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*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 83)

## **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).

### **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.

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

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.

<b><u>Location</u></b>	<b><u>Usage</u></b>	<b><u>Group's Interest</u></b>	<b><u>Attributable Gross Floor Area</u></b> <i>(Square feet)</i>
1. Lake Silver No. 599 Sai Sha Road, Wu Kai Sha Station, Ma On Shan, New Territories, Hong Kong	Residential / Retail	Joint Venture	1,858,405

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> (Square feet)
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
			<u>2,285,047</u>

## (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
			<u>1,624,333</u>

### (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

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> (Square feet)
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
			<u>1,287,464</u>

Of the five projects mentioned above, the commercial projects namely Sino International Plaza and 18 Kowloon East and the retail areas in the residential-cum-retail developments namely The Hermitage, 270 – 274 Cheung Sha Wan Road and Baker Court are developed for investment purposes, providing additional stream of recurrent rental income for 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.

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.

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.

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 sundecks. 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.

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.

## **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.

## **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.

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.

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



# Sino Land Company Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 83)

## FINAL RESULTS

The audited results of the Group for the year ended 30th June, 2010 are as follows:

### Consolidated Income Statement

	Notes	2010 HK\$	2009 HK\$
Turnover	2	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		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		138,827,704	226,201,947
Finance costs		(160,191,675)	(354,611,412)
Finance costs net of finance income		(21,363,971)	(128,409,465)
Share of results of associates	3	904,972,687	(31,476,405)
Profit before taxation	4	7,185,402,452	4,499,076,794
Income tax expense	5	(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
Interim dividend at HK10 cents (2009 – HK10 cents) per share		488,504,578	481,103,219
Proposed final dividend at HK30 cents (2009 – HK30 cents) per share		1,470,297,207	1,445,407,061
Earnings per share – basic	6	125.29 cents	77.06 cents

## Consolidated Statement of Comprehensive Income

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

**Consolidated Statement of Financial Position**  
**At 30th June, 2010**

	<i>Notes</i>	2010 HK\$	2009 HK\$
Non-current assets			
Investment properties		<b>41,327,376,460</b>	37,557,672,042
Hotel property		<b>1,416,100,684</b>	866,755,233
Property, plant and equipment		<b>161,330,767</b>	86,233,059
Prepaid lease payments – non-current		<b>1,123,367,152</b>	425,296,321
Associates		<b>19,185,153,678</b>	16,970,665,211
Jointly controlled entity		<b>1,670,104,500</b>	-
Available-for-sale investments		<b>1,101,523,039</b>	1,002,562,938
Advances to investee companies		<b>17,632,820</b>	18,114,871
Long-term loans receivable		<b>43,899,373</b>	63,540,544
		<b><u>66,046,488,473</u></b>	<u>56,990,840,219</u>
Current assets			
Properties under development		<b>20,800,713,801</b>	18,521,080,429
Stocks of completed properties		<b>1,932,395,194</b>	2,696,586,097
Hotel inventories		<b>22,630,641</b>	21,594,351
Prepaid lease payments – current		<b>17,363,023</b>	4,916,722
Trading securities		<b>757,177,330</b>	750,652,115
Amounts due from associates		<b>86,757,552</b>	430,971,757
Accounts and other receivables	7	<b>1,007,551,835</b>	1,480,773,677
Current portion of long-term loans receivable		<b>1,619,111</b>	3,936,331
Taxation recoverable		<b>109,982,603</b>	110,066,643
Restricted bank deposits		<b>372,604,974</b>	364,430,266
Time deposits, bank balances and cash		<b>4,494,666,421</b>	7,798,166,967
		<b><u>29,603,462,485</u></b>	<u>32,183,175,355</u>
Current liabilities			
Accounts and other payables	8	<b>3,501,332,465</b>	4,553,567,874
Amounts due to associates		<b>592,285,885</b>	505,399,107
Taxation payable		<b>932,549,050</b>	728,117,650
Current portion of long-term bank borrowings		<b>212,636,143</b>	189,564,460
Bank loans			
– secured		<b>4,314,363,282</b>	6,541,151,569
– unsecured		<b>200,000,000</b>	1,198,662,306
Financial guarantee contracts – current		<b>7,222,665</b>	7,579,573
		<b><u>9,760,389,490</u></b>	<u>13,724,042,539</u>
Net current assets		<b><u>19,843,072,995</u></b>	<u>18,459,132,816</u>
Total assets less current liabilities		<b><u>85,889,561,468</u></b>	<u>75,449,973,035</u>

**Consolidated Statement of Financial Position – continued**  
**At 30th June, 2010**

	<b>2010</b>	2009
	<b>HK\$</b>	HK\$
Capital and reserves		
Share capital	<b>4,902,690,690</b>	4,839,469,538
Share premium and reserves	<b>60,412,367,380</b>	<u>55,162,426,042</u>
Equity attributable to owners of the		
Company	<b>65,315,058,070</b>	60,001,895,580
Non-controlling interests	<b>378,678,205</b>	<u>296,130,462</u>
Total equity	<b>65,693,736,275</b>	<u>60,298,026,042</u>
Non-current liabilities		
Long-term bank borrowings		
– due after one year	<b>14,201,468,430</b>	10,114,137,928
Financial guarantee contracts		
– non-current	<b>1,646,817</b>	8,866,002
Deferred taxation	<b>3,455,680,365</b>	2,959,629,548
Advances from associates	<b>2,130,277,184</b>	2,067,188,354
Advances from non-controlling interests	<b>406,752,397</b>	<u>2,125,161</u>
	<b>20,195,825,193</b>	<u>15,151,946,993</u>
	<b>85,889,561,468</b>	<u>75,449,973,035</u>

Notes:

## 1. 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

## **1. 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 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 taxation thereon of HK\$113,447,920. In respect of the properties remaining as investment properties under construction as at 30th June, 2010, its fair value is HK\$718,750,000 and fair value gain, net of deferred taxation, of HK\$340,343,758 has been recognised in profit or loss in current year.

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

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

### 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.

## 2. 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 and gain (loss) on disposal of and impairment loss on available-for-sale investments.

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		Segment revenue HK\$	Segment results HK\$
	Revenue HK\$	Results HK\$	Share of revenue HK\$	Share of results HK\$		
Property						
Property sales	4,566,945,534	1,989,158,347	281,732,907	77,476,683	4,848,678,441	2,066,635,030
Property rental	1,919,827,064	1,612,036,054	489,535,593	451,391,115	2,409,362,657	2,063,427,169
	<b>6,486,772,598</b>	<b>3,601,194,401</b>	<b>771,268,500</b>	<b>528,867,798</b>	<b>7,258,041,098</b>	<b>4,130,062,199</b>
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
	<b>7,697,867,707</b>	<b>4,078,102,164</b>	<b>1,022,188,359</b>	<b>618,900,183</b>	<b>8,720,056,066</b>	<b>4,697,002,347</b>

For the year ended 30th June, 2009

	The Company and its subsidiaries		Associates		Segment revenue HK\$	Segment results HK\$
	Revenue HK\$	Results HK\$	Share of revenue HK\$	Share of 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
	<b>9,692,696,496</b>	<b>4,980,995,625</b>	<b>1,127,583,411</b>	<b>644,397,353</b>	<b>10,820,279,907</b>	<b>5,625,392,978</b>

## 2. Operating segments – continued

### Measurement

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.

### 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)
	<b>286,072,504</b>	<b>(675,873,758)</b>
Profit before taxation	<b>7,185,402,452</b>	<b>4,499,076,794</b>

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.

### 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.

### 3. Share of results of associates

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

### 4. Profit before taxation

	<b>2010</b>	2009
	<b>HK\$</b>	HK\$
Profit before taxation has been arrived at after charging (crediting):		
Release of prepaid lease payments	<b>5,018,324</b>	5,096,684
Cost of hotel inventories consumed	<b>57,927,959</b>	55,634,006
Cost of properties sold	<b>2,252,941,628</b>	3,412,004,920
Depreciation	<b>38,232,610</b>	37,130,536
Loss on disposal of property, plant and equipment	<b>887,608</b>	415,665
(Reversal) recognition of impairment loss on trade receivables	<b>(137,396,256)</b>	142,866,351
(Gain) loss on disposal of investment properties	<b>(2,187,416)</b>	341,866

### 5. Income tax expense

	<b>2010</b>	2009
	<b>HK\$</b>	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%)	<b>429,941,907</b>	543,492,572
(Over)underprovision in previous years	<b>(4,506,856)</b>	950,030
	<b>425,435,051</b>	544,442,602
Taxation in other jurisdictions		
Provision for the year	<b>62,052,756</b>	30,600,859
Under(over)provision in previous years	<b>2,615,106</b>	(1,637,809)
	<b>64,667,862</b>	28,963,050
	<b>490,102,913</b>	573,405,652
Deferred taxation		
Current year	<b>492,418,174</b>	147,339,441
	<b>982,521,087</b>	720,745,093

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

## 6. Earnings per share - basic

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

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

## 7. 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 proceeds receivables.

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

	<b>2010</b>	2009
	<b>HK\$</b>	HK\$
0-30 days	<b>467,689,046</b>	462,683,272
31-60 days	<b>20,895,066</b>	396,756,029
61-90 days	<b>4,150,424</b>	4,274,869
Over 90 days	<b><u>71,229,540</u></b>	<u>39,950,724</u>
	<b><u>563,964,076</u></b>	<u>903,664,894</u>

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.

## 8. 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 following is an aged analysis of trade payables at the reporting date:

	<b>2010</b>	2009
	<b>HK\$</b>	HK\$
0-30 days	<b>65,096,716</b>	72,371,006
31-60 days	<b>11,958,400</b>	9,351,768
61-90 days	<b>2,800,783</b>	5,490,893
Over 90 days	<b>10,356,697</b>	19,619,970
	<b><u>90,212,596</u></b>	<u>106,833,637</u>

## 9. 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).
- (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.

## 10. Contingent liabilities

(a) At the end of the reporting period, the Group had contingent liabilities as follows :

	<b>2010</b>	2009
	<b>HK\$</b>	HK\$
Guarantees in respect of banking facilities of:		
Associates		
- Utilised	<b>7,683,750,000</b>	7,233,300,000
- Unutilised	<b>3,150,800,000</b>	3,080,000,000
	<b><u>10,834,550,000</u></b>	<u>10,313,300,000</u>

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.

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

	<b>2010</b>	2009
	<b>HK\$</b>	HK\$
Share of contingent liabilities arising from tax affairs of associates	<b><u>57,483,000</u></b>	<u>51,929,000</u>

## CLOSURE OF REGISTER OF MEMBERS

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 transfer of shares will be effected. The record date for the proposed final dividend is at the close of business on Thursday, 28th October, 2010.

In order to qualify for the proposed final dividend, shareholders should ensure that all transfers accompanied by the relevant share certificates are lodged with the Company's Registrars, Tricor Standard Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 22nd October, 2010.

## 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:

<b>Month of the repurchases</b>	<b>Total number of the ordinary shares repurchased</b>	<b>Highest price paid per share</b>	<b>Lowest price paid per share</b>	<b>Aggregate consideration</b>
		<i>HK\$</i>	<i>HK\$</i>	<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
	<b>33,866,000</b>			<b>484,924,829</b>

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.

## **COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has adopted its own Code on Corporate Governance Practices and during the year has complied with all code provisions of the Code on Corporate Governance Practices 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”) except that there was no separation of the roles of the chairman and the chief executive officer, both of the roles are currently undertaken by the Chairman of the Board.

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.

## **REVIEW OF AUDITED FINANCIAL STATEMENTS**

The audited consolidated financial statements of the Group for the year ended 30th June, 2010 have been reviewed by the audit committee of the Company.

## **2010 ANNUAL REPORT**

The 2010 annual report containing all the information required by the Listing Rules will be published on the website of Hong Kong Exchanges and Clearing Limited and the Company’s website [www.sino.com](http://www.sino.com) while printed copies will be sent to shareholders on or about Monday, 27th September, 2010.

By Order of the Board  
**Eric IP Sai Kwong**  
*Secretary*

Hong Kong, 2nd September, 2010

*As at the date hereof, the Executive Directors of the Company are Mr. Robert Ng Chee Siong, Mr. Yu Wai Wai, Mr. Thomas Tang Wing Yung, Mr. Daryl Ng Win Kong, Mr. Ringo Chan Wing Kwong and Mr. Sunny Yeung Kwong, the Non-Executive Director is The Honourable Ronald Joseph Arculli and the Independent Non-Executive Directors are Dr. Allan Zeman, Mr. Adrian David Li Man-kiu and Dr. Fu Yuning.*