. Occupation Permit was obtained in June 2006.

The Group is in the course of converting part of the retail area into a boutique hotel offering approximately 32 guest rooms. The amendment and alteration works began in July 2010, and the renovation work for the guest rooms is expected to commence soon. The conversion is expected to be completed in the financial year 2010/2011.

Mount Beacon (33.3% owned)

20 Cornwall Street, Kowloon Tong, Kowloon, Hong Kong

This project is located in the most prestigious area of Kowloon Tong and within easy walking distance of the Kowloon Tong Station. Mount Beacon commands breathtaking views of Victoria Harbour and the Kowloon Peninsula, and enjoys easy access to all parts of Hong Kong and Mainland China. The development offers 197 residential apartments and 22 townhouses with a full range of clubhouse facilities. It was rolled out to market in July 2005 and received a good response. All units have been sold. The development was completed in April 2006.

The Royal Oaks (100% owned)

8 Kam Tsin South Road, Sheung Shui, New Territories, Hong Kong

Surrounded by acres of verdant greenery, this residential development is adjacent to the prestigious Hong Kong Golf Club and Hong Kong Jockey Club Beas River Country Club. The project consists of 44 quality detached country-style houses. The Occupation Permit for this project was obtained in December 2004. All 44 detached houses have been sold.

REVIEW OF OPERATIONS *(Continued)***(4) HIGHLIGHTS OF THE GROUP'S MAJOR PROPERTIES COMPLETED IN RECENT YEARS** *(Continued)***St. Andrews Place (100% owned)**

38 Kam Chui Road, Beas Stable, Sheung Shui, New Territories, Hong Kong

St. Andrews Place is the neighbourhood of the Hong Kong Golf Club and the Hong Kong Jockey Club Beas River Country Club. The Beijing 2008 Olympic Equestrian Cross Country Event was held only a few steps from the development. The project comprises 26 high quality detached houses, each with an individual car port. An Occupation Permit was obtained in June 2005. Only two of the 26 detached houses are yet to be sold.

One Madison (100% owned)

305 Castle Peak Road, Kowloon, Hong Kong

Acquired in October 2004, the development site of One Madison is a short walking distance from the Cheung Sha Wan Station. The development comprises 126 residential units and a retail podium with a total gross floor area of 64,791 square feet. Over 98% of the total units have been sold to date and the retail space is fully leased out. The Occupation Permit for the development was issued in February 2008.

One New York (100% owned)

468 Castle Peak Road, Kowloon, Hong Kong

This site was acquired in the third quarter of 2004 and has been developed into residential and retail property. The project is only a five-minute walk from the Lai Chi Kok Station. A total of 48,969 square feet of gross floor area of residential space with 132 residential units and 9,621 square feet of retail space have been built. Over 70% of the total units have been sold to date. The Occupation Permit for the development was issued in November 2007.

Park Place, Xiamen, PRC (100% owned)

130 Jia He Lu, Xiamen, PRC

Completed in May 2009, the project affords a total of 123,128 square feet of gross floor area comprising 112,439 square feet of residential space and 10,689 square feet of commercial space. A total of 51 car parking spaces are provided. The project offers 73 residential units and is conveniently located in heart of city centre with a good transportation network. The project was launched for sale in August, 2009. Market response was good with all units already sold.

REVIEW OF OPERATIONS *(Continued)*

(4) HIGHLIGHTS OF THE GROUP'S MAJOR PROPERTIES COMPLETED IN RECENT YEARS *(Continued)*

Greenfields, Guangzhou, PRC (100% owned)

Chuangye Road, Guangzhou Economic & Technology Development District, Guangzhou Lot No. SZ-8-2, PRC

Greenfields offers a total of approximately 314,655 square feet of gross floor area comprising 286,863 square feet of residential gross floor area, 14,931 square feet of retail space and 12,861 square feet of car parking spaces. The project was launched on the market in 2007 and approximately 99% of its 238 units have been sold. It was completed in September 2007.

One HoneyLake, Shenzhen, PRC (50% owned)

Xiangmei Road, Futian District, Shenzhen, PRC

One HoneyLake, a 50/50 joint venture residential project, is located in a prime area alongside the Honey Lake in Futian District, Shenzhen. The land was acquired in April 2004. The development offers a total of 447 residential units consisting of 14 semi-detached houses, 79 terrace houses, 36 low-rise villas and 318 high-rise apartments. The entire project has been completed. Sales of the houses and units have been good with a total of 99% sold.

DEVELOPMENT PROJECT IN SINGAPORE

The Fullerton Heritage (100% owned)

Singapore

In December 2006, the Group acquired a site on Singapore's prestigious Marina Bay waterfront adjacent to two projects it previously completed, namely The Fullerton Hotel Singapore and One Fullerton. This new site has a total of 107,640 square feet of gross floor area. It is now home to three projects, namely, The Fullerton Bay Hotel, Clifford Pier and Customs House. Clifford Pier has been completed and aside from being the entrance to The Fullerton Bay Hotel, also anchors a modern Chinese restaurant. Customs House was completed in February 2010 and all lettable space has been leased. The Fullerton Bay Hotel with 100 guest rooms was completed in April 2010 and is now in full operation.

REVIEW OF OPERATIONS *(Continued)***(4) HIGHLIGHTS OF THE GROUP'S MAJOR PROPERTIES COMPLETED IN RECENT YEARS** *(Continued)***DEVELOPMENT PROJECT IN SINGAPORE** *(Continued)***The Fullerton Heritage (100% owned)** *(Continued)*

Singapore

Capitalising on the important history and heritage of the conserved buildings in the heart of Singapore's Central Business District, and the prime location of the promenade along the waterfront facing The Fullerton Hotel Singapore, the Group has embarked on a comprehensive development to transform the entire area into a major destination for dining, entertainment and hospitality. This development will conserve the distinctive architecture and heritage of the area. The development, which has been named The Fullerton Heritage, comprises The Fullerton Hotel Singapore, The Fullerton Bay Hotel, One Fullerton, The Fullerton Waterboat House, Clifford Pier and Customs House. The Fullerton Heritage offers a memorable lifestyle experience for locals and tourists, and also promotes the conservation of heritage buildings in line with the Group's ongoing commitment to corporate social responsibility.

The Fullerton Hotel Singapore and The Fullerton Bay Hotel are presented in the Chairman's Statement, Section (7) and Section (2) of this Review of Operations. Description of Clifford Pier and Customs House can be found in the Chairman's Statement and Section (2) of this Review of Operations. Both One Fullerton and The Fullerton Waterboat House are mentioned in Section (6) of this Review of Operations.

(5) PROPERTIES FOR INVESTMENT/OWN USE

The Group's properties for investment/own use, including attributable share in associated companies, was approximately 11.0 million square feet as at 30th June, 2010, compared with 10.8 million square feet last financial year. The increase was mainly due to completion of new projects namely retail space in Lake Silver in Hong Kong, The Fullerton Bay Hotel and Customs House both in Singapore. The portfolio comprises properties of diversified usage:

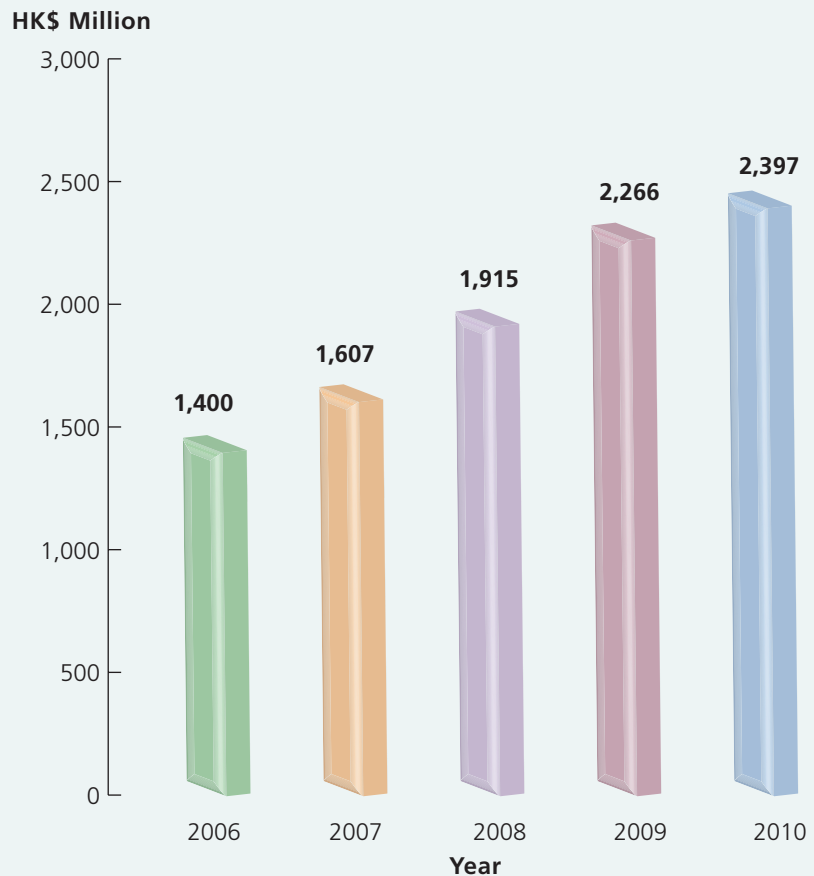
Use	Gross Floor Area <i>(Square feet)</i>	Percentage
Office/Retail	6,901,678	63%
Industrial	1,631,309	15%
Car park	1,458,149	13%
Hotel	713,354	6%
Residential	289,291	3%
	10,993,781	

REVIEW OF OPERATIONS *(Continued)*

(5) PROPERTIES FOR INVESTMENT/OWN USE *(Continued)*

The Group's investment property portfolio has maintained high occupancy rates throughout the year. Including contributions from associated and related companies, the total gross rental revenue was HK\$2,397 million for the financial year 2009/2010.

Gross Rental Revenue
 (Including those from associated and related companies attributable to the Group)
 (For the years ended 30th June)



REVIEW OF OPERATIONS *(Continued)***(6) HIGHLIGHTS OF PROPERTIES FOR INVESTMENT/OWN USE****Tuen Mun Town Plaza, Phase 1 (100% owned)**

1 Tuen Shun Street & 1 Tuen Shing Street, Tuen Mun, New Territories, Hong Kong

Tuen Mun Town Plaza Phase I is also known as tmtplaza. It has grown from a major regional mall to the retail hub of the North-West New Territories. With direct access to the West Rail Tuen Mun Terminus, the local Light Rail system and bus terminus, the shopping mall draws substantial shopper traffic from the transport system that links the western New Territories. The occupancy rate for the entire retail complex was good throughout the year.

Olympian City (Joint Venture)

11 Hoi Fai Road and 18 Hoi Ting Road, Olympic Station, Kowloon, Hong Kong

Olympian City shopping mall is part of the developments that surround the Olympic Station in West Kowloon, a massive section of land reclaimed from Victoria Harbour. The project is a joint venture with the MTR Corporation Limited. Olympian City is inter-connected and linked to the Olympic Station and offers in excess of 650,000 square feet of retail space. This development is only five minutes from Central and approximately 18 minutes to Hong Kong International Airport on the Tung Chung Line.

Olympian City with its three levels of shopping, an open piazza, variety of retail outlets, a cinema and bowling alley offers shoppers an excellent choice of entertainment and retail shopping, and the opportunity to dine on a wide selection of cuisine in its restaurants and food court. The mall is equipped with numerous plasma televisions, projector screens and a large outdoor LED screen to provide shoppers with entertainment and information. To sustain shoppers' flow, raise the popularity of the mall and promote customer loyalty, activities such as stage performances, lucky draws, family oriented events and joint promotions with movie and TV companies are organised on a regular basis. The mall achieved a high occupancy rate throughout the year.

Citywalk (Joint Venture)

1 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong

Open since January 2008, Citywalk is an award-winning and environmentally friendly shopping mall that offers approximately 250,000 square feet of retail space. A joint venture with the Urban Renewal Authority, the development is located in the heart of Tsuen Wan, within walking distance of both the Tsuen Wan Station and the Tsuen Wan West Station on the West Rail.

REVIEW OF OPERATIONS *(Continued)*

(6) HIGHLIGHTS OF PROPERTIES FOR INVESTMENT/OWN USE *(Continued)*

Citywalk (Joint Venture) *(Continued)*

1 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong

A landmark shopping attraction, Citywalk includes a piazza, a Vertical Garden, an optimal tenant mix, good floor layouts, ample car park facilities and high accessibility via public transportation networks. Among the shopper attractions are an elegant retail environment with alfresco dining.

The project has received a Platinum rating from the Hong Kong Building Environmental Assessment Method Society (HK-BEAM Society) for eleven distinctive green features and designs, which include the Vertical Garden, Citywalk Piazza, a hybrid water and air-cooled air-conditioning system and more.

The leasing of the retail space has progressed well with a high occupancy rate and a number of internationally renowned companies. A comprehensive marketing programme designed to attract both shoppers and tenants is carried out on an ongoing basis.

Exchange Tower (100% owned)

33 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong

The site was acquired through a government land auction in February 2005. Conveniently located near the Kowloon Bay Station and connected by the East Kowloon Expressway, this commercial building will offer a total of 609,027 square feet of gross floor area consisting of approximately 509,812 square feet of office space and 99,215 square feet of retail area. Exchange Tower is also close to the proposed Kowloon East Development, which will transform the former Kai Tak Airport site into an exciting metropolis for tourism, business, sports and residential developments. The cruise terminal, undertaken by the HKSAR Government and expected to be commissioned in 2013, will benefit the Kowloon East region.

This trend-setting landmark building has a number of environmentally friendly features including a spacious green balcony on every office floor, an 11-metre high indoor vertical garden in the lobby atrium providing an oasis of serenity and greenery, and a spectacular five metre high Sky Garden on the 15th floor with unique facilities for tenants and office workers. Another key feature of Exchange Tower is its alfresco dining terrace on the podium featuring four special glass structures that will house hip and trendy food and beverage destinations. Exchange Tower tenants can enjoy panoramic sea views, landscaped areas and sky gardens. The project has attracted a good mix of tenants with firms in various industries and occupancy is high. The Occupation Permit and Certificate of Compliance for Exchange Tower were obtained in September 2008 and March 2009 respectively.

REVIEW OF OPERATIONS *(Continued)***(6) HIGHLIGHTS OF PROPERTIES FOR INVESTMENT/OWN USE**
*(Continued)***The Hennessy (100% owned)**

256 Hennessy Road, Wan Chai, Hong Kong Island, Hong Kong

The site was acquired in December 2004. It is conveniently located in a vibrant business area near the Wan Chai Station, is a stone's throw from the Causeway Bay entertainment hub and only minutes from the Central Business District. The site is designated for commercial development and the Occupation Permit for the project was obtained in November 2008. The building contains a total of 71,862 square feet of commercial space. It is fully leased out.

The building has been designed with full-height windows offering panoramic Victoria Harbour views, a 4.8 metre floor-to-floor height and flexible layout. The first three floors of retail space are encased in a 15 metre high glass curtain providing excellent visibility from the street. The podium garden on the third level combines indoor and alfresco dining. The aptly named Sky Garden reaches a colossal 6-metre floor-to-floor height. The rooftop floor, with its stunning panoramic views of the harbour and the city, offers a visually spectacular setting for alfresco dining.

Citywalk 2 (Joint Venture)

18 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong

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 includes Hong Kong's first 'ArchiSculpture', the iGlobe, a distinctive giant pixilated 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 and together offer customers and local residents a complete spectrum of dynamic shopping, dining and entertainment. The occupancy of Citywalk 2 is at high level.

REVIEW OF OPERATIONS *(Continued)*

(6) HIGHLIGHTS OF PROPERTIES FOR INVESTMENT/OWN USE *(Continued)*

Island Resort Mall (40% owned)

28 Siu Sai Wan Road, Hong Kong Island, Hong Kong

With 189,190 square feet of retail space over three levels and in excess of 1,240 car parks, Island Resort Mall offers a rich array of consumer choice. The ground floor comprises an air-conditioned public transport interchange equipped with a state of the art digital electronic information system. Served by different bus companies with more than 20 routes, it links popular locations across the territory. The mall features fine retail shopping and the relaxed appeal of a spacious promenade with views of Victoria Harbour. The mall has recorded good occupancy.

Tsim Sha Tsui Centre (45% owned)

Salisbury Road, Tsim Sha Tsui East, Kowloon, Hong Kong

Located on the waterfront of Tsim Sha Tsui East overlooking panoramic views of Hong Kong Island, Tsim Sha Tsui Centre is conveniently accessed by various transportation options and surrounded by several international-class hotels. The building is a popular choice for toy, sourcing, trading and manufacturing companies requiring office space. An enhanced transportation and infrastructure network, which includes the East Tsim Sha Tsui Station on the East Rail Line, the Tsim Sha Tsui East (Mody Road) bus terminus and the Kowloon Southern Link as well as the Tsim Sha Tsui Promenade Beautification Scheme, have been conducive in bringing more shoppers' flow to the area.

The retail area is home to a number of renowned restaurants, beauty and health product distributor and quality international luggage brand. The occupancy rate for this property is maintained at high level.

Hong Kong Pacific Centre (100% owned)

28 Hankow Road, Tsim Sha Tsui, Kowloon, Hong Kong

Located in the centre of Tsim Sha Tsui's bustling retail neighbourhood, this commercial development comprises a high-rise modern office tower and shopping centre podium with a total gross floor area of 232,606 square feet. Most of the shops enjoy extensive street frontage with a heavy pedestrian flow from nearby Nathan Road. Further, with the Kowloon Southern Link in operation and the new Austin Station commencing passenger service, these will bring in more shoppers' flow and business to the area. The building enjoys high occupancy.

REVIEW OF OPERATIONS *(Continued)***(6) HIGHLIGHTS OF PROPERTIES FOR INVESTMENT/OWN USE**
*(Continued)***China Hong Kong City (25% owned)**

33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong

China Hong Kong City is a development of 2.6 million square feet incorporating shops, offices, hotels, a traffic interchange and a ferry terminal, located on the waterfront of western Tsim Sha Tsui. The unique gold curtain wall cladding and China Ferry Terminal passenger facilities have led to its recognition as the 'Golden Gateway to China'. The continuing expansion in traffic between Hong Kong and China's coastal cities (including Macau), has seen pedestrian flow in the complex experience encouraging growth, underpinning good business opportunities for tenants and hotel alike. The Kowloon Southern Link railway line and the passenger service of the Austin Station benefit the entire Tsim Sha Tsui and West Kowloon areas bringing in more shoppers' flow and business. With an exciting retail mix and a bright retail ambience reflecting its contemporary style, China Hong Kong City provides a rewarding shopping experience for visitors, commuters and shoppers. Shoppers' flow was maintained at high level and occupancy rate is good.

Oceania Heights (100% owned)

2 Hoi Chu Road, Tuen Mun, New Territories, Hong Kong

Located in one of the fastest growing of the New Territories new towns, this development is close to major traffic arteries and can be conveniently reached by various transportation options, including the West Rail. The existing local Light Rail system provides a convenient connection to new towns within the North-West New Territories. The site is surrounded by public recreational facilities and schools and is approximately a ten-minute walk from Tuen Mun Town Plaza, Phase I. The project was completed in September 2004 and all 544 residential units have been sold. The 29,082 square feet of retail space retained as a rental property provides a good income to the Group. Occupancy rate is good.

Central Plaza (10% owned)

18 Harbour Road, Wan Chai, Hong Kong Island, Hong Kong

Recognised as one of the tallest buildings in Asia, Central Plaza is a 78-storey intelligent Grade-A office tower, with spectacular views of Victoria Harbour and a gross floor area of approximately 1.4 million square feet. Located next to the Hong Kong Convention & Exhibition Centre, its prestigious location and advanced technical facilities have attracted many multinational corporate tenants. The building was completed in October 1992 and occupancy is good.

REVIEW OF OPERATIONS *(Continued)*

(6) HIGHLIGHTS OF PROPERTIES FOR INVESTMENT/OWN USE *(Continued)*

Skyline Tower (50% owned)

39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong

This office redevelopment project is located next to the East Kowloon Expressway. The project was completed in November 2003 and provides a total attributable gross floor area of 413,915 square feet. It achieves high occupancy.

The Centrium (70% owned)

60 Wyndham Street, Central, Hong Kong Island, Hong Kong

Completed in June 2001, this Grade-A commercial development is located near the Lan Kwai Fong 'expatriate quarter' known for its cosmopolitan lifestyle, entertainment and dining. It provides 255,911 square feet of international-class commercial space with a retail mall that complements the flamboyant atmosphere and popular restaurants nearby. The building maintains high occupancy.

Futura Plaza (100% owned)

111-113 How Ming Street, Kwun Tong, Kowloon, Hong Kong

This 26-storey building located in Kwun Tong is only a few minutes walk from the Kwun Tong Station. The property has been converted from industrial usage to an office building. The project was completed in November 2001 and has maintained good occupancy.

148 Electric Road (100% owned)

Electric Road, North Point, Hong Kong Island, Hong Kong

This is a prime commercial development near the Fortress Hill Station and Cross-Harbour Tunnel. The development caters to a wide range of businesses and is within walking distance of five international hotels, including the City Garden Hotel. The project yields an attributable gross floor area of 197,400 square feet. The project enjoys good occupancy.

Pacific Plaza (100% owned)

418 Des Voeux Road West, Hong Kong Island, Hong Kong

Pacific Plaza is situated in the popular Western district near the Western Harbour Tunnel. This attractive 22 storey commercial building provides 131,960 square feet gross floor area of office space and a 32,500 square feet shopping podium. The occupancy rate has improved and remained high.

REVIEW OF OPERATIONS *(Continued)***(6) HIGHLIGHTS OF PROPERTIES FOR INVESTMENT/OWN USE**
*(Continued)***Omega Plaza (100% owned)**

32 Dundas Street, Mongkok, Kowloon, Hong Kong

Completed in 1993 and situated in the heart of Mongkok, Kowloon's most vibrant retail and business area, this property includes 20 storeys of office space and a four-storey shopping podium. The occupancy rate is good.

One Capital Place (100% owned)

18 Luard Road, Wan Chai, Hong Kong Island, Hong Kong

This attractively designed commercial project, located in the heart of Wan Chai, is close to the Wan Chai Station. The building has maintained good occupancy.

Cameron Plaza (100% owned)

23 Cameron Road, Tsim Sha Tsui, Kowloon, Hong Kong

This Ginza-style commercial building is located within one of Kowloon's busiest retail and tourist areas. Both the retail space and the office floors enjoy high occupancy.

Marina House (100% owned)

68 Hing Man Street, Shau Kei Wan, Hong Kong Island, Hong Kong

Located in one of Hong Kong Island's busiest districts and close to the Sai Wan Ho Station, the property is easily accessible by various transportation means. The commercial development provides 119,298 square feet of office space above a shopping podium and a basement car park. The building has maintained good occupancy.

Sunley Centre (100% owned)

9 Wing Yin Street, Tsuen Wan, New Territories, Hong Kong

The Centre was acquired in June 2002. This 18 storey, 170,570 square feet industrial building is located at the centre of the Tsuen Wan Industrial Zone and is close to the Kwai Chung terminals. The property recorded high occupancy.

REVIEW OF OPERATIONS *(Continued)*

(6) HIGHLIGHTS OF PROPERTIES FOR INVESTMENT/OWN USE *(Continued)*

Commercial Parts of Rosedale Gardens (100% owned)

133 Castle Peak Road, Tuen Mun, New Territories, Hong Kong

Acquired in May 2005, the commercial portion of Rosedale Gardens comprises a two level shopping arcade of approximately 35,000 square feet and 38 car park spaces. It is conveniently located near the Light Rail's Ho Fuk Tong Station. The occupancy rate for this retail property was satisfactory.

One Fullerton (100% owned)

1 Fullerton Road, Singapore

Acquired in 1998, the site is situated adjacent to Merlion Park across from The Fullerton Hotel Singapore. It has been developed into a well-designed modern two storey building providing over 80,000 square feet of gross floor area of commercial space. Named One Fullerton, it houses some of Singapore's best restaurants, bars and entertainment concepts, from chic cafes to fine-dinning alfresco restaurants serving cuisines from around the globe, all with panoramic views of the Marina Bay. Merlion Park attracts over a million visitors every year who flock to visit the Lion City's Merlion. One Fullerton forms part of The Fullerton Heritage and is connected with The Fullerton Hotel Singapore by an underground traveller.

One Fullerton is also a well-placed vantage point for Formula One Grand Prix circuit in Singapore.

Presenting an exciting tenant mix, coupled with enhanced landscaped waterfront promenade and stunning views of Marina Bay, One Fullerton joins Singapore's most popular lifestyle destinations.

The Fullerton Waterboat House (100% owned)

3 Fullerton Road, Singapore

The Fullerton Waterboat House is a historic landmark that was formerly a dockyard where vessels took on water. Built in 1900 and acquired by the Group in May 2002, the building is now a favourite destination for intimate fine dining and an enclave of sophistication for those with discerning tastes. The property has a total of 21,743 square feet of gross floor area.

REVIEW OF OPERATIONS *(Continued)***(6) HIGHLIGHTS OF PROPERTIES FOR INVESTMENT/OWN USE**
*(Continued)***Raffles City Shanghai (22.4% owned)**

Plot 105 A & B, 228 Xizang Road Central, Huangpu District, Shanghai, PRC

Jointly developed by several international property developers, this 46 storey prime office tower is located in the central business area of Huangpu District and surrounded by boutique shops that attract heavy pedestrian flows. The project was completed in October 2003, yielding a total of 1.35 million square feet of gross floor area. The retail precinct is fully occupied and the office space enjoys high occupancy.

(7) HOTELS**The Fullerton Hotel Singapore (100% owned)**

1 Fullerton Square, Singapore

Characterised by its unique heritage architecture with distinguished Doric columns and monumental porte cocheres, the Fullerton Building represents the height of Palladian architecture in Singapore. The Fullerton Building underwent a major makeover and has been transformed into a prestigious, world class, 5-star hotel with 400 rooms and suites. Named The Fullerton Hotel Singapore (The Fullerton), it officially opened on 1st January, 2001, featuring a contemporary interior design.

Located at the waterfront with spectacular views of the Marina Bay, the hotel is well situated in the heart of the Singapore's Financial and Business District. The hotel is linked by an underground traveller to adjacent commercial developments including One Fullerton, Clifford Pier, The Fullerton Bay Hotel, Customs House, residences on the waterfront and offices. Due to its good location, comprehensive facilities including a spa, the hotel is ideal for both business and leisure travellers.

The tourism and hospitality industry in Singapore has registered a good recovery since the second half of 2009 with the total number of visitor arrivals for the 12-month period from July 2009 to June 2010 reaching over 10.7 million, representing a 12.2% increase based on year-on-year comparison. Outlook for the sector is positive. The total number of visitor arrivals estimated by The Singapore Tourism Board for the full calendar year of 2010 is expected to be in the range of 11.5 to 12.5 million, yielding approximately S\$17.5 to S\$18.5 billion of tourism receipts. The financial results of The Fullerton for the year ended 30th June, 2010 is also benefited from improving world economies and rising business activities.

REVIEW OF OPERATIONS *(Continued)*

(7) HOTELS *(Continued)*

The Fullerton Hotel Singapore (100% owned) *(Continued)*

1 Fullerton Square, Singapore

The Fullerton has received a number of awards from respected organisations and magazines in recognition of its standards of service during the financial year 2009/2010. These awards were as follows:

- Ranked second in "Top 25 Business Hotels, Asia" and "Top 25 Conference Hotels, Asia" by *SmartTravelAsia.com* – Best in Travel Poll (2009)
- "One of the Top Hotels in Asia" by *Condé Nast Traveler* – Readers' Choice Awards (2009)
- "One of the World's Best Hotels" by *Institutional Investor* (2009)
- "Associate of the Arts Award" by *National Arts Council of Singapore* (2009)
- The Lighthouse received "Best Service Award" in Singapore's Best Restaurants Guide 2010 by *Singapore Tatler*
- The Lighthouse, Jade and Town Restaurant rated as "Singapore's Best Restaurants 2010" by *Singapore Tatler*
- "Star Diamond Award" by *The American Academy of Hospitality Sciences* (2010)
- Ranked 6th in Reserve Hotel, Singapore in *Condé Nast Traveler* – Gold List 2010 by *Condé Nast Traveler US* (2010)
- The Lighthouse rated as "Best Hotel Restaurant 2010" by *Time Out Singapore*

The hotel has previously received a number of awards in recognition of its quality of service as well as its architectural design and interior concepts.

REVIEW OF OPERATIONS *(Continued)***(7) HOTELS** *(Continued)***The Fullerton Hotel Singapore (100% owned)** *(Continued)*

1 Fullerton Square, Singapore

Major awards in relation to architectural design and concept received prior to the financial year 2009/2010 include the following:

- Awards of Excellence by *Urban Land Institute* (2004)
- FIABCI Prix d'Excellence under the Leisure Category Winner (2003)
- Urban Redevelopment Authority Architectural Heritage Award 2001
- The Singapore Institute of Architects Architectural Design Award 2001 (Conservation Category)

Conrad Hong Kong (30% owned)

Pacific Place, 88 Queensway, Hong Kong

This five-star, international-class hotel is located above a major shopping complex on Hong Kong Island and is managed by a renowned international hotel operator. Its good location and high standard of service have placed Conrad Hong Kong among the most favoured hotels in the region.

Hong Kong's tourism and hospitality sector has also started to recover since July 2009. The trend has continued, bringing visitor arrivals to over 32.7 million for the 12-month period ended 30th June 2010, representing an approximately 12.8% annual increase compared with the previous 12 months. The industry outlook for the full calendar year 2010 is expected to be positive, with visitor arrivals and revenue receipts maintaining high levels. The recuperation of the tourism and hospitality sectors was mainly attributable to the world economic recovery, support from the Central Government of PRC and Hong Kong Government's continuous efforts in promoting Hong Kong as a premier tourist destination.

Hong Kong's tourism and hospitality industry is well positioned to grow further, capitalising on Mainland China's growing influence in the world markets, as well as its comparative advantages in terms of its history, diverse and deep-rooted culture, and rich heritage sites. Hong Kong's strengths as an important global business and financial centre, plus its many visitor attractions, are positive for the market.

REVIEW OF OPERATIONS *(Continued)*

(7) HOTELS *(Continued)*

Conrad Hong Kong (30% owned) *(Continued)*

Pacific Place, 88 Queensway, Hong Kong

In recognition of its quality of service, Conrad Hong Kong received the following awards from respected organisations and magazines during the financial year 2009/2010:

- “World’s Best Hotels Awards” by *Travel + Leisure* (2009)
- “The top hotels & resorts for any destination – and every budget” by *Expedia Insiders’ Select* (2009)
- “Top 25 Conference Hotels in Asia” by *Smart Travel Asia* (2009)
- “China’s Top 100 Hotels” by *Travel + Leisure China* (2009)
- “2010 Forbes Travel Guide Four Star Award” by *Forbes*
- “One of the World’s Best Hotels” by *Institutional Investor* (2009)
- “One of the Top 100 Hotels in Asia” in Readers’ Choice Awards 2009 by *Condé Nast Traveler*
- “World’s Best Places To Stay” by *Condé Nast Traveler* (2010)
- “‘double A’ seal of approval” by *www.Travolaa.com* (2010)
- Nicholini’s, Brasserie on the Eighth and Golden Leaf were recognized as “Hong Kong’s Best Restaurants” by *Hong Kong Tatler* (2010)
- “Hong Kong’s Executive Suite, Presidential Suite Award 2010” by *Hurun Report*
- Golden Leaf received one Michelin Star in *The Michelin Hong Kong Macau* (2010)

REVIEW OF OPERATIONS (Continued)

(8) CORPORATE AFFAIRS

The Group affirms its commitment to maintaining a high degree of corporate transparency and communicating regularly with banks, research analysts and investors. The Corporate Finance Department disseminates information about the Group's latest developments through various channels, including meetings with investors, fund managers and analysts, investor conferences, site visits, results briefings and the www.sino.com website. During the financial year 2009/2010, the Group participated in a total of 14 investor conferences and 12 non-deal roadshows.

Date	Type	Region/Country/City	Organiser
Jul-09	Conference	Hong Kong	Morgan Stanley
Jul-09	Non-deal roadshow	Tokyo	Goldman Sachs
Sep-09	Non-deal roadshow	Hong Kong & Singapore	HSBC
Sep-09	Non-deal roadshow	Europe	Morgan Stanley
Sep-09	Conference	Hong Kong	CLSA
Oct-09	Non-deal roadshow	United States	JP Morgan
Nov-09	Conference	Singapore	Morgan Stanley
Nov-09	Conference	Hong Kong	Daiwa
Dec-09	Non-deal roadshow	Europe	Goldman Sachs
Dec-09	Non-deal roadshow	Tokyo	Daiwa
Jan-10	Conference	Singapore	DBS Vickers
Jan-10	Conference	Shanghai	UBS
Jan-10	Conference	Hong Kong	HSBC
Feb-10	Non-deal roadshow	Hong Kong	Goldman Sachs
Mar-10	Conference	San Francisco	CLSA
Mar-10	Non-deal roadshow	Europe	HSBC
Mar-10	Conference	Hong Kong	Credit Suisse
Mar-10	Non-deal roadshow	Tokyo	CLSA
Apr-10	Non-deal roadshow	Singapore	JP Morgan
Apr-10	Conference	Hong Kong	Macquarie
Apr-10	Conference	Hong Kong	Daiwa
May-10	Non-deal roadshow	United States	UBS
May-10	Conference	Hong Kong	Morgan Stanley
Jun-10	Non-deal roadshow	Hong Kong	CCBI
Jun-10	Conference	Hong Kong	Bank of America Merrill Lynch
Jun-10	Conference	New York	JP Morgan

REVIEW OF OPERATIONS *(Continued)*

(8) CORPORATE AFFAIRS *(Continued)*

The Group won the Corporate Governance Asia Annual Recognition Awards 2010 from *Corporate Governance Asia* this year. Management would like to thank everyone who nominated Sino Land for this year's award. The encouragement and support from investment and finance professionals will continue to motivate management to further improve the Group's product and service quality.

Sino Land is one of the constituent stocks of the Hang Seng Index and the Hang Seng Property Index.

Sino Club was established in July 1997 to enhance communication between the Group and its customers and promote customer loyalty. Sino Club communicates regularly with members through newsletters, websites and email. The Group is developing web-based communication channels to help save paper.

Sino Club members are offered a wide range of shopping and hospitality incentives from the Group and Group-related malls and hotels both in Hong Kong and Singapore, which include exclusive home purchase privileges. They are also invited to priority previews of show flats and enjoy activities arranged exclusively for them. As the Group markets more residential units and commercial space, Sino Club will see further increases in membership.

(9) EMPLOYEE PROGRAMMES

Human capital is among the Group's most important assets. As at 30th June, 2010, the Group employed approximately 7,940 staff members, excluding part-time and temporary employees.

In line with the Group's mission of being the "Preferred Choice for Customers, Investors and Employees", training courses and knowledge programmes are continually developed to meet corporate training and career development needs. During the financial year 2009/2010, approximately 37,450 hours of training were provided to employees within the Group. Language proficiency, professional knowledge, management know-how, corporate governance, productivity and efficiency, and other initiatives are addressed through ongoing training.

In pursuit of quality and service excellence, the Group deploys internal and external training programmes to further raise employee service standards and to promote staff awareness of the importance of understanding customer needs, and exceeding customer expectations, with superior care and attention.

REVIEW OF OPERATIONS *(Continued)***(9) EMPLOYEE PROGRAMMES** *(Continued)*

It is the Group's policy that all staff members, in particular those in front-line positions, must uphold meticulous standards of customer service. The company continues to channel efforts into enhancing customer service. Regular workshops and programmes related to customer service reinforce consistently high service standards across the Group.

Sino's Staff Academies initiative offers systematic property services training programmes with more than 115 courses covering customer service, property management, building maintenance, security service, clubhouse management, environmental conservation, cleaning services, carpark operation and language skills to help employees grow professionally and serve customers better.

The Group emphasises teamwork as a critical factor to help achieve synergy among staff, internal processes and departments. "Dialogue in the Dark" training was first introduced in 2009 as a new team building initiative among executives and managers. Ten workshops have been organised with a participation of around 240 executives and managers.

For the Group's senior executives and managers, the Group continued to organise the Six Thinking Hats training programme to cultivate a culture of systematic thinking while generating new ideas for continuous improvement and problem solving. As of 30th June, 2010, around 100 middle managers have already taken the training. On top of in-house leadership and personal effectiveness training programs, talks on different management topics by external speakers were arranged on a regular basis to keep the Group's middle managers abreast of the latest leadership and management practices.

To strengthen the supervisory skills of frontline supervisors and increase their sense of ownership and accountability in managing the day-to-day performance of frontline staff, four modules of Supervisory Skills Training were introduced mid-2009. By June 2010, the Group had provided 3,900 training hours of Supervisory Skills Training to more than 400 first line supervisors.

REVIEW OF OPERATIONS *(Continued)*

(9) EMPLOYEE PROGRAMMES *(Continued)*

The Group has taken steps to strengthen its leadership pipeline to support Hong Kong and China business development. In addition to recruiting graduates from Hong Kong universities, the Group expanded its talent base by encouraging graduates from top-notch universities in China, to join the Group's Corporate Management Trainee Programme. This has been established to groom young talent for long-term career development within the Group and ensure a continual supply of people with the skills and potential to further the Group's drive for ongoing success and excellence. Apart from this, the Property Trainee Programme continues to prepare high calibre people for long-term professional careers in property management with the Group.

Courses and seminars on codes of practice in areas such as corporate governance, connected transactions, staff integrity and company securities dealing were also organised to enable key staff members to keep abreast of the latest developments in these areas.

As the economic and social ties between Mainland China and Hong Kong strengthen, the Group continues its efforts to raise staff Putonghua proficiency by providing regular training courses for various levels of fluency.

The Group's continuous commitment to manpower training, as well as the development and promotion of a learning culture within the organisation, was recognised by the Employees Retraining Board under the "ERB Manpower Developer Award Scheme", where Sino Group was awarded the title and logo of Manpower Developer 1st (MD 1st) for two years, from 23rd April, 2010 to 31st March, 2012.

The Group places a high priority in maintaining open two-way communications to strengthen staff engagement. Staff communication channels include Town Hall Meetings, monthly Staff Communication Meetings, department sharing, site visits, regular company newsletters and a Staff Suggestion Scheme.

Regular recreational and welfare activities, including holiday flats, company-sponsored local tours, cookery classes and health talks, are arranged for staff from time to time. Activities held during the financial year of 2009/2010 were well-received by more than 3,100 participants.

REVIEW OF OPERATIONS *(Continued)***(10) SINO PROPERTY SERVICES**

The Group's fully integrated property management service is provided by Sino Property Services (SPS) which consists of four companies, namely Sino Estates Management Limited (SEML), Sino Security Services Limited (SSSL), Best Result Cleaning Services Limited (BRCSL) and Sino Parking Services Limited (SPSL). Each of these companies has its own specialised functions. SPS is set up to complement the Group's property development and investment businesses. SPS currently manages approximately 180 projects with an aggregate floor area of over 52 million square feet.

Property Management Service

By providing property management services, the Group not only manages property assets, it also gains a means to better serve customers, tenants and residents. SPS is an important channel that allows the Group to communicate with customers and receive feedback from them. This two-way communications channel spans daily observations, feedback from various sources, daily personal contact, regular inspections, mystery-shopper reports and customer surveys. From this, continual operational improvements can be made to bridge the gap between the Group's offerings and customer expectations. Delivering high-quality customer services is one of the Group's key business objectives. To achieve this objective, a rigorous recruitment process is developed to select the right candidate for the right career. The Group cultivates a working environment that builds employee sense of belonging and enables them to work efficiently. Other initiatives that allow the Group to serve customers better include structured in-house training to enable staff to update and strengthen their skill-set, a mentoring and coaching programme, efficient internal communications to ensure messages and experience sharing reaches all staff levels, and building a culture of teamwork and performance driven attitudes.

Regular and thorough hardware checks are a must for effective property management and maintenance. Monitoring the maintenance process undertaken by contractors and staff, supply chain processes, efficient time management, effective process control and keeping close track of maintenance history are important to ensure the smooth running of daily operations and to optimise efficiency. SPS will continue to proactively make improvements in its quality of service with the aim to enhance both customer satisfaction and the value of the Group's properties.

REVIEW OF OPERATIONS *(Continued)*

(10) SINO PROPERTY SERVICES *(Continued)*

Property Management Service *(Continued)*

SPS is delighted to have received the 2009 Hong Kong Top Service Brand Awards by the Hong Kong Brand Development Council and The Chinese Manufacturers' Association of Hong Kong. It also received the Customer Relationship Excellence Awards in the categories of Integrated Support Team of the Year 2009 (Property Management) by the Asia Pacific Customer Service Consortium. These awards will motivate SPS to sustain its efforts in improving its customer service.

SSSL received a number of awards from the Hong Kong Police Force's various Regional Crime Prevention Offices and District Fight Crime Committees in the financial year 2009/2010 in recognition of the outstanding quality of its security services and high standards of performance of its security staff. A total of 205 certificates were received from 12 security service award programmes. Of the 205 certificates, 125 were awarded to individual security staff for their outstanding performance.

BRCSL achieved six awards in the 2009 Kwun Tong Private Building Green and Cleaning Competition organised by the Kwun Tong District Council. A total of 11 cleaning staff were also awarded in the Tuen Mun District Best Cleaning Staff Award 2009 by the Tuen Mun District Council & Youth Station of Hong Kong.

SPSL, an associated company of Sino Land Company Limited, achieved nine awards in car park management services by the Kowloon West Regional Crime Prevention Office.

REVIEW OF OPERATIONS *(Continued)***(10) SINO PROPERTY SERVICES** *(Continued)***Training**

Property management is a human capital intensive business. Employees are the Group's most important assets. Managing the portfolio of properties requires stringent regular controls, seamless communications, good internal operating workflow systems and an efficient internal database. All these are executed by human interaction. Training is vital to ensure staff can deliver the required standards of service, adapt to the latest changes in the working environment, and upgrade their skill-set, productivity and efficiency. Good communications encourage staff to raise their value and increase their contributions to the Group, enhances job satisfaction and helps ensure staff mindsets, attitudes and skill-sets align with the interests of the Group. This all contributes to a knowledge-based management. SPS has established 11 training academies over the past few years designed to meet customer needs and expectations. These academies not only cover key aspects of property management with the main objective of building a team of well-rounded professionals, but also extend the scope of subjects matching the ever-changing competitive business environment. These academies provide systematic lectures and practice. Upon completion of a programme, participants are required to take and pass examinations. This ensures they have attained a prescribed standard and are able to put what they have learnt in practice. The academies are listed below:

Property management focused academies

- Sino Property Management Academy equips new staff with professional standard of customer service, knowledge and skill
- Sino Maintenance Academy equips technical staff with knowledge and skills in various aspects of building maintenance services
- Sino Security Academy provides security focused training, including management training, to enhance staff awareness at all levels, in terms of security control, and to supervisory staff in terms of management skills
- Sino Cleaning Academy offers training to frontline supervisors to enhance their knowledge in general cleaning skills, customer services, cleaning and occupational safety, as well as quality control of cleaning staff. Participation in this academy has been extended to residents as well

REVIEW OF OPERATIONS *(Continued)*

(10) SINO PROPERTY SERVICES *(Continued)*

Training *(Continued)*

Property management focused academies (Continued)

- Sino Parking Academy provides training and experience sharing on the operation and technical aspects of carpark management covering aspects of safety and traffic control, procedures and systemic approach for handling emergency situations, customer services and operations of various carpark automation systems
- Sino Safety Academy helps ensure staff always put safety first
- Sino Clubhouse Academy enhances the management, service knowledge and practical skills of staff working in clubhouses.

Service focused academies

- Sino 5-star Service Academy trains front-line staff to serve customers with care and with consideration for their needs
- Sino Language Academy offers language training, mainly to frontline staff, to improve their language skills and help them acquire new languages to communicate better with customers. English, Japanese and Putonghua are the main focuses

Academies focusing on environmental protection and promoting healthy living

- Sino Green Academy trains front-line managers about ways to protect the environment, and institute such initiatives as waste management and energy saving measures. This academy is jointly developed by SPS Green Committee, the Environmental Protection Department and the Electrical and the Mechanical Services Department of the HKSAR Government
- Sino Landscape Academy strengthens staff knowledge of landscaping. This academy is supported by CITA of the HKSAR Government. Setting up and maintaining green landscapes help make Sino Property Services managed properties more pleasant, and promote a healthy lifestyle

These training programmes are regularly reviewed and are constantly fine-tuned to help staff become better equipped and more competitive. Further training programmes will be introduced to meet the ever-changing demands of customers and society.

REVIEW OF OPERATIONS *(Continued)***(10) SINO PROPERTY SERVICES** *(Continued)***Safety Management**

Safety is of paramount important for the Group. Prudent safety management includes establishing and maintaining a safe working environment that increases productivity and efficiency by reducing days lost. As a socially responsible corporation, SPS reviews and analyses working procedures and operations of standalone projects to implement proper safety precaution measures. Crowd control management is also a part of risk management. Seasonal events such as Christmas and New Year celebrations, and special events like the FIFA World Cup and Olympic Games and the launch of residential projects for sale require a task force to control the crowds. A safe environment ensures employees and customers share the joy and excitement of the events and activities prepared for them.

Environmental Protection

SPS recognises its role in promoting environmental protection. From the property management perspective, environmental protection initiatives can be applied in several main areas of the daily operations. These include treatment of used materials or waste; reduction of waste; use of sustainable materials, use of recycled materials, reduction of greenhouse gases (GHGs) or carbon footprint; conservation of nature and landscaping. Initiatives can be extended to include raising the awareness of the residents and customers as well as educate the young generation to be more cautious on protecting the nature and environment. SPS is committed to building a sustainable environment in Hong Kong. The Group is one of the first corporations to become a 'Carbon Audit • Green Partner', committed to conducting carbon audits on their buildings and initiating carbon reduction programmes over the coming two years, according to the 'Carbon Reduction Charter', launched by the Environment Bureau in July 2008. In response to the trend towards electric vehicles, electric vehicle chargers have been installed at some of the Group's flagship carparks and this project will be reviewed and expanded to cover more carparks.

Energy saving is one of the main areas that can contribute to the reduction of fuel consumption thereby reducing carbon emission. Much attention has been made to minimise the usage of lighting, electrical appliances and equipment, air conditioning and lifts and escalators. As of 30th June, 2010, 87 projects under the management of SEML have received the Registration Certificates of the Hong Kong Energy Efficiency Registration Scheme for Buildings granted by the Electrical and Mechanical Services Department of the HKSAR Government.

REVIEW OF OPERATIONS *(Continued)*

(10) SINO PROPERTY SERVICES *(Continued)*

Environmental Protection *(Continued)*

Well groomed landscaping adds significant value to a property. In May 2010, SEML received one Gold Award (Citywalk) and eight Merit Prizes (China Hong Kong City, Gold Coast Piazza, Ocean View, Pacific Palisades, The Royal Oaks, Grand Palisades, Dynasty Heights, The Dynasty) in the 2010 Best Landscape Award for Private Property Development by the Leisure and Cultural Services Department. SEML also received one Bronze Award (Skyline Tower) and six Certificates of Merit (Sino Plaza, Island Resort, Pacific Palisades, Tuen Mun Town Plaza, Hong Kong Pacific Centre, Vision City) in the Sectoral Awards – Property Management in the Hong Kong Awards for Environmental Excellence 2009 organised by the Environmental Campaign Committee.

SEML has also collaborated with organisations such as the Environmental Protection Department and the Electrical and Mechanical Services Department of the HKSAR Government, WWF, Greeners Action, Polar Museum Foundation and Friends of the Earth (HK) to organise and support events and activities to raise public awareness and educate people ways of protecting environment. They also encourage the concept of healthy living.

Further to the above awards, SEML won a number of awards for the residential projects that it manages in the Competition on Source Separation of Domestic Waste 2009/2010 organised by the Environmental Protection Department of HKSAR Government.

Through SPS, the Group will continue to explore new business opportunities and widen the scope of its activities to enhance shareholder value.

(11) CORPORATE SOCIAL RESPONSIBILITY

As a committed corporate citizen, over the years the Group has been actively involved in a range of community programmes, voluntary services, initiatives to promote environmental protection, art and cultural events, and staff welfare activities.

Community Care

The Group serves the community with an emphasis on helping the underprivileged. Since launching in January 2009, the Group's 'Eye-opening Journey' community care programme has taken about 700 underprivileged children on a series of life-enriching activities. These include soccer training, a community art event, a drama workshop, a 'giant brain challenge' game day, an outreach camp, shadow puppet training and cookery classes.

REVIEW OF OPERATIONS *(Continued)***(11) CORPORATE SOCIAL RESPONSIBILITY** *(Continued)***Community Care** *(Continued)*

The Group is a longstanding supporter of The Community Chest of Hong Kong, Hong Kong Red Cross, Oxfam Hong Kong, The Boys' and Girls' Clubs Association of Hong Kong, Hong Chi Association, S.K.H. St. Christopher's Home, The Salvation Army and Hong Kong Christian Service. Over the years the Group has actively sponsored and participated in a wide array of charitable fundraising activities. To promote social integration and raise funds for services for the intellectually disabled, the Group has supported the annual 'Hong Chi Climbathon' since 2004, both by providing the venue for the event and by sending corporate relay teams to compete in the race. The Group has also participated in 'MTR HONG KONG Race Walking' for six years running, and was named 'Highest Fund Raising Corporate Team' in 2010. Further, the Group is a two-time title sponsor for the charitable cross-country race, 'Sino Team Challenge 36', organised by The Boys' and Girls' Clubs Association of Hong Kong to support its youth development service.

The Group also serves the community through its enthusiastic 'Sino Caring Friends' volunteer team. The team collaborates closely with various charity organisations, including HOPE *worldwide*, Hong Kong Family Welfare Society, HKSKH Lady MacLehose Centre and St. James' Settlement, to organise birthday parties and art workshops for the underprivileged. In June 2010, 'Sino Caring Friends' staged the 'Hearty Rice Dumplings for the Elderly' activity together with senior volunteers from Island Resort to celebrate the Dragon Boat Festival with over 80 elderly people. In the past year, the team has contributed over 40,000 hours of community service.

In recognition of the Group's efforts in supporting voluntary community service, the Hong Kong Council of Social Service awarded the Group with a '5 Years Plus Caring Company Logo' for 2009/2010.

Environmental Protection

The Group makes substantial efforts and puts considerable resources into making its properties more environmentally friendly through well thought out architectural planning, energy conservation and management initiatives. The Group was one of the first corporations to join 'Carbon Audit • Green Partner' launched by the Environment Bureau in July 2008. Forty Sino managed projects have conducted annual carbon audits since then and the practice is expected to cover all 180 Sino managed projects by 2011.

REVIEW OF OPERATIONS *(Continued)*

(11) CORPORATE SOCIAL RESPONSIBILITY *(Continued)*

Environmental Protection *(Continued)*

Following the pioneering launch of the Vertical Green concept in Citywalk, the Group further implemented this feature across its new projects, including 18 Kowloon East, Lake Silver and The Palazzo, to create a greener and better quality working and living environment. In 2010, the Group received two gold awards and eight merit awards in the Leisure and Cultural Services Department's 'Best Landscape Award for Private Property Development 2010'. Among the accolades, Lake Silver, a collaboration between Sino Land and the MTR Corporation, won the gold award for Soft Landscape Design; while Citywalk, jointly developed by Sino Land and Urban Renewal Authority, received the gold award for Horticultural Maintenance.

On the property management side, environmental protection initiatives can be divided into several categories, namely refuse and waste treatment; waste reduction; greenhouse gas (GHGs) or carbon footprint reduction; nature conservation; landscaping and promoting healthy lifestyles. SPS is committed to building a sustainable environment in Hong Kong.

During the financial year 2009/2010, SEML received a number of awards in energy saving and environmental protection 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 30th June, 2010, 87 projects under SEML management 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.

In May 2010, 48 projects to which SEML provides property management services received 36 'Wastewi\$e Labels', nine 'IAQwi\$e Labels' and three 'Energywi\$e Labels' in the 2009 Hong Kong Awards for Environmental Excellence. Skyline Tower again clinched the Bronze Award in the Sectoral Awards (Property Management) while six other properties were awarded the Certificate of Merit.

REVIEW OF OPERATIONS *(Continued)***(11) CORPORATE SOCIAL RESPONSIBILITY** *(Continued)***Environmental Protection** *(Continued)*

The Group has also collaborated with such organisations as the Environmental Protection Department and Electrical and Mechanical Services Department of the HKSAR Government, Hong Chi Association, Friends of the Earth (HK), Greeners Action and Yan Oi Tong to organise and support activities to raise public awareness and educate people how to protect our environment, and encourage the concept of healthy living.

In support of food waste reduction, the Group rolled out the 'Less Rice Save \$1 Day' campaign to 30 restaurants in its hotels, commercial buildings and shopping malls. Every Wednesday starting from 3rd March, 2010, diners who say 'less rice' when ordering at participating outlets will receive a third less serving of rice and a one dollar refund. In June 2010, SPS launched a new seedling adoption programme, 'Mission Green Thumb', which encouraged Sino tenants to join hands with Hong Chi Association trainees to develop a greener environment in commercial buildings. Over 300 seedlings have been adopted since the programme's launch in Exchange Tower and Skyline Tower, and it is expected to gradually extend to other SPS properties. Further, in response to the trend towards electric vehicles, SPSL join hands with CLP to install electric vehicle chargers at five of its flagship carparks. The exercise will expand to its residential carparks in 2011.

The Group is enthusiastic in promoting green awareness to the younger generation. From 2009 onwards, SPS has been providing various training programmes under the "Students' Green Ambassador" campaign. Carbon audit training, green building visits and eco seminars hosted by environmental experts have been arranged for over 600 students so far.

Arts and Culture

Dedicated to promoting local art and culture and enriching the daily lives of Hong Kong people, Sino Group initiated 'Art in Hong Kong' in 2006. The programme organises art exhibitions and activities at various Sino Group properties. By providing local, Chinese and international artists and art groups more opportunities to showcase their visual, community and performing arts talents, Sino Group's 'Art in Hong Kong' programme aims to add vigour to a more creative and culturally vibrant Hong Kong.

The Group has transformed its properties into public galleries, including the lobby of Central Plaza and OC Gallery in Olympian 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. The Group also shares its marketing expertise to help promote exhibitions through its extensive network.

REVIEW OF OPERATIONS *(Continued)*

(11) CORPORATE SOCIAL RESPONSIBILITY *(Continued)*

Arts and Culture *(Continued)*

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.

Since its inception, Sino Group's 'Art in Hong Kong' has presented more than 100 exhibitions and art events featuring a wide variety of art disciplines including painting, installation, sculpture, photography and illustration. Notable events include 'ONE – An Exhibition of Art and Football by Otto Li', 'Lotus Fantasia' – Photography by Leo K. K. Wong, 'Rising Stars International Arts Festival 2010: Mind Painters', Fotanian Open Studios 2010 thematic exhibition 'If You Park Here', and the Citywalk Art Project: 'Take a Break with Art – Joint exhibitions of 23 local illustrators', which brought amusement to the public by infusing the joy of art into the hustle and bustle of cosmopolitan Hong Kong.

Apart from organising exhibitions, Sino Group's 'Art in Hong Kong' has reached out to sponsor many major art events in Hong Kong. It has been Chief Sponsor of 'Fotanian Open Studios' since 2007. This annual event welcomes the public to a behind-the-scenes glimpse of the workspaces of artists and their works. The Fotanian programme received the highest response ever in 2010, with over 200 artists, the largest number of participating studios, and a record of over 10,000 visitors over two weekends. The Group is also a keen sponsor of memorable performances by international artists and arts groups, including a number of exhibitions organised by The Chinese University of Hong Kong, Hong Kong Baptist University's Academy of Visual Arts Graduation Show, 'This Way Up' – Bachelor of Arts (Fine Art) Graduation Exhibition 2010 organised by the Hong Kong Art School and RMIT University, 'Operation Santa Claus', the annual fundraising campaign jointly organised by the South China Morning Post and RTHK Radio 3, and a kaleidoscope of world-class performances including 'Sing the Truth: Nina Simone Remembered' tribute concert, 'Café de los Maestros' tango orchestra, and 'The Mariinsky Ballet *Don Quixote*' in the 2010 Hong Kong Arts Festival, and Business of Design Week 2009 organised by Hong Kong Design Centre. In addition, we provide rental sponsorships to house the Asia Art Archive, Opera Hong Kong and the Asian Youth Orchestra.

In 2009, in recognition of its contribution to the development of local arts, the Hong Kong Arts Development Council honoured Sino Group's 'Art in Hong Kong' with the annual 'Award for Arts Sponsorship' for the second consecutive year, and the 'Award for Arts Promotion' for the first time.

REVIEW OF OPERATIONS *(Continued)*

(11) CORPORATE SOCIAL RESPONSIBILITY *(Continued)*

Staff Engagement

Apart from providing professional development and personal growth opportunities to enable individual staff members to realise their full potential, the Group cares for the well-being of its people and strives to enhance team spirit and work-life balance by encouraging staff to participate in various recreational and sports events, including a 'Green Tour' which invited 120 staff and family members to experience organic farming, and a free Tai O cultural and eco tour for over 850 staff and family members to learn about the heritage.

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE SHAREHOLDERS OF SINO LAND COMPANY LIMITED

信和置業有限公司

(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Sino Land Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 128 to 217, which comprise the Group's and the Company's statements of financial position as at 30th June, 2010 and the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

INDEPENDENT AUDITOR'S REPORT *(Continued)*

OPINION

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

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

CONSOLIDATED INCOME STATEMENT

For the year ended 30th June, 2010

	NOTES	2010 HK\$	2009 HK\$
Turnover	7	7,697,867,707	9,692,696,496
Cost of sales		(2,261,293,907)	(3,417,931,581)
Direct expenses		(1,358,471,636)	(1,293,769,290)
Gross profit		4,078,102,164	4,980,995,625
Increase in fair value of investment properties	18	2,562,741,141	693,831,676
Other income		255,546,481	116,066,511
Gain (loss) on disposal of available-for-sale investments		4,606,466	(25,097,108)
Gain (loss) arising from change in fair value of trading securities		6,456,485	(192,591,768)
Impairment loss on available-for-sale investments		–	(190,000,000)
Administrative expenses		(605,659,001)	(724,242,272)
Finance income	9	138,827,704	226,201,947
Finance costs	10	(160,191,675)	(354,611,412)
Finance costs net of finance income		(21,363,971)	(128,409,465)
Share of results of associates	11	904,972,687	(31,476,405)
Profit before taxation	12	7,185,402,452	4,499,076,794
Income tax expense	15	(982,521,087)	(720,745,093)
Profit for the year		6,202,881,365	3,778,331,701
Attributable to:			
Owners of the Company		6,093,689,617	3,730,647,312
Non-controlling interests		109,191,748	47,684,389
		6,202,881,365	3,778,331,701
Earnings per share	17		
Basic		125.29 cents	77.06 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30th June, 2010

	2010 <i>HK\$</i>	2009 <i>HK\$</i>
Profit for the year	<u>6,202,881,365</u>	<u>3,778,331,701</u>
Other comprehensive income (expense)		
Gain (loss) on fair value changes of available-for-sale investments	91,994,862	(309,632,471)
Exchange differences arising on translation of foreign operations to presentation currency	137,110,526	(131,057,905)
Impairment loss on available-for-sale investments transferred to consolidated income statement	–	190,000,000
Reclassification adjustments upon disposal of available-for-sale investments	<u>(4,653,833)</u>	<u>24,921,186</u>
Other comprehensive income (expense) for the year	<u>224,451,555</u>	<u>(225,769,190)</u>
Total comprehensive income for the year	<u>6,427,332,920</u>	<u>3,552,562,511</u>
Total comprehensive income attributable to:		
Owners of the Company	6,318,141,172	3,504,878,122
Non-controlling interests	<u>109,191,748</u>	<u>47,684,389</u>
	<u>6,427,332,920</u>	<u>3,552,562,511</u>

STATEMENTS OF FINANCIAL POSITION

At 30th June, 2010

	NOTES	THE COMPANY		THE GROUP	
		2010 HK\$	2009 HK\$	2010 HK\$	2009 HK\$
Non-current assets					
Investment properties	18	–	–	41,327,376,460	37,557,672,042
Hotel properties	19	–	–	1,416,100,684	866,755,233
Property, plant and equipment	20	–	–	161,330,767	86,233,059
Prepaid lease payments					
– non-current	21	–	–	1,123,367,152	425,296,321
Subsidiaries	22	5,401,093,506	5,315,380,348	–	–
Associates	23	518,714,342	518,711,342	19,185,153,678	16,970,665,211
Jointly controlled entity	24	–	–	1,670,104,500	–
Available-for-sale investments	25	964,195,985	897,039,870	1,101,523,039	1,002,562,938
Advances to investee companies	26	–	–	17,632,820	18,114,871
Long-term loans receivable	27	–	–	43,899,373	63,540,544
		6,884,003,833	6,731,131,560	66,046,488,473	56,990,840,219
Current assets					
Properties under development	45	–	–	20,800,713,801	18,521,080,429
Stocks of completed properties		–	–	1,932,395,194	2,696,586,097
Hotel inventories		–	–	22,630,641	21,594,351
Prepaid lease payments – current	21	–	–	17,363,023	4,916,722
Trading securities	28	754,465,329	747,979,115	757,177,330	750,652,115
Amounts due from subsidiaries	22	34,630,854,161	33,269,431,260	–	–
Amounts due from associates	23	228,587	225,308	86,757,552	430,971,757
Accounts and other receivables	29	6,359,316	4,330,909	1,007,551,835	1,480,773,677
Current portion of long-term loans receivable	27	–	–	1,619,111	3,936,331
Taxation recoverable		–	–	109,982,603	110,066,643
Restricted bank deposits	30	–	–	372,604,974	364,430,266
Time deposits, bank balances and cash	30	891,814	1,279,419	4,494,666,421	7,798,166,967
		35,392,799,207	34,023,246,011	29,603,462,485	32,183,175,355
Current liabilities					
Accounts and other payables	31	6,672,965	5,866,673	3,501,332,465	4,553,567,874
Amount due to a subsidiary	22	133,703,811	1,587,813,368	–	–
Amounts due to associates	23	67,303,773	56,814,248	592,285,885	505,399,107
Taxation payable		4,122,015	78,616	932,549,050	728,117,650
Current portion of long-term bank borrowings	32	–	–	212,636,143	189,564,460
Bank loans					
– secured	32	–	–	4,314,363,282	6,541,151,569
– unsecured	32	–	–	200,000,000	1,198,662,306
Financial guarantee contracts					
– current	42	130,952,551	9,520,076	7,222,665	7,579,573
		342,755,115	1,660,092,981	9,760,389,490	13,724,042,539
Net current assets		35,050,044,092	32,363,153,030	19,843,072,995	18,459,132,816
Total assets less current liabilities		41,934,047,925	39,094,284,590	85,889,561,468	75,449,973,035

STATEMENTS OF FINANCIAL POSITION (Continued)

At 30th June, 2010

	NOTES	THE COMPANY		THE GROUP	
		2010 HK\$	2009 HK\$	2010 HK\$	2009 HK\$
Capital and reserves					
Share capital	33	4,902,690,690	4,839,469,538	4,902,690,690	4,839,469,538
Share premium and reserves	34	37,028,727,807	34,123,202,553	60,412,367,380	55,162,426,042
Equity attributable to owners of the Company		41,931,418,497	38,962,672,091	65,315,058,070	60,001,895,580
Non-controlling interests		–	–	378,678,205	296,130,462
Total equity		41,931,418,497	38,962,672,091	65,693,736,275	60,298,026,042
Non-current liabilities					
Long-term bank borrowings – due after one year	32	–	–	14,201,468,430	10,114,137,928
Financial guarantee contracts – non-current	42	2,629,428	131,612,499	1,646,817	8,866,002
Deferred taxation	35	–	–	3,455,680,365	2,959,629,548
Advances from associates	36	–	–	2,130,277,184	2,067,188,354
Advances from non-controlling interests	37	–	–	406,752,397	2,125,161
		2,629,428	131,612,499	20,195,825,193	15,151,946,993
		41,934,047,925	39,094,284,590	85,889,561,468	75,449,973,035

The consolidated financial statements on pages 128 to 217 were approved and authorised for issue by the Board of Directors on 2nd September, 2010 and are signed on its behalf by:

Robert NG Chee Siong
Chairman

Thomas TANG Wing Yung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30th June, 2010

	Attributable to owners of the Company						Total HK\$	Non- controlling interests HK\$	Total HK\$
	Share capital HK\$	Share premium HK\$	Capital redemption reserve HK\$	Investment revaluation reserve HK\$	Exchange reserve HK\$	Retained profits HK\$ (Note)			
At 1st July, 2008	4,878,702,770	20,831,496,959	388,692,000	313,362,310	555,389,180	31,755,611,267	58,723,254,486	263,646,073	58,986,900,559
Profit for the year	-	-	-	-	-	3,730,647,312	3,730,647,312	47,684,389	3,778,331,701
Loss on fair value changes of available-for-sale investments	-	-	-	(309,632,471)	-	-	(309,632,471)	-	(309,632,471)
Exchange differences arising on translation of foreign operations	-	-	-	-	(131,057,905)	-	(131,057,905)	-	(131,057,905)
Impairment loss on available-for-sale investments recognised in consolidated income statement	-	-	-	190,000,000	-	-	190,000,000	-	190,000,000
Reclassification adjustments upon disposal of available-for-sale investments	-	-	-	24,921,186	-	-	24,921,186	-	24,921,186
Total comprehensive (expense) income for the year	-	-	-	(94,711,285)	(131,057,905)	3,730,647,312	3,504,878,122	47,684,389	3,552,562,511
Shares issued in lieu of cash dividends	39,782,768	-	-	-	-	-	39,782,768	-	39,782,768
Premium on issue of shares upon scrip dividends	-	338,821,174	-	-	-	-	338,821,174	-	338,821,174
Share issue expenses	-	(40,983)	-	-	-	-	(40,983)	-	(40,983)
Cancellation upon repurchase of own shares	(79,016,000)	-	79,016,000	-	-	(673,755,737)	(673,755,737)	-	(673,755,737)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(15,200,000)	(15,200,000)
Final dividend – 2008	-	-	-	-	-	(1,449,941,031)	(1,449,941,031)	-	(1,449,941,031)
Interim dividend – 2009	-	-	-	-	-	(481,103,219)	(481,103,219)	-	(481,103,219)
At 30th June, 2009	4,839,469,538	21,170,277,150	467,708,000	218,651,025	424,331,275	32,881,458,592	60,001,895,580	296,130,462	60,298,026,042
Profit for the year	-	-	-	-	-	6,093,689,617	6,093,689,617	109,191,748	6,202,881,365
Gain on fair value changes of available-for-sale investments	-	-	-	91,994,862	-	-	91,994,862	-	91,994,862
Exchange differences arising on translation of foreign operations	-	-	-	-	137,110,526	-	137,110,526	-	137,110,526
Reclassification adjustments upon disposal of available-for-sale investments	-	-	-	(4,653,833)	-	-	(4,653,833)	-	(4,653,833)
Total comprehensive income for the year	-	-	-	87,341,029	137,110,526	6,093,689,617	6,318,141,172	109,191,748	6,427,332,920
Shares issued in lieu of cash dividends	97,419,152	-	-	-	-	-	97,419,152	-	97,419,152
Premium on issue of shares upon scrip dividends	-	1,319,331,569	-	-	-	-	1,319,331,569	-	1,319,331,569
Share issue expenses	-	(60,000)	-	-	-	-	(60,000)	-	(60,000)
Cancellation upon repurchase of own shares	(34,198,000)	-	34,198,000	-	-	(487,757,764)	(487,757,764)	-	(487,757,764)
Deemed capital contribution from non-controlling interests in relation to interest-free advances from non-controlling interests	-	-	-	-	-	-	-	5,155,878	5,155,878
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	117	117
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(31,800,000)	(31,800,000)
Final dividend – 2009	-	-	-	-	-	(1,445,407,061)	(1,445,407,061)	-	(1,445,407,061)
Interim dividend – 2010	-	-	-	-	-	(488,504,578)	(488,504,578)	-	(488,504,578)
At 30th June, 2010	4,902,690,690	22,489,548,719	501,906,000	305,992,054	561,441,801	36,553,478,806	65,315,058,070	378,678,205	65,693,736,275

Note: At 30th June, 2010, retained profits in the sum of HK\$2,863,984,671 (2009: HK\$2,547,587,104) of certain associates attributable to the Group are distributable by way of dividend subject to the prior consent of their bankers.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30th June, 2010

	2010 HK\$	2009 HK\$
OPERATING ACTIVITIES		
Profit before taxation	7,185,402,452	4,499,076,794
Adjustments for:		
Finance costs	160,191,675	354,611,412
Depreciation	38,232,610	37,130,536
Release of prepaid lease payments	5,018,324	5,096,684
(Gain) loss on disposal of available-for-sale investments	(4,606,466)	25,097,108
Loss on disposal of property, plant and equipment	887,608	415,665
Adjustments in construction costs of investment properties	10,279,060	4,760,473
Cost of hotel properties written off	175,915	351,481
(Reversal) recognition of impairment loss on trade receivables	(137,396,256)	142,866,351
Impairment loss on available-for-sale investments	–	190,000,000
Share of results of associates	(904,972,687)	31,476,405
Increase in fair value of investment properties	(2,562,741,141)	(693,831,676)
Finance income	(138,827,704)	(226,201,947)
(Gain) loss arising from change in fair value of trading securities	(6,456,485)	192,591,768
(Gain) loss on disposal of investment properties	(2,187,416)	341,866
Recognition (reversal) of impairment loss on loans receivable	1,285,937	(32,840)
Operating cash flows before movements in working capital	3,644,285,426	4,563,750,080
(Increase) decrease in properties under development	(4,333,654,680)	1,205,653,278
Decrease in stocks of completed properties	1,355,991,273	41,832,476
(Increase) decrease in hotel inventories	(1,036,290)	2,907,208
Increase in trading securities	(68,730)	(1,398)
Decrease (increase) in accounts and other receivables	612,833,218	(694,507,407)
(Decrease) increase in accounts and other payables	(1,107,791,155)	516,401,271
Net cash from operations	170,559,062	5,636,035,508
Hong Kong Profits Tax paid	(252,979,524)	(534,614,441)
Hong Kong Profits Tax refunded	–	131,890,863
Taxation in other jurisdictions paid	(32,607,949)	(39,283,146)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(115,028,411)	5,194,028,784

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 30th June, 2010

	NOTE	2010 HK\$	2009 HK\$
INVESTING ACTIVITIES			
Advance to a jointly controlled entity		(1,645,174,999)	–
Advances to associates		(1,019,665,829)	(547,223,432)
Acquisition of assets and liabilities through purchase of subsidiary	39	(573,693,868)	–
Additions to property, plant and equipment		(90,139,729)	(27,817,122)
Additions to investment properties		(236,637,262)	(88,018,780)
Additions to available-for-sale investments		(19,801,901)	(70,766,567)
Increase in restricted bank deposits		(8,174,708)	(32,201,604)
Additions to hotel properties		(88,297)	(719,060)
Dividends received from associates		93,309,684	957,599,888
Interest received		57,364,021	122,836,572
Decrease (increase) in long-term loans receivable		20,672,454	(27,141,839)
Proceeds from disposal of available-for-sale investments		12,788,833	372,256,752
Proceeds from disposal of investment properties		10,539,695	5,584,795
Proceeds from disposal of property, plant and equipment		584,613	248,635
Repayments from (advances to) investee companies		482,051	(84,228)
Capital contribution to associates		–	(452,309)
NET CASH (USED IN) FROM INVESTING ACTIVITIES		(3,397,635,242)	664,101,701
FINANCING ACTIVITIES			
New bank loans		8,967,976,321	5,134,771,538
Advances from (repayments to) associates		132,155,316	(865,186,081)
Repayments of bank loans		(8,142,612,000)	(3,174,071,250)
Repurchase of own shares		(487,757,764)	(673,755,737)
Interest paid		(142,602,897)	(478,048,724)
Advances from (repayments to) non-controlling interests		409,783,114	(4,658,942)
Capital contribution from non-controlling interests		117	–
Dividends paid to non-controlling interests		(31,800,000)	(15,200,000)
Dividends paid		(517,160,918)	(1,552,440,308)
Shares issue expenses paid		(60,000)	(40,983)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		187,921,289	(1,628,630,487)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(3,324,742,364)	4,229,499,998
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		7,798,166,967	3,580,766,208
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		21,241,818	(12,099,239)
CASH AND CASH EQUIVALENTS CARRIED FORWARD, representing time deposits, bank balances and cash		4,494,666,421	7,798,166,967

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June, 2010

1. GENERAL

The Company is a public listed limited liability company incorporated in Hong Kong and listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its parent and ultimate holding company is Tsim Sha Tsui Properties Limited, a public listed limited liability company incorporated in Hong Kong and listed on 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 47.

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

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

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

Amendments to HKAS 40 *Investment Property*

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

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

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

Amendments to HKFRS 7 *Financial Instruments: Disclosures*

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

HKFRS 8 *Operating Segments*

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*
For the year ended 30th June, 2010

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of consolidation

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

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

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

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

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

Allocation of total comprehensive income to non-controlling interests

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

Changes in the Group's ownership interests in existing subsidiaries

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)***Changes in the Group's ownership interests in existing subsidiaries** *(Continued)**Changes in the Group's ownership interests in existing subsidiaries on or after 1st July, 2009*

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

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

Business combinations*Business combinations prior to 1st July, 2009*

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

Business combinations on or after 1st July, 2009

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)***Business combinations** *(Continued)**Business combinations on or after 1st July, 2009* *(Continued)*

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

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

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

Investments in subsidiaries

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

Investments in associates

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates (Continued)

Goodwill arising on acquisitions prior to 1st July, 2005

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

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

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

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

Jointly controlled entities

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

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

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

Jointly controlled operations

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)***Investment properties**

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

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

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

Hotel properties and property, plant and equipment

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

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

Impairment losses on tangible assets

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Properties under development

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

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

Stocks of completed properties

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

Hotel inventories

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

Borrowing costs

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

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

Leasing

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

The Group as lessor

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

The Group as lessee

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)***Leasehold land and building**

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

Financial instruments

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

Financial assets

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

Effective interest method

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Financial assets at fair value through profit or loss

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

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

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

Loans and receivables

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

Available-for-sale financial assets

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)***Financial instruments** *(Continued)*Financial assets *(Continued)**Impairment of financial assets*

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

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

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

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

For certain categories of financial asset, such as trade receivable and loans receivable, 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 of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, observable changes in national or local economic conditions that correlate with default on receivables.

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 receivable 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

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

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

Financial liabilities and equity

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

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Other financial liabilities

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

Equity instruments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)***Financial instruments** *(Continued)*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*.

Derecognition

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

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

Revenue recognition

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

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

Taxation

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

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

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

Foreign currencies

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

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

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

Retirement benefits costs

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Estimated net realisable value on properties under development

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

Allowance for stocks of completed properties

Management exercises its judgment in making allowance for stocks of completed properties with reference to the existing market environment, the sales performance in previous years and estimated market value of the properties, i.e. the estimated selling price less estimated costs of selling expenses. A specific allowance for stocks of completed properties is made if the estimated market value of the property is lower than its carrying amount. The specific allowance for stocks of completed properties is made based on the estimation of net realisable value on the completed properties. If the actual net realisable values of the stocks of completed properties are less than expected as a result of change in market condition, material provision for impairment losses may result. The carrying amount of the stocks of completed properties is HK\$1,932,395,194 (2009: HK\$2,696,586,097).

Depreciation on hotel properties

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

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

As detailed in Notes 15 and 23, the Inland Revenue Department (“IRD”) had initiated tax inquiries and issued notices of assessment for additional taxes against a wholly-owned subsidiary of the Company and a wholly-owned subsidiary of the Group’s associate in respect of the deductions on certain loan interest and related expenses.

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

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

Fair value of investment properties

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

5. CAPITAL RISK MANAGEMENT

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

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

The management of the Group reviews the capital structure periodically. As a 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 shares issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

6. FINANCIAL INSTRUMENTS**Categories of financial instruments**

	THE COMPANY		THE GROUP	
	2010 HK\$	2009 HK\$	2010 HK\$	2009 HK\$
Financial assets				
Trading securities (fair value through profit or loss)	754,465,329	747,979,115	757,177,330	750,652,115
Available-for-sale investments	964,195,985	897,039,870	1,101,523,039	1,002,562,938
Loans and receivables (including cash and cash equivalents)	39,860,648,093	38,414,815,712	18,890,349,458	19,851,152,255
Financial liabilities				
Amortised cost	205,962,177	1,648,775,427	23,094,993,320	21,652,453,331
Financial guarantee contracts	133,581,979	141,132,575	8,869,482	16,445,575

Financial risk management objectives and policies

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

The Company's major financial instruments includes accounts and other receivables, advance to a subsidiary, trading securities, available-for-sale investments, amounts due from/to subsidiaries/associates, time deposits, bank balances and cash, accounts and other payables 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 the Group primarily to the financial risks of changes in foreign currency exchange rates, interest rates and other equity price. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risks. Details of each type of market risks are described as follows:

Currency risk

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arises. The Group currently does not use any derivative 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

*Market risk (Continued)**Currency risk (Continued)*

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

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

	THE GROUP	
	2010	2009
	HK\$	HK\$
Assets		
Renminbi ("RMB")	1,058,024,736	1,093,978,190
United States Dollars ("USD")	37,668,217	66,921,003
Liabilities		
RMB	362,634,114	287,854,079

Foreign currency sensitivity analysis

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

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

	THE GROUP	
	2010	2009
	HK\$	HK\$
RMB	34,224,979	40,219,136

Certain available-for-sale investments are denominated in foreign currency of the group entities. For available-for-sale investments, an increase/decrease in 5% of Singaporean dollar against the functional currency of the relevant group entities would result in an increase/decrease of HK\$9,277,035 (2009: HK\$9,894,817) in the Group's investment revaluation reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risk (Continued)

Interest rate risk

Loans, bank balances and bank borrowings at floating rates expose the Group to cash flow interest rate risk. Payables at fixed rates expose the Group to fair value interest rate risk (Note 31). The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

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

Interest rate sensitivity analysis

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

At the end of the respective reporting periods, if interest rates had increased/decreased by 50 basis points and all other variables were held constant, the Group's profit for the year would have decreased/increased by HK\$88,711,126 (2009: HK\$83,220,638). The Company has no significant interest rate risk.

Other price risk

The Group is exposed to equity price risk through its investments 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 entity securities which are mainly concentrated on blue chip stocks quoted in the Stock Exchange. In this regard, the management considers the Group's exposure to equity price risk is reduced.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Other price risk sensitivity analysis

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

	THE COMPANY		THE GROUP	
	2010	2009	2010	2009
	HK\$	HK\$	HK\$	HK\$
Available-for-sale investments				
Increase (decrease) in investment revaluation reserve				
– as a result of increase in equity price	47,197,334	43,839,528	53,518,178	48,568,199
– as a result of decrease in equity price	(47,197,334)	(43,839,528)	(53,518,178)	(48,568,199)
Trading securities				
Increase (decrease) in profit for the year				
– as a result of increase in equity price	31,498,927	31,228,128	31,610,525	31,339,727
– as a result of decrease in equity price	(31,498,927)	(31,228,128)	(31,610,525)	(31,339,727)

Credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk in the event of the counterparties failure to discharge their obligations are in relation to each class of recognised financial assets as stated in the statements of financial position and the amount of contingent liabilities as disclosed in Note 42. In order to minimise the credit risk of trade receivables, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk

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

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

THE COMPANY

	Weighted average effective 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\$
2010								
Accounts and other payables	N/A	4,954,593	-	-	-	-	4,954,593	4,954,593
Other non-interest bearing liabilities	N/A	201,007,584	-	-	-	-	201,007,584	201,007,584
Financial guarantee contracts	N/A	-	-	5,936,904,000	4,892,500,000	15,022,000,000	25,851,404,000	133,581,979
		<u>205,962,177</u>	<u>-</u>	<u>5,936,904,000</u>	<u>4,892,500,000</u>	<u>15,022,000,000</u>	<u>26,057,366,177</u>	<u>339,544,156</u>
2009								
Accounts and other payables	N/A	4,147,812	-	-	-	-	4,147,812	4,147,812
Other non-interest bearing liabilities	N/A	1,644,627,615	-	-	-	-	1,644,627,615	1,644,627,615
Financial guarantee contracts	N/A	-	-	9,077,223,500	4,558,132,000	6,610,500,000	20,245,855,500	141,132,575
		<u>1,648,775,427</u>	<u>-</u>	<u>9,077,223,500</u>	<u>4,558,132,000</u>	<u>6,610,500,000</u>	<u>21,894,630,927</u>	<u>1,789,908,002</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

THE GROUP

	Weighted average effective interest rate %	Repayable on demand or less than 1 month HK\$	1-3 months HK\$	3 months to 1 year HK\$	1-2 years HK\$	2-5 years HK\$	Over 5 years HK\$	Total undiscounted cash flows HK\$	Carrying amount HK\$
2010									
Accounts and other payables									
– non-interest bearing	N/A	331,013,016	85,657,135	320,398,027	133,242,129	139,333,331	1,180,634	1,010,824,272	1,010,824,272
– variable rate	7.00	88,270	176,540	15,838,146	–	–	–	16,102,956	15,131,987
– fixed rate	2.00	–	–	11,478,815	–	–	–	11,478,815	11,253,740
Other liabilities									
– non-interest bearing	N/A	539,670,794	–	52,615,091	1,561,895,145	396,510,678	–	2,550,691,708	2,537,969,128
– variable rate	0.82	393,533	787,066	3,541,799	585,208,404	–	–	589,930,802	581,770,703
– fixed rate	0.50	3,990	7,980	35,910	9,575,635	–	–	9,623,515	9,575,635
Borrowings									
– variable rate	0.82	33,955,483	221,416,629	4,659,833,126	4,648,946,919	9,824,137,864	–	19,388,290,021	18,928,467,855
Financial guarantee contracts	N/A	–	–	5,983,050,000	4,275,500,000	576,000,000	–	10,834,550,000	8,869,482
		<u>905,125,086</u>	<u>308,045,350</u>	<u>11,046,790,914</u>	<u>11,214,368,232</u>	<u>10,935,981,873</u>	<u>1,180,634</u>	<u>34,411,492,089</u>	<u>23,103,862,802</u>
2009									
Accounts and other payables									
– non-interest bearing	N/A	684,339,923	11,340,160	318,623,437	–	–	–	1,014,303,520	1,014,303,520
– fixed rate	7.00	116,205	232,411	20,850,570	–	–	–	21,199,186	19,920,926
Other liabilities									
– non-interest bearing	N/A	449,564,580	–	55,834,526	1,571,493,369	–	–	2,076,892,475	2,046,349,603
– variable rate	1.98	285,789	571,578	2,572,102	271,208,853	260,585,750	–	535,224,072	528,323,858
– fixed rate	0.50	16	32	144	39,337	–	–	39,529	39,161
Borrowings									
– variable rate	1.98	26,460,752	3,969,779,118	4,472,501,243	5,030,368,208	6,443,075,898	–	19,942,185,219	18,043,516,263
Financial guarantee contracts	N/A	–	–	2,823,850,000	3,742,950,000	3,746,500,000	–	10,313,300,000	16,445,575
		<u>1,160,767,265</u>	<u>3,981,923,299</u>	<u>7,694,232,022</u>	<u>10,616,059,767</u>	<u>10,450,161,648</u>	<u>–</u>	<u>33,903,144,001</u>	<u>21,668,898,906</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

6. FINANCIAL INSTRUMENTS (Continued)**Fair value measurements**

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

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

THE COMPANY

	Level 1	Level 2	Level 3	Total
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Available-for-sale investments	943,946,680	–	–	943,946,680
Trading securities:				
Equity securities listed in				
Hong Kong	754,291,789	–	–	754,291,789
Equity securities listed elsewhere	173,540	–	–	173,540
Total	<u>1,698,412,009</u>	<u>–</u>	<u>–</u>	<u>1,698,412,009</u>

THE GROUP

	Level 1	Level 2	Level 3	Total
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Available-for-sale investments	1,070,324,549	–	–	1,070,324,549
Trading securities:				
Equity securities listed in				
Hong Kong	757,003,790	–	–	757,003,790
Equity securities listed elsewhere	173,540	–	–	173,540
Total	<u>1,827,501,879</u>	<u>–</u>	<u>–</u>	<u>1,827,501,879</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

6. FINANCIAL INSTRUMENTS (Continued)**Fair values of financial instruments**

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

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

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

7. TURNOVER

	2010	2009
	HK\$	<i>HK\$</i>
Sales of properties held for sale	4,566,945,534	6,807,547,855
Gross rental income from properties	1,919,827,064	1,779,137,830
Property management and service fee income	701,181,766	598,622,219
Hotel operations	439,844,781	431,540,291
Interest income from loans receivable	1,419,908	2,767,393
Dividend income		
listed investments	50,806,154	56,064,658
unlisted investments	17,842,500	17,016,250
	<u>7,697,867,707</u>	<u>9,692,696,496</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

8. OPERATING SEGMENTS

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

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

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

Segment Results

For the year ended 30th June, 2010

	The Company and its subsidiaries		Associates		Total	
	Revenue	Results	Share of revenue	Share of results	Segment revenue	Segment results
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Property						
Property sales	4,566,945,534	1,989,158,347	281,732,907	77,476,683	4,848,678,441	2,066,635,030
Property rental	1,919,827,064	1,612,036,054	489,535,593	451,391,115	2,409,362,657	2,063,427,169
	6,486,772,598	3,601,194,401	771,268,500	528,867,798	7,258,041,098	4,130,062,199
Property management and other services	701,181,766	180,694,702	62,238,160	10,715,214	763,419,926	191,409,916
Hotel operations	439,844,781	226,878,588	188,439,900	79,101,900	628,284,681	305,980,488
Investments in securities	68,648,654	67,914,565	3,900	3,900	68,652,554	67,918,465
Financing	1,419,908	1,419,908	237,899	211,371	1,657,807	1,631,279
	7,697,867,707	4,078,102,164	1,022,188,359	618,900,183	8,720,056,066	4,697,002,347

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

8. OPERATING SEGMENTS (Continued)

Segment Assets

As at 30th June, 2010

	The Company and its subsidiaries <i>HK\$</i>	Associates and Jointly Controlled Entity <i>HK\$</i>	Total <i>HK\$</i>
Property			
Sales	23,211,072,478	552,342,308	23,763,414,786
Rental	41,625,352,728	6,310,075,069	47,935,427,797
	<u>64,836,425,206</u>	<u>6,862,417,377</u>	<u>71,698,842,583</u>
Property management and other services	172,322,634	6,352,461	178,675,095
Hotel operations	2,750,406,897	845,712,193	3,596,119,090
Investments in securities	1,883,408,700	66,905,619	1,950,314,319
Financing	13,247,447,063	1,298,810	13,248,745,873
Segment assets	<u>82,890,010,500</u>	<u>7,782,686,460</u>	90,672,696,960
Time deposits, bank balances and cash			4,867,271,395
Taxation recoverable			<u>109,982,603</u>
Total assets			<u>95,649,950,958</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

8. OPERATING SEGMENTS (Continued)**Other Information**

For the year ended 30th June, 2010

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

Segment Results

For the year ended 30th June, 2009

	The Company and its subsidiaries		Associates		Total	
	Revenue HK\$	Results HK\$	Share of revenue HK\$	Share of results HK\$	Segment revenue HK\$	Segment results HK\$
Property						
Property sales	6,807,547,855	3,014,899,298	382,599,460	105,559,072	7,190,147,315	3,120,458,370
Property rental	1,779,137,830	1,498,727,311	501,084,849	458,256,868	2,280,222,679	1,956,984,179
	8,586,685,685	4,513,626,609	883,684,309	563,815,940	9,470,369,994	5,077,442,549
Property management and other services	598,622,219	162,509,251	62,480,693	7,786,980	661,102,912	170,296,231
Hotel operations	431,540,291	229,011,464	181,021,500	72,428,100	612,561,791	301,439,564
Investments in securities	73,080,908	73,080,908	3,900	3,900	73,084,808	73,084,808
Financing	2,767,393	2,767,393	393,009	362,433	3,160,402	3,129,826
	9,692,696,496	4,980,995,625	1,127,583,411	644,397,353	10,820,279,907	5,625,392,978

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

8. OPERATING SEGMENTS (Continued)

Segment Assets

As at 30th June, 2009

	The Company and its subsidiaries HK\$	Associates HK\$	Total HK\$
Property			
Sale	22,159,264,094	579,973,422	22,739,237,516
Rental	37,829,195,084	5,570,582,526	43,399,777,610
	59,988,459,178	6,150,555,948	66,139,015,126
Property management and other services	213,919,491	7,403,185	221,322,676
Hotel operations	1,404,145,355	794,849,515	2,198,994,870
Investments in securities	1,770,272,544	78,900,763	1,849,173,307
Financing	10,491,378,223	1,467,496	10,492,845,719
Segment assets	<u>73,868,174,791</u>	<u>7,033,176,907</u>	80,901,351,698
Time deposits, bank balances and cash			8,162,597,233
Taxation recoverable			<u>110,066,643</u>
Total assets			<u>89,174,015,574</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

8. OPERATING SEGMENTS (Continued)**Other Information**

For the year ended 30th June, 2009

	Property sales HK\$	Property rental HK\$	Property management and other services HK\$	Hotel operations HK\$	Investments in securities HK\$	Financing HK\$	Consolidated HK\$
Amounts included in the measure of segment assets:							
Capital additions							
– Property, plant and equipment	864,747	1,552,014	7,344,480	18,055,881	–	–	27,817,122
– Investment properties	–	88,018,780	–	–	–	–	88,018,780
– Hotel property	–	–	–	719,060	–	–	719,060
Amount regularly reviewed by the chief operating decision makers but not included in the measure of segment profit or loss:							
Increase in fair value of investment properties	–	693,831,676	–	–	–	–	693,831,676

Measurement

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

8. OPERATING SEGMENTS (Continued)

Reconciliation of profit before taxation

	2010 HK\$	2009 HK\$
Segment profit	4,697,002,347	5,625,392,978
Other income	255,546,481	116,066,511
Administrative expenses	(605,659,001)	(724,242,272)
Increase in fair value of investment properties	2,562,741,141	693,831,676
Gain (loss) arising from change in fair value of trading securities	6,456,485	(192,591,768)
Gain (loss) on disposal of available-for-sale investments	4,606,466	(25,097,108)
Impairment loss on available-for-sale investments	–	(190,000,000)
Finance costs net of finance income	(21,363,971)	(128,409,465)
Results shared from associates		
– Other income	15,416,882	12,944,573
– Administrative expenses	(58,015,211)	(89,144,901)
– Increase (decrease) in fair value of investment properties	630,590,516	(415,179,334)
– Finance costs net of finance income	(83,584,723)	(124,710,997)
– Income tax expense	(218,334,960)	(59,783,099)
	<u>286,072,504</u>	<u>(675,873,758)</u>
Profit before taxation	<u>7,185,402,452</u>	<u>4,499,076,794</u>

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

Revenue from major products and services

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

Geographical segments

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

Information about major customers

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

9. FINANCE INCOME

	2010 HK\$	2009 HK\$
Interest income on:		
advances to associates	28,807,988	38,579,619
advances to investee companies	892,535	907,693
bank deposits	27,663,498	83,349,260
Imputed interest income on non-current interest-free		
advances to associates	73,883,590	88,801,853
Financial guarantee income	7,580,093	14,563,522
	<u>138,827,704</u>	<u>226,201,947</u>

10. FINANCE COSTS

	2010 HK\$	2009 HK\$
Interest and other finance costs on:		
bank loans wholly repayable within five years	177,777,647	424,905,765
other loans wholly repayable within five years	5,082,181	11,194,629
Imputed interest expense on non-current interest-free		
advances from associates	30,542,872	57,153,890
	<u>213,402,700</u>	<u>493,254,284</u>
Less: Amounts capitalised to properties under development	<u>(53,211,025)</u>	<u>(138,642,872)</u>
	<u>160,191,675</u>	<u>354,611,412</u>

11. SHARE OF RESULTS OF ASSOCIATES

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

12. PROFIT BEFORE TAXATION

	2010 HK\$	2009 HK\$
Profit before taxation has been arrived at after charging (crediting):		
Staff costs including Directors' remuneration:		
Staff salaries and other benefits	852,337,002	764,334,999
Retirement benefit scheme contributions	<u>34,812,244</u>	<u>29,627,956</u>
Total staff costs	<u>887,149,246</u>	<u>793,962,955</u>
Release of prepaid lease payments (included in administrative expenses)	5,018,324	5,096,684
Auditor's remuneration		
– audit services		
– current year provision	3,790,347	3,341,454
– under(over)provision of previous years	81,369	(88,612)
– non audit services	656,765	610,580
Cost of hotel inventories consumed	57,927,959	55,634,006
Cost of properties sold	2,252,941,628	3,412,004,920
Depreciation	38,232,610	37,130,536
Loss on disposal of property, plant and equipment	887,608	415,665
(Reversal) recognition of impairment loss on trade receivables	(137,396,256)	142,866,351
Net exchange gain (included in other income)	(11,766,429)	(13,158,711)
(Gain) loss on disposal of investment properties	<u>(2,187,416)</u>	<u>341,866</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

13. DIRECTORS' EMOLUMENTS

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

2010

	Mr. Robert Ng Chee Siong HK\$	Mr. Raymond Tong Kwok Tung* HK\$	Mr. Yu Wai Wai HK\$	Mr. Thomas Tang Wing Yung HK\$	Mr. Daryl Ng Win Kong HK\$	Mr. Ringo Chan Wing Kwong HK\$	The Honourable Ronald Joseph Arculli HK\$ (Note ii)	Dr. Allan Zeman HK\$	Mr. Adrian David Li Man-kiu HK\$	Dr. Fu Yuning HK\$	Mr. Sunny Yeung Kwong HK\$	Total HK\$
Fees	30,000	6,665	20,000	20,000	30,000	20,000	60,000	190,000	190,000	180,000	35,417	782,082
Other emoluments												
Salaries and other benefits	1,226,760	797,164	5,186,106	5,995,677	758,857	2,927,850	-	-	-	-	3,058,483	19,950,897
Retirement benefit scheme contributions	12,000	2,000	36,000	18,000	12,000	36,000	-	-	-	-	18,000	134,000
Discretionary bonus (Note i)	-	1,750,000	1,166,963	1,150,000	60,690	450,000	-	-	-	-	605,000	5,182,653
Total emoluments	1,268,760	2,555,829	6,409,069	7,183,677	861,547	3,433,850	60,000	190,000	190,000	180,000	3,716,900	26,049,632

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

2009

	Mr. Robert Ng Chee Siong HK\$	Mr. Raymond Tong Kwok Tung HK\$	Mr. Yu Wai Wai HK\$	Mr. Thomas Tang Wing Yung HK\$	Mr. Daryl Ng Win Kong HK\$	Mr. Ringo Chan Wing Kwong HK\$	The Honourable Ronald Joseph Arculli HK\$ (Note ii)	Dr. Allan Zeman HK\$	Mr. Adrian David Li Man-kiu HK\$	Dr. Fu Yuning HK\$	Mr. Sunny Yeung Kwong HK\$	Total HK\$
Fees	30,000	40,000	20,000	20,000	30,000	20,000	60,000	190,000	190,000	180,000	35,000	815,000
Other emoluments												
Salaries and other benefits	1,226,760	4,121,940	5,130,309	5,811,101	757,294	2,892,690	-	-	-	-	2,908,622	22,848,716
Retirement benefit scheme contributions	12,000	12,000	36,000	18,000	12,000	36,000	-	-	-	-	18,000	144,000
Discretionary bonus (Note i)	-	343,495	636,525	450,045	60,690	135,000	-	-	-	-	242,000	1,867,755
Total emoluments	1,268,760	4,517,435	5,822,834	6,299,146	859,984	3,083,690	60,000	190,000	190,000	180,000	3,203,622	25,675,471

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\$1,666,664 (2009: HK\$1,666,664) was paid to Ronald Arculli and Associates, of which The Honourable Ronald Joseph Arculli, GBM, CVO, GBS, OBE, JP is the sole proprietor.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2010

14. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2009: three) are Executive Directors of the Company whose emoluments are included in Note 13 above. The emoluments of the remaining three (2009: two) individuals disclosed pursuant to the Listing Rules are as follows:

	2010	2009
	HK\$	HK\$
Salaries and other emoluments (including basic salaries, housing allowances, other allowances and benefits in kind)	9,161,367	7,649,148
Retirement benefit scheme contributions	72,000	36,000
Discretionary bonus	3,220,378	1,000,000
	12,453,745	8,685,148

The emoluments of the remaining three (2009: two) individuals were within the following bands:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

15. INCOME TAX EXPENSE

	2010	2009
	HK\$	HK\$
The charge comprises:		
Taxation attributable to the Company and its subsidiaries		
Hong Kong Profits Tax		
Provision for the year calculated at 16.5% (2009: 16.5%)	429,941,907	543,492,572
(Over)underprovision in previous years	(4,506,856)	950,030
	425,435,051	544,442,602
Taxation in other jurisdictions		
Provision for the year	62,052,756	30,600,859
Under(over)provision in previous years	2,615,106	(1,637,809)
	64,667,862	28,963,050
	490,102,913	573,405,652
Deferred taxation (Note 35)		
Current year	492,418,174	147,339,441
	982,521,087	720,745,093

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

15. INCOME TAX EXPENSE (Continued)

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

	2010 HK\$	2009 HK\$
Profit before taxation	7,185,402,452	4,499,076,794
Tax at Hong Kong Profits Tax rate of 16.5% (2009: 16.5%)	1,185,591,405	742,347,671
Tax effect of share of results of associates	(149,320,493)	5,193,607
Tax effect of expenses not deductible for tax purpose	55,556,924	59,291,880
Tax effect of income not taxable for tax purpose	(33,492,367)	(43,938,871)
Overprovision in previous years	(1,891,750)	(687,779)
Tax effect of tax losses not recognised	13,429,186	61,036,410
Tax effect of deferred taxation assets not recognised	25,226,440	87,666,250
Utilisation of tax losses previously not recognised	(85,457,634)	(59,009,876)
Utilisation of deferred taxation assets previously not recognised	(94,221,786)	(134,107,541)
Effect of different tax rates of subsidiaries operating in other jurisdictions	67,101,162	2,953,342
Tax charge for the year	982,521,087	720,745,093

Details of deferred taxation are set out in Note 35.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

16. DIVIDENDS

	2010 <i>HK\$</i>	2009 <i>HK\$</i>
Dividends recognised as distribution during the year:		
Final dividend for the year ended 30th June, 2009: HK30 cents (2009: HK30 cents for the year ended 30th June, 2008) per share	1,445,407,061	1,449,941,031
Interim dividend for the year ended 30th June, 2010: HK10 cents (2009: HK10 cents for the year ended 30th June, 2009) per share	488,504,578	481,103,219
	1,933,911,639	1,931,044,250

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

	2010 Interim dividend <i>HK\$</i>	2009 Final dividend <i>HK\$</i>
Dividends:		
Cash	174,117,924	343,042,994
Scrip alternatives	314,386,654	1,102,364,067
	488,504,578	1,445,407,061

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

17. EARNINGS PER SHARE

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

	2010 <i>HK\$</i>	2009 <i>HK\$</i>
Earnings for the purpose of basic earnings per share	6,093,689,617	3,730,647,312
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	4,863,731,677	4,841,434,303

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 30th June, 2010

18. INVESTMENT PROPERTIES

	Investment properties in Hong Kong held under long leases HK\$	Investment properties in Hong Kong held under medium- term leases HK\$	Investment properties in the People's Republic of China held under medium- term leases HK\$	Investment properties under redevelopment in Hong Kong HK\$	Investment property under construction in the People's Republic of China HK\$	Investment properties in Singapore held under a long lease HK\$	Investment properties under construction in Singapore HK\$	Total HK\$
THE GROUP								
FAIR VALUE								
At 1st July, 2008	2,535,992,392	29,401,457,501	–	250,000,000	–	682,137,750	–	32,869,587,643
Exchange realignment	–	–	–	–	–	(42,872,248)	–	(42,872,248)
Additions	300,000	44,849,462	–	1,751,115	–	41,118,203	–	88,018,780
Transfer from long lease to medium-term lease	(960,992,392)	960,992,392	–	–	–	–	–	–
Transfer from properties under development upon completion	362,709,477	3,351,886,390	–	–	–	245,197,458	–	3,959,793,325
Disposals	–	(5,926,661)	–	–	–	–	–	(5,926,661)
Adjustments in construction costs	–	(4,760,473)	–	–	–	–	–	(4,760,473)
Increase (decrease) in fair value	5,799,804	793,345,775	–	(1,751,115)	–	(103,562,788)	–	693,831,676
At 30th June, 2009	1,943,809,281	34,541,844,386	–	250,000,000	–	822,018,375	–	37,557,672,042
Reclassified from properties under development (Note 2)	–	–	–	–	179,494,954	–	169,406,076	348,901,030
Exchange realignment	–	–	–	–	–	30,820,256	7,001,431	37,821,687
Additions	–	20,998,933	16,218,000	14,946,537	85,463,368	4,489,924	94,520,500	236,637,262
Acquisition of subsidiary (Note 39)	–	567,316,401	–	–	–	–	–	567,316,401
Transfer from completed properties to investment properties under redevelopment	(129,000,000)	–	–	129,000,000	–	–	–	–
Transfer from properties under development upon completion	–	26,822,666	8,095,570	–	–	–	–	34,918,236
Transfer from investment properties under construction upon completion	–	–	–	–	–	270,928,007	(270,928,007)	–
Disposals	–	(8,352,279)	–	–	–	–	–	(8,352,279)
Adjustments in construction costs	(1,289,825)	(8,989,235)	–	–	–	–	–	(10,279,060)
Increase (decrease) in fair value	305,780,544	1,876,907,888	16,948,430	65,053,463	453,791,678	(155,740,862)	–	2,562,741,141
At 30th June, 2010	2,119,300,000	37,016,548,760	41,262,000	459,000,000	718,750,000	972,515,700	–	41,327,376,460

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

18. INVESTMENT PROPERTIES (Continued)

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

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

19. HOTEL PROPERTIES

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

The hotel properties are depreciated on a straight-line basis over the relevant terms of the leases of 60 to 96 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

20. PROPERTY, PLANT AND EQUIPMENT

	Computer systems HK\$	Furniture, fixtures and equipment HK\$	Leasehold improvements HK\$	Motor vehicles HK\$	Plant and machinery HK\$	Total HK\$
THE GROUP						
COST						
At 1st July, 2008	54,423,829	129,562,194	32,849,385	17,686,828	5,138,568	239,660,804
Exchange realignment	(850,504)	(6,968,189)	(1,118)	(280,852)	–	(8,100,663)
Additions	9,234,838	15,634,519	1,939,761	466,628	541,376	27,817,122
Disposals	(743,234)	(1,962,442)	(55,880)	(543,800)	(22,092)	(3,327,448)
At 30th June, 2009	62,064,929	136,266,082	34,732,148	17,328,804	5,657,852	256,049,815
Exchange realignment	573,863	4,453,962	6,761	169,700	–	5,204,286
Acquisition of subsidiary (Note 39)	1,419,259	11,264,340	–	–	–	12,683,599
Additions	4,222,983	74,694,733	8,593,128	1,308,722	1,320,163	90,139,729
Disposals	(5,281,801)	(1,890,246)	(4,749,471)	(1,183,192)	(1,018,912)	(14,123,622)
At 30th June, 2010	62,999,233	224,788,871	38,582,566	17,624,034	5,959,103	349,953,807
DEPRECIATION						
At 1st July, 2008	39,663,310	70,092,796	25,998,286	11,155,046	3,897,554	150,806,992
Exchange realignment	(706,022)	(4,345,542)	(238)	(142,243)	–	(5,194,045)
Provided for the year	6,438,780	14,461,578	3,338,401	1,829,648	798,550	26,866,957
Eliminated on disposals	(531,818)	(1,517,361)	(48,429)	(543,800)	(21,740)	(2,663,148)
At 30th June, 2009	44,864,250	78,691,471	29,288,020	12,298,651	4,674,364	169,816,756
Exchange realignment	388,383	2,841,384	2,951	99,125	–	3,331,843
Provided for the year	7,071,086	15,541,763	2,904,205	1,873,477	735,311	28,125,842
Eliminated on disposals	(5,090,567)	(1,030,012)	(4,345,092)	(1,183,192)	(1,002,538)	(12,651,401)
At 30th June, 2010	47,233,152	96,044,606	27,850,084	13,088,061	4,407,137	188,623,040
CARRYING VALUES						
At 30th June, 2010	15,766,081	128,744,265	10,732,482	4,535,973	1,551,966	161,330,767
At 30th June, 2009	17,200,679	57,574,611	5,444,128	5,030,153	983,488	86,233,059

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

20. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

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

21. PREPAID LEASE PAYMENTS

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

22. SUBSIDIARIES/AMOUNTS DUE FROM/TO SUBSIDIARIES

	THE COMPANY	
	2010	2009
	HK\$	HK\$
Investments in subsidiaries:		
Unlisted shares, at cost	220,412,432	219,775,471
Less: impairment losses recognised	(44,950,822)	(44,950,822)
	175,461,610	174,824,649
Advance to a subsidiary	5,225,631,896	5,140,555,699
	5,401,093,506	5,315,380,348

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

22. SUBSIDIARIES/AMOUNTS DUE FROM/TO SUBSIDIARIES (Continued)

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

Particulars of the Company's principal subsidiaries at 30th June, 2010 and 2009 are set out in Note 47.

23. ASSOCIATES/AMOUNTS DUE FROM/TO ASSOCIATES

	THE COMPANY		THE GROUP	
	2010 HK\$	2009 HK\$	2010 HK\$	2009 HK\$
Interests in associates:				
Unlisted shares, at cost	518,714,342	518,711,342	2,059,212,918	2,087,730,743
Share of post-acquisition profits	—	—	5,653,222,160	4,945,446,164
	<u>518,714,342</u>	<u>518,711,342</u>	<u>7,712,435,078</u>	<u>7,033,176,907</u>
Advances to associates less provision	—	—	11,472,718,600	9,937,488,304
	<u>518,714,342</u>	<u>518,711,342</u>	<u>19,185,153,678</u>	<u>16,970,665,211</u>

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

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

Particulars of the principal associates at 30th June, 2010 and 2009 are set out in Note 48.

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

	2010 HK\$	2009 HK\$
Total assets	94,304,720,236	86,377,126,533
Total liabilities	(71,816,212,623)	(67,077,880,605)
Net assets	22,488,507,613	19,299,245,928
Group's share of net assets of associates	7,569,936,362	6,890,678,191
Turnover	3,308,785,088	3,708,403,984
Profit for the year	3,974,937,041	158,472,160
Group's share of results of associates for the year	904,972,687	(31,476,405)

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

In respect of MII case, the effective share of the additional tax attributable to the Group as at 30th June, 2010 is estimated to be approximately HK\$57,483,000 (2009: HK\$51,929,000). Together with the advice from their tax advisors, management of MII confirmed that it is his intention to vigorously contest the relevant assessments issued by the IRD. The management of MII is of the opinion that the outcome of these assessments/objections cannot presently be estimated. The management is also of the opinion that the payment of the additional tax is not probable and, therefore, no provision for any liabilities has been made by MII.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

24. JOINTLY CONTROLLED ENTITY

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

25. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	THE COMPANY		THE GROUP	
	2010 HK\$	2009 HK\$	2010 HK\$	2009 HK\$
Listed investments:				
Equity securities listed in				
Hong Kong	610,961,060	555,940,439	675,640,056	605,257,293
Singapore	332,985,620	320,850,126	394,684,493	366,106,693
	943,946,680	876,790,565	1,070,324,549	971,363,986
Unlisted securities:				
Equity securities	19,949,305	19,949,305	30,898,490	30,898,952
Club debenture	300,000	300,000	300,000	300,000
	20,249,305	20,249,305	31,198,490	31,198,952
Total	964,195,985	897,039,870	1,101,523,039	1,002,562,938

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

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

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

26. ADVANCES TO INVESTEE COMPANIES

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 30th June, 2010

27. LONG-TERM LOANS RECEIVABLE

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

27. LONG-TERM LOANS RECEIVABLE (Continued)

Movements in the allowance for doubtful debts

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

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

28. TRADING SECURITIES

Trading securities comprise:

	THE COMPANY		THE GROUP	
	2010	2009	2010	2009
	HK\$	HK\$	HK\$	HK\$
Listed investments:				
Equity securities listed in Hong Kong	754,291,789	747,853,394	757,003,790	750,526,394
Equity securities listed elsewhere	173,540	125,721	173,540	125,721
	<u>754,465,329</u>	<u>747,979,115</u>	<u>757,177,330</u>	<u>750,652,115</u>
Total	754,465,329	747,979,115	757,177,330	750,652,115

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

29. ACCOUNTS AND OTHER RECEIVABLES

At 30th June, 2010, included in accounts and other receivables of the Group are trade receivables of HK\$563,964,076 (2009: HK\$903,664,894). Trade receivables mainly comprise rental receivables and properties sales receivables.

	THE GROUP	
	2010	2009
	HK\$	HK\$
Trade receivables	587,687,817	1,064,784,891
Less: Allowance for doubtful debts	(23,723,741)	(161,119,997)
	563,964,076	903,664,894
Other receivables	443,587,759	577,108,783
	1,007,551,835	1,480,773,677

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

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

	2010	2009
	HK\$	HK\$
0 – 30 days	467,689,046	462,683,272
31 – 60 days	20,895,066	396,756,029
61 – 90 days	4,150,424	4,274,869
Over 90 days	71,229,540	39,950,724
	563,964,076	903,664,894

Movements in the allowance for doubtful debts

	2010	2009
	HK\$	HK\$
Balance at the beginning of the year	161,119,997	18,253,646
Impairment losses (reversed) recognised on trade receivables	(137,396,256)	142,866,351
Balance at the end of the year	23,723,741	161,119,997

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

29. ACCOUNTS AND OTHER RECEIVABLES (Continued)

Ageing of trade receivables which are past due but not impaired

	THE GROUP	
	2010	2009
	HK\$	HK\$
Overdue within 30 days	127,421,430	462,581,482
Overdue between 31 days to 60 days	20,895,066	396,756,029
Overdue between 61 days to 90 days	4,150,424	4,274,869
Overdue more than 90 days	71,229,540	39,950,724
	223,696,460	903,563,104

For those past due but not impaired receivables, although no collateral is held, the Group has assessed the creditworthiness, past payment history and substantial settlement after the end of the reporting period, and considers that the amounts are still recoverable and no further credit provision is required in excess of allowance for doubtful debts. Trade receivables over 90 days amounting to HK\$71,229,540 (2009: HK\$39,950,724) are sufficiently covered by rental deposits received from the respective tenants and no allowance is required for these receivables under the Group's allowance policy.

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

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

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

31. ACCOUNTS AND OTHER PAYABLES

At 30th June, 2010, included in accounts and other payables of the Group are trade payables of HK\$90,212,596 (2009: HK\$106,833,637).

The accounts and other payables of the Group are unsecured and repayable on demand. At 30th June, 2010, out of the payables, HK\$26,385,727 (2009: HK\$19,920,927) bear interest at 2% to 7% (2009: 7%) per annum and the remaining balance of HK\$3,474,946,738 (2009: HK\$4,533,646,947) 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

31. ACCOUNTS AND OTHER PAYABLES (Continued)

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

	THE GROUP	
	2010	2009
	HK\$	HK\$
0 – 30 days	65,096,716	72,371,006
31 – 60 days	11,958,400	9,351,768
61 – 90 days	2,800,783	5,490,893
Over 90 days	10,356,697	19,619,970
	<u>90,212,596</u>	<u>106,833,637</u>

32. BANK BORROWINGS

	THE GROUP	
	2010	2009
	HK\$	HK\$
Short-term bank loans		
Secured	4,314,363,282	6,541,151,569
Unsecured	200,000,000	1,198,662,306
	<u>4,514,363,282</u>	<u>7,739,813,875</u>
Total short-term bank loans		
Long-term unsecured bank loans		
More than two years but not exceeding three years	495,797,034	–
	<u>495,797,034</u>	<u>–</u>
Long-term secured bank loans		
Within one year	212,636,143	189,564,460
More than one year but not exceeding two years	4,520,571,485	3,742,148,396
More than two years but not exceeding three years	2,288,500,171	4,638,248,721
More than three years but not exceeding four years	6,896,599,740	1,733,740,811
	<u>13,918,307,539</u>	<u>10,303,702,388</u>
Less: Current portion shown under current liabilities	(212,636,143)	(189,564,460)
	<u>13,705,671,396</u>	<u>10,114,137,928</u>
Total bank loans – due after one year	14,201,468,430	10,114,137,928
	<u>14,201,468,430</u>	<u>10,114,137,928</u>
Total bank loans	18,928,467,855	18,043,516,263
	<u>18,928,467,855</u>	<u>18,043,516,263</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

32. BANK BORROWINGS (Continued)

The Company does not have any borrowings at the end of the reporting period.

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

33. SHARE CAPITAL

	2010		2009	
	Number of ordinary shares of HK\$1.00 each	Nominal value HK\$	Number of ordinary shares of HK\$1.00 each	Nominal value HK\$
Authorised:				
At 1st July and at 30th June	<u>6,000,000,000</u>	<u>6,000,000,000</u>	<u>6,000,000,000</u>	<u>6,000,000,000</u>
Issued and fully paid:				
At 1st July	4,839,469,538	4,839,469,538	4,878,702,770	4,878,702,770
Issue of shares in lieu of cash dividends	97,419,152	97,419,152	39,782,768	39,782,768
Cancellation upon repurchase of own shares	<u>(34,198,000)</u>	<u>(34,198,000)</u>	<u>(79,016,000)</u>	<u>(79,016,000)</u>
At 30th June	<u>4,902,690,690</u>	<u>4,902,690,690</u>	<u>4,839,469,538</u>	<u>4,839,469,538</u>

During the year, 34,198,000 (2009: 79,016,000) ordinary shares repurchased on the Stock Exchange were cancelled. The nominal value of HK\$34,198,000 (2009: HK\$79,016,000) of all the shares cancelled during the year was credited to capital redemption reserve and the relevant aggregate consideration of HK\$487,757,764 (2009: HK\$673,755,737) was paid out from the Company's retained profits.

On 3rd December, 2009 and 26th April, 2010, the Company issued and allotted 75,962,242 ordinary shares and 21,456,910 ordinary shares of HK\$1.00 each at an issue price of HK\$14.512 and HK\$14.652 per share in lieu of cash for the 2009 final and 2010 interim dividends respectively.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

34. SHARE PREMIUM AND RESERVES

	Share premium <i>HK\$</i>	Investment revaluation reserve <i>HK\$</i>	Capital redemption reserve <i>HK\$</i>	Retained profits <i>HK\$</i>	Total <i>HK\$</i>
THE COMPANY					
At 1st July, 2008	20,831,496,959	379,835,415	388,692,000	14,497,355,632	36,097,380,006
Profit for the year	–	–	–	408,326,047	408,326,047
Loss on fair value changes of available-for-sale investments	–	(292,499,704)	–	–	(292,499,704)
Impairment loss on available-for-sale investments transfer to income statement	–	97,000,000	–	–	97,000,000
Total comprehensive (expense) income for the year	–	(195,499,704)	–	408,326,047	212,826,343
Premium on issue of shares upon scrip dividends	338,821,174	–	–	–	338,821,174
Share issue expenses	(40,983)	–	–	–	(40,983)
Cancellation upon repurchase of own shares	–	–	79,016,000	(673,755,737)	(594,739,737)
Final dividend – 2008	–	–	–	(1,449,941,031)	(1,449,941,031)
Interim dividend – 2009	–	–	–	(481,103,219)	(481,103,219)
At 30th June, 2009	21,170,277,150	184,335,711	467,708,000	12,300,881,692	34,123,202,553
Profit for the year	–	–	–	3,917,078,176	3,917,078,176
Gain on fair value changes of available-for-sale investments	–	61,300,745	–	–	61,300,745
Reclassification adjustments upon disposal of available-for-sale investments	–	(4,653,833)	–	–	(4,653,833)
Total comprehensive income for the year	–	56,646,912	–	3,917,078,176	3,973,725,088
Premium on issue of shares upon scrip dividends	1,319,331,569	–	–	–	1,319,331,569
Share issue expenses	(60,000)	–	–	–	(60,000)
Cancellation upon repurchase of own shares	–	–	34,198,000	(487,757,764)	(453,559,764)
Final dividend – 2009	–	–	–	(1,445,407,061)	(1,445,407,061)
Interim dividend – 2010	–	–	–	(488,504,578)	(488,504,578)
At 30th June, 2010	22,489,548,719	240,982,623	501,906,000	13,796,290,465	37,028,727,807

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

35. DEFERRED TAXATION

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

	Accelerated tax depreciation <i>HK\$</i>	Revaluation of investment properties <i>HK\$</i>	Undistributed profits of associates <i>HK\$</i>	Tax losses <i>HK\$</i>	Others <i>HK\$</i>	Total <i>HK\$</i>
At 1st July, 2008	362,143,218	2,625,017,502	18,156,344	(177,331,927)	(425,350)	2,827,559,787
Exchange realignment	-	-	(11,889)	-	(6,641,989)	(6,653,878)
Charged (credited) to profit or loss for the year	20,705,678	93,075,341	(7,492,388)	34,488,881	6,561,929	147,339,441
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)	(505,410)	2,959,629,548
Exchange realignment	-	-	109,880	-	3,522,763	3,632,643
Charged (credited) to profit or loss for the year	92,921,950	407,831,397	7,137,178	(12,616,007)	(2,856,344)	492,418,174
At 30th June, 2010	475,770,846	3,125,924,240	9,283,323	(155,459,053)	161,009	3,455,680,365

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

At 30th June, 2010, the Group had unused tax losses of HK\$1,722,566,532 (2009: HK\$2,082,641,931) available for offset against future profits. A deferred taxation asset has been recognised in respect of HK\$942,176,079 (2009: HK\$865,715,430) of such losses. No deferred taxation asset has been recognised in respect of the remaining HK\$780,390,453 (2009: HK\$1,216,926,501) due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

36. ADVANCES FROM ASSOCIATES

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

37. ADVANCES FROM NON-CONTROLLING INTERESTS

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

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

38. JOINTLY CONTROLLED OPERATIONS

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

39. ACQUISITION OF ASSETS AND LIABILITIES THROUGH PURCHASE OF SUBSIDIARY

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

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

The net assets acquired in the transaction are as follows:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

40. MAJOR NON-CASH TRANSACTIONS

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

41. PLEDGE OF ASSETS

- (a) At 30th June, 2010, the aggregate facilities of bank loans amounting to approximately HK\$27,029,704,000 (2009: HK\$18,995,755,000) were secured by certain of the Group's properties, restricted bank deposits and floating charges on bank balances amounting to a total of HK\$50,434,715,761 (2009: HK\$45,899,792,579). At that date, the facilities were utilised to the extent of approximately HK\$18,280,538,000 (2009: HK\$16,888,808,000).

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

	2010	2009
	HK\$	HK\$
Investment properties	26,929,339,000	24,297,090,000
Hotel properties	1,416,100,684	866,755,233
Prepaid lease payments	1,140,730,175	430,213,042
Property, plant and equipment	829,348	666,837
Properties under development	19,472,879,412	18,109,155,455
Stocks of completed properties	945,280,367	626,473,450
Accounts and other receivables	13,107,707	15,534,709
Pledged bank balances	428,707,597	1,351,917,434
Others	87,741,471	201,986,419
	<u>50,434,715,761</u>	<u>45,899,792,579</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

42. CONTINGENT LIABILITIES

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

	THE COMPANY		THE GROUP	
	2010 HK\$	2009 HK\$	2010 HK\$	2009 HK\$
Guarantees in respect of banking facilities of:				
Subsidiaries				
– Utilised	18,237,587,564	17,718,908,000	–	–
– Unutilised	7,613,816,436	2,526,947,000	–	–
	25,851,404,000	20,245,855,000	–	–
Associates				
– Utilised	7,683,750,000	7,233,300,000	7,683,750,000	7,233,300,000
– Unutilised	3,150,800,000	3,080,000,000	3,150,800,000	3,080,000,000
	10,834,550,000	10,313,300,000	10,834,550,000	10,313,300,000

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

As at 30th June, 2010, the Company issued corporate financial guarantees to banks in respect of banking facilities granted to subsidiaries and associates. At the end of the reporting period, an amount of HK\$124,712,497 (2009: HK\$124,687,000) and HK\$8,869,482 (2009: HK\$16,445,575), respectively, has been recognised in the Company's statement of financial position as liabilities.

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

	THE COMPANY		THE GROUP	
	2010 HK\$	2009 HK\$	2010 HK\$	2009 HK\$
Share of contingent liabilities (Note 23)	–	–	57,483,000	51,929,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

43. OPERATING LEASE ARRANGEMENTS**The Group as lessor**

Property rental income earned during the year, net of outgoings of HK\$307,791,010 (2009: HK\$280,410,519), was HK\$1,612,036,054 (2009: HK\$1,498,727,311). Most of the properties held have committed tenants with rental fixed for an average term of two years.

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

	2010	2009
	HK\$	HK\$
Within one year	1,516,431,881	1,232,359,602
In the second to fifth year inclusive	1,696,371,369	1,281,916,996
After five years	62,983,234	33,343,259
	<u>3,275,786,484</u>	<u>2,547,619,857</u>

The Group as lessee

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

44. 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.

45. PROPERTIES UNDER DEVELOPMENT

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

46. RELATED PARTY DISCLOSURES

The Group had the following transactions with related parties:

(a) Related companies

	2010	2009
	HK\$	HK\$
Service fee received therefrom (Note i)	121,452,440	121,961,295
Rental paid thereto (Note i)	40,828,821	47,366,409
Consultancy fee paid thereto (Note ii)	1,666,664	1,666,664

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

46. RELATED PARTY DISCLOSURES (Continued)

(b) Associates

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

Certain of the above related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules and their details are disclosed on pages 45 to 54 in the Directors' report.

Details of the outstanding balances with subsidiaries, associates, a jointly controlled entity, a related company and non-controlling interests at the end of the reporting period are set out in the statements of financial position and in Notes 22, 23, 24, 31, 36 and 37.

In addition, as set out in Notes 41 and 42, the Company and the Group have granted guarantees and pledged certain assets to banks for facilities granted to the group entities and associates.

Compensation of key management personnel

The remuneration of Directors during the year was as follows:

	2010 HK\$	2009 HK\$
Short-term benefits	25,915,632	25,531,471
Retirement benefit scheme contributions	<u>134,000</u>	<u>144,000</u>
	<u>26,049,632</u>	<u>25,675,471</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

47. PRINCIPAL SUBSIDIARIES

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

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

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
				2010 %	2009 %	
Direct:						
Best Result Cleaning Services Limited	Hong Kong	Ordinary	HK\$2	100	100	Cleaning services
Fu King Investment Limited	Hong Kong	Ordinary	HK\$1,000,000	100	100	Investment holding
Glorypark Limited	Hong Kong	Ordinary	HK\$1,000	100	100	Property investment
Hong Kong Elite Limited	Hong Kong	Ordinary	HK\$2	100	100	Property investment
King Chance Development Limited	Hong Kong	Ordinary	HK\$2	100	100	Investment holding
Landscape Investment Limited	Hong Kong/ The People's Republic of China, other than Hong Kong ("PRC")	Ordinary	HK\$2	100	100	Property development
Prime Reward Finance Limited	Hong Kong	Ordinary	HK\$2	100	100	Financing

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*
For the year ended 30th June, 2010

47. PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
				2010 %	2009 %	
<i>Direct: (Continued)</i>						
Serenity Park Building Management Limited	Hong Kong	Ordinary	HK\$10	100	100	Building management
Sharp Rise Company Limited	Hong Kong	Ordinary	HK\$2	100	100	Property trading
Sing-Ho Finance Company Limited	Hong Kong	Ordinary	HK\$30,000,000	100	100	Financing
Sino Administration Services Limited	Hong Kong	Ordinary	HK\$3	100	100	Administration services
Sino Estates Management Limited	Hong Kong	Ordinary	HK\$5,500,000	100	100	Building management
Sino Estates Services Limited	Hong Kong	Ordinary	HK\$20	100	100	Building management
Sino Land (Fuzhou) Co., Ltd. <i>(Note i)</i>	PRC	Registered	HK\$50,000,000	100	100	Property development
Sino Security Services Limited	Hong Kong	Ordinary	HK\$2	100	100	Security services
World Ace Limited	Hong Kong	Ordinary	HK\$2	100	100	Property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

47. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
				2010 %	2009 %	
<i>Indirect:</i>						
Ackerley Estates Limited	Hong Kong	Ordinary	HK\$20,000,000	100	100	Property investment
Active Success Development Limited	Hong Kong	Ordinary	HK\$2	100	100	Property trading and investment
Advance Profit Limited	Hong Kong	Ordinary	HK\$2	100	100	Property trading and investment
Alfaso Investment Limited	Hong Kong	Ordinary	HK\$20,000	100	100	Property investment
Allways Success Finance Limited	Hong Kong	Ordinary	HK\$10	100	100	Mortgage loan financing
Ample Way Limited	Hong Kong	Ordinary	HK\$2	100	100	Property investment
Apex Speed Limited	Hong Kong	Ordinary	HK\$2	100	100	Property trading and investment
Beauty Plaza Limited	Hong Kong	Ordinary	HK\$20,000	100	100	Property investment
Benefit Bright Limited	Hong Kong	Ordinary	HK\$2	100	100	Property trading and investment
Best Origin Limited	Hong Kong	Ordinary	HK\$2	100	100	Property investment
Bestone Limited	Hong Kong	Ordinary	HK\$2	100	100	Property development
Central Wisdom Limited	Hong Kong	Ordinary	HK\$2	100	N/A	Property development
Century Profit Limited	Hong Kong	Ordinary	HK\$2	100	100	Property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

47. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
				2010 %	2009 %	
<i>Indirect: (Continued)</i>						
Champion Asia Investments Limited	Hong Kong	Ordinary	HK\$2	100	N/A	Property investment
Champion Rise Limited	Hong Kong	Ordinary	HK\$2	100	100	Property investment
Champion Top Development Limited	Hong Kong	Ordinary	HK\$2	100	100	Property development
Cheer Result Limited	Hong Kong	Ordinary	HK\$2	100	100	Property trading and investment
Citywalk Management Company Limited	Hong Kong	Ordinary	HK\$2	100	100	Building management
Citywalk 2 Management Company Limited	Hong Kong	Ordinary	HK\$2	100	N/A	Building management
Dragon (Hong Kong) Limited	Hong Kong	Ordinary	HK\$2	100	100	Property development
e.Sino Company Limited	Hong Kong	Ordinary	HK\$2	100	100	Investment holding
Elegant Lane Limited	Hong Kong	Ordinary	HK\$2	100	100	Property investment
Entertainment City Limited	Hong Kong	Ordinary	HK\$4,500,000	100	100	Property investment
Ever Champion Development Limited	Hong Kong	Ordinary	HK\$2	100	100	Property trading

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

47. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
				2010 %	2009 %	
<i>Indirect: (Continued)</i>						
Falcon City Limited	Hong Kong	Ordinary	HK\$2	100	100	Property trading and investment
Famous General Limited	Hong Kong	Ordinary	HK\$2	100	100	Property investment
Famous Palace Properties Limited	Hong Kong	Ordinary	HK\$20,000	100	100	Property investment
Far Gain Limited	Hong Kong	Ordinary	HK\$10,000	100	100	Property investment
Firm Wise Investment Limited	Hong Kong	Ordinary	HK\$10	70	70	Property investment
Forlink Limited	Hong Kong	Ordinary	HK\$2	100	100	Property investment
Fortune Garden Inc.	Republic of Liberia/ Hong Kong	Registered/ Bearer	US\$1	100	100	Share investment
Free Champion Limited	Hong Kong	Ordinary	HK\$2	100	100	Property investment
Full Fair Limited	Hong Kong	Ordinary	HK\$2	100	100	Property trading and investment
Fullerton Hotels & Resorts Pte. Ltd.	Singapore	Ordinary	S\$10,000	100	100	Management services
Fung Yuen Construction Company Limited	Hong Kong	Ordinary	HK\$1,000,000	100	100	Building construction

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

47. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
				2010 %	2009 %	
<i>Indirect: (Continued)</i>						
Global Honest Finance Limited	Hong Kong	Ordinary	HK\$2	100	100	Mortgage loan financing
Globaland Development Limited	Hong Kong	Ordinary	HK\$2	100	100	Property trading and investment
Golden Leaf Investment Limited	Hong Kong	Ordinary	HK\$20,000	100	100	Property investment
Golden Paradise (Hong Kong) Limited	Hong Kong	Ordinary	HK\$2	100	N/A	Financing
Good Champion Development Limited	Hong Kong	Ordinary	HK\$2	100	N/A	Property investment
Grace Rays Limited	Hong Kong	Ordinary	HK\$2	100	100	Property investment
Grand Creator Investment (BVI) Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$10	60	60	Investment holding
Grand Creator Investment Limited	Hong Kong	Ordinary	HK\$2	60	60	Property trading
Grand Empire Investment Limited	Hong Kong	Ordinary	HK\$2	100	100	Project management
Grand Start Holdings Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	100	N/A	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

47. PRINCIPAL SUBSIDIARIES (Continued)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

47. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
				2010 %	2009 %	
<i>Indirect: (Continued)</i>						
Jade Line Limited	Hong Kong	Ordinary	HK\$2	100	100	Property investment
Jade Mate Limited	Hong Kong	Ordinary	HK\$2	100	100	Property investment
Jade Pine Limited	Hong Kong	Ordinary	HK\$20,000	100	100	Property investment
Jade Queen Properties Limited	Hong Kong	Ordinary	HK\$2	100	100	Property investment
Jet Rise Limited	Hong Kong	Ordinary	HK\$2	100	100	Property investment
King Century Limited	Hong Kong	Ordinary	HK\$2	100	100	Property investment
King Regent Limited	Hong Kong	Ordinary	HK\$1	85	N/A	Property development
Kingdom Investment Limited	Hong Kong	Ordinary	HK\$2	100	100	Property trading and investment
Kingsfield International Investments Limited	Hong Kong	Ordinary	HK\$1	100	100	Property investment
Land Success Development Limited	Hong Kong	Ordinary	HK\$2	100	100	Property trading and investment
Lucky Fortress Inc.	Republic of Liberia/ Hong Kong	Registered/ Bearer	US\$1	100	100	Share investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

47. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
				2010 %	2009 %	
<i>Indirect: (Continued)</i>						
Mackey Limited	Hong Kong	Ordinary	HK\$100	100	100	Property trading
Mander Investment Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	100	100	Share investment
Masswell International Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	100	N/A	Investment holding
Mega Sino Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	100	100	Investment holding
Morbest Profits Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	100	100	Share investment
Multipurpose Investment Limited	Hong Kong	Ordinary	HK\$20,000	100	100	Property trading and investment
Nice Scene International Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	100	100	Investment holding
Ocean Century Limited	Hong Kong	Ordinary	HK\$2	100	100	Financing
Ocean Treasure (Hong Kong) Limited	Hong Kong	Ordinary	HK\$2	100	100	Property trading and investment
Octerworth Enterprises Limited	Hong Kong	Ordinary	HK\$20,000	100	100	Property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

47. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
				2010 %	2009 %	
<i>Indirect: (Continued)</i>						
Olympian City 1 (Project Management) Limited	Hong Kong	Ordinary	HK\$2	100	100	Project management
Olympian City 2 Finance Company Limited	Hong Kong	Ordinary	HK\$1,000	100	100	Mortgage loan financing
Olympian City 2 (Project Management) Limited	Hong Kong	Ordinary	HK\$2	100	100	Project management
Orient Harvest International Limited	Hong Kong	Ordinary	HK\$2	100	100	Property trading
Peace Success Development Limited	Hong Kong	Ordinary	HK\$2	100	100	Property trading
Perfect Sun Properties Limited	Hong Kong	Ordinary	HK\$2	100	100	Property trading and investment
Precious Land Pte. Limited	Singapore	Ordinary	S\$2	100	100	Property investment
Precious Quay Pte. Ltd.	Singapore	Ordinary	S\$10,000	100	100	Property investment and development
Precious Treasure Pte Ltd	Singapore	Ordinary	S\$20,000,000	100	100	Hotel operation and property investment
Premium Living Limited	Hong Kong	Ordinary	HK\$2	100	100	Premium living services
Pridegate (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	100	100	Property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

47. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
				2010 %	2009 %	
<i>Indirect: (Continued)</i>						
Prime Harvest (Administration Services) Limited	Hong Kong	Ordinary	HK\$2	100	100	Consultant services provider
Prime Harvest Development Limited	Hong Kong	Ordinary	HK\$2	100	100	Property trading and investment
Primewin Properties Limited	Hong Kong	Ordinary	HK\$2	100	100	Property investment
Profit Land Limited	Hong Kong	Ordinary	HK\$2	100	100	Decoration services provider
Rainbow City Limited	Hong Kong	Ordinary	HK\$2	100	100	Property development
Rankchief Company Limited	Hong Kong	Ordinary	HK\$200	100	100	Property trading
Real Maker Development Limited	Hong Kong	Ordinary	HK\$200,000	90	90	Property investment
Regent Profit Investment Limited	Hong Kong	Ordinary	HK\$2	100	100	Property trading and investment
Region One Investment Limited	Hong Kong	Ordinary	HK\$2	100	100	Property investment
Residence Oasis Finance Company Limited	Hong Kong	Ordinary	HK\$2	60	60	Mortgage loan financing
Rich Tact International (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	100	100	Property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

47. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
				2010 %	2009 %	
<i>Indirect: (Continued)</i>						
Rich Treasure Investments Limited	Hong Kong	Ordinary	HK\$1	100	100	Mortgage loan financing
Rickson Investment Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	100	100	Investment holding
Roystar Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	100	100	Investment holding
Ruddiman Trading Company Limited	Hong Kong	Ordinary	HK\$100,000	100	100	Investment holding
Saky Investment (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	100	100	Property investment
Shine Harvest International Limited	Hong Kong	Ordinary	HK\$2	100	100	Property development
Sidak Investment Limited	Hong Kong	Ordinary	HK\$20,000	100	100	Property trading and investment
Silver Palm Limited	Hong Kong	Ordinary	HK\$2	100	100	Property trading and investment
Silver Target Limited	Hong Kong	Ordinary	HK\$2	100	100	Property trading and investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

47. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
				2010 %	2009 %	
<i>Indirect: (Continued)</i>						
Sincere Development Limited	Hong Kong	Ordinary	HK\$2	100	100	Property development
Sino (Xiamen) Realty Development Co., Ltd.	PRC	Registered	HK\$20,000,000	100	100	Property development and investment
Sino Land Finance Limited	Hong Kong	Ordinary	HK\$2	100	100	Deposit placing
Sino Land Investment (Holdings) Ltd.	Cayman Islands/ Hong Kong	Ordinary	US\$6,000,000	100	100	Investment holding
Sino Land (Guangzhou) Company Limited (Note i)	PRC	Registered	US\$3,200,000	100	100	Property trading and investment
Sino Land (Zhangzhou) Company Limited (Note i)	PRC	Registered	HK\$94,150,000	100	100	Property development
Standard Union Investment Limited	Hong Kong	Ordinary	HK\$2	100	100	Share investment
Success One Investment Limited	Hong Kong	Ordinary	HK\$2	100	100	Property investment
Success United Limited	Hong Kong	Ordinary	HK\$2	100	100	Financing
Sunfairs International Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	100	N/A	Investment holding
Sunny Force Limited	Hong Kong	Ordinary	HK\$2	100	100	Property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

47. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
				2010 %	2009 %	
<i>Indirect: (Continued)</i>						
Sunrise Investment Limited	Hong Kong	Ordinary	HK\$2	100	100	Property investment
Super One Investment Limited	Hong Kong	Ordinary	HK\$2	100	100	Property investment
Thousand Growth Development Limited	Hong Kong	Ordinary	HK\$20,000	100	100	Property investment
Timeshare Development (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	100	100	Property investment
Top Gallant Limited	Hong Kong	Ordinary	HK\$1	100	N/A	Property development
Trans China Investment Limited	Hong Kong	Ordinary	HK\$2	100	100	Property investment
Triple Reach International (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	100	100	Property investment
Triumph One Limited	Hong Kong	Ordinary	HK\$10,000	100	100	Property trading and investment
Union Century (Hong Kong) Limited	Hong Kong	Ordinary	HK\$2	100	N/A	Property investment
Union Development Limited	Hong Kong	Ordinary	HK\$2	100	100	Property trading
Union Harvest Investments Limited	Hong Kong	Ordinary	HK\$2	100	100	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

47. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
				2010 %	2009 %	
<i>Indirect: (Continued)</i>						
Union Rich Development Limited	Hong Kong	Ordinary	HK\$2	100	N/A	Property investment
Union Treasure Limited	Hong Kong	Ordinary	HK\$2	100	100	Financing
Union Vision Limited	Hong Kong	Ordinary	HK\$2	100	100	Property investment
Vantage Plus Investments Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$100	85	N/A	Investment holding
Vasilon Pte Ltd	Singapore	Ordinary	S\$2	100	100	Investment holding
Weiland Development Company Limited	Hong Kong	Ordinary	HK\$33,140,000	100	100	Property investment
Well Growth International Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	100	100	Investment holding
Wendia Limited	Hong Kong	Ordinary	HK\$20	100	100	Property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*
For the year ended 30th June, 2010

47. PRINCIPAL SUBSIDIARIES *(Continued)*

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

Notes:

- (i) *Wholly foreign owned enterprises established in the PRC.*
- (ii) *None of the subsidiaries had issued any debt securities at 30th June, 2010 and 2009.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

48. PRINCIPAL ASSOCIATES

The Directors are of the opinion that a complete list of all associates will be of excessive length and therefore the following list contains only the particulars of associates at 30th June, 2010 and 2009 which materially affected 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 by the Company				Principal activities
			2010		2009 Total %		
			Directly %	Indirectly %		Total %	
Ace Glory Limited	Hong Kong	Ordinary	–	25	25	25	Property development
Asian Success Investments Limited	Hong Kong	Ordinary	–	33.3	33.3	33.3	Property trading
Astoria Estate Management Company Limited	Hong Kong	Ordinary	–	50	50	50	Building management
Best Profit Limited	Hong Kong	Ordinary	–	50	50	50	Property development
Better Chief Limited	Hong Kong	Ordinary	50	–	50	50	Property investment
Beverhill Limited	Hong Kong	Ordinary	–	20	20	20	Property investment
Boatswain Enterprises Limited	Hong Kong	Ordinary	–	20	20	20	Property investment
Brisbane Trading Company Limited	Hong Kong	Ordinary and non-voting deferred	–	50	50	50	Property trading
Century Rise Limited	Hong Kong	Ordinary	–	50	50	50	Property development
Cheer City Properties Limited	Hong Kong	Ordinary	–	20	20	20	Property investment
Chongqing Champion Globe Company Limited	PRC	Registered	–	50	50	50	Property development
Chongqing Champion King Company Limited	PRC	Registered	–	50	50	50	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 30th June, 2010

48. 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 by the Company				Principal activities
			2010			2009	
			Directly %	Indirectly %	Total %	Total %	
Chongqing Sino Land Company Limited	PRC	Registered	–	50	50	50	Property development
C.H.K.C. Building Management Limited	Hong Kong	Ordinary	–	25	25	25	Building management
Cosmos Door Limited	Hong Kong	Ordinary	–	50	50	50	Property investment
Credit World Limited	Hong Kong	Ordinary	–	20	20	20	Property trading
Direct Win Development Limited	Hong Kong	Ordinary	–	33.3	33.3	33.3	Property trading
Dramstar Company Limited	Hong Kong	Ordinary	–	22	22	22	Property trading
Empire Funds Limited	Hong Kong	Ordinary	–	50	50	50	Property trading
Enterprico Investment Limited	Hong Kong	Ordinary	–	50	50	50	Financing
Eternal Honest Finance Company Limited	Hong Kong	Ordinary	–	50	50	50	Mortgage loan financing
Famous Empire Finance Limited	Hong Kong	Ordinary	–	40	40	40	Mortgage loan financing
Famous Empire Properties Limited	Hong Kong	Ordinary	–	40	40	40	Property trading and investment
Finedale Industries Limited	Hong Kong	Ordinary	–	33.3	33.3	33.3	Property investment
Full Raise International Limited	British Virgin Islands/ Hong Kong	Ordinary	–	25	25	25	Investment holding
Gloryland Limited	Hong Kong	Ordinary	–	33.3	33.3	33.3	Property investment
Golden Famous International Limited	Hong Kong	Ordinary	–	25	25	25	Property trading

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2010

48. 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 by the Company				Principal activities
			2010			2009	
			Directly %	Indirectly %	Total %	Total %	
Grace Sign Limited	Hong Kong	Ordinary	–	30	30	30	Property trading
Grand Palisades Finance Company Limited	Hong Kong	Ordinary	–	20	20	20	Mortgage loan financing
Grand Rise Investments Limited	Hong Kong	Ordinary	–	50	50	50	Property investment
Greenroll Limited	Hong Kong	Ordinary	–	30	30	30	Hotel operation
Hua Qing Holdings Pte Ltd	Singapore	Ordinary	–	23.5	23.5	23.5	Investment holding
Island Resort Estate Management Company Limited	Hong Kong	Ordinary	–	40	40	40	Building management
Jet Fame (Hong Kong) Limited	Hong Kong	Ordinary	–	50	50	50	Property investment
Lead Bright Finance Limited	Hong Kong	Ordinary	–	20	20	20	Mortgage loan financing
Lead Bright Limited	Hong Kong	Ordinary	–	20	20	20	Property trading
Million Success Limited	Hong Kong	Ordinary	–	25	25	25	Property investment
More Treasure Company Limited	Hong Kong	Ordinary	–	25	25	25	Property investment
Murdoch Investments Inc.	Republic of Panama/ Hong Kong	Ordinary	–	45	45	45	Property investment
Nimble Limited	British Virgin Islands/ Hong Kong	Ordinary	–	45	45	45	Investment holding
Orient Field Holdings Limited	Hong Kong	Ordinary	–	50	50	N/A	Property investment
Pacific Bond Limited	Hong Kong	Ordinary	–	35	35	35	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*
For the year ended 30th June, 2010

48. 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 by the Company				Principal activities
			2010			2009	
			Directly %	Indirectly %	Total %	Total %	
Prime Force Limited	Hong Kong	Ordinary	–	50	50	50	Property trading
Pui Hay Enterprises Limited	Hong Kong	Ordinary	–	50	50	50	Property trading
Rich Century Investment Limited	Hong Kong	Ordinary	50	–	50	50	Property investment
Silver Link Investment Limited	Hong Kong	Ordinary	–	40	40	40	Property trading and investment
Sino Parking Services Limited	Hong Kong	Ordinary	50	–	50	50	Carpark operation
Sino Real Estate Agency Limited	Hong Kong	Ordinary	50	–	50	50	Real estate agency
Tat Lee Construction Company Limited	Hong Kong	Ordinary	25	–	25	25	Building construction
Teamer International Limited	Hong Kong	Ordinary	–	35	35	35	Property development
Union King (Hong Kong) Limited	Hong Kong	Ordinary	–	45	45	45	Property development
Union Top Properties Limited	Hong Kong	Ordinary	–	50	50	N/A	Property investment
Victory World Limited	Hong Kong	Ordinary	–	50	50	50	Property trading and investment
Wide Harvest Investment Limited	Hong Kong	Ordinary	–	25	25	25	Property investment
Win Chanford Enterprises Limited	Hong Kong	Ordinary	5	45	50	50	Property investment
Wisekey Investment Limited	British Virgin Islands/ Hong Kong	Ordinary	–	50	50	50	Investment holding
深圳中海信和地產開發有限公司	PRC	Registered	–	50	50	50	Property trading
中海信和(成都)物業發展有限公司	PRC	Registered	–	20	20	20	Property development and trading

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

In accordance with Rule 13.22 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Company discloses the following statement of indebtedness, capital commitments and contingent liabilities reported on by the affiliated companies as at the end of the most recent financial period. This information has been extracted from the relevant audited financial statements of the affiliated companies.

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

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

MAJOR PROPERTIES HELD BY THE GROUP

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment/own use							
HONG KONG							
1. No. 1 Chatham Path Mid-levels, Hong Kong	2072	100.0%	–	7,800	R	Completed	Existing
2. 15 Shek O Headland, Hong Kong	2047	100.0%	2,970	2,228	R	Completed	Existing
3. 20-24 Staunton Street Central, Hong Kong	2844	100.0%	3,313	22,098 <u>8,283</u> <u>30,381</u>	R C	Completed	Existing
4. 148 Electric Road North Point, Hong Kong	2047	100.0%	13,160	197,400	C	Completed	Existing
5. Bayview Park 3 Hong Man Street, Chai Wan, Hong Kong	2047	100.0%	17,122	82,260	R	Completed	Existing
6. Central Plaza 18 Harbour Road, Wan Chai, Hong Kong	2047	10.0%	77,824	140,000	C	Completed	Existing
7. The Centrium 60 Wyndham Street, Central, Hong Kong	2047	70.0%	17,061	179,138	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment/own use							
HONG KONG							
8. Conrad Hong Kong Pacific Place, 88 Queensway, Hong Kong	2047	30.0%	–	165,506	H	Completed	Existing
9. Fraser Suites Hong Kong 74-80 Johnston Road, Wan Chai, Hong Kong	2047	100.0%	5,353	46,331 <u>11,777</u> 58,108	R C	Completed	Existing
10. Harbour Centre Harbour Road & Fleming Road, Hong Kong	2128	16.7%	32,626	40,167	C	Completed	Existing
11. The Hennessy 256 Hennessy Road, Wan Chai, Hong Kong	2127	100.0%	4,791	71,862	C	Completed	Existing
12. Hollywood Centre 233 Hollywood Road, Hong Kong	2128	50.0%	6,706	47,705	C	Completed	Existing
13. Island Resort Mall 28 Siu Sai Wan Road, Chai Wan, Hong Kong	2047	40.0%	275,470	75,676 <u>53,602*</u> 129,278	C P	Completed	Existing
* 480 carparks							
14. Marina House 68 Hing Man Street, Shau Kei Wan, Hong Kong	2047	100.0%	7,818	119,298	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment/own use							
HONG KONG							
15. One Capital Place 18 Luard Road, Wan Chai, Hong Kong	2127	100.0%	5,315	73,443	C	Completed	Existing
16. Pacific Palisades 1 Braemar Hill Road, Hong Kong	2047	20.0%	165,550	93,550	R	Completed	Existing
17. Pacific Plaza 418 Des Voeux Road West, Hong Kong	2860	100.0%	9,450	164,460	C	Completed	Existing
18. 25/F United Centre Queensway, Hong Kong	2128	50.0%	–	10,225	C	Completed	Existing
KOWLOON							
19. No. 1 Hung To Road Kwun Tong, Kowloon	2047	33.3%	60,970	179,404	I	Completed	Existing
20. The Astrid 180 Argyle Street, Kowloon	2047	100.0%	61,118	17,467	R	Completed	Existing
21. Cameron Plaza 23 Cameron Road, Tsim Sha Tsui, Kowloon	2038	100.0%	5,413	65,550	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment/own use							
KOWLOON							
22. China Hong Kong City 33 Canton Road, Tsim Sha Tsui, Kowloon	2135	25.0%	165,334	359,433	C	Completed	Existing
23. Corporation Square 8 Lam Lok Street, Kowloon Bay, Kowloon	2047	100.0%	21,745	155,910	I	Completed	Existing
24. Exchange Tower 33 Wang Chiu Road, Kowloon Bay, Kowloon	2055	100.0%	50,752	609,027	C	Completed	Existing
25. Fullerton Centre 19 Hung To Road, Kwun Tong, Kowloon	2047	100.0%	10,394	114,334	I	Completed	Existing
26. Futura Plaza 111-113 How Ming Street, Kwun Tong, Kowloon	2047	100.0%	18,783	225,396	C	Completed	Existing
27. Hong Kong Pacific Centre 28 Hankow Road, Tsim Sha Tsui, Kowloon	2039	100.0%	18,028	232,606	C	Completed	Existing
28. Kent Court 137 Boundary Street, Kowloon	2047	100.0%	–	3,072	R	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment/own use							
KOWLOON							
29. Kwun Tong Harbour Plaza 182 Wai Yip Street, Kwun Tong, Kowloon	2047	100.0%	31,018	156,770 <u>198,758*</u> <u>355,528</u>	C P	Completed	Existing
* 474 carparks							
30. Kwun Tong Plaza 68 Hoi Yuen Road, Kwun Tong, Kowloon	2047	100.0%	25,995	941 <u>192,694*</u> <u>193,635</u>	C P	Completed	Existing
* 366 carparks							
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	100.0%	5,385	80,775	C	Completed	Existing
34. One Madison 305 Castle Peak Road, Kowloon	2047	100.0%	7,200	12,800	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment/own use							
KOWLOON							
35. One New York 468 Castle Peak Road, Kowloon	2047	100.0%	6,448	9,621	C	Completed	Existing
36. One SilverSea 18 Hoi Fai Road, Kowloon	2052	100.0%	112,484	112,483	C	Completed	Existing
37. Parmanand House 51-52 Haiphong Road, Kowloon	2863	100.0%	1,800	18,043	C	Completed	Existing
38. Remington Centre 23 Hung To Road, Kwun Tong, Kowloon	2047	100.0%	10,370	114,103	I	Completed	Existing
39. Skyline Tower 39 Wang Kwong Road, Kowloon Bay, Kowloon	2047	50.0%	68,986	413,915	C	Completed	Existing
40. Sunshine Plaza Shopping Arcade, 17 Sung On Street, Hung Hom, Kowloon	2047	100.0%	26,598	58,887	C	Completed	Existing
41. Tsim Sha Tsui Centre Salisbury Road, Tsim Sha Tsui, Kowloon	2127	45.0%	42,835	231,309	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment/own use							
KOWLOON							
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	100.0%	21,110	238,187	I/O	Completed	Existing
44. Yau Tong Industrial City 17 Ko Fai Road, Yau Tong, Kowloon	2047	90.0%	100,580	464,627	I	Completed	Existing
NEW TERRITORIES							
45. Avon Park Shopping Mall, 15 Yat Ming Street, Fanling, New Territories	2047	100.0%	145,649	101,980	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

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment/own use							
NEW TERRITORIES							
48. Golden Plaza 28 Shui Che Kwun Street, Yuen Long, New Territories	2047	100.0%	21,420	32,178 <u>173,571*</u> <u>205,749</u>	C P	Completed	Existing
							* 438 carparks
49. Grand Regentville Shopping Arcade, 9 Wo Mun Street, Fanling, New Territories	2049	100.0%	131,448	71,462 <u>148,292*</u> <u>219,754</u>	C P	Completed	Existing
							* 415 carparks
50. Lake Silver Shopping Arcade, 599 Sai Sha Road, Ma On Shan, New Territories	2055	Joint Venture	367,601	43,056 [†]	C	Completed	Existing
51. Mansfield Industrial Centre 19 Hong Yip Street, Tung Tau, Yuen Long, New Territories	2047	100.0%	52,582	111,253	I	Completed	Existing
52. Maritime Bay Shopping Mall, 18 Pui Shing Road, Tseung Kwan O, New Territories	2047	100.0%	64,261	57,316	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment/own use							
NEW TERRITORIES							
53. Oceania Heights Shopping Mall, 2 Hoi Chu Road, Tuen Mun, New Territories	2052	100.0%	65,552	29,082	C	Completed	Existing
54. The Palazzo Shopping Arcade, 28 Lok King Street, Shatin, New Territories	2053	Joint Venture	287,258	21,528 [†]	C	Completed	Existing
55. Parklane Centre 25 Kin Wing Street, Tuen Mun, New Territories	2047	100.0%	26,522	84,988 <u>166,976*</u> <u>251,964</u>	I P	Completed	Existing
* 116 carparks							
56. Ping Wui Centre 13-17 Ping Wui Street, Yuen Long, New Territories	2047	100.0%	20,376	20,401 <u>173,267*</u> <u>193,668</u>	C P	Completed	Existing
* 450 carparks							
57. Rosedale Gardens Shopping Arcade, 133 Castle Peak Road, Tuen Mun, New Territories	2047	100.0%	29,956	35,213	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment/own use							
NEW TERRITORIES							
58. Shatin Galleria 18-24 Shan Mei Street, Fo Tan, Shatin, New Territories	2047	100.0%	38,234	268,798 <u>93,691*</u> <u>362,489</u>	C P	Completed	Existing
				* 268 carparks			
59. Springdale Villas Shopping Arcade, 80 Ma Tin Road, Yuen Long, New Territories	2047	100.0%	45,273	39,668 <u>87,102*</u> <u>126,770</u>	C P	Completed	Existing
				* 261 carparks			
60. Sunley Centre 9 Wing Yin Street, Tsuen Wan, New Territories	2047	100.0%	17,362	170,570	I	Completed	Existing
61. Tuen Mun Town Plaza, Phase I 1 Tuen Shun Street & 1 Tuen Shing Street, Tuen Mun, New Territories	2047	100.0%	262,715	853,553 <u>157,335*</u> <u>1,010,888</u>	C P	Completed	Existing
				* 525 carparks			
62. The Waterside Shopping Mall, 15 On Chun Street, Ma On Shan, Shatin, New Territories	2047	40.0%	69,428	22,772	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment/own use							
MAINLAND CHINA							
63. Greenfields Chuangye Road, Guangzhou Economic & Technology Development District, Guangzhou	2054	100.0%	53,131	14,931 <u>12,861*</u> <u>27,792</u>	C P	Completed	Existing
				* 52 carparks			
64. Park Place 130 Jia He Lu, Xiamen	2039	100.0%	44,118	10,689	C	Completed	Existing
65. Raffles City Shanghai Plot 105 A&B, 228 Xizang Road Central, Huangpu District, Shanghai	2044 2046	22.4%	163,624	301,145	C	Completed	Existing
OVERSEAS – SINGAPORE							
66. Clifford Pier 80 Collyer Quay, Singapore	2067	100.0%	70,397	13,731	C	Completed	Existing
67. Customs House 70 Collyer Quay, Singapore	2067	100.0%	44,348	14,822	C	Completed	Existing
68. The Fullerton Hotel Singapore 1 Fullerton Square, Singapore	2096	100.0%	139,469	466,423	H	Completed	Existing
69. The Fullerton Bay Hotel 80 Collyer Quay, Singapore	2067	100.0%	38,965	79,087	H	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment/own use							
OVERSEAS – SINGAPORE							
70. The Fullerton Waterboat House 3 Fullerton Road, Singapore	2032	100.0%	16,921	21,743	C	Completed	Existing
71. One Fullerton 1 Fullerton Road, Singapore	2096	100.0%	92,646	80,433	C	Completed	Existing
Properties held for sale							
HONG KONG							
1. Far East Finance Centre 16 Harcourt Road, Hong Kong	2130	19.1%	34,595	9,869	C	Completed	Existing
2. Island Resort 28 Siu Sai Wan Road, Chai Wan, Hong Kong	2047	40.0%	275,470	6,279	R	Completed	Existing
KOWLOON							
3. Chevalier Commercial Centre Wang Hoi Road, Kowloon Bay, Kowloon	2047	33.3%	44,350	11,588	C	Completed	Existing
4. Hewlett Centre 54 Hoi Yuen Road, Kwun Tong, Kowloon	2047	100.0%	38,000	15,099	I	Completed	Existing
5. Kowloon Plaza 485 Castle Peak Road, Cheung Sha Wan, Kowloon	2047	100.0%	19,375	25,702	I	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties held for sale							
KOWLOON							
6. Metro Centre 32 Lam Hing Street, Kowloon Bay, Kowloon	2047	100.0%	27,125	18,395	I	Completed	Existing
7. One New York 468 Castle Peak Road, Kowloon	2047	100.0%	6,448	21,256	R	Completed	Existing
8. One SilverSea 18 Hoi Fai Road, Kowloon	2052	100.0%	112,484	8,493	R	Completed	Existing
9. Pan Asia Centre 137 Wai Yip Street, Kwun Tong, Kowloon	2047	100.0%	5,760	66,512	I	Completed	Existing
10. Westin Centre 26 Hung To Road, Kwun Tong, Kowloon	2047	50.0%	17,280	103,576	I	Completed	Existing
NEW TERRITORIES							
11. The Balmoral 1 Ma Shing Path, Tai Po, New Territories	2055	100.0%	63,603	114,486	R	Completed	Existing
12. Cambridge Plaza 188 San Wan Road, Sheung Shui, New Territories	2047	100.0%	–	174,358	I	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties held for sale							
NEW TERRITORIES							
13. The Dynasty 18 Yeung Uk Road, Tsuen Wan, New Territories	2054	Joint Venture	77,823	5,880 [†]	R	Completed	Existing
14. Goodwood Park 138 Hang Tau Road, Kwu Tung, Sheung Shui, New Territories	2054	100.0%	61,032	14,378	R	Completed	Existing
15. Lake Silver 599 Sai Sha Road, Ma On Shan, New Territories	2055	Joint Venture	367,601	182,029 [†]	R	Completed	Existing
16. Lincoln Centre 20 Yip Fung Street, Fanling, New Territories	2047	100.0%	21,163	61,144	I	Completed	Existing
17. The Palazzo 28 Lok King Street, Shatin, New Territories	2053	Joint Venture	287,258	171,344 [†]	R	Completed	Existing
18. Poly Centre 15 Yip Fung Street, Fanling, New Territories	2047	100.0%	18,191	10,430	I	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties held for sale							
NEW TERRITORIES							
19. Raleigh Centre 9 Yip Cheong Street, Fanling, New Territories	2047	100.0%	10,194	8,386	I	Completed	Existing
20. Sea Crest Terrace Mui Wo, Lantau Island, New Territories	2047	100.0%	7,976	800 <u>7,498</u> <u>8,298</u>	R C	Completed	Existing
21. St. Andrews Place 38 Kam Chui Road, Beas Stable, Sheung Shui, New Territories	2050	100.0%	247,281	9,696	R	Completed	Existing
22. Technology Plaza 29-35 Sha Tsui Road, Tsuen Wan, New Territories	2047	100.0%	20,000	15,468	I	Completed	Existing
23. Vision City 1 Yeung Uk Road, Tsuen Wan, New Territories	2052	Joint Venture	207,659	8,919 [†]	R	Completed	Existing
MAINLAND CHINA							
24. Chengdu International Community Xipu Zhen, Pi Xian, Jin Niu District, Chengdu, Sichuan	2074	20.0%	14,253,628	127,373	R	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties under development							
HONG KONG							
1. Aberdeen, Hong Kong Aberdeen Inland Lot. 451	2057	35.0%	68,922	225,359	R	Basement works in progress	July 2012
2. 38 Repulse Bay Road, Hong Kong Rural Building Lot No. 380 (*)	2084	100.0%	16,176	12,132	R	Foundation works in progress	September 2012
3. 53 Conduit Road, Hong Kong The Remaining Portion of Inland Lot No. 2138 and Inland Lot No. 2613	2065	100.0%	24,930	60,421	R	Foundation works in progress	September 2012
4. Lee Tung Street/McGregor Street Project, Wan Chai, Hong Kong Inland Lot No. 9018	2059	Joint Venture	88,500	731,392 <u>99,568</u> <u>830,960[†]</u>	R C	Foundation works in progress	September 2013
KOWLOON							
5. The Hermitage 1 Hoi Wang Road, South West Kowloon, Kowloon Inland Lot No. 11167 and Kowloon Inland Lot No. 11168	2055	50.0%	146,131	474,921 <u>73,065</u> <u>547,986</u>	R C	Superstructure works in progress	September 2010
6. 270-274 Cheung Sha Wan Road, Kowloon Remaining Portion of New Kowloon Inland Lot No. 1069	2047	100.0%	4,490	32,247 <u>6,873</u> <u>39,120</u>	R C	Superstructure works in progress	December 2010

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties under development							
KOWLOON							
7. 18 Kowloon East 18 Wang Chiu Road, Kowloon Bay, Kowloon New Kowloon Inland Lot No. 5856 (*)	2047	50.0%	29,063	174,376	C	Sub-structure & Superstructure works in progress	December 2010
8. Baker Court, Hung Hom, Kowloon Kowloon Inland Lot No. 11181	2058	Joint Venture	2,982	22,357 4,467 <u>26,824[†]</u>	R C	Superstructure works in progress	April 2011
9. 1 Broadcast Drive, Kowloon Tong, Kowloon New Kowloon Inland Lot No. 6374	2056	100.0%	65,531	196,592	R	Superstructure works in progress	October 2011
10. 12-18 Hau Wong Road, Kowloon City, Ma Tau Kok, Kowloon (*)	2047	100.0%	3,967	25,890 9,861 <u>35,751</u>	R C	Foundation works in progress	December 2011
11. Beech Street/Ivy Street, West Kowloon, Kowloon Kowloon Inland Lot No. 11192	2058	Joint Venture	25,058	187,939 37,588 <u>225,527[†]</u>	R C	Superstructure works in progress	January 2012
12. Junction of Hoi Wang Road, Yan Cheung Road and Yau Cheung Road, West Kowloon Reclamation Area, Kowloon Kowloon Inland Lot No. 11073	2057	45.0%	86,757	253,767 39,041 <u>292,808</u>	R C	Superstructure works in progress	February 2012

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties under development							
KOWLOON							
13. Yuet Wah Street and Hip Wo Street, Kwun Tong, Kowloon New Kowloon Inland Lot No. 6499	2059	Joint Venture	46,565	232,825 [†]	R	Ground investigation works completed	November 2013
NEW TERRITORIES							
14. Pak Shek Kok Reclamation Phase I Site A, Tai Po, New Territories Tai Po Town Lot No. 187	2057	50.0%	107,941	161,912 <u>10,791</u> <u>172,703</u>	R C	Basement works in progress	December 2011
15. Pak Shek Kok Reclamation Phase I Site B, Tai Po, New Territories Tai Po Town Lot No. 186	2057	35.0%	238,164	250,072	R	Basement works in progress	January 2012
16. Pak Shek Kok Reclamation Phase I Site C, Tai Po, New Territories Tai Po Town Lot No. 188	2057	25.0%	214,225	187,447	R	Basement works in progress	January 2012
17. Cheung Sha Lantau Island Lot No. 245 in DD331	2057	100.0%	178,542	71,417	R	Ground investigation works completed	December 2012
18. Pak Shek Kok Development Area Site D1, Tai Po, New Territories Tai Po Town Lot No. 200	2059	100.0%	225,237	675,710 <u>45,047</u> <u>720,757</u>	R C	Planning stage	December 2013

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties under development							
NEW TERRITORIES							
19. Pak Shek Kok Development Area Site D2, Tai Po, New Territories Tai Po Town Lot No. 201	2059	85.0%	225,237	574,354 <u>38,289</u> 612,643	R C	Planning stage	December 2013
MAINLAND CHINA							
20. Sino International Plaza 137 Wu Xi Lu, Fuzhou	2059	100.0%	58,126	499,158	C	Superstructure completed	July 2010
21. Chengdu International Community Xipu Zhen, Pi Xian, Jin Niu District, Chengdu, Sichuan	2074 2044	20.0%	14,253,628	398,734 <u>144,236</u> <u>38,750</u> 581,720	R C H	Superstructure works in progress	December 2011
22. Mandarin Garden West Side of Jia He Lu & North of Song Bai Zhong Lu, Xiamen Lot No. 89-C2	2061 2041	100.0%	33,188	109,769 <u>15,422</u> 125,191	R C	Superstructure works in progress	December 2011
23. Central Park Jia He Lu, South-East Side of Lu Ling Lu, Xiamen Lot No. 90-C5, C6	2068 2046	100.0%	113,904	467,067 <u>51,264</u> 518,331	R C	Superstructure works in progress	August 2012

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2010

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties under development							
MAINLAND CHINA							
24. West of Cheng Kun Railway, East of Sha He, South of Cheng Luo Road, North of Ying Hui Road, Cheng Hua District, Chengdu	2078 2048	100.0%	2,629,306	11,946,530	R	Planning	December
				<u>1,200,000</u>	C	stage	2013
				<u>13,146,530</u>			
25. Regency Park Hu Bin Bei Lu, Xiamen Lot No. 88-C5	2066 2046	100.0%	64,904	486,988	R	Planning	August
				<u>19,504</u>	C	stage	2014
				<u>506,492</u>			
26. 1 Zhong Xing Duan, Qiao Bei Cun, Hua Xin Street, Jiang Bei District, Chongqing	2058 2048	50.0%	2,207,101	4,347,040	R	Planning	December
				807,000	C	stage	2014
				<u>225,960</u>	H		
				<u>5,380,000</u>			
27. Grand Parks, Kaisawangchao at East, Zhanghua Lu at South, Donglinghao Lu at West & Zhangxiang Lu at North Zhangzhou, Fujian Province, 2004G12	2075 2045	100.0%	1,004,199	4,347,002	R	Planning	December
				<u>216,033</u>	C	stage	2015
				<u>4,563,035</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.

Sino Land Company 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\$1.00 each in the capital of the above-named Company, **HEREBY APPOINT** the Chairman of the Meeting or ^(Note 3) _____

of _____
as my/our proxy to act for me/us at the Annual General Meeting (or at any adjournment thereof) of the Company to be held at The Pacific Rooms, 9th Floor, Towers Wing, The Royal Pacific Hotel & Towers, 33 Canton Road, Tsim Sha Tsui, Kowloon on Thursday, the 28th day of October, 2010 at 9:30 a.m. and at such Meeting (or at any adjournment thereof) and in the event of a poll to vote for me/us and in my/our name(s) as indicated below or if no such indication is given, as my/our proxy thinks fit.

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

Dated _____ Signature ^(Note 5) _____

Notes:

1. Full name(s) and address(es) to be inserted in **BLOCK CAPITALS**.
2. Please insert the number of ordinary shares of HK\$1.00 each registered in your name(s). If no number is inserted, this form of proxy will be deemed to relate to all the ordinary shares of the Company registered in your name(s).
3. If any proxy other than the Chairman of the Meeting is preferred, strike out the words "the Chairman of the Meeting or" herein inserted and insert the name and address of the proxy desired in the space provided. **ANY ALTERATION MADE TO THIS FORM OF PROXY MUST BE INITIALLED BY THE PERSON WHO SIGNS IT.**
4. **IMPORTANT: IF YOU WISH TO VOTE FOR A RESOLUTION, TICK IN THE RELEVANT BOX MARKED "FOR". IF YOU WISH TO VOTE AGAINST A RESOLUTION, TICK IN THE RELEVANT BOX MARKED "AGAINST"**. Failure to complete the boxes will entitle your proxy to cast his vote at his discretion. Your proxy will also be entitled to vote at his discretion on any resolution properly put to the Meeting other than those referred to in the Notice convening the Meeting.
5. This form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, must be either under its common seal or under the hand of an officer or attorney duly authorised.
6. In order to be valid, this form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited at the registered office of the Company, 12th Floor, Tsim Sha Tsui Centre, Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or adjourned Meeting (as the case may be).
7. In the case of joint holders, any one of such joint holders may vote at the Meeting, either personally or by proxy, but if more than one of such joint holders be present at the Meeting personally or by proxy, that one of the said persons whose name stands first on the register of members in respect of the relevant shares shall alone be entitled to vote in respect thereof.
8. Any member entitled to attend and vote at the Meeting may appoint one or more proxies to attend and on a poll vote instead of him. The proxy need not be a member of the Company but must attend the Meeting in person to represent you.
9. Completion and deposit of the form of proxy will not preclude you from attending and voting at the Meeting if you so wish.
10. At the Annual General Meeting, the Chairman of the Meeting will put each of the above resolutions to the vote by way of a poll. On a poll, every shareholder who is present in person or by proxy shall have one vote for every share of which he is the holder.



