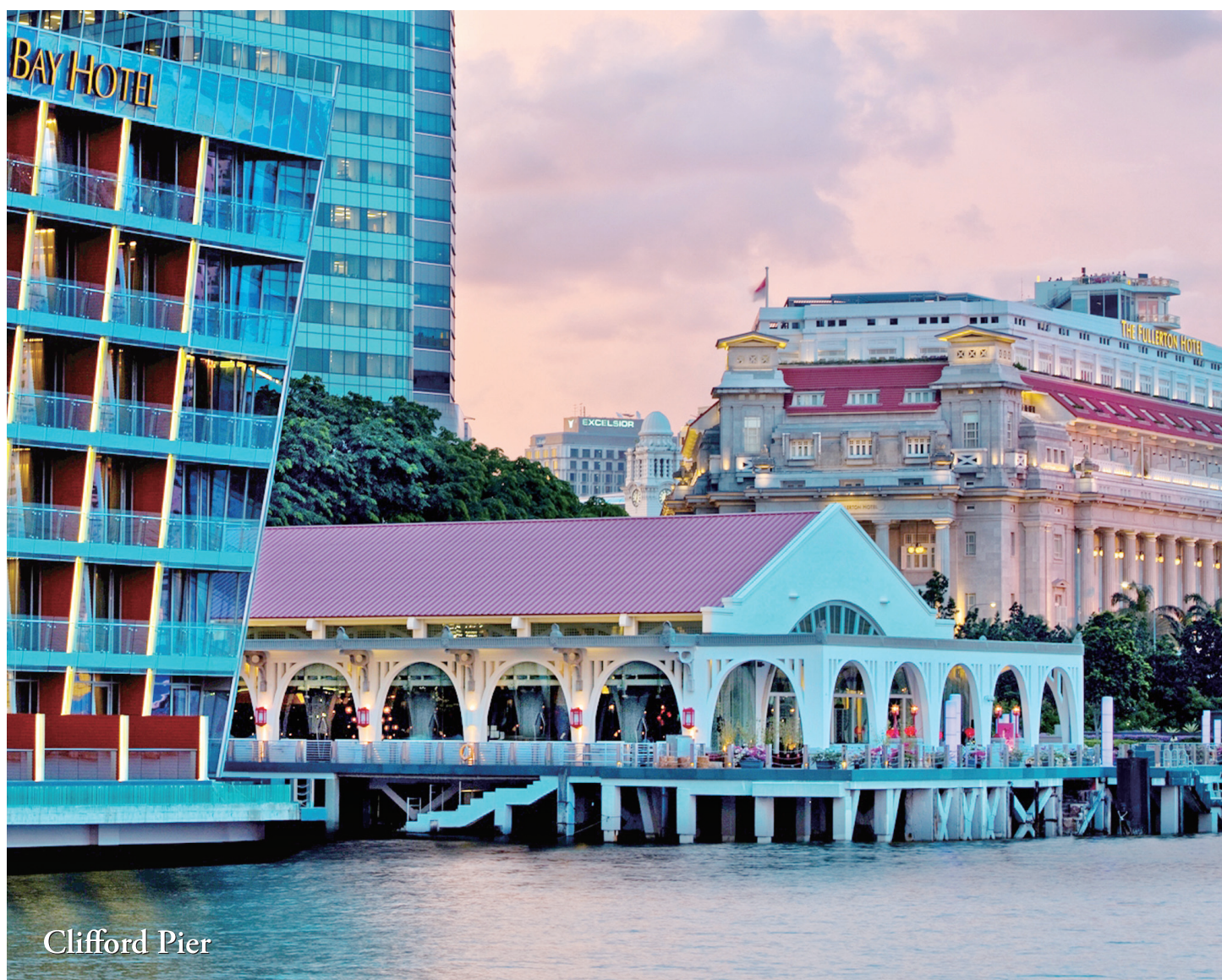


# ANNUAL REPORT 2012



Clifford Pier

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 Share Registrars, Tricor Friendly Limited at 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](http://www.sino.com). Shareholders who have chosen to rely on copies of the Corporate Communications (including but not limited to annual report, summary financial report (where applicable), interim report, summary interim report (where applicable), notice of meeting, listing document, circular and proxy form) posted on the Company’s website in lieu of any or all the printed copies thereof may request printed copy of the Annual Report.

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

Shareholders may at any time choose to change their choice of language and means of receipt (i.e. in printed form or by electronic means through the Company’s website) of all future Corporate Communications from the Company by giving notice in writing by post to the Company’s Share Registrars, Tricor Friendly Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong or by email at [tst247-ecom@hk.tricorglobal.com](mailto:tst247-ecom@hk.tricorglobal.com).

## CONTENTS

<b>CORPORATE INFORMATION</b>	<b>2</b>
<b>NOTICE OF ANNUAL GENERAL MEETING</b>	<b>3</b>
<b>GROUP FINANCIAL SUMMARY</b>	<b>7</b>
<b>CHAIRMAN'S STATEMENT</b>	<b>8</b>
<b>BIOGRAPHICAL DETAILS OF DIRECTORS &amp; SENIOR MANAGEMENT</b>	<b>20</b>
<b>CORPORATE GOVERNANCE REPORT</b>	<b>25</b>
<b>DIRECTORS' REPORT</b>	<b>44</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>60</b>
<b>CONSOLIDATED INCOME STATEMENT</b>	<b>62</b>
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>	<b>63</b>
<b>STATEMENTS OF FINANCIAL POSITION</b>	<b>64</b>
<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b>	<b>66</b>
<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>	<b>67</b>
<b>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>69</b>
<b>DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES</b>	<b>165</b>
<b>MAJOR PROPERTIES HELD BY THE GROUP</b>	<b>166</b>
<b>PROXY FORM</b>	

## CORPORATE INFORMATION

### Board of Directors

Robert Ng Chee Siong, Chairman  
Ronald Joseph Arculli<sup>#</sup>  
Allan Zeman\*  
Adrian David Li Man-kiu\*  
Steven Ong Kay Eng\*  
Daryl Ng Win Kong

(<sup>#</sup> Non-Executive Director)

(\* Independent Non-Executive Directors)

### Audit Committee

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

### Nomination Committee

Robert Ng Chee Siong, Chairman (appointed on 1st March, 2012)  
Allan Zeman (appointed on 1st March, 2012)  
Adrian David Li Man-kiu (appointed on 1st March, 2012)

### Remuneration Committee

Steven Ong Kay Eng, Chairman (appointed on 1st March, 2012)  
Allan Zeman  
Adrian David Li Man-kiu  
Daryl Ng Win Kong

### Authorized Representatives

Robert Ng Chee Siong  
Daryl Ng Win Kong

### Secretary

Velencia Lee (appointed on 1st January, 2012)

### Auditor

Deloitte Touche Tohmatsu  
Certified Public Accountants, Hong Kong

### Solicitors

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

### Shareholders' Calendar

Closure of Register of Members for entitlement to attend and vote at Annual General Meeting	29th to 31st October, 2012 (both dates inclusive)
Annual General Meeting	31st October, 2012
Closure of Register of Members for dividend entitlement	6th to 7th November, 2012 (both dates inclusive)
Record Date for dividend entitlement	7th November, 2012
Last Date for lodging scrip dividend election form	28th November, 2012 4:30 p.m.
Interim Dividend Paid	HK10 cents per share 24th April, 2012
Final Dividend Payable	HK36 cents per share 11th December, 2012

### 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  
Mizuho Corporate Bank, Ltd.  
Sumitomo Mitsui Banking Corporation  
Industrial and Commercial Bank of China (Asia) Limited  
BNP Paribas  
Bangkok Bank Public Company Limited  
Bank of Communications, Hong Kong Branch

### 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

### Share Registrars

Tricor Friendly Limited  
26th Floor, Tesbury Centre,  
28 Queen's Road East,  
Hong Kong  
Telephone : (852) 2980 1333  
Fax : (852) 2861 1465  
Email : tst247-ecom@hk.tricorglobal.com

### Listing Information

Stock Code 247

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Shareholders of **Tsim Sha Tsui Properties Limited** will be held at The Pacific Rooms, 9th Floor, Towers Wing, The Royal Pacific Hotel & Towers, 33 Canton Road, Tsim Sha Tsui, Kowloon, on Wednesday, the 31st day of October, 2012 at 10:00 a.m. or as soon as the annual general meeting of Sino Land Company Limited closes, whichever is the later, for the following purposes:

1. To receive and consider the audited Financial Statements and the Directors' and Independent Auditor's Reports for the year ended 30th June, 2012.
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, 2013.
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 ("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.”

## NOTICE OF ANNUAL GENERAL MEETING *(Continued)*

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

### Special Resolutions

- (i) **“THAT** the existing Articles of Association be and are hereby amended as follows:
- (a) Article 74
- by deleting the existing Article 74 in its entirety and substituting therefor the following Article:
74. At any general meeting a resolution put to the vote of the meeting shall be decided by poll, save that and without prejudice to other provisions of these Articles, the Chairman of the meeting may in good faith, decide to allow a resolution which relates purely to a procedural or administrative matter to be voted on at any general meeting by a show of hands.
- (b) Article 75
- (1) by renumbering the existing Article 75 as Article 75. (A); and
- (2) by adding the following new Article 75. (B) after Article 75. (A):
75. (B) Where a resolution is voted on by a show of hands, a declaration by the Chairman that a resolution has on a show of hands been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the book containing the minutes of the proceedings of the Company, shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded in favour or against such resolution.
- (c) Article 79
- by adding the words “, and on a show of hands every member present in person shall have one vote” at the end of the first sentence of Article 79.
- (d) Article 101. (H)
- by deleting Article 101. (H)(iv) in its entirety and renumbering the existing Articles 101. (H)(v) and 101. (H)(vi) as Articles 101. (H)(iv) and 101. (H)(v).”
- (ii) **“THAT** the new Articles of Association, consolidating all of the proposed amendments referred to in Resolution 6(i), produced to this meeting and for the purpose of identification signed by the Chairman be and are hereby approved and adopted as the new Articles of Association of the Company in substitution for and to the exclusion of all existing Articles of Association of the Company.”

By Order of the Board  
**Velencia LEE**  
*Company Secretary*

Hong Kong, 26th September, 2012

## 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 Directors wish to state that the main purpose of the above proposed Special Resolutions for amendments to the Articles of Association and adoption of new Articles of Association is to reflect certain amendments to the Listing Rules effective in 2012, including:
  - (i) removing the 5% exemption for voting by a director on a board resolution in which he/she has an interest; and
  - (ii) allowing the chairman at a general meeting to exempt purely procedural and administrative matters from a vote by poll and arrange a vote by a show of hands instead (e.g. matters that are not on the agenda of the general meeting and which relate to the chairman's duties to maintain the orderly conduct of the meeting).
- (e) For determining the entitlement to attend and vote at the Annual General Meeting to be held on Wednesday, 31st October, 2012, the register of members of the Company will be closed from Monday, 29th October, 2012 to Wednesday, 31st October, 2012, both dates inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the Annual General Meeting, shareholders should ensure that all transfers accompanied by the relevant share certificates are lodged with the Company's Registrars, Tricor Friendly Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 26th October, 2012.
- (f) The proposed final dividend is subject to the approval of the shareholders at the Annual General Meeting. The record date for the proposed final dividend is at the close of business on Wednesday, 7th November, 2012. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Tuesday, 6th November, 2012 to Wednesday, 7th November, 2012, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, shareholders should ensure that all transfers accompanied by the relevant share certificates are lodged with the Company's Registrars, Tricor Friendly Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 5th November, 2012.



## GROUP FINANCIAL SUMMARY

	Year ended 30th June,				
	2008 HK\$	2009 HK\$	2010 HK\$	2011 HK\$	2012 HK\$
Turnover	<u>6,338,666,190</u>	<u>9,783,329,056</u>	<u>7,776,569,089</u>	<u>6,010,307,935</u>	<u>8,461,180,724</u>
Profit attributable to the Company's shareholders	<u>4,678,945,536</u>	<u>1,818,627,113</u>	<u>3,287,255,658</u>	<u>5,436,560,830</u>	<u>4,997,931,328</u>
Non-current assets	53,846,737,050	57,916,675,050	66,977,309,765	75,600,492,535	78,566,950,357
Current assets	34,657,588,930	33,332,598,559	30,188,439,417	34,848,556,954	35,592,536,246
Current liabilities	(13,167,516,026)	(15,919,724,169)	(11,963,033,959)	(10,202,905,229)	(8,542,159,782)
	<u>75,336,809,954</u>	<u>75,329,549,440</u>	<u>85,202,715,223</u>	<u>100,246,144,260</u>	<u>105,617,326,821</u>
Share capital	290,187,562	293,220,023	296,461,354	301,127,280	307,908,314
Reserves	<u>24,461,383,732</u>	<u>25,949,725,481</u>	<u>29,223,577,249</u>	<u>35,242,831,647</u>	<u>40,524,547,796</u>
Shareholders' funds	24,751,571,294	26,242,945,504	29,520,038,603	35,543,958,927	40,832,456,110
Non-controlling interests	29,257,946,975	29,403,898,799	31,625,356,065	41,259,240,229	44,972,651,415
Non-current liabilities	<u>21,327,291,685</u>	<u>19,682,705,137</u>	<u>24,057,320,555</u>	<u>23,442,945,104</u>	<u>19,812,219,296</u>
	<u>75,336,809,954</u>	<u>75,329,549,440</u>	<u>85,202,715,223</u>	<u>100,246,144,260</u>	<u>105,617,326,821</u>
Shareholders' funds at book value per share	17.06	17.90	19.91	23.61	26.52
Basic earnings per share (cents)	324.91	124.64	223.01	364.07	328.43
Dividend per share (cents)	40.00	40.00	40.00	45.00	46.00

## CHAIRMAN'S STATEMENT

I am pleased to present the 2011/2012 Annual Report to shareholders.

### FINAL RESULTS

For the financial year ended 30th June, 2012, the Group's underlying net profit attributable to shareholders, excluding the effect of fair-value changes on investment properties, was HK\$2,685.6 million, an increase of 18.2% from HK\$2,270.7 million in the last financial year. Underlying earnings per share was HK\$1.764, an increase of 16.0% from last financial year.

The Group's reported net profit attributable to shareholders was HK\$4,997.9 million (2010/2011: HK\$5,436.5 million). Earnings per share was HK\$3.284 (2010/2011: HK\$3.640). The reported profit for the year included a revaluation surplus (net of deferred taxation) on investment properties of HK\$2,312.3 million compared with a revaluation surplus (net of deferred taxation) of HK\$3,165.8 million last financial year.

The turnover of the Group for the financial year 2011/2012 increased 40.7% to HK\$8,461.1 million from HK\$6,010.3 million in the last financial year.

### DIVIDENDS

The Directors have resolved to recommend a final dividend of 36 cents per share in respect of the financial year ended 30th June, 2012 to shareholders whose names appear on the Register of Members of the Company on 7th November, 2012. Together with the interim dividend of 10 cents per share, the total dividend for the financial year is 46 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 31st October, 2012; 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 dispatched to shareholders together with the form of election for scrip dividend on or about 13th November, 2012. It is expected that the final dividend warrants and share certificates for the scrip dividend will be dispatched to shareholders on or about 11th December, 2012.

### REVIEW OF OPERATIONS

The operations under Sino Land Company Limited ("Sino Land") represent a substantial portion of the operations of the Group as a whole. As at 30th June, 2012 Tsim Sha Tsui Properties Limited ("Company") had 50.68% interest in Sino Land. Therefore, for discussion purposes, we have focused on the operations of Sino Land.

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

### **REVIEW OF OPERATIONS**

*(Continued)*

#### **Sales Activities**

Sino Land's total revenue from property sales recognised for the financial year ended 30th June, 2012, including property sales of associates recognised by Sino Land, was HK\$7,148.8 million (2010/2011: HK\$9,290.0 million).

Total revenue from property sales of Sino Land comprises mainly the sales of residential units in One Mayfair in Kowloon Tong, Marinella in Aberdeen and Baker Residences in Hung Hom completed during the financial year 2011/2012 as well as those completed in previous financial years. Market response to the sales of the units in One Mayfair, Marinella and Baker Residences was favourable. Since their respective first sales launch, over 86% and 91% of the total number of residential units in One Mayfair and Marinella have been sold respectively. As for Baker Residences, all the units have been sold. In respect of projects completed in previous financial years, these mainly included One SilverSea, St. Andrews Place, The Palazzo, The Hermitage, The Balmoral, Park Avenue and Lake Silver as well as carparking spaces in several residential projects including Vision City, Island HarbourView and Residences Oasis. Contributions from property sales, including property sales of associates recognised by Sino Land, was HK\$3,017.6 million (2010/2011: HK\$3,240.7 million).

Sino Land continues to seek good opportunities to launch new projects for sale to enhance shareholders' value. Excluding the new projects that were completed during the financial year 2011/2012, other new projects launched were The Coronation in West Kowloon, Providence Bay and Providence Peak, both in Pak Shek Kok, Park Summit in West Kowloon and Le Sommet in Xiamen. All of the sales launches have been well received. Over 99%, 46%, 27% and 98% of the total number of residential units in The Coronation, Providence Bay, Providence Peak and Park Summit have been sold respectively so far. As for Le Sommet, all of the residential units have been sold.

## CHAIRMAN'S STATEMENT *(Continued)*

### REVIEW OF OPERATIONS *(Continued)*

#### Sales Activities *(Continued)*

During the financial year, there are three completed residential projects namely Marinella, One Mayfair and Baker Residences with a total attributable gross floor area of 0.4 million square feet. Details of the projects are presented in the following table:

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> <i>(Square feet)</i>
1. Marinella 9 Welfare Road, Aberdeen, Hong Kong	Residential	35%	225,359
2. One Mayfair 1 Broadcast Drive, Kowloon Tong, Kowloon	Residential	100%	196,592
3. Baker Residences 8 Baker Court, Hung Hom, Kowloon	Residential/ Retail	Joint Venture	26,824
			<hr/>
			<u>448,775</u>

#### Land Bank

As at 30th June, 2012, Sino Land has a land bank of approximately 40.7 million square feet of attributable gross floor area comprising a balanced portfolio of properties of which 64.3% is residential; 24.1% commercial; 5.3% industrial; 3.6% car parks and 2.7% hotels. In terms of breakdown of the land bank by status, 28.4 million square feet were properties under development, 11.4 million square feet of properties for investment and hotels, together with 0.9 million square feet of properties held for sale. Sino Land will continue to be selective in replenishing its land bank to optimise its earnings potential.

## CHAIRMAN'S STATEMENT *(Continued)*

### REVIEW OF OPERATIONS *(Continued)*

#### Land Bank *(Continued)*

Sino Land acquired three sites from the HKSAR Government for residential development during the financial year. Details of the projects are as follows:

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> <i>(Square feet)</i>
1. STTL525 Shatin Area 56A, Kau To (Site A), New Territories	Residential	40%	412,588
2. Lot 726 in Demarcation District No. 4, Mui Wo, Lantau Island, New Territories	Residential/ Commercial	100%	49,407
3. Lot 676 in Demarcation District, Peng Chau, New Territories	Residential	100%	36,845
			<hr/>
			<u>498,840</u>

## CHAIRMAN'S STATEMENT *(Continued)*

### REVIEW OF OPERATIONS

*(Continued)*

#### Property Development

Sino Land expects to complete a total of seven projects with an attributable gross floor area of 1.3 million square feet in the financial year ending 30th June, 2013. Details of the projects are shown as follows:

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> <i>(Square feet)</i>
1. The Coronation 1 Yau Cheung Road, South West Kowloon	Residential/ Commercial	45%	292,808
2. Providence Bay 5 Fo Chun Road, Pak Shek Kok, Tai Po, New Territories	Residential	35%	250,072
3. Park Summit 88 Beech Street, Mongkok, Kowloon	Residential/ Commercial	Joint Venture	225,527
4. Providence Peak 8 Fo Chun Road, Pak Shek Kok, Tai Po, New Territories	Residential	25%	187,447
5. TPTL 187 (Site C) 9 Fo Chun Road, Pak Shek Kok, Tai Po, New Territories	Residential/ Commercial	50%	172,703
6. Le Sommet West Side of Jia He Lu & North of Song Bai Zhong Lu, Xiamen	Residential/ Commercial	100%	131,700
7. Chengdu International Community Xipu Zhen, Pi Xian, Jin Niu District, Chengdu, Sichuan	Commercial	20%	81,529
			1,341,786

## CHAIRMAN'S STATEMENT *(Continued)*

### REVIEW OF OPERATIONS *(Continued)*

#### Property Development *(Continued)*

Subsequent to the financial year ended 30th June, 2012, the Occupation Permit for The Coronation was issued by the Building Authority of the HKSAR Government in August 2012.

Sino Land will strive to improve its developments by use of environmentally friendly features. Environmental sustainability is an important guiding principle in Sino Land's project development. Efforts to reduce carbon emissions, apply energy efficient designs and layouts as well as employ more greenery landscaping are encouraged.

#### Rental Activities

For the financial year ended 30th June, 2012, Sino Land's gross rental revenue, including attributable share from associates, increased 11.1% to HK\$2,936.0 million (2010/2011: HK\$2,642.4 million) and net rental income increased 13.6% to HK\$2,541.5 million (2010/2011: HK\$2,238.0 million). The increase in rental revenue was mainly due to higher rental rates on renewals, as well as improvement in occupancy levels of the existing rental portfolio for the financial year 2011/2012.

Supported by leasing demand for retail spaces from international and local retailers, the retail properties in Hong Kong have generated rental growth throughout the financial year. This continued growth was mainly attributable to the increase in domestic consumption due to household formation, wealth creation in China as well as growth in visitor arrivals over the years. The appreciation of several key Asian currencies against the Hong Kong dollar has also had a favourable impact on the retail sector in Hong Kong. HKSAR Government's efforts in promoting Hong Kong as one of the key shopping destinations in Asia are also positive for the retail sector. Occupancy rates of Sino Land's shopping centres have been maintained at high levels.

The changes in global business environment and market trend have had impact on the demand for office spaces in Hong Kong. An increasing number of multinational companies and international brands have been looking for alternative office locations for expansion or operational efficiency. HKSAR Government's policy to develop Kowloon East as a new core business district has transformed the landscape of the office sector in Hong Kong. While certain areas on Hong Kong Island still remain key commercial areas for Grade A offices, Kowloon East is developing into a new hub and a desirable location for a broader range of businesses. The expansion of international retailers in China translates into additional demand for Hong Kong office space and these new sources of demand will provide support to the sector. Sino Land's office rental portfolio has shown improvements in occupancy rates during the year under review.

## CHAIRMAN'S STATEMENT *(Continued)*

### REVIEW OF OPERATIONS *(Continued)*

#### **Rental Activities** *(Continued)*

The industrial leasing market in Hong Kong has gained momentum since the start of the year mainly due to growth of the retail and office sectors as well as demand from e-commerce. Along with the HKSAR Government's measures to revitalise the traditional industrial districts allowing some industrial buildings to be converted into offices, more multinational enterprises are attracted to relocate their factories and offices to these areas. The occupancy rates of Sino Land's industrial portfolio have been maintained at high levels for the financial year.

Regular asset enhancement programmes are integral to Sino Land's effort to raise asset quality, property values and rental revenues. These programmes include refurbishment and renovation of properties, developing marketing and promotional events, improving service quality, reconfiguring the layouts of premises with the right trade mix, to meet the needs of tenants and customers. By making these improvements, the shopping experience of the customers can be enhanced and tenants can benefit from a sustained flow of shoppers, which will bring more business to the tenants and enhance the value of Sino Land's investment properties.

As at 30th June, 2012, Sino Land has approximately 11.4 million square feet of attributable gross floor area of investment properties and hotels. Of this portfolio, commercial developments (retail and office) account for 64.9%, industrial developments 14.3%, car parks 12.9%, hotels 6.2%, and residential 1.7%.

#### **Hotels**

##### *The Fullerton Hotel Singapore and The Fullerton Bay Hotel*

Visitor arrivals in Singapore were up 13.1% from 11.6 million in 2010 to 13.1 million in 2011. According to Singapore Tourism Board, it is expected that visitor arrivals in Singapore will be between 13.5 to 14.5 million in 2012. With the growth in both leisure and business travels in the financial year 2011/2012, The Fullerton Hotel and The Fullerton Bay Hotel yielded good financial results. Sino Land will continue to improve the quality of hotel services to ensure its discerning guests have enjoyable stays in the hotels.

##### *Conrad Hong Kong*

Visitor arrivals in Hong Kong reached 41.9 million in 2011, representing a 16.4% increase from 36.0 million in 2010. Projected visitor arrivals by Hong Kong Tourism Board for 2012 have been estimated to be 44.2 million, a further growth of 5.5% from 2011. Of the total visitor arrivals, visitors from China continued to be the major contributor along with growth in other markets, namely the United States, South Korea, Singapore and Russia. Both short-haul and long-haul markets performed favourably and the number of overnight arrivals also increased. Conrad Hong Kong yielded favourable financial results for the financial year 2011/2012.



## CHAIRMAN'S STATEMENT *(Continued)*

### REVIEW OF OPERATIONS

*(Continued)*

#### China Business

China's economy has been going through economic adjustments, both cyclically and structurally, as Central Government continues to introduce measures to stabilise growth and implement structural reforms in areas of banking and finance, housing, services and manufacturing to bring about a sustainable economic development. This development will help build a resilient economic system that reduces China's vulnerability to global markets and business cycles. Continuous attempts to improve and develop a more effective fiscal and monetary framework will also help to mitigate the risk of economic shocks, especially at a time when there are economic uncertainties in Europe.

After three decades of industrialization, the economic landscape of China has been changing gradually, moving towards a better business environment with enterprises pursuing quality management, products and services, branding and technological innovation and advancement. Recent economic data in China showed a softening in growth in the first half of calendar year 2012. To revive the growth momentum, Central Government has taken proactive policy easing to accelerate investments in infrastructure and industries, and increase liquidity in the economic system with monetary measures by lowering both interest rates and banks' required reserve ratio.

Residential property market in China is an integral part of Central Government's urbanization, population and social policies which will help support consumption-led growth in the medium to long term. Developing social and private housing will cater to the needs of different income-groups; improve productivity and reduce social discontentment. Housing measures implemented by the Central Government in recent years are conducive to establishing a healthier and sustainable property market. These measures will also bring about a better distribution of income and narrow the wealth disparity gap. Demand for residential property in China is expected to continue to grow due to urbanisation, household formation, preference for home-ownership and investment in real estate assets as a preservation of value.

Throughout the years, Sino Land has completed a number of projects in Xiamen and Fuzhou. Sino Land's interest in the commercial project Raffles City Shanghai located in the central business district of Shanghai and the leasing of Sino International Plaza in Fuzhou have established its presence in these cities. The experience gained from developing and leasing projects in China has also built Sino Land's execution capability in the country.

## CHAIRMAN'S STATEMENT *(Continued)*

### REVIEW OF OPERATIONS *(Continued)*

#### China Business *(Continued)*

As at 30th June, 2012, Sino Land's land bank in China totaled 25.4 million square feet and these projects are in Shanghai, Chengdu, Chongqing, Zhangzhou, Guangzhou, Xiamen, Fuzhou and Shenzhen. Of this, 24.4 million square feet are projects currently at different stages of the development, and the remaining represents completed properties for investment and sale. Approximately 90% of the development land bank in China is residential developments, the remaining is commercial and hotel developments. Most of the residential portions of the projects are built for sale and some to be kept for investment purposes. The commercial portions of the developments will be retained mainly for investment purposes. All the projects are situated in cities with good economic and demographic fundamentals. The major property developments in Chengdu, Chongqing and Zhangzhou will be completed by phases over the next few years when expected profit contributions from these projects will be realised.

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, 2011.

### FINANCE

As at 30th June, 2012, the Group's gearing ratio was at approximately 13.2%, expressed as a percentage of total borrowings to the total assets. Of the total borrowings, 19.5% was repayable within one year, 61.6% repayable between one and two years and 18.9% repayable between two and five years. The Group, including the attributable share of its associates, had cash resources of approximately HK\$17,669.4 million, comprising cash on hand of approximately HK\$7,548.5 million together with committed undrawn facilities of approximately HK\$10,120.9 million.

The majority of the Group's debts are denominated in Hong Kong dollars, with the balance in Singapore dollars, mainly used to fund The Fullerton Heritage project in Singapore. Other than the above-mentioned, there was no material change in foreign currency borrowings and the capital structure of the Group for the financial year ended 30th June, 2012. The majority of the Group's cash are denominated in Hong Kong dollars, with a relative small portion of Renminbi denominated deposits. 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.

## CHAIRMAN'S STATEMENT *(Continued)*

**CORPORATE GOVERNANCE** The Group places great importance on corporate integrity, business ethics and good governance. With the objective of practising good corporate governance, the Group has formed Audit, Compliance, Remuneration and Nomination Committees. The Group is committed to maintaining corporate transparency and disseminates information about new developments through various channels, including press releases, its corporate website, results briefings, site visits, participation in non-deal roadshows and investor conferences.

**CUSTOMER SERVICE** Sino Land is committed to building quality projects. In keeping with its mission to enhance customer satisfaction, Sino Land will, wherever possible, ensure that attractive design concepts and features, which are also environmentally friendly, for its developments. Management conducts regular reviews of its properties and service so that improvements can be made on a continuous basis.

**CORPORATE SOCIAL RESPONSIBILITY** As a committed corporate citizen, Sino Land has been actively participating in a wide range of community programmes, voluntary services, charitable fund-raising activities and green initiatives to promote environmental protection, art and cultural events, and staff team-building activities. Sino Land has been a long-standing supporter of a number of organisations serving the community. Sino Land encourages staff of all levels to serve the community and care for those in need; this commitment is extended to support staff in joining voluntary service for at least one day a year during office hours.

Sino Land appreciates its role in protecting the environment. Efforts have constantly been made to make its properties more environmental friendly through well-thought architectural planning, energy saving and management initiatives. Taking another step on the sustainability journey, Sino Land has published its first Sustainability Report that highlights Sino Land's corporate sustainability footprint and initiatives. This report also demonstrates Sino Land's commitment to engage its stakeholders in building a greener future.

Dedicated to promoting local art and culture and enriching the daily lives of Hong Kong people, Sino Land initiated Sino Art (formerly 'Art in Hong Kong') in 2006. The programme organises art exhibitions and activities at various properties of Sino Land. By providing local and international artists and arts groups with more platforms and opportunities to showcase their visual, community and performing arts talents, Sino Art aims to add vigour to a more creative and culturally vibrant Hong Kong. In 2011/2012, Sino Art collaborated with shopping malls of Sino Land and acclaimed artists to host interesting exhibitions, bringing an element of inspiration to the daily lives of the general public. Additionally, Sino Art has also collaborated with the Hong Kong Museum of History for the first time to present 'Transformation of the Qipao', promoting the unique Chinese cultural and artistic legacy of the qipao.

## CHAIRMAN'S STATEMENT *(Continued)*

### **CORPORATE SOCIAL RESPONSIBILITY**

*(Continued)*

In March 2008, the Ng family, the ultimate major shareholder of Sino Land, set up a non-profit organisation named Hong Kong Heritage Conservation Foundation ("HCF"). In December 2008, HCF was fortunate to win the tender to revitalise and convert the Old Tai O Police Station into a boutique hotel. Named Tai O Heritage Hotel, it is home to nine colonial-style rooms and suites which commenced operation in March this year.

### **PROSPECTS**

The financial year 2011/2012 was a challenging year for policy makers, businesses and financial sectors around the globe. The economic conditions in the Euro zone have had wide-spread effects across industries and countries. Given the complexity of the national debt issues and the number of nations involved, a significant amount of resources, efforts and time are needed to bring the economies back on their growth tracks. The economy of the Euro zone is expected to be soft for a period of time.

In the United States, the economy is on a course of recovery despite mixed signals from the economic data. Federal Reserve's accommodative stance for monetary policy will be conducive to support the growth momentum. With global economic conditions remaining volatile, the year ahead is expected to remain uncertain.

China has been developing its own model to manage its economy for counteracting cyclical trends and structural changes to stabilize growth. The easing of economic growth in the first two quarters of this calendar year was anticipated by policy makers because of the policy shift from the last three decades of export-led growth to consumption-led growth. Central Government's approach in exercising reforms in the areas of banking and housing will lead to a better allocation of resources and distribution of income.

The Hong Kong residential property market has been supported by economic and demographic fundamentals. The resilient local economic environment is evident by stable employment, subdued inflation, growth in the retail sector and continued growth in visitor arrivals have provided a good platform for the sector to grow. The increase in household formation and the number of marriages and births have created new demand for housing. The home buyers continue to benefit from the low mortgage interest rates and good liquidity from the banking sector. Not only does the low interest rate environment make mortgage loan repayment more affordable, home owners can earn a positive return by leasing their flats.

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

### **PROSPECTS** *(Continued)*

The HKSAR Government's policy to develop a balanced mix of public rental housing, Home Ownership Scheme and private housing, will address the housing needs of different income groups. The regular land sales initiated by the HKSAR Government, Land Application List System, and the supply of sites from the Mass Transit Railway Corporation and Urban Renewal Authority of Hong Kong will maintain a continuous supply of sites for residential development. The HKSAR Government has indicated that there will be more land made available for private housing development. The Group with its cash resources is well positioned to participate on this opportunity to acquire land with good development value.

Although global market conditions are unclear, the Group is cautiously optimistic on the prospects for its business and operating conditions to grow. With favourable sales from a number of residential projects during the financial year, Sino Land has the strength and resources to pursue further investments in the property business. Sino Land will continue to optimise earnings, enhance efficiency and productivity and improve the quality of products and services. Sino Land will maintain a policy of selectively and continuously replenishing its land bank and is well placed to participate in future land acquisitions.

### **STAFF AND MANAGEMENT**

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

**Robert NG Chee Siong**  
*Chairman*

Hong Kong, 29th August, 2012

## BIOGRAPHICAL DETAILS OF DIRECTORS & SENIOR MANAGEMENT

### (I) EXECUTIVE DIRECTORS

**Mr. Robert Ng Chee Siong<sup>N+</sup>**, aged 60, an Executive Director since 1978 and Chairman of the Group since 1991, was called to the Bar in 1975. He has been actively engaged in property investment and development in Hong Kong during the last 36 years and is also a director of a number of subsidiaries and associated companies of the Company. Mr. Ng is the Chairman of Sino Land Company Limited, the major subsidiary of the Company, and the Chairman of Sino Hotels (Holdings) Limited. In addition, he is a Director of The Real Estate Developers Association of Hong Kong and a Member of the 11th National Committee of the Chinese People's Political Consultative Conference. He was formerly an Independent Non-Executive Director of The Hongkong and Shanghai Hotels, Limited. Mr. Ng is the father of Mr. Daryl Ng Win Kong, an Executive Director of the Company, a son of the late substantial shareholder Mr. Ng Teng Fong and the brother of Mr. Philip Ng Chee Tat, the co-executor of the estate of the late Mr. Ng Teng Fong.

**Mr. Daryl Ng Win Kong<sup>R</sup>**, aged 34, an Executive Director 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 an Executive Director of Sino Land Company Limited and Sino Hotels (Holdings) Limited. 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 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 member of the Tenth and Eleventh Committees of the All-China Youth Federation, the Deputy Chairman of the Chongqing Youth Federation, a member of The Greater Pearl River Delta Business Council, a member of the Executive Council and trustee member of World Wide Fund for Nature Hong Kong, a member of Executive Committee of The Boys' & Girls' Clubs Association of 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 of the Group Mr. Robert Ng Chee Siong and the eldest grandson of the late substantial shareholder Mr. Ng Teng Fong.

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

### (II) NON-EXECUTIVE DIRECTOR

**The Honourable Ronald Joseph Arculli**, GBM, CVO, GBS, OBE, JP, aged 73, has been a Director of the Company since 1994 and was re-designated from an Independent Non-Executive Director to a Non-Executive Director in July 2005. The Honourable Ronald Arculli through Ronald Arculli and Associates provides consultancy services to the Company. He is also a Non-Executive Director of Sino Land Company Limited and Sino Hotels (Holdings) Limited. The Honourable Ronald Arculli is an Independent Non-Executive Director of Hong Kong Exchanges and Clearing Limited, for which he was also a former Independent Non-Executive Chairman from 2006 to April 2012. He has a long and distinguished record of public service on numerous government committees and advisory bodies. He was the Chairman of The Hong Kong Jockey Club from 2002 to August 2006. He is a practising solicitor and has served on the Legislative Council from 1988 to 2000. He was a Non-Official Member of the Executive Council of the HKSAR Government from November 2005 to June 2012, for which he also acted as Convenor of the Non-Official Members since December 2011. He is the Chairman of World Federation of Exchanges, the Chairman of Common Purpose Charitable Foundation Limited, the Chairman of the Honorary Advisory Committee of SVHK Foundation Limited, a Non-Executive Director of Asia Art Archive Limited, a member of executive committee of Hong Kong Arts Festival Society 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 Power Assets Holdings Limited, Hutchison Harbour Ring Limited and HKR International Limited, all these companies, including Hong Kong Exchanges and Clearing Limited, are listed on The Stock Exchange of Hong Kong Limited.

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

### (III) INDEPENDENT NON-EXECUTIVE DIRECTORS

**Dr. Allan Zeman**<sup>A N R</sup>, GBM, GBS, JP, aged 64, an Independent Non-Executive Director of the Company since September 2004, is the holder of Honorary Doctor of Laws Degree from The University of Western Ontario, Canada. He is also an Independent Non-Executive Director of Sino Land Company Limited. 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 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 as well as the 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. Dr. Zeman is on Board of Wynn, the prominent gaming company in Las Vegas and Macau, China. He is also a director of Wynn Resorts, Limited, a company listed in the United States and a Non-Executive Director and Vice-Chairman of Wynn Macau, Limited, a company listed on The Stock Exchange of Hong Kong Limited. He was formerly an Independent Non-Executive Director of The Link Management Limited.



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

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

**Mr. Adrian David Li Man-kiu**<sup>A+ N R</sup>, JP, aged 39, 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 activities in Hong Kong. He is also an Independent Non-Executive Director of Sino Land Company Limited and Sino Hotels (Holdings) Limited. Mr. Li is currently a member of the Guangdong Provincial Committee of the Chinese People's Political Consultative Conference ("CPPCC"), and was formerly a member of the Ninth and Tenth Guangzhou Committees of the CPPCC. He is a member of the All-China Youth Federation, Deputy Chairman of the Beijing Youth Federation and a Counsellor of the Hong Kong United Youth Association. Mr. Li is a board member of The Community Chest of Hong Kong, Chairman of the Vocational Training Council's Banking and Finance Industry Training Board, and a member of the MPF Industry Schemes Committee of the Mandatory Provident Fund Schemes Authority. He is an Advisory Committee member of the Hong Kong Baptist University's School of Business and a Vice President of the Council of The Hong Kong Institute of Bankers. Furthermore, he is a member of the Election Committee responsible for electing the Chief Executive of the Hong Kong Special Administrative Region. Mr. Li is currently an Independent Non-Executive Director of China State Construction International Holdings Limited and COSCO Pacific Limited, and an Alternate Independent Non-Executive Director of San Miguel Brewery Hong Kong Limited. He is also an Alternate Director of AFFIN Holdings Berhad, a company listed in Malaysia. Mr. Li was formerly a council member of the Vocational Training Council and a board member of Ocean Park Corporation. Mr. Li holds a Master of Management degree from the Kellogg School of Management, Northwestern University in the United States, and a Master of Arts degree and a Bachelor of Arts degree in Law from the University of Cambridge in Britain. He is a member of The Law Society of England and Wales, and The Law Society of Hong Kong.

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

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

**Mr. Steven Ong Kay Eng<sup>A R+</sup>**, aged 66, an Independent Non-Executive Director since July 2005. He is also an Independent Non-Executive Director of Sino Land Company Limited and Sino Hotels (Holdings) Limited. He is a Director of Altrade Investments Pte. Ltd. in Singapore and a substantial shareholder of Hwa Hong Corporation Limited, which is listed on the main board of the Singapore Stock Exchange. Mr. Ong has been a veteran banker with extensive experience in banking and finance over 43 years. He was the General Manager and Country Head for American Express Bank in Singapore for nearly 10 years and also the Chief Representative and Country Manager in China for Banca Monte dei Paschi di Siena S.p.A. for 16 years. Mr. Ong remained as the Bank's advisor and consultant for 2 years after he left China in 2006 having resided in the country for over 16 years. He was the Chairman of Foreign Bankers' Association in Beijing, PRC from 1999 to 2000.

**(IV) SENIOR  
MANAGEMENT**

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

A: Audit Committee member R+: Remuneration Committee Chairman

## CORPORATE GOVERNANCE REPORT

The Board of Directors (“Board”) is committed to providing effective management and sound control of the Company for maximizing the shareholders’ value. The corporate governance principles of the Company emphasize the attainment and maintenance of a high standard of corporate governance practices and procedures, a quality board, sound internal controls, and high transparency and accountability to the shareholders. The Company has adopted its own Corporate Governance Code and has complied with all code provisions as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) (“Code”) (and the new code provisions since 1st April, 2012 when the amendments to the Code became effective), except for the deviation as disclosed in this report. The corporate governance practices of the Company in compliance with the Code during the financial year ended 30th June, 2012 with explanation of the deviation are set out in this report.

### CORPORATE GOVERNANCE PRACTICES

#### DIRECTORS

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

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

##### **Board Composition**

The current Board has 6 Directors composing of two Executive Directors including the Chairman of the Board, one Non-Executive Director and three Independent Non-Executive Directors. Biographical details of the Directors and their relationships, where applicable, are contained under the section entitled “Biographical Details of Directors & Senior Management” of this Annual Report. The Company has maintained on its corporate website and on the website of The Stock Exchange of Hong Kong Limited (“Exchange”) an updated list of its Directors identifying their roles and functions and whether they are Independent Non-Executive Directors. Independent Non-Executive Directors are identified as such in all corporate communications that disclose the names of Directors of the Company.

The current Board has a balance of skill and experience appropriate for the business of the Company. The balance between Executive and Non-Executive Directors is effective in ensuring independent judgment being exercised effectively.

## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

#### DIRECTORS *(Continued)*

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

The Board, led by the Chairman, is responsible for the Company's future development directions, overall strategies and policies, evaluation of the financial performance of the Company and approval of matters that are of a material or substantial nature, whilst the management under respective overseeing Executive Directors is responsible for the day-to-day operations of the Company.

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

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 Non-Executive Directors, including Independent Non-Executive Directors, participate in board meetings to bring expertise and independent views on important issues relating to the Company's strategy, policy, financial performance, and take the lead on matters where potential conflicts of interests arise. They also serve on board committees of the Company, including Audit Committee, Nomination Committee and Remuneration Committee. The Non-Executive Director and Independent Non-Executive Directors give the Board and board committees of which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They also attend annual general meeting of the Company to understand the view of shareholders. They make a positive contribution to the development of the Company's strategy and policy through independent, constructive and informed comments.

## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

#### DIRECTORS *(Continued)*

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

There is no separation of the roles of the chairman and the chief executive officer in the Company. The Chairman of the Board provides leadership to the Board and undertakes both the roles of chairman and chief executive officer. The Board is of the view that the current management structure has been effective in facilitating the Company's operation and business development and that necessary checks and balances consistent with sound corporate governance practices are in place. The implementation of strategies and policies of the Board and the operations of each business unit are overseen and monitored by designated responsible Executive Directors. The Board has found that the current arrangement has worked effectively in enabling it to discharge its responsibilities satisfactorily. 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 that it continues to meet these objectives and is in line with the industry practices.

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

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

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

The Board holds at least four regular meetings a year which are normally scheduled in the fourth quarter of the preceding year and will meet more frequently as and when required. During the financial year ended 30th June, 2012, the Board held four meetings in September and December 2011, and, February and June 2012. The attendance records of the Directors to these board meetings are set out below:

<b>Directors</b>	<b>Meeting(s) Attended/Held</b>
<i>Executive Directors</i>	
Mr. Robert Ng Chee Siong ( <i>Chairman</i> )	3/4
Mr. Daryl Ng Win Kong	4/4
<i>Non-Executive Director</i>	
The Honourable Ronald Joseph Arculli	4/4
<i>Independent Non-Executive Directors</i>	
Dr. Allan Zeman	4/4
Mr. Adrian David Li Man-kiu	4/4
Mr. Steven Ong Kay Eng	4/4

## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

#### DIRECTORS *(Continued)*

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

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

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

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

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

## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

#### DIRECTORS *(Continued)*

##### **Directors' Appointment, Re-election and Removal**

All Non-Executive Directors have entered into letters of appointment with the Company for a specific term of three years. The Company's Articles of Association provides that each Director is subject to retirement from office by rotation and re-election once every three years and that one-third (or the number nearest to one-third) of the Directors shall retire from office every year at the annual general meeting. New appointment to the Board is subject to re-election at the next following annual general meeting. There is no Independent Non-Executive Director has served the Company for more than nine years, who should be subject to retirement and re-election by a separate resolution to be approved by the shareholders.

The Directors who are subject to retirement and re-election at the 2012 Annual General Meeting are set out on page 45 of this Annual Report.

The Board was 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 candidate who is experienced and competent and able to fulfill the fiduciary duties and duties of skill, care and diligence would be selected as Director.

On 1st March, 2012, the Board established the Nomination Committee to assist the Board in reviewing the structure, size and composition of the Board from time to time and to ensure that the Board has a balanced skill and expertise for providing effective leadership to the Company. The composition of the Committee and its responsibilities will be further discussed in the following section entitled "Nomination Committee".

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

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

## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

#### DIRECTORS *(Continued)*

##### Directors' Training and Professional Development

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

During the year, the Company organized an in-house seminar conducted by Messrs. Clifford Chance on the following topics for the Directors and the management of the Company to attend:

1. key features of the statutory price-sensitive information disclosure regime;
2. key features of the competition law in Hong Kong; and
3. brief updates on the connected transaction rules.

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

<b>Directors</b>	<b>Training Matters <i>(Note)</i></b>
<i>Executive Directors</i>	
Mr. Robert Ng Chee Siong	a, b
Mr. Daryl Ng Win Kong	a, b
<i>Non-Executive Director</i>	
The Honourable Ronald Joseph Arculli	a, b, c
<i>Independent Non-Executive Directors</i>	
Dr. Allan Zeman	a, b
Mr. Adrian David Li Man-kiu	a, b, c, d
Mr. Steven Ong Kay Eng	a, b

*Note:*

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



## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

#### REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

##### **Emolument Policy**

The Company's emolument policy is to ensure that the remuneration offered to employees including Executive Directors and senior management is based on 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 Directors and senior management have not been involved in deciding their own remuneration.

##### **Remuneration Committee**

The Company established its Remuneration Committee on 23rd June, 2005 with written terms of reference. The written terms of reference of the Remuneration Committee, the revised form of which was approved by the Board on 20th February, 2012, are available at the Company's website [www.sino.com](http://www.sino.com) and the Exchange's website.

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

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

## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

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

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

During the year, the Remuneration Committee held one meeting on 28th February, 2012 (which was held prior to the amendments to the Code became effective) to review and endorse the Company's existing emolument policy and the remuneration packages of Executive Directors and make recommendations on the Directors' fees. No Director was involved in deciding his own remuneration at the meeting of the Committee. The attendance records of the committee members to this committee meeting are set out below:

Committee members	Meeting(s) Attended/Held
Mr. Steven Ong Kay Eng* <i>(Committee Chairman)</i> <i>(appointed on 1st March, 2012)</i>	N/A
Dr. Allan Zeman*	1/1
Mr. Adrian David Li Man-kiu*	1/1
Mr. Daryl Ng Win Kong <i>(as Committee Chairman up to</i> <i>29th February, 2012)</i>	1/1

\* *Independent Non-Executive Director*

Details of the Directors' emoluments for the year are set out in Note 13 to the consolidated financial statements of this Annual Report.

#### NOMINATION OF DIRECTORS AND SENIOR MANAGEMENT

##### Nomination Committee

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

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

## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

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

**Nomination Committee** *(Continued)* The Committee comprises three members with the Independent Non-Executive Directors constituting the majority of the Committee. Its current members are:

Mr. Robert Ng Chee Siong *(Committee Chairman)*  
Dr. Allan Zeman\*  
Mr. Adrian David Li Man-kiu\*

\* *Independent Non-Executive Director*

During the period under review, no meeting of the Committee was held.

#### ACCOUNTABILITY AND AUDIT

##### **Directors' Responsibilities for Financial Statements**

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

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

The auditor is responsible for auditing and reporting its opinion on the financial statements of the Company and the independent auditor's report for the financial year ended 30th June, 2012 is set out in the section entitled "Independent Auditor's Report" of this Annual Report.

## 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 the guidance entitled “Internal Control and Risk Management – A Basic Framework” issued by the Hong Kong Institute of Certified Public Accountants, the Company’s integrated internal control and risk management framework embodies a comprehensive risk management framework which aims to provide reasonable assurance against material errors, losses or fraud. The concepts and practical procedures of the framework are spelled out in the Company’s Guideline on Risk Management for reference of all major business operations and departments so as to encourage a risk aware and control conscious environment throughout the Company.

Under the Company’s internal control and risk management framework, twice a year each major operation unit or department identifies major risks, assesses and evaluates the risk according to its likely impact and the likelihood of occurrence and develops effective control activities to mitigate the risks. The results of such risk assessment, evaluation and mitigation of each operation unit or department are summarized in a standard and consistent manner for the Internal Audit Department’s review. Depending on the nature and exposure of the risks of individual operation units or departments, the Internal Audit Department performs further operational and financial reviews, makes recurring and impromptu site investigations on selected risk areas to ensure the effectiveness of the control activities developed by the relevant operation units or departments. The 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 in turn reports to the Board.

## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

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

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

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.

##### **Audit Committee**

The Company set up its Audit Committee on 23rd September, 1998 with written terms of reference. The written terms of reference of the Audit Committee are available at the Company's website [www.sino.com](http://www.sino.com) and the Exchange's website.

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

## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

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

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

During the year, the Committee held four meetings in August and December 2011, and, February and June 2012. All the meetings were attended by the external auditor of the Company. The Committee currently comprises three members, all of them being Independent Non-Executive Directors. The attendance records of the committee members to these committee meetings are set out below:

<b>Committee members</b>	<b>Meeting(s) Attended/Held</b>
Mr. Adrian David Li Man-kiu <i>(Committee Chairman)</i>	4/4
Dr. Allan Zeman	3/4
Mr. Steven Ong Kay Eng	4/4

During the year, the Committee reviewed the following matters:

- Accounting policies and practices adopted by the Company and the 2011 annual report and accounts;
- Accounting policies and practices adopted by the Company and the 2011/2012 interim report and accounts;
- Internal audit reports on the internal controls and risk management systems, including the effectiveness of the internal control systems of the Company and its subsidiaries, the adequacy of resources, qualifications and experiences of staff of the Company's accounting and financial reporting function, and their training programmes and budget;
- Usage of annual caps on continuing connected transactions of the Group; and
- Compliance Committee report on the Listing Rules compliance and corporate governance 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 own code for dealing in the Company's securities by Directors ("Directors Dealing Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules ("Model Code"). The Company has made specific enquiries of all Directors who held such offices during the period under review. All of them confirmed compliance with the required standard set out in the Directors Dealing Code during the year ended 30th June, 2012. 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 external auditor of the Company for the year ended 30th June, 2012 amounted to HK\$5,011,848 and HK\$1,017,640 respectively. The non-audit services mainly consist of review, consultancy and taxation services.

#### CORPORATE GOVERNANCE FUNCTIONS

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

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

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

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

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

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

- adoption of corporate governance duties under the Code;
- establishment of the Nomination Committee;
- adoption of new Corporate Governance Code of the Company modeled on the Code under the Listing Rules;
- review the usage of annual caps on continuing connected transactions of the Group;
- review the compliance with the Code through the Compliance Committee; and
- review of the effectiveness of the internal controls and risk management systems of the Company through the Internal Audit Department and the Audit Committee.

#### **Compliance Committee**

The Company set up its Compliance Committee on 30th August, 2004 with written terms of reference, the revised form of which was approved by the Board on 20th February, 2012, to enhance the corporate governance standard of the Company. The Committee has dual reporting lines. A principal reporting line is to the Board through the Committee Chairman. A secondary reporting line is to the Audit Committee. The Committee currently comprises the Executive Director Mr. Daryl Ng Win Kong (Committee Chairman), the other Executive Director of the Company, the Heads of Legal and Company Secretarial Departments, the Head of Internal Audit Department, department heads and the Compliance Officer. The Committee holds regular meetings on a bi-monthly basis to review and make recommendations to the Board and the Audit Committee on the Company's corporate governance issues and Listing Rules compliance matters.



## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

#### COMMUNICATION WITH SHAREHOLDERS

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

#### **Communication Strategies**

##### *Principles*

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

##### *Shareholders' Meetings*

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

## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

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

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

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

The last annual general meeting of the Company is the 2011 annual general meeting ("2011 AGM") which was held on 28th October, 2011 at The Pacific Rooms, 9th Floor, Towers Wing, The Royal Pacific Hotel & Towers, 33 Canton Road, Tsim Sha Tsui, Kowloon. The Directors, including the Chairman of the Board, the Chairman of the Audit Committee, and the then Chairman of the Remuneration Committee, and the external auditor of the Company, Deloitte Touche Tohmatsu, attended the 2011 AGM. The attendance records of the Directors to the 2011 AGM are set out below:

<b>Directors</b>	<b>Meeting(s) Attended/Held</b>
<i>Executive Directors</i>	
Mr. Robert Ng Chee Siong	1/1
Mr. Daryl Ng Win Kong	1/1
<i>Non-Executive Director</i>	
The Honourable Ronald Joseph Arculli	0/1
<i>Independent Non-Executive Directors</i>	
Dr. Allan Zeman	1/1
Mr. Adrian David Li Man-kiu	1/1
Mr. Steven Ong Kay Eng	1/1

The Company's notice to shareholders for the 2011 AGM was sent to shareholders more than 20 clear business days prior to the meeting. The chairman of the meeting exercised his power under the Company's Articles of Association to put each proposed resolution to vote by way of a poll. The Company adopted poll voting for all resolutions put to vote at the meeting. The procedures for voting by poll at the 2011 AGM were contained in the circular of the Company to the shareholders, which was dispatched together with the 2011 annual report, and were further explained at the 2011 AGM prior to the polls being taken. Simultaneous translation from English to Cantonese was available at the 2011 AGM.

## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

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

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

*Shareholders' Meetings (Continued)* Separate resolutions were proposed at the 2011 AGM on each substantive issue and the percentage of votes cast in favour of such resolutions as disclosed in the announcement of the Company dated 28th October, 2011 are set out below:

<b>Resolutions proposed at the 2011 AGM</b>		<b>Percentage of Votes</b>
1	Adoption of the audited Financial Statements and the Directors' and Independent Auditor's Reports for the year ended 30th June, 2011	100%
2	Declaration of a final dividend of HK\$0.35 per ordinary share with an option for scrip dividend	100%
3(i)	Re-election of Mr. Adrian David Li Man-kiu as Director	99.9790%
3(ii)	Re-election of Mr. Steven Ong Kay Eng as Director	100%
3(iii)	Authorization of the Board to fix the Directors' remuneration for the financial year ending 30th June, 2012	100%
4	Re-appointment of Deloitte Touche Tohmatsu as Auditor for the ensuing year and to authorize the Board to fix their remuneration	100%
5(i)	Share repurchase mandate up to 10% of the Company's issued share capital	100%
5(ii)	Share issue mandate up to 20% of the Company's issued share capital	99.9787%
5(iii)	Extension of share issue mandate to the shares repurchased under the share repurchase mandate	99.9787%

## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

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

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

*Shareholders' Meetings (Continued)* All resolutions put to shareholders at the 2011 AGM were passed. The Company's Share Registrars were appointed as scrutineers to monitor and count the poll votes cast at that meeting. The results of the voting by poll were published on the websites of the Company and the Exchange.

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

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

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

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

## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

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

##### Shareholders' Rights

Shareholder(s) holding not less than 5% of the paid-up capital of the Company has/have statutory rights pursuant to Section 113 of the Companies Ordinance of Hong Kong to convene an extraordinary general meeting by requisition stating the objects of the meeting, and deposit the signed requisition at the Company's registered office at 12th Floor, Tsim Sha Tsui Centre, Salisbury Road, Tsim Sha Tsui, Hong Kong for the attention of the Company Secretary.

Shareholders representing not less than 2.5% of the total voting rights of all the shareholders or of at least 50 in number holding shares in the Company on which there has been paid up to an average sum of not less than HK\$2,000 per shareholder may by requisition, at their own expense unless the Company otherwise resolves, propose any resolution to be moved at any general meeting of the Company pursuant to Section 115A of the Companies Ordinance of Hong Kong. A written notice to that effect signed by such shareholders together with a sum reasonably sufficient to meet the expenses in giving effect thereto must be deposited at the registered office of the Company not less than six weeks before the meeting. The notice shall contain, inter alia, a description of the proposed resolution desired to be put forward at the meeting, the reasons for such proposal and any material interest(s) of the proposing shareholder(s) in such proposal.

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

The Company has been practicing the above shareholders' communication arrangements to handle enquires put to the Board and will review them on a regular basis to ensure its effectiveness. Specific enquiries and suggestions by shareholders can be sent in writing to the Board or the Company Secretary at our registered address or by email to our Company.

## DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Company for the year ended 30th June, 2012.

### PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in Note 51 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 62.

An interim dividend of HK10 cents per share amounting to HK\$153,188,136, including HK\$749,918 by way of cash dividends and HK\$152,438,218 by way of scrip alternatives, was paid to the shareholders during the year. The Directors now recommend the payment of a final dividend of HK36 cents per share amounting to HK\$554,234,964 payable to shareholders whose names appear on the Register of Members of the Company on 7th November, 2012.

### INVESTMENT PROPERTIES

During the year, the Group acquired investment properties of HK\$73,720,960, incurred construction cost on investment properties under construction of HK\$19,186,477 and renovation cost on investment properties of HK\$100,583,794, disposed of investment properties of HK\$953,855,071, and also transferred from properties under development of HK\$149,046,719 to investment properties. The Group revalued all its investment properties at the year end date and the increase in fair value of the investment properties amounting to HK\$4,470,950,610 has been credited directly to the consolidated income statement.

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

### PROPERTY, PLANT AND EQUIPMENT

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

### MAJOR PROPERTIES

Details of the major properties of the Group at 30th June, 2012 are set out on pages 166 to 186.

### SUBSIDIARIES AND ASSOCIATES

Details of the Company's principal subsidiaries and associates at 30th June, 2012 are set out in Notes 51 to 52 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 36 to the consolidated financial statements.

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

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

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

### **DISTRIBUTABLE RESERVE OF THE COMPANY**

The Company's reserve available for distribution to shareholders as at 30th June, 2012 were the retained profits of HK\$2,042,099,765 (2011: HK\$1,655,804,499).

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

The Group maintains a prudent approach in its treasury management with foreign exchange exposure being kept at a minimal level and interest rates on a floating rate bases. Bank borrowings and other loans repayable on demand or within one year are classified as current liabilities. Repayment analysis of bank borrowings and other loans as at 30th June, 2012 are set out in Notes 34 and 35 to the consolidated financial statements.

Interest expenses capitalised by the Group during the year in respect of properties under development amounted to HK\$87,133,774.

### **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 (Chairman)  
Mr. Daryl Ng Win Kong

#### *Non-Executive Director*

The Honourable Ronald Joseph Arculli

#### *Independent Non-Executive Directors*

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

In accordance with the Company's Articles of Association and pursuant to Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), Mr. Robert Ng Chee Siong and Dr. Allan Zeman 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, 2012, the interests and short positions held by the Directors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in the Listing Rules, were as follows:

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

Name of Director	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Mr. Robert Ng Chee Siong	1,108,445,905 <i>(Note)</i>	Beneficial owner of 595,271 shares and trustee interest in 1,107,850,634 shares of the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	71.99%
The Honourable Ronald Joseph Arculli	60,000	Beneficial owner	≈ 0%
Dr. Allan Zeman	-	-	-
Mr. Adrian David Li Man-kiu	-	-	-
Mr. Steven Ong Kay Eng	-	-	-
Mr. Daryl Ng Win Kong	-	-	-

*Note:*

*As regards trustee interest in 1,107,850,634 shares:*

- (a) *1,020,416,233 shares were held through companies which were 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong – 105,766,123 shares by Fanlight Investment Limited, 143,328,525 shares by Nippomo Limited, 3,293,543 shares by Orient Creation Limited, 281,897,042 shares by Strathallan Investment Limited, 420,666,944 shares by Tamworth Investment Limited and 65,464,056 shares by Transpire Investment Limited; and*
- (b) *87,434,401 shares were held by the co-executors of the estate of the late Mr. Ng Teng Fong.*



## DIRECTORS' REPORT (Continued)

### DIRECTORS' INTERESTS (Continued)

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

##### (i) Subsidiary Company

##### Sino Land Company Limited

Name of Director	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Mr. Robert Ng Chee Siong	3,123,354,000 <i>(Note)</i>	Beneficial owner of 161,586 shares, spouse interest in 3,457,452 shares and trustee interest in 3,119,734,962 shares of the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	52.83%
The Honourable Ronald Joseph Arculli	1,157,090	Beneficial owner	0.01%
Dr. Allan Zeman	-	-	-
Mr. Adrian David Li Man-kiu	-	-	-
Mr. Steven Ong Kay Eng	-	-	-
Mr. Daryl Ng Win Kong	92,625	Beneficial owner	≈ 0%

Note:

As regards trustee interest in 3,119,734,962 shares:

- (a) 1,364,882,137 shares were held by Tsim Sha Tsui Properties Limited which was 71.95% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong;
- (b) (i) 42,427,069 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) 1,588,985,367 shares were held through certain other wholly-owned subsidiaries of Tsim Sha Tsui Properties Limited;
- (c) 90,962,207 shares were held through companies which were 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong – 148,289 shares by Fanlight Investment Limited, 145,450 shares by Garford Nominees Limited, 32,731,174 shares by Karaganda Investments Inc., 14,116,815 shares by Orient Creation Limited, 6,861,117 shares by Strathallan Investment Limited, 20,679,528 shares by Strong Investments Limited, 15,846,766 shares by Tamworth Investment Limited and 433,068 shares by Transpire Investment Limited; and
- (d) 32,478,182 shares were held by the co-executors of the estate of the late Mr. Ng Teng Fong.

## DIRECTORS' REPORT (Continued)

### DIRECTORS' INTERESTS (Continued)

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

##### (ii) Associated Companies

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

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

## 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 Erleigh Investment Limited, a company 55% controlled by Osborne.*
3. *The shares were held by Jade Result Limited, a company 50% controlled by Osborne.*
4. *The share(s) was(were) held by Osborne.*
5. *The shares were held by Standard City Limited, a wholly-owned subsidiary of Osborne.*
6. *The share was held by Smart Link Limited in which Mr. Robert Ng Chee Siong had a 100% control.*
7. *The share was held by Pure Win Company Limited, a wholly-owned subsidiary of Osborne.*
8. *The shares were held by Goegan Godown Limited, a wholly-owned subsidiary of Osborne.*
9. *The shares were held by Sino Real Estate Agency Limited, a company 50% controlled by Deansky Investments Limited in which Mr. Robert Ng Chee Siong had a 100% control.*
10. *The shares were held by Deansky Investments Limited.*

Save as disclosed above, as at 30th June, 2012, 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)*

<b>SHARE OPTION SCHEMES</b>	The Company and its subsidiaries have no share option schemes.
<b>ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES</b>	At no time during the year was the 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.
<b>DIRECTORS' INTERESTS IN COMPETING BUSINESSES</b>	<p>Pursuant to Rule 8.10(2) of the Listing Rules, the Company discloses that during the year, the following current Directors held share interests and/or directorships in companies engaged in businesses which compete or likely to compete, either directly or indirectly, with the businesses of the Group:</p> <p>Mr. Robert Ng Chee Siong and Mr. Daryl Ng Win Kong held share interests and directorships in companies of the Ng Family (including Mr. Robert Ng Chee Siong, Mr. Philip Ng Chee Tat, and as co-executors of the estate of the late Mr. Ng Teng Fong and/or their respective associates) which engage in businesses of property investment, development and management and hotel operation.</p> <p>The Honourable Ronald Joseph Arculli is a 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.</p> <p>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.</p>
<b>DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE</b>	Apart from the transactions disclosed under the heading "Related Party Disclosures" as set out in Note 50 to the consolidated financial statements, there were no other contracts of significance in relation to the Group's business, to which the 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.
<b>SERVICE CONTRACTS</b>	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) Existing Non-exempted Continuing Connected Transactions up to 30th June, 2012

The Company and its major subsidiary, Sino Land Company Limited ("Sino Land"), jointly announced on 24th June, 2010 that Sino Land and/or its subsidiaries ("Sino Land Group") had entered into agreements on 24th June, 2010 ("Agreements" or individually, "Agreement") relating to the following non-exempted continuing connected transactions between Sino Land and/or its subsidiaries, and the Ng Family (including Mr. Robert Ng Chee Siong, Mr. Philip Ng Chee Tat, and as co-executors of the estate of the late Mr. Ng Teng Fong, and/or their respective associates) for the three financial years commencing from 1st July, 2010 and ending on 30th June, 2013 with annual caps fixed for each of the years. Applicable particulars of the Agreements together with the total amount received/paid in respect of the transactions for the year ended 30th June, 2012 are disclosed herein as required under the Listing Rules:

Nature of Services provided under the Agreement	Parties to the Transactions		Nature of Transactions	Basis of Consideration	Applicable Annual Cap(s) under the Agreement	Total Amount received/paid for the Year ended 30th June, 2012
	Service Provider	Service Recipient				
1. Building Cleaning Services	Best Result Environmental Services Limited (formerly known as Best Result Cleaning Services Limited), a wholly-owned subsidiary of Sino Land	Ng Family	Provision of building cleaning services and cleaning consultancy services by Sino Land Group to properties developed/owned/partly owned or to be developed/owned/partly owned by the Ng Family	A lump sum fee to be agreed between the parties which shall be determined by reference to cost plus a profit margin	HK\$90 million	HK\$64.04 million
2. Car Park Management Services	Sino Parking Services Limited ("SPSL"), a company held as to 50% by Sino Land and 50% by the Ng Family	Sino Land Group	Provision of car park management services by the Ng Family to properties owned/developed or to be owned/developed by Sino Land Group	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 SPSL pursuant to the Agreement	HK\$34 million	HK\$21.76 million

## DIRECTORS' REPORT (Continued)

### CONNECTED TRANSACTIONS (Continued)

#### (A) Existing Non-exempted Continuing Connected Transactions up to 30th June, 2012 (Continued)

Nature of Services provided under the Agreement	Parties to the Transactions		Nature of Transactions	Basis of Consideration	Applicable Annual Cap(s) under the Agreement	Total Amount received/paid for the Year ended 30th June, 2012
	Service Provider	Service Recipient				
3. Estate Management and General Administrative Services	Sino Estates Management Limited ("SEML"), a wholly-owned subsidiary of Sino Land	Ng Family	Provision of estate management, life style services, home maintenance services, courtesy services and general administrative services by Sino Land Group to properties developed/owned/partly owned or to be developed/owned/partly owned by the Ng Family	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 SEML pursuant to the Agreement	HK\$41 million	HK\$22.34 million
4. Security Guard Services	Sino Security Services Limited, a wholly-owned subsidiary of Sino Land	Ng Family	Provision of security guard services by Sino Land Group to properties developed/owned/partly owned or to be developed/owned/partly owned by the Ng Family	A lump sum fee to be agreed between the parties which shall be determined by reference to cost plus a profit margin	HK\$86 million	HK\$73.46 million

## DIRECTORS' REPORT (Continued)

### CONNECTED TRANSACTIONS (Continued)

#### (A) Existing Non-exempted Continuing Connected Transactions up to 30th June, 2012 (Continued)

Nature of Services provided under the Agreement	Parties to the Transactions		Nature of Transactions	Basis of Consideration	Applicable Annual Cap(s) under the Agreement	Total Amount received/paid for the Year ended 30th June, 2012
	Service Provider	Service Recipient				
5. Lease of Premises	Sino Land Group	Ng Family	Lease of premises by: <ul style="list-style-type: none"> <li>(i) Sino Land Group of properties owned or to be owned by the Ng Family</li> <li>(ii) the Ng Family of properties owned or to be owned by Sino Land Group</li> </ul>	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 particular premises	(1) For the period from 1st July, 2011 to 30th June, 2012, HK\$84 million comprising: <ul style="list-style-type: none"> <li>(i) HK\$80.4 million for lease of premises by Sino Land Group; and</li> <li>(ii) HK\$3.6 million for lease of premises by the Ng Family; and</li> </ul> (2) For the period from 1st July, 2012 to 30th June, 2013, HK\$94.8 million comprising: <ul style="list-style-type: none"> <li>(i) HK\$91.2 million for lease of premises by Sino Land Group; and</li> <li>(ii) HK\$3.6 million for lease of premises by the Ng Family</li> </ul>	HK\$35.66 million, comprising: <ul style="list-style-type: none"> <li>(i) HK\$33.94 million for lease of premises by Sino Land Group; and</li> <li>(ii) HK\$1.72 million for lease of premises by the Ng Family</li> </ul>

## DIRECTORS' REPORT *(Continued)*

### CONNECTED TRANSACTIONS *(Continued)*

#### (A) Existing Non-exempted Continuing Connected Transactions up to 30th June, 2012 *(Continued)*

The Company is the holding company of Sino Land. The Ng Family and its associates are connected persons of the Company and Sino Land by virtue of the Ng Family being the substantial shareholder of both the Company and Sino Land. Therefore, the above transactions constituted continuing connected transactions of each of the Company and Sino Land under the Listing Rules.

During the year, the above continuing connected transactions were carried out within their respective annual caps. 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; and
- (iv) on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in this Annual Report in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to The Stock Exchange of Hong Kong Limited.



## DIRECTORS' REPORT *(Continued)*

### CONNECTED TRANSACTIONS *(Continued)*

#### **(B) Disposal of Interests regarding the Property located at No. 18 Wang Chiu Road, Kowloon Bay, Kowloon**

The Company and Sino Land jointly announced on 13th March, 2012 that Sino Land, Devlin Limited ("Devlin"), Sing-Ho Finance Company Limited ("Sing-Ho Finance") and Cliveden Finance Company Limited ("Cliveden") (together, as vendors), CCB Properties (Hong Kong) Holdings Limited ("CCB Properties") (as purchaser) and Boswell Holdings Limited ("Boswell") (as guarantor of Devlin and Cliveden) entered into an agreement, pursuant to which (a) Sino Land and Devlin agreed to sell their respective 50 shares of HK\$1.00 each, totally representing 100% of the issued share capital of Better Chief Limited ("Better Chief") which held a Grade-A office building located at No. 18 Wang Chiu Road, Kowloon Bay, Kowloon; and (b) Sing-Ho Finance and Cliveden agreed to sell their respective loans owing by Better Chief, at a total consideration of HK\$2,510,000,000 subject to certain adjustment payments.

The Company is the holding company of Sino Land. The Ng Family and its associates are connected persons of the Company and Sino Land by virtue of the Ng Family being the substantial shareholder of both the Company and Sino Land. As Boswell, the issued share capital of which is wholly-owned by the Ng Family, indirectly owns 100% of the issued share capital of each of Devlin and Cliveden, they are associates of the Ng Family. Accordingly, the sale and purchase of the sale shares and the sale loans mentioned above constituted a connected transaction of each of the Company and Sino Land under Rule 14A.13(1)(b)(i) of the Listing Rules.

#### **(C) Acquisition of Additional Interests regarding Island Resort**

The Company and Sino Land jointly announced on 23rd March, 2012 that King Chance Development Limited ("King Chance"), a wholly-owned subsidiary of Sino Land, and Vicwood Fareast Limited ("Vicwood") entered into an agreement ("IR Agreement"), pursuant to which Vicwood agreed to sell and King Chance agreed to purchase (a) 5% interest in Silver Link Investment Limited ("Silver Link") together with interest-free loans of HK\$276,896,845.13 extended by Vicwood to Silver Link; and (b) 5% interest in Island Resort Estate Management Company Limited ("IREM"), for a total consideration of HK\$63,000,000.

Silver Link is the company holding the property known as the Island Resort Mall located at No. 28 Siu Sai Wan Road, Chai Wan, Hong Kong. IREM is the company engaged in building management business which provides building management services for the entire residential and commercial development of Island Resort, Chai Wan, Hong Kong.

## DIRECTORS' REPORT *(Continued)*

### CONNECTED TRANSACTIONS *(Continued)*

#### (C) **Acquisition of Additional Interests regarding Island Resort** *(Continued)*

Upon the completion of the IR Agreement, Silver Link and IREM are owned as to 45% by King Chance, 50% by the Ng Family and 5% by an independent third party.

The Company is the holding company of Sino Land. The Ng Family and its associates are connected persons of the Company and Sino Land by virtue of the Ng Family being the substantial shareholder of both the Company and Sino Land. Although Vicwood and its ultimate beneficial owner are independent third parties of the Company and Sino Land and their respective connected persons, the IR Agreement relates to the acquisition of shares of Silver Link and IREM and because the Ng Family is a controlling shareholder of the Company and Sino Land and is also a then indirect substantial shareholder of Silver Link and IREM, the IR Agreement constituted a connected transaction of each of the Company and Sino Land under Rule 14A.13(1)(b)(i) of the Listing Rules.

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

Details of other related party transactions are set out in Note 50 to the consolidated financial statements of this Annual Report.

## DIRECTORS' REPORT *(Continued)*

### SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

As at 30th June, 2012, the interests and short positions of the substantial shareholders and other shareholders in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of Part XV of the SFO were as follows:

#### Long Positions in Shares of the Company

Name of Substantial Shareholder	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Mr. Philip Ng Chee Tat	1,110,198,979 <i>(Notes 1, 2, 3 and 4)</i>	Interest of controlled corporations in 2,348,345 shares and trustee interest in 1,107,850,634 shares of the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	72.11%
Mr. Robert Ng Chee Siong	1,108,445,905 <i>(Notes 2, 3 and 4)</i>	Beneficial owner of 595,271 shares and trustee interest in 1,107,850,634 shares of the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	71.99%
Tamworth Investment Limited	420,666,944 <i>(Note 3)</i>	Beneficial owner	27.32%
Strathallan Investment Limited	281,897,042 <i>(Note 3)</i>	Beneficial owner	18.31%
Name of Other Shareholder	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Nippomo Limited	143,328,525 <i>(Note 3)</i>	Beneficial owner	9.30%
Fanlight Investment Limited	105,766,123 <i>(Note 3)</i>	Beneficial owner	6.86%

## DIRECTORS' REPORT *(Continued)*

### SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

*(Continued)*

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

Notes:

1. 2,348,345 shares were held through companies which were 100% controlled by Mr. Philip Ng Chee Tat – 2,045,911 shares by Bestdeal Contractors Pte Ltd and 302,434 shares by Western Properties Pte Ltd.
2. As regards trustee interest in 1,107,850,634 shares:
  - (a) 1,020,416,233 shares were held through companies which were 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong – 105,766,123 shares by Fanlight Investment Limited, 143,328,525 shares by Nippomo Limited, 3,293,543 shares by Orient Creation Limited, 281,897,042 shares by Strathallan Investment Limited, 420,666,944 shares by Tamworth Investment Limited and 65,464,056 shares by Transpire Investment Limited; and
  - (b) 87,434,401 shares were held by the co-executors of the estate of the late Mr. Ng Teng Fong.
3. The interests of Tamworth Investment Limited, Strathallan Investment Limited, Nippomo Limited and Fanlight Investment Limited were duplicated in the interests of the co-executors of the estate of the late Mr. Ng Teng Fong.
4. The interests of Mr. Philip Ng Chee Tat and Mr. Robert Ng Chee Siong as the co-executors of the estate of the late Mr. Ng Teng Fong were duplicated.

Save as disclosed above and so far as the Directors of the Company are aware, as at 30th June, 2012, 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\$4,027,000.

### **MAJOR SUPPLIERS AND CUSTOMERS**

The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 80% of the Group's total purchases and the purchases attributable to the Group's largest supplier was approximately 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 25 to 43.

### **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 forthcoming 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, 29th August, 2012

## INDEPENDENT AUDITOR'S REPORT



**TO THE SHAREHOLDERS OF  
TSIM SHA TSUI PROPERTIES LIMITED**  
尖沙咀置業集團有限公司  
*(incorporated in Hong Kong with limited liability)*

We have audited the consolidated financial statements of Tsim Sha Tsui Properties Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 62 to 164, which comprise the consolidated and the company statements of financial position as at 30th June, 2012, and the 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 information.

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

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

**AUDITOR'S  
RESPONSIBILITY**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong 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 about whether the consolidated financial statements are free from material misstatement.

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

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

### **AUDITOR'S RESPONSIBILITY** *(Continued)*

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

### **OPINION**

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30th June, 2012, 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 Hong Kong Companies Ordinance.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
29th August, 2012

## CONSOLIDATED INCOME STATEMENT

For the year ended 30th June, 2012

	NOTES	2012 HK\$	2011 HK\$
Turnover	7	8,461,180,724	6,010,307,935
Cost of sales		(2,283,937,012)	(1,076,645,840)
Direct expenses		(1,677,437,739)	(1,459,500,161)
Gross profit		4,499,805,973	3,474,161,934
Increase in fair value of investment properties	18	4,470,950,610	5,999,114,359
Other income and other gains or losses		99,458,469	90,338,038
Fair value gain on non-current interest-free unsecured other loans		61,349,079	50,650,084
Gain on disposal of available-for-sale investments		117,792,135	131,076,070
(Loss) gain arising from change in fair value of trading securities		(158,293,225)	192,335,668
Gain on disposal of a subsidiary	43	143,139,005	–
Gain on disposal of an associate	24	389,223,795	–
Gain on disposal of investment properties		224,369,741	15,364,869
Administrative expenses		(637,944,617)	(738,413,346)
Other operating expenses		(163,497,602)	(169,281,503)
Finance income	9	249,064,207	153,396,824
Finance costs	10	(294,624,806)	(338,736,518)
Less: Interest capitalised	10	87,133,774	81,118,571
Finance income (costs), net		41,573,175	(104,221,123)
Share of results of associates	11	2,212,999,694	3,627,544,720
Profit before taxation	12	11,300,926,232	12,568,669,770
Income tax expense	15	(1,304,515,802)	(1,656,310,424)
Profit for the year		9,996,410,430	10,912,359,346
Attributable to:			
Company's shareholders		4,997,931,328	5,436,560,830
Non-controlling interests		4,998,479,102	5,475,798,516
		9,996,410,430	10,912,359,346
Earnings per share (reported earnings per share)			
Basic	17(a)	3.284	3.640



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30th June, 2012

	<b>2012</b> <b>HK\$</b>	2011 <i>HK\$</i>
Profit for the year	<u><b>9,996,410,430</b></u>	<u>10,912,359,346</u>
<b>Other comprehensive (expense) income</b>		
(Loss) gain on fair value change of available-for-sale investments	<b>(131,274,231)</b>	188,605,106
Exchange differences arising on translation of foreign operations	<b>545,374,933</b>	571,100,346
Reclassification adjustments upon disposal of available-for-sale investments	<u><b>(116,210,851)</b></u>	<u>(132,018,435)</u>
Other comprehensive income for the year	<u><b>297,889,851</b></u>	<u>627,687,017</u>
Total comprehensive income for the year	<u><b>10,294,300,281</b></u>	<u>11,540,046,363</u>
Total comprehensive income attributable to:		
Company's shareholders	<b>5,121,547,742</b>	5,751,198,752
Non-controlling interests	<u><b>5,172,752,539</b></u>	<u>5,788,847,611</u>
	<u><b>10,294,300,281</b></u>	<u>11,540,046,363</u>

## STATEMENTS OF FINANCIAL POSITION

At 30th June, 2012

	NOTES	THE COMPANY		THE GROUP	
		2012 HK\$	2011 HK\$	2012 HK\$	2011 HK\$
<b>Non-current assets</b>					
Investment properties	18	–	–	51,643,719,403	47,773,861,006
Hotel properties	19	–	–	1,609,676,576	1,657,579,976
Property, plant and equipment	20	–	–	123,798,174	150,596,151
Goodwill	21	–	–	739,233,918	739,233,918
Prepaid lease payments – non-current	22	–	–	1,197,808,601	1,261,852,876
Investments in subsidiaries	23	5,430,505,683	4,873,320,153	–	–
Interests in associates	24	–	–	11,661,896,749	11,217,192,063
Interest in a jointly controlled entity	25	–	–	101,760,704	89,561,407
Available-for-sale investments	26	–	–	786,569,326	1,259,919,936
Advances to subsidiaries	23	3,982,300,770	4,151,346,197	–	–
Advances to associates	24	–	–	8,490,423,817	9,578,579,709
Advance to a jointly controlled entity	25	–	–	2,014,774,277	1,663,513,308
Advance to non-controlling interests	27	–	–	133,210,793	162,149,657
Advance to investee company	28	–	–	16,899,509	17,179,670
Long-term loans receivable	29	–	–	47,178,510	29,272,858
		<b>9,412,806,453</b>	<b>9,024,666,350</b>	<b>78,566,950,357</b>	<b>75,600,492,535</b>
<b>Current assets</b>					
Properties under development	49	–	–	21,869,542,575	22,812,356,603
Stocks of completed properties		–	–	1,618,071,092	1,160,982,428
Hotel inventories		–	–	27,337,338	27,271,674
Prepaid lease payments – current	22	–	–	19,104,164	19,809,674
Trading securities	30	–	–	710,813,181	1,305,491,817
Amounts due from associates	24	–	–	3,097,093,173	25,733,746
Accounts and other receivables	31	603,184	1,552	2,522,220,649	1,285,264,962
Current portion of long-term loans receivable	29	–	–	2,236,139	1,237,374
Taxation recoverable		–	–	275,721	6,092,665
Restricted bank deposits	32	–	–	679,660,662	273,972,025
Time deposits, bank balances and cash	32	894,330	7,610,175	5,046,181,552	7,930,343,986
		<b>1,497,514</b>	<b>7,611,727</b>	<b>35,592,536,246</b>	<b>34,848,556,954</b>
<b>Current liabilities</b>					
Accounts and other payables	33	2,548,696	2,407,526	3,518,802,532	3,499,227,204
Deposits received on sales of properties		–	–	590,130,004	–
Amounts due to associates	24	–	–	706,076,620	1,728,128,683
Taxation payable		–	–	761,881,080	768,397,511
Current portion of long-term bank borrowings	34	–	–	–	202,212,486
Bank loans – secured	34	–	–	2,776,883,954	3,562,429,107
Other loans		–	–	–	–
– secured	35	–	–	–	247,484,250
– unsecured	35	–	–	188,384,705	193,380,119
Financial guarantee contracts – current	46	10,708,000	17,809,000	887	1,645,869
		<b>13,256,696</b>	<b>20,216,526</b>	<b>8,542,159,782</b>	<b>10,202,905,229</b>
Net current (liabilities) assets		<b>(11,759,182)</b>	<b>(12,604,799)</b>	<b>27,050,376,464</b>	<b>24,645,651,725</b>
Total assets less current liabilities		<b>9,401,047,271</b>	<b>9,012,061,551</b>	<b>105,617,326,821</b>	<b>100,246,144,260</b>

## STATEMENTS OF FINANCIAL POSITION (Continued)

At 30th June, 2012

	NOTES	THE COMPANY		THE GROUP	
		2012 HK\$	2011 HK\$	2012 HK\$	2011 HK\$
Capital and reserves					
Share capital	36	307,908,314	301,127,280	307,908,314	301,127,280
Share premium and reserves	37	8,264,350,340	7,208,083,648	40,524,547,796	35,242,831,647
Equity attributable to Company's shareholders		8,572,258,654	7,509,210,928	40,832,456,110	35,543,958,927
Non-controlling interests		–	–	44,972,651,415	41,259,240,229
Total equity		8,572,258,654	7,509,210,928	85,805,107,525	76,803,199,156
Non-current liabilities					
Long-term bank borrowings					
– due after one year	34	–	–	7,823,684,649	12,501,197,133
Other loans – due after one year	35	–	–	4,351,106,902	3,729,105,012
Financial guarantee contracts					
– non-current	46	–	7,650,000	–	948
Deferred taxation	38	–	–	5,317,391,746	4,590,535,092
Advances from subsidiaries	39	828,788,617	1,495,200,623	–	–
Advances from associates	40	–	–	1,862,708,895	2,188,632,210
Advances from non-controlling interests	41	–	–	457,327,104	433,474,709
		828,788,617	1,502,850,623	19,812,219,296	23,442,945,104
		9,401,047,271	9,012,061,551	105,617,326,821	100,246,144,260

The consolidated financial statements on pages 62 to 164 were approved and authorised for issue by the Board of Directors on 29th August, 2012 and are signed on its behalf by:

**Robert NG Chee Siong**  
Chairman

**Daryl NG Win Kong**  
Director

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30th June, 2012

	Attributable to Company's shareholders							Attributable to Company's shareholders HK\$	Non-controlling interests HK\$	Total HK\$
	Share capital HK\$	Share premium HK\$	Capital redemption reserve HK\$	Capital reserve HK\$	Investment revaluation reserve HK\$	Exchange reserve HK\$	Retained profits HK\$ (Note)			
At 1st July, 2010	296,461,354	4,965,129,310	224,000	(41,541,317)	207,458,273	298,506,589	23,793,800,394	29,520,038,603	31,625,356,065	61,145,394,668
Profit for the year	-	-	-	-	-	-	5,436,560,830	5,436,560,830	5,475,798,516	10,912,359,346
Other comprehensive income (expense):										
- gain on fair value change of available-for-sale investments	-	-	-	-	114,770,166	-	-	114,770,166	73,834,940	188,605,106
- exchange differences arising on translation of foreign operations	-	-	-	-	-	265,013,950	-	265,013,950	306,086,396	571,100,346
- reclassification adjustments upon disposal of available-for-sale investments	-	-	-	-	(65,146,194)	-	-	(65,146,194)	(66,872,241)	(132,018,435)
Total comprehensive income for the year	-	-	-	-	49,623,972	265,013,950	5,436,560,830	5,751,198,752	5,788,847,611	11,540,046,363
Shares issued in lieu of cash dividends	4,665,926	-	-	-	-	-	-	4,665,926	-	4,665,926
Premium on issue of shares upon scrip dividends	-	586,985,839	-	-	-	-	-	586,985,839	-	586,985,839
Share issue expenses	-	(60,000)	-	-	-	-	-	(60,000)	-	(60,000)
Dilution of interest in a listed subsidiary as a result of the share placement by the subsidiary	-	-	-	388,434,040	-	-	-	388,434,040	4,678,806,070	5,067,240,110
Acquisition of additional interest in a listed subsidiary	-	-	-	(112,692,790)	-	-	-	(112,692,790)	(129,368,834)	(242,061,624)
Scrip dividend re-invested by non-controlling interests	-	-	-	-	-	-	-	-	345,492,744	345,492,744
Deemed capital contribution from non-controlling interests in relation to interest-free advances from non-controlling interests	-	-	-	-	-	-	-	-	4,251,651	4,251,651
Non-controlling interests written off upon deregistration of a subsidiary	-	-	-	-	-	-	-	-	(610,026)	(610,026)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(1,053,535,052)	(1,053,535,052)
Final dividend - 2010	-	-	-	-	-	-	(444,692,031)	(444,692,031)	-	(444,692,031)
Interim dividend - 2011	-	-	-	-	-	-	(149,919,412)	(149,919,412)	-	(149,919,412)
At 30th June, 2011	301,127,280	5,552,055,149	224,000	234,199,933	257,082,245	563,520,539	28,635,749,781	35,543,958,927	41,259,240,229	76,803,199,156
Profit for the year	-	-	-	-	-	-	4,997,931,328	4,997,931,328	4,998,479,102	9,996,410,430
Other comprehensive (expense) income:										
- loss on fair value change of available-for-sale investments	-	-	-	-	(81,090,799)	-	-	(81,090,799)	(50,183,432)	(131,274,231)
- exchange differences arising on translation of foreign operations	-	-	-	-	-	281,652,119	-	281,652,119	263,722,814	545,374,933
- reclassification adjustments upon disposal of available-for-sale investments	-	-	-	-	(76,944,906)	-	-	(76,944,906)	(39,265,945)	(116,210,851)
Total comprehensive (expense) income for the year	-	-	-	-	(158,035,705)	281,652,119	4,997,931,328	5,121,547,742	5,172,752,539	10,294,300,281
Shares issued in lieu of cash dividends	6,781,034	-	-	-	-	-	-	6,781,034	-	6,781,034
Premium on issue of shares upon scrip dividends	-	670,031,426	-	-	-	-	-	670,031,426	-	670,031,426
Share issue expenses	-	(60,000)	-	-	-	-	-	(60,000)	-	(60,000)
Acquisition of additional interest in a listed subsidiary	-	-	-	170,357,856	-	-	-	170,357,856	(297,650,977)	(127,293,121)
Scrip dividend re-invested by non-controlling interests	-	-	-	-	-	-	-	-	93,980,966	93,980,966
Deemed capital contribution from non-controlling interests in relation to interest-free advances from non-controlling interests	-	-	-	-	-	-	-	-	5,804,655	5,804,655
Non-controlling interests written off upon deregistration of a subsidiary	-	-	-	-	-	-	-	-	(2)	(2)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(1,261,475,995)	(1,261,475,995)
Final dividend - 2011	-	-	-	-	-	-	(526,972,739)	(526,972,739)	-	(526,972,739)
Interim dividend - 2012	-	-	-	-	-	-	(153,188,136)	(153,188,136)	-	(153,188,136)
At 30th June, 2012	307,908,314	6,222,026,575	224,000	404,557,789	99,046,540	845,172,658	32,953,520,234	40,832,456,110	44,972,651,415	85,805,107,525

Note: At 30th June, 2012, retained profits of the Group include a sum of HK\$600,262,108 (2011: HK\$1,741,912,331) relating to certain associates attributable to the Group which 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, 2012

	2012 HK\$	2011 HK\$
OPERATING ACTIVITIES		
Profit before taxation	<b>11,300,926,232</b>	12,568,669,770
Adjustments for:		
Finance costs	<b>207,491,032</b>	257,617,947
Depreciation	<b>76,685,922</b>	93,213,329
Release of prepaid lease payments	<b>19,456,920</b>	18,586,349
Gain on disposal of available-for-sale investments	<b>(117,792,135)</b>	(131,076,070)
Loss (gain) on disposal of property, plant and equipment	<b>533,686</b>	(150,816)
Adjustments to construction costs of investment properties	<b>948,723</b>	32,637,868
Cost of property, plant and equipment written off	<b>1,487,995</b>	1,549,966
(Reversal) recognition of impairment loss on trade receivables	<b>(539,121)</b>	1,487,421
Share of results of associates	<b>(2,212,999,694)</b>	(3,627,544,720)
Increase in fair value of investment properties	<b>(4,470,950,610)</b>	(5,999,114,359)
Finance income	<b>(249,064,207)</b>	(153,396,824)
Loss (gain) arising from change in fair value of trading securities	<b>158,293,225</b>	(192,335,668)
Gain on disposal of investment properties	<b>(224,369,741)</b>	(15,364,869)
Gain on disposal of a subsidiary	<b>(143,139,005)</b>	–
Gain on disposal of an associate	<b>(389,223,795)</b>	–
Fair value gain on non-current interest-free unsecured other loans	<b>(61,349,079)</b>	(50,650,084)
Reversal of impairment loss on loans receivable	<b>(95,762)</b>	(786,387)
Non-controlling interests written off upon deregistration of a subsidiary	<b>(2)</b>	(610,026)
Interest income from loans receivable	<b>(1,143,925)</b>	(873,194)
Dividend income from listed investments	<b>(57,146,152)</b>	(68,315,356)
Dividend income from unlisted investments	<b>(19,612,689)</b>	(14,249,333)
Operating cash flows before movements in working capital	<b>3,818,397,818</b>	2,719,294,944
(Increase) decrease in long-term loans receivable	<b>(18,808,655)</b>	15,794,639
Increase in properties under development	<b>(1,821,990,968)</b>	(1,940,698,352)
Decrease in stocks of completed properties	<b>2,307,498,896</b>	1,058,180,604
Increase in hotel inventories	<b>(65,664)</b>	(4,641,033)
Decrease in trading securities	<b>429,913,169</b>	32,157,152
Increase in accounts and other receivables	<b>(1,238,776,935)</b>	(277,962,935)
Increase in accounts and other payables and deposits received on sales of properties	<b>631,980,455</b>	26,255,730
Cash generated from operations	<b>4,108,148,116</b>	1,628,380,749
Hong Kong Profits Tax paid	<b>(459,880,295)</b>	(667,412,679)
Taxation in other jurisdictions paid	<b>(45,436,248)</b>	(65,999,993)
Interest received from loans receivable	<b>1,143,925</b>	873,194
Dividends received from listed investments	<b>57,146,152</b>	68,315,356
Dividends received from unlisted investments	<b>19,612,689</b>	14,249,333
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>3,680,734,339</b>	978,405,960

## CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 30th June, 2012

	NOTE	2012 HK\$	2011 HK\$
<b>INVESTING ACTIVITIES</b>			
Repayments from associates		1,274,580,610	2,529,294,420
Proceeds from disposal of available-for-sale investments		352,489,678	208,081,890
Dividends received from associates		1,890,981,302	184,509,621
Placement of restricted bank deposits		(609,241,437)	(37,436,210)
Withdrawal of restricted bank deposits		203,552,800	136,069,159
Interest received		161,648,532	70,180,774
Proceeds from disposal of investment properties		668,224,812	68,299,439
Proceeds from disposal of property, plant and equipment		846,606	1,448,043
Repayments from investee company		280,161	453,150
Advances to associates		(3,123,695,199)	(494,798,208)
Additions to investment properties		(193,491,231)	(327,457,503)
Repayment from (advance to) non-controlling interests		28,938,864	(162,149,657)
Advance to a jointly controlled entity		(363,563,086)	(83,050,000)
Additions to hotel properties		(34,303,028)	(65,331,304)
Additions to property, plant and equipment		(32,105,262)	(50,217,569)
Additions to available-for-sale investments		(8,832,015)	(20,603,500)
Proceeds from disposal of a subsidiary (net of cash and cash equivalents disposed of)	43	579,082,879	–
Proceeds from disposal of an associate		687,484,332	–
Acquisition of additional interests in associates		(689,596)	–
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>1,482,189,722</b>	<b>1,957,292,545</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from issue of shares by a listed subsidiary		–	5,139,250,000
New bank and other loans		6,440,060,131	4,287,852,532
Advances from associates		421,838,888	1,572,303,724
Advances from non-controlling interests		29,657,050	19,720,223
Dividends paid to non-controlling interests		(1,167,495,055)	(708,042,344)
Repayments of bank and other loans		(11,654,815,045)	(9,042,510,121)
Repayments to associates		(1,765,323,870)	(375,221,123)
Interest paid		(217,397,777)	(283,839,055)
Acquisition of additional interest in a listed subsidiary		(13,190,445)	(139,447,227)
Repurchase of its own shares by a listed subsidiary		(113,010,844)	(101,700,094)
Dividends paid		(3,348,415)	(2,959,678)
Share issue expenses paid		(150,000)	(72,133,890)
<b>NET CASH (USED IN) FROM FINANCING ACTIVITIES</b>		<b>(8,043,175,382)</b>	<b>293,272,947</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(2,880,251,321)</b>	<b>3,228,971,452</b>
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>		<b>7,930,343,986</b>	<b>4,620,377,490</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>		<b>(3,911,113)</b>	<b>80,995,044</b>
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD, representing time deposits, bank balances and cash</b>		<b>5,046,181,552</b>	<b>7,930,343,986</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June, 2012

## 1. GENERAL

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

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in Note 51.

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as "the Group") 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 Group has applied the following revised Standard and Amendments ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
Amendment to HKFRS 7	Disclosures – Transfers of Financial Assets
HKAS 24 (as revised in 2009)	Related Party Disclosures
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement

The application of these new and revised HKFRSs has had no material impact on the consolidated financial statements of the Group and the financial position of the Company for the current or prior accounting periods.

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

For the year ended 30th June, 2012

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

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle <sup>3</sup>
Amendments to HKFRS 1	Government Loans <sup>3</sup>
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities <sup>3</sup>
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>5</sup>
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance <sup>3</sup>
HKFRS 9	Financial Instruments <sup>5</sup>
HKFRS 10	Consolidated Financial Statements <sup>3</sup>
HKFRS 11	Joint Arrangements <sup>3</sup>
HKFRS 12	Disclosure of Interests in Other Entities <sup>3</sup>
HKFRS 13	Fair Value Measurement <sup>3</sup>
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income <sup>1</sup>
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets <sup>2</sup>
HKAS 19 (as revised in 2011)	Employee Benefits <sup>3</sup>
HKAS 27 (as revised in 2011)	Separate Financial Statements <sup>3</sup>
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures <sup>3</sup>
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities <sup>4</sup>
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1st July, 2012

<sup>2</sup> Effective for annual periods beginning on or after 1st January, 2012

<sup>3</sup> Effective for annual periods beginning on or after 1st January, 2013

<sup>4</sup> Effective for annual periods beginning on or after 1st January, 2014

<sup>5</sup> Effective for annual periods beginning on or after 1st January, 2015



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

For the year ended 30th June, 2012

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

#### **HKFRS 9 “Financial Instruments”**

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 “*Financial Instruments: Recognition and Measurement*” to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability’s credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the changes in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The Directors of the Company anticipate that the adoption of HKFRS 9 in the future will not have significant impact on amounts reported in respect of the Group’s financial assets and financial liabilities based on the analysis of the Group’s financial instruments as at 30th June, 2012.

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

For the year ended 30th June, 2012

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

#### **New and revised Standards on consolidation, joint arrangements, associates and disclosures**

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below:

HKFRS 10 replaces the parts of HKAS 27 “*Consolidated and Separate Financial Statements*” that deal with consolidated financial statements and HK (SIC)-Int 12 “*Consolidation – Special Purpose Entities*”. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor’s returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 “*Interests in Joint Ventures*” and HK (SIC)-Int 13 “*Jointly Controlled Entities – Non-Monetary Contributions by Venturers*”. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1st January, 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The Directors of the Company anticipate that these five standards will be adopted in the Group’s consolidated financial statements for the annual period beginning 1st July, 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. However, the Directors have not yet performed a detailed analysis of the impact of the application of these standards and hence have not yet quantified the extent of the impact.

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

For the year ended 30th June, 2012

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

#### **HKFRS 13 “Fair Value Measurement”**

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 “*Financial Instruments: Disclosures*” will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1st January, 2013, with earlier application permitted.

The Directors of the Company anticipate that HKFRS 13 will be adopted in the Group’s consolidated financial statements for the annual period beginning 1st July, 2013 and that the application of the new standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

#### **Amendments to HKAS 1 “Presentation of Items of Other Comprehensive Income”**

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1st July, 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

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

For the year ended 30th June, 2012

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

#### **Amendments to HKAS 12 “Deferred Tax – Recovery of Underlying Assets”**

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 “*Investment Property*” are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to HKAS 12 are effective for annual periods beginning on or after 1st January, 2012. At 30th June, 2012, the deferred tax liabilities arising from the revaluation of the properties amounted to HK\$4,709,113,098 (2011: HK\$4,052,532,933). The Directors anticipate that the application of the amendments to HKAS 12 in future accounting periods may result in adjustments to the amounts of deferred tax liabilities recognised in prior years regarding the Group’s investment properties of which the carrying amounts are presumed to be recovered through sale. The Directors are in the process of assessing the impact of the application of the amendments on the results and financial position of the Group.

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

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and the 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.

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

For the year ended 30th June, 2012

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

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

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 in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the equity of the Company's shareholders.

#### **Allocation of total comprehensive income to non-controlling interests**

Total comprehensive income and expense of a subsidiary is attributed to the Company's shareholders and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance (effective from 1st July, 2009 onwards).

#### **Changes in the Group's ownership interests in existing subsidiaries**

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries 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 subsidiaries. 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 the Company's shareholders.

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried 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 profits as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 "*Financial Instruments: Recognition and Measurement*" or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

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

For the year ended 30th June, 2012

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

#### **Business combinations**

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 and 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 share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *"Share-based Payment"* at the acquisition date (see the accounting policy below); 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 re-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.

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

For the year ended 30th June, 2012

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

#### **Goodwill**

##### *Goodwill arising on acquisitions prior to 1st January, 2005*

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

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

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

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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

#### **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.

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

For the year ended 30th June, 2012

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

#### **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 profit or loss and other comprehensive income 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.

From 1st July, 2009 onwards, upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that 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.

#### *Goodwill arising on acquisitions prior to 1st January, 2005*

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



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

For the year ended 30th June, 2012

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

#### **Investments in associates** *(Continued)*

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

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and 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 and 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 profit or loss and other comprehensive income 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.

From 1st July, 2009 onwards, upon disposal of a jointly controlled entity that results in the Group losing joint control over that jointly controlled entity, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. The difference between the previous carrying amount of the jointly controlled entity attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the jointly controlled entity. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that jointly controlled entity on the same basis as would be required if that jointly controlled entity had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that jointly controlled entity would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses joint control over 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.

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

For the year ended 30th June, 2012

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

#### **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 entity 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 and their amount can be measured reliably.

#### **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.

Investment properties under construction or redevelopment are measured at fair value at the end of the reporting period. Construction costs incurred for investment properties under construction or redevelopment are capitalised as part of the carrying amount of the investment properties under construction or redevelopment. Any difference between the fair value of the investment properties under construction or redevelopment 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 in the consolidated statement of financial position 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.

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

For the year ended 30th June, 2012

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

#### **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.

#### **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 completed properties.

#### **Hotel inventories**

Hotel inventories are stated in the consolidated statement of financial position at the lower of cost and net realisable value. Cost is calculated using the weighted average 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.

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

For the year ended 30th June, 2012

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

#### **Leasing**

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

#### *The Group as lessor*

Rental income from operating leases is recognised in 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.

#### **Leasehold land and building**

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

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid lease payments” in the consolidated statement of financial position and is released 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. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

#### **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.

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

For the year ended 30th June, 2012

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

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

##### 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. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

##### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other 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.

##### *Financial assets at fair value through profit or loss*

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

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

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

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

For the year ended 30th June, 2012

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

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

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

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including accounts and other receivables, advances to subsidiaries/associates/a jointly controlled entity/non-controlling interests/investee company, loans receivable, amounts due from 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.

##### *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.

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

For the year ended 30th June, 2012

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

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

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

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

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

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

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

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

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

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

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

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

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

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

For the year ended 30th June, 2012

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

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

##### Financial liabilities and equity

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

##### *Equity instruments*

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

##### *Effective interest method*

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

Interest expense is recognised on an effective interest basis.

##### *Other financial liabilities*

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

##### 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 of obligation under the contract, as 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 the revenue recognition policy.



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

For the year ended 30th June, 2012

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

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

##### Derecognition

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

#### **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.

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

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

For the year ended 30th June, 2012

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

#### Revenue recognition *(Continued)*

- (c) Property management and service fee income is recognised when the services are rendered.
- (d) Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.
- (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 because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxation is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred taxation liabilities are generally recognised for all taxable temporary differences. Deferred taxation assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which 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 interests in associates and a jointly controlled entity, 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, 2012

### 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. Current and deferred taxation are 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 current and deferred taxation are 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 the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing 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 retranslation of monetary items, are recognised in profit or loss in the period in which they arise. 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 exchange 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 under the heading of exchange reserve (attributed to non-controlling interest as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the Company's shareholders are reclassified to profit or loss.

#### **Retirement benefit 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, 2012

### 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\$21,869,542,575 (2011: HK\$22,812,356,603).

#### **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\$1,618,071,092 (2011: HK\$1,160,982,428).

#### **Depreciation on hotel properties**

In determining the estimated useful lives 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 lives of the hotel properties may cause a material adjustment to the carrying amount and the depreciation charge within the next financial year.

At 30th June, 2012, the carrying amount of the hotel properties is HK\$1,609,676,576, net of accumulated depreciation of HK\$151,826,267 (2011: HK\$1,657,579,976, net of accumulated depreciation of HK\$133,404,659). 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, 2012

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

#### **Fair value of investment properties**

Investment properties are carried in the consolidated statement of financial position at 30th June, 2012 at their fair value of HK\$51,643,719,403 (2011: HK\$47,773,861,006). 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 and loans, other loans, advances from associates/non-controlling interests and amounts due to associates and equity attributable to the Company's shareholders, comprising issued share capital, retained profits and other reserves as disclosed in the consolidated statement of changes in equity.

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 6. FINANCIAL INSTRUMENTS

#### Categories of financial instruments

	THE COMPANY		THE GROUP	
	2012 HK\$	2011 HK\$	2012 HK\$	2011 HK\$
Financial assets				
Trading securities (fair value through profit or loss)	–	–	<b>710,813,181</b>	1,305,491,817
Available-for-sale investments	–	–	<b>786,569,326</b>	1,259,919,936
Loans and receivables (including cash and cash equivalents)	<b>3,983,795,252</b>	4,158,957,924	<b>21,824,308,548</b>	20,635,961,841
Financial liabilities				
Amortised cost	<b>830,981,262</b>	1,497,263,949	<b>20,129,727,485</b>	26,862,773,899
Financial guarantee contracts	<b>10,708,000</b>	25,459,000	<b>887</b>	1,646,817

#### Financial risk management objectives and policies

The Group's major financial instruments include accounts and other receivables, advances to associates/ a jointly controlled entity/non-controlling interests/investee company, 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 include accounts and other receivables, advances to/from subsidiaries, 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 6. FINANCIAL INSTRUMENTS (Continued)

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

##### 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 fluctuation arise. The Group currently does not use any derivatives contracts to hedge against its exposure to currency risk. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates.

The Company's transactions and balances are primarily denominated in Hong Kong dollars ("HK\$"), the functional currency of the Company, as such, the Company has no significant exposure 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	
	2012 HK\$	2011 HK\$
Assets		
Renminbi ("RMB")	1,471,983,812	922,297,901
United States Dollars ("USD")	24,485,448	17,177,733
Liabilities		
RMB	374,269,136	177,722,195
USD	282,687	142,048,752

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 6. FINANCIAL INSTRUMENTS (Continued)

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

##### Market risk (Continued)

##### *Foreign currency sensitivity analysis*

The Group's foreign currency risk is mainly concentrated on the fluctuation of 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 adjusts 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	
	2012 HK\$	2011 HK\$
RMB	<u>37,035,823</u>	<u>26,929,224</u>

Certain available-for-sale investments and trading securities are denominated in foreign currency of the group entities. For available-for-sale investments amounted to HK\$241,440,765 (2011: HK\$230,096,255) as at 30th June, 2012, an increase/a decrease in 5% of Singaporean dollar against the functional currency of the relevant group entities would result in an increase/a decrease of HK\$12,072,038 (2011: HK\$11,504,813) in the Group's investment revaluation reserve. For trading securities amounted to HK\$332,221 (2011: HK\$221,197,564) as at 30th June, 2012, an increase/a decrease in 5% of HK\$ against the functional currency of the relevant group entities would result in an increase/a decrease of HK\$16,611 (2011: HK\$11,059,878) in the Group's profit for the year.

##### *Interest rate risk*

Long-term loans receivable, bank balances, other loans, advances to associates, advance to non-controlling interests, advance to investee company, accounts and other payables, advances from associates and bank borrowings at floating rates expose the Group to cash flow interest rate risk. Advances from non-controlling interests at fixed rates exposes the Group to fair value interest rate risk. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group's cash flow interest rate risk 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, prime rate arising from the loans receivable and market rate arising from the other loans.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 6. FINANCIAL INSTRUMENTS (Continued)

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

##### Market risk (Continued)

##### *Interest rate sensitivity analysis*

The sensitivity analysis below has been determined based on the exposure to interest rates for the floating rate long-term loans receivable, advances to associates, advance to non-controlling interests, advance to investee company, accounts and other payables, advances from associates, other loans and bank borrowings. Bank balances are not included in the analysis as the management expects that bank deposit rates do not fluctuate significantly. 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 financial 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\$20,947,524 (2011: HK\$44,217,829). The Company has no other significant interest rate risk.

##### *Other price risk*

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

##### *Other price risk sensitivity analysis*

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

##### Available-for-sale investments

	THE GROUP	
	2012 HK\$	2011 HK\$
Increase (decrease) in investment revaluation reserve		
– as a result of increase in equity price	37,752,791	61,420,323
– as a result of decrease in equity price	(37,752,791)	(61,420,323)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 6. FINANCIAL INSTRUMENTS (Continued)

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

##### Market risk (Continued)

##### *Other price risk sensitivity analysis (Continued)*

Trading securities

	THE GROUP	
	2012 HK\$	2011 HK\$
Increase (decrease) in profit for the year		
– as a result of increase in equity price	29,642,410	54,411,814
– as a result of decrease in equity price	(29,642,410)	(54,411,814)

##### 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 Group's and the Company's statements of financial position and the amount of contingent liabilities as disclosed in Note 46. 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/non-controlling interests/investee company/subsidiaries and amounts due from associates, 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/non-controlling interests/investee company/subsidiaries and amounts due from associates.

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/non-controlling interests/investee company and amounts due from associates, the Group does not have any other significant concentration of credit risk. Trade receivables and long-term loans receivable consist of a large number of customers and borrowers.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 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 tables detail 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 the Group can be required to pay. The tables include 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\$	Total undiscounted cash flows HK\$	Carrying amount HK\$
<b>2012</b>							
Accounts and other payables	N/A	2,192,645	-	-	-	2,192,645	2,192,645
Advances from subsidiaries	1.72	-	-	-	843,027,385	843,027,385	828,788,617
Financial guarantee contracts	N/A	-	270,000,000	790,000,000	-	1,060,000,000	10,708,000
		<u>2,192,645</u>	<u>270,000,000</u>	<u>790,000,000</u>	<u>843,027,385</u>	<u>1,905,220,030</u>	<u>841,689,262</u>
<b>2011</b>							
Accounts and other payables	N/A	2,063,326	-	-	-	2,063,326	2,063,326
Advances from subsidiaries	1.30	-	-	-	1,514,676,108	1,514,676,108	1,495,200,623
Financial guarantee contracts	N/A	-	520,000,000	1,010,071,500	200,000,000	1,730,071,500	25,459,000
		<u>2,063,326</u>	<u>520,000,000</u>	<u>1,010,071,500</u>	<u>1,714,676,108</u>	<u>3,246,810,934</u>	<u>1,522,722,949</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 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\$	Total undiscounted cash flows HK\$	Carrying amount HK\$
<b>2012</b>								
Accounts and other payables								
– non-interest bearing	N/A	570,661,972	63,433,138	215,422,732	275,380,510	820,124,122	1,945,022,474	1,945,022,474
– variable rate	7.00	18,532,182	–	–	–	–	18,532,182	18,532,182
Other liabilities								
– non-interest bearing	N/A	705,676,293	–	400,327	1,573,727,360	446,712,164	2,726,516,144	2,706,418,391
– variable rate	1.30	259,112	518,225	2,332,012	312,591,487	–	315,700,836	309,741,250
– fixed rate	1.00	–	–	–	9,952,978	–	9,952,978	9,952,978
Borrowings								
– non-interest bearing	N/A	–	–	–	4,138,139,602	–	4,138,139,602	4,138,139,602
– variable rate	1.30	961,150,193	298,764,027	2,071,764,703	5,270,330,080	2,880,411,529	11,482,420,532	11,001,920,608
Financial guarantee contracts	N/A	–	–	3,232,200,000	1,518,700,000	2,500,000,000	7,250,900,000	887
		<u>2,256,279,752</u>	<u>362,715,390</u>	<u>5,522,119,774</u>	<u>13,098,822,017</u>	<u>6,647,247,815</u>	<u>27,887,184,748</u>	<u>20,129,728,372</u>
<b>2011</b>								
Accounts and other payables								
– non-interest bearing	N/A	577,858,363	62,893,175	187,732,829	278,234,979	951,490,330	2,058,209,676	2,058,209,676
– variable rate	7.00	18,520,514	–	–	–	–	18,520,514	18,520,514
Other liabilities								
– non-interest bearing	N/A	276,748,032	–	49,901,498	2,968,912,122	422,557,938	3,718,119,590	3,702,512,233
– variable rate	1.01	535,570	1,071,139	4,820,128	642,299,768	–	648,726,605	637,467,156
– fixed rate	1.50	–	–	–	10,256,213	–	10,256,213	10,256,213
Borrowings								
– non-interest bearing	N/A	–	–	–	3,729,105,012	–	3,729,105,012	3,729,105,012
– variable rate	1.01	727,180,703	572,140,801	3,060,522,250	3,384,153,020	9,285,023,168	17,029,019,942	16,706,703,095
Financial guarantee contracts	N/A	–	–	4,328,900,000	3,569,800,000	1,159,300,000	9,058,000,000	1,646,817
		<u>1,600,843,182</u>	<u>636,105,115</u>	<u>7,631,876,705</u>	<u>14,582,761,114</u>	<u>11,818,371,436</u>	<u>36,269,957,552</u>	<u>26,864,420,716</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 6. FINANCIAL INSTRUMENTS (Continued)

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

##### Liquidity risk (Continued)

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 end of the reporting period, 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.

##### Fair value measurements

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 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.

#### THE GROUP

	Level 1 HK\$	Total HK\$
<b>2012</b>		
Available-for-sale investments	755,055,836	755,055,836
Trading securities:		
Equity securities listed in Hong Kong	571,879,761	571,879,761
Equity securities listed elsewhere	138,933,420	138,933,420
Total	<u>1,465,869,017</u>	<u>1,465,869,017</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 6. FINANCIAL INSTRUMENTS (Continued)

#### Fair value measurements (Continued)

##### THE GROUP

	Level 1 HK\$	Total HK\$
2011		
Available-for-sale investments	1,228,406,446	1,228,406,446
Trading securities:		
Equity securities listed in Hong Kong	1,153,385,911	1,153,385,911
Equity securities listed elsewhere	<u>152,105,906</u>	<u>152,105,906</u>
Total	<u>2,533,898,263</u>	<u>2,533,898,263</u>

#### 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.

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 7. TURNOVER

	2012 HK\$	2011 HK\$
Sales of properties held for sale	4,279,287,892	2,256,316,924
Gross rental income from properties	2,419,995,977	2,199,094,316
Property management and service fee income	888,061,455	793,478,962
Hotel operations	795,932,634	677,979,850
Interest income from loans receivable	1,143,925	873,194
Dividend income		
listed investments	57,146,152	68,315,356
unlisted investments	19,612,689	14,249,333
	<b>8,461,180,724</b>	<b>6,010,307,935</b>

### 8. OPERATING SEGMENTS

The Group's operating segments are reported by five operating divisions – property, property management and other services, hotel operations, investments in securities and financing.

#### Segment Results

For the year ended 30th June, 2012

	The Company and its subsidiaries		Associates		Total	
	External revenue HK\$	Results HK\$	Share of revenue HK\$	Share of results HK\$	Segment revenue HK\$	Segment results HK\$
Property						
Property sales	4,279,287,892	1,706,189,451	2,869,505,287	1,311,435,731	7,148,793,179	3,017,625,182
Property rental	2,419,995,977	2,058,916,057	585,754,022	529,344,441	3,005,749,999	2,588,260,498
	<b>6,699,283,869</b>	<b>3,765,105,508</b>	<b>3,455,259,309</b>	<b>1,840,780,172</b>	<b>10,154,543,178</b>	<b>5,605,885,680</b>
Property management and other services	888,061,455	198,567,386	73,233,269	7,200,163	961,294,724	205,767,549
Hotel operations	795,932,634	343,461,080	225,791,400	128,556,000	1,021,724,034	472,017,080
Investments in securities	76,758,841	74,830,102	203,900	203,900	76,962,741	75,034,002
Financing	1,143,925	1,143,925	76,665	72,280	1,220,590	1,216,205
	<b>8,461,180,724</b>	<b>4,383,108,001</b>	<b>3,754,564,543</b>	<b>1,976,812,515</b>	<b>12,215,745,267</b>	<b>6,359,920,516</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 8. OPERATING SEGMENTS (Continued)

<b>Segment Assets</b>			
As at 30th June, 2012			
	<b>The Company and its subsidiaries</b>	<b>Associates and a jointly controlled entity</b>	<b>Total</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Property			
Property sales	25,964,591,940	2,562,510,659	28,527,102,599
Property rental	<u>52,116,006,578</u>	<u>8,388,388,244</u>	<u>60,504,394,822</u>
	<b>78,080,598,518</b>	<b>10,950,898,903</b>	<b>89,031,497,421</b>
Property management and other services	184,679,334	5,964,153	190,643,487
Hotel operations	3,038,219,340	708,994,867	3,747,214,207
Investments in securities	1,617,743,543	96,257,700	1,714,001,243
Financing	<u>13,748,470,480</u>	<u>1,541,830</u>	<u>13,750,012,310</u>
Segment assets	<u><b>96,669,711,215</b></u>	<u><b>11,763,657,453</b></u>	<b>108,433,368,668</b>
Restricted bank deposits, time deposits, bank balances and cash			5,725,842,214
Taxation recoverable			<u>275,721</u>
Total assets			<u><b>114,159,486,603</b></u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 8. OPERATING SEGMENTS (Continued)

#### Other Information

For the year ended 30th June, 2012

	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	2,589,347	1,334,229	8,364,203	19,817,473	-	-	32,105,252
- Investment properties	-	193,491,231	-	-	-	-	193,491,231
- Hotel properties	-	-	-	34,303,027	-	-	34,303,027
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	-	4,470,950,610	-	-	-	-	4,470,950,610

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 8. OPERATING SEGMENTS (Continued)

#### Segment Results

For the year ended 30th June, 2011

	The Company and its subsidiaries		Associates		Total	
	External revenue HK\$	Results HK\$	Share of revenue HK\$	Share of results HK\$	Segment revenue HK\$	Segment results HK\$
Property						
Property sales	2,256,316,924	1,003,525,519	7,033,689,320	2,237,227,602	9,290,006,244	3,240,753,121
Property rental	2,199,094,316	1,825,283,837	506,273,523	459,293,209	2,705,367,839	2,284,577,046
	4,455,411,240	2,828,809,356	7,539,962,843	2,696,520,811	11,995,374,083	5,525,330,167
Property management and other services	793,478,962	194,525,211	64,094,512	9,041,431	857,573,474	203,566,642
Hotel operations	677,979,850	267,976,089	214,359,600	121,282,200	892,339,450	389,258,289
Investments in securities	82,564,689	81,643,996	203,900	203,900	82,768,589	81,847,896
Financing	873,194	873,194	138,696	118,416	1,011,890	991,610
	<u>6,010,307,935</u>	<u>3,373,827,846</u>	<u>7,818,759,551</u>	<u>2,827,166,758</u>	<u>13,829,067,486</u>	<u>6,200,994,604</u>

#### Segment Assets

As at 30th June, 2011

	The Company and its subsidiaries HK\$	Associates and a jointly controlled entity HK\$	Total HK\$
Property			
Property sales	25,097,237,621	1,871,031,341	26,968,268,962
Property rental	48,394,325,590	8,433,950,847	56,828,276,437
	73,491,563,211	10,304,982,188	83,796,545,399
Property management and other services	191,950,829	5,816,375	197,767,204
Hotel operations	3,174,608,750	904,771,214	4,079,379,964
Investments in securities	2,683,039,586	89,750,976	2,772,790,562
Financing	11,390,724,967	1,432,717	11,392,157,684
Segment assets	<u>90,931,887,343</u>	<u>11,306,753,470</u>	102,238,640,813
Restricted bank deposits, time deposits, bank balances and cash			8,204,316,011
Taxation recoverable			<u>6,092,665</u>
Total assets			<u>110,449,049,489</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 8. OPERATING SEGMENTS (Continued)

#### Other Information

For the year ended 30th June, 2011

	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	2,842,756	2,972,877	14,628,063	29,202,755	571,118	-	50,217,569
- Investment properties	-	327,457,503	-	-	-	-	327,457,503
- Hotel properties	-	-	-	65,331,304	-	-	65,331,304
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	-	5,999,114,359	-	-	-	-	5,999,114,359

#### Measurement

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

Segment results represent the profit earned by each segment without allocation of certain other income and other gains or losses, certain administrative expenses and other operating expenses, changes in fair value of investment properties and trading securities, gains on disposal of available-for-sale investments, investment properties, a subsidiary and an associate, fair value gain on non-current interest-free unsecured other loans and certain 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 the associates' certain other income and other gains or losses, certain administrative expenses and other operating expenses, change in fair value of investment properties, finance costs net of finance income and income tax expense. 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, 2012

### 8. OPERATING SEGMENTS (Continued)

#### Reconciliation of profit before taxation

	2012 HK\$	2011 HK\$
Segment profit	6,359,920,516	6,200,994,604
Other income and other gains or losses	95,095,143	85,097,947
Increase in fair value of investment properties	4,470,950,610	5,999,114,359
(Loss) gain arising from change in fair value of trading securities	(158,293,225)	192,335,668
Gain on disposal of available-for-sale investments	117,792,135	131,076,070
Gain on disposal of investment properties	224,369,741	15,364,869
Gain on disposal of a subsidiary	143,139,005	–
Gain on disposal of an associate	389,223,795	–
Administrative expenses and other operating expenses	(680,205,770)	(802,063,234)
Fair value gain on non-current interest-free unsecured other loans	61,349,079	50,650,084
Finance income (costs), net	41,398,024	(104,278,559)
Results shared from associates		
– Other income and other gains or losses	36,404,992	32,005,020
– Increase in fair value of investment properties	1,073,552,768	1,754,727,073
– Administrative expenses and other operating expenses	(262,398,620)	(97,852,968)
– Finance costs net of finance income	(123,203,288)	(108,883,320)
– Income tax expense	(488,168,673)	(779,617,843)
	<u>236,187,179</u>	<u>800,377,962</u>
Profit before taxation	<u><b>11,300,926,232</b></u>	<u>12,568,669,770</u>

During the year ended 30th June, 2012, all inter-segment sales of HK\$44,934,044 (2011: HK\$35,932,550) were eliminated within the segment of “property management and other services”. There were no inter-segment sales in other operating segments. Inter-segment sales were charged at cost plus margin basis as agreed between both parties.

The fluctuation in the fair values of available-for-sale financial assets included in the segment assets of “investments in securities” is mainly attributable to volatile stock market and financial assets disposed of during the year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 8. OPERATING SEGMENTS (Continued)

#### 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 carried out in Hong Kong.

#### Information about major customers

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

### 9. FINANCE INCOME

	2012 HK\$	2011 HK\$
Interest income on:		
advances to associates	71,275,544	22,517,337
advance to investee company	867,339	886,595
bank deposits	89,505,648	46,776,842
Imputed interest income on non-current interest-free		
advances to associates	85,769,746	75,993,385
Financial guarantee income	1,645,930	7,222,665
	<b>249,064,207</b>	<b>153,396,824</b>

### 10. FINANCE COSTS

	2012 HK\$	2011 HK\$
Interest and other finance costs on:		
bank loans wholly repayable within five years	219,071,255	250,952,173
other loans wholly repayable within five years	9,296,110	10,071,482
Imputed interest expense on non-current		
interest-free advances from associates	15,607,357	12,722,580
Imputed interest expense on non-current		
interest-free unsecured other loans	50,650,084	64,990,283
	<b>294,624,806</b>	<b>338,736,518</b>
Less: Amounts capitalised to properties under development	<b>(87,133,774)</b>	<b>(81,118,571)</b>
	<b>207,491,032</b>	<b>257,617,947</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 11. SHARE OF RESULTS OF ASSOCIATES

	2012 HK\$	2011 HK\$
Share of results of associates comprises:		
Share of profits of associates	2,701,168,367	4,407,162,563
Share of taxation of associates	<u>(488,168,673)</u>	<u>(779,617,843)</u>
	<b><u>2,212,999,694</u></b>	<b><u>3,627,544,720</u></b>

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\$887,450,476 (2011: HK\$1,459,035,872) recognised in the income statement of the associates.

### 12. PROFIT BEFORE TAXATION

	2012 HK\$	2011 HK\$
Profit before taxation has been arrived at after charging (crediting):		
Staff costs including Directors' remuneration:		
Staff salaries and other benefits	1,127,160,431	994,347,698
Retirement benefit scheme contributions	<u>45,653,214</u>	<u>40,796,529</u>
Total staff costs	<b><u>1,172,813,645</u></b>	<b><u>1,035,144,227</u></b>
Release of prepaid lease payments (included in other operating expenses)	19,456,920	18,586,349
Auditor's remuneration		
– audit services		
– current year provision	5,026,098	4,684,664
– (over)underprovision of previous years	(14,250)	10,114
– non audit services	1,017,640	840,261
Cost of hotel inventories consumed (included in direct expenses)	89,015,976	83,668,823
Cost of properties sold	2,283,937,012	1,076,645,840
Depreciation (included in other operating expenses)	76,685,922	93,213,329
Loss (gain) on disposal of property, plant and equipment	533,686	(150,816)
Cost of property, plant and equipment written off	1,487,995	1,549,966
(Reversal) recognition of impairment loss on trade receivables	(539,121)	1,487,421
Reversal of impairment loss on loans receivable	(95,762)	(786,387)
Net exchange gain (included in other income and other gains or losses)	<b><u>(26,480,412)</u></b>	<b><u>(12,523,854)</u></b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 13. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the six (2011: six) directors were as follows:

#### 2012

	Mr. Robert Ng Chee Siong HK\$	Mr. Daryl Ng Win Kong HK\$	The Honourable Ronald Joseph Arculli HK\$ (Note ii)	Dr. Allan Zeman HK\$	Mr. Adrian David Li Man-kiu HK\$	Mr. Steven Ong Kay Eng HK\$	Total HK\$
Fees	76,680	60,000	120,000	386,680	386,680	321,680	1,351,720
Other emoluments							
Salaries and other benefits	1,226,760	750,200	-	-	-	-	1,976,960
Retirement benefit scheme contributions	12,250	12,250	-	-	-	-	24,500
Discretionary bonus (Note i)	-	62,360	-	-	-	-	62,360
<b>Total emoluments</b>	<b>1,315,690</b>	<b>884,810</b>	<b>120,000</b>	<b>386,680</b>	<b>386,680</b>	<b>321,680</b>	<b>3,415,540</b>

#### 2011

	Mr. Robert Ng Chee Siong HK\$	Mr. Daryl Ng Win Kong HK\$	The Honourable Ronald Joseph Arculli HK\$ (Note ii)	Dr. Allan Zeman HK\$	Mr. Adrian David Li Man-kiu HK\$	Mr. Steven Ong Kay Eng HK\$	Total HK\$
Fees	70,000	60,000	120,000	380,000	380,000	180,000	1,190,000
Other emoluments							
Salaries and other benefits	1,226,760	749,170	-	-	-	-	1,975,930
Retirement benefit scheme contributions	12,000	12,000	-	-	-	-	24,000
Discretionary bonus (Note i)	-	62,360	-	-	-	-	62,360
<b>Total emoluments</b>	<b>1,308,760</b>	<b>883,530</b>	<b>120,000</b>	<b>380,000</b>	<b>380,000</b>	<b>180,000</b>	<b>3,252,290</b>

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

Note ii: A consultancy fee of HK\$2,083,330 (2011: HK\$2,083,330), including HK\$1,666,664 (2011: HK\$1,666,664) paid directly by Sino Land, was paid to Ronald Arculli and Associates, of which The Honourable Ronald Joseph Arculli, is the sole proprietor.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 14. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, none of them (2011: none) is a Director of the Company whose emoluments are included in Note 13 above. The emoluments of five (2011: five) individuals disclosed pursuant to the Listing Rules are as follows:

	<b>2012</b> <b>HK\$</b>	2011 <i>HK\$</i>
Salaries and other emoluments (including basic salaries, housing allowances, other allowances and benefits in kind)	<b>21,219,015</b>	21,981,265
Retirement benefit scheme contributions	<b>124,000</b>	126,000
Discretionary bonus	<b>3,505,126</b>	3,708,223
	<b>24,848,141</b>	25,815,488

The emoluments were within the following bands:

	<b>Number of individuals</b>	
HK\$	<b>2012</b>	2011
3,500,001 – 4,000,000	–	1
4,000,001 – 4,500,000	<b>3</b>	2
5,000,001 – 6,000,000	<b>1</b>	–
6,000,001 – 6,500,000	<b>1</b>	–
6,500,001 – 7,000,000	–	2

For the years ended 30th June, 2012 and 2011, 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, 2012

### 15. INCOME TAX EXPENSE

	2012 <i>HK\$</i>	2011 <i>HK\$</i>
The charge comprises:		
Taxation attributable to the Company and its subsidiaries		
Hong Kong Profits Tax		
Provision for the year calculated at 16.5% (2011: 16.5%)	<b>454,203,816</b>	324,454,903
Overprovision in previous years	<b>(479,870)</b>	(16,114,493)
Additional provisions in respect of tax inquiries <i>(Note)</i>	<b>308,180</b>	208,282,240
	<b>454,032,126</b>	516,622,650
Taxation in other jurisdictions		
Provision for the year	<b>53,701,016</b>	44,263,094
(Over)underprovision in previous years	<b>(906,873)</b>	46,639,061
	<b>52,794,143</b>	90,902,155
	<b>506,826,269</b>	607,524,805
Deferred taxation <i>(Note 38)</i>		
Current year	<b>797,689,533</b>	1,048,785,619
	<b>1,304,515,802</b>	1,656,310,424
Taxation in other jurisdictions is provided for in accordance with the respective local tax requirements.		

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 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:

	2012 HK\$	2011 HK\$
Profit before taxation	<b>11,300,926,232</b>	12,568,669,770
Tax at Hong Kong Profits Tax rate of 16.5% (2011: 16.5%)	<b>1,864,652,828</b>	2,073,830,512
Tax effect of share of results of associates	<b>(365,144,950)</b>	(598,544,879)
Tax effect of expenses not deductible for tax purpose	<b>47,679,544</b>	24,415,927
Tax effect of income not taxable for tax purpose	<b>(264,902,328)</b>	(71,281,688)
Additional provisions in respect of tax inquiries (Note)	<b>308,180</b>	208,282,240
(Over)underprovision in previous years	<b>(1,386,743)</b>	30,524,568
Tax effect of tax losses not recognised	<b>16,899,248</b>	2,958,395
Tax effect of deferred taxation assets not recognised	<b>20,440,052</b>	12,232,988
Utilisation of tax losses previously not recognised	<b>(14,935,375)</b>	(18,376,635)
Utilisation of deferred taxation assets previously not recognised	<b>(10,923,064)</b>	(39,598,179)
Effect of different tax rates of subsidiaries operating in other jurisdictions	<b>11,828,410</b>	31,867,175
Tax charge for the year	<b>1,304,515,802</b>	1,656,310,424

Details of deferred taxation are set out in Note 38.

Note:

The Inland Revenue Department (“IRD”) initiated tax inquiries for the years of assessment 1995/96 to 2004/05 on Sing-Ho Finance Company Limited (“Sing-Ho Finance”), a wholly-owned subsidiary of Sino Land which is a subsidiary of the Company. Notices of assessment for additional tax in an aggregate sum of approximately HK\$673,880,000 were issued to Sing-Ho Finance for the years under review and objections were properly 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 “TRCs”) of approximately HK\$109,940,000 for those years of assessments. These TRCs were purchased by the Group in prior years. During the year ended 30th June, 2011, provisions for tax payable in respect of the assessments of HK\$208,282,240 and for the estimated interest payable on additional tax of HK\$114,339,551 were made by the Group. During the current year, the Group has reached a settlement agreement with the IRD and the final additional tax and interest on additional tax to be settled are HK\$208,590,420 and HK\$99,436,653 respectively. Based on this settlement agreement, additional provision of tax of HK\$308,180 and overprovision of interest payable in prior year of HK\$14,902,898 have been charged and written back to administrative expenses in the consolidated income statement of the Group for the year, respectively.

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

For the year ended 30th June, 2012

### 16. DIVIDENDS

	<b>2012</b> <b>HK\$</b>	2011 <i>HK\$</i>
Dividends recognised as distribution during the year:		
Final dividend for the year ended 30th June, 2011: HK35 cents (2011: HK30 cents for the year ended 30th June, 2010) per share	<b>526,972,739</b>	444,692,031
Interim dividend for the year ended 30th June, 2012: HK10 cents (2011: HK10 cents for the year ended 30th June, 2011) per share	<b>153,188,136</b>	149,919,412
	<b><u>680,160,875</u></b>	<u>594,611,443</u>

During the year, scrip dividends were offered in respect of the 2011 final and 2012 interim dividends. These scrip alternatives were accepted by the majority of shareholders, as follows:

	2012 Interim dividend <i>HK\$</i>	2011 Final dividend <i>HK\$</i>
Dividends:		
Cash	749,918	2,598,497
Scrip alternatives	<u>152,438,218</u>	<u>524,374,242</u>
	<b><u>153,188,136</u></b>	<b><u>526,972,739</u></b>

A final dividend of HK36 cents per share for the year ended 30th June, 2012 (2011: HK35 cents), totalling to HK\$554,234,964 based on 1,539,541,567 shares (2011: HK\$526,972,739 based on 1,505,636,398 shares), has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming Annual General Meeting.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 17. EARNINGS PER SHARE

#### (a) Reported earnings per share

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

	2012 HK\$	2011 HK\$
Earnings for the purpose of basic earnings per share	<u>4,997,931,328</u>	<u>5,436,560,830</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,521,759,651</u>	<u>1,493,273,536</u>

No diluted earnings per share has been presented for the years ended 30th June, 2012 and 2011 as there were no potential ordinary shares outstanding during the current and prior years.

#### (b) Underlying earnings per share

For the purpose of assessing the underlying performance of the Group, basic earnings per share calculated based on the underlying profit attributable to the Company's shareholders of HK\$2,685,632,211 (2011: HK\$2,270,761,583) is also presented, excluding the net effect of changes in fair value of the Group's and the associates' investment properties. The denominators used are the same as those detailed above for reported earnings per share. A reconciliation of profit is as follows:

	2012 HK\$	2011 HK\$
Earnings for the purpose of basic earnings per share	<u>4,997,931,328</u>	<u>5,436,560,830</u>
Increase in fair value of investment properties	<u>4,470,950,610</u>	5,999,114,359
Effect of corresponding deferred tax charges	<u>(727,306,894)</u>	(991,598,163)
Share of results of associates		
– Increase in fair value of investment properties	<u>1,073,552,768</u>	1,754,727,073
– Effect of corresponding deferred tax charges	<u>(186,102,292)</u>	(295,691,201)
Non-controlling interests	<u>4,631,094,192</u> <u>(2,318,795,075)</u>	6,466,552,068 <u>(3,300,752,821)</u>
Net effect of changes in fair value of investment properties	<u>2,312,299,117</u>	<u>3,165,799,247</u>
Underlying profit attributable to the Company's shareholders	<u>2,685,632,211</u>	<u>2,270,761,583</u>
Underlying earnings per share	<u>1.764</u>	<u>1.520</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 18. INVESTMENT PROPERTIES

#### THE GROUP

	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 lease 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\$	Total HK\$
<b>FAIR VALUE</b>							
At 1st July, 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
Exchange realignment	-	-	25,082,000	-	-	150,023,876	175,105,876
Additions	39,452,925	183,768,023	47,510,341	15,667,670	16,695,947	24,362,597	327,457,503
Transfer from properties under development upon completion	-	30,379,246	-	-	-	-	30,379,246
Transfer from investment property under construction upon completion	-	-	735,445,947	-	(735,445,947)	-	-
Disposals	-	(52,934,570)	-	-	-	-	(52,934,570)
Adjustments to construction costs	-	(18,979,943)	(2,709,933)	-	-	(10,947,992)	(32,637,868)
Increase in fair value	514,247,075	4,809,008,606	352,238,454	126,332,330	-	197,287,894	5,999,114,359
At 30th June, 2011	2,673,000,000	41,967,790,122	1,198,828,809	601,000,000	-	1,333,242,075	47,773,861,006
Exchange realignment	-	-	25,934,326	-	-	(48,649,688)	(22,715,362)
Additions	98,897,692	74,889,934	66,102	19,186,477	-	451,026	193,491,231
Transfer from stocks of completed properties	-	33,888,993	-	-	-	-	33,888,993
Transfer to investment properties under redevelopment	(362,778,520)	-	-	362,778,520	-	-	-
Transfer from properties under development upon completion	-	81,129,097	-	-	-	67,917,622	149,046,719
Disposals	-	(443,855,071)	-	-	-	-	(443,855,071)
Disposal of a subsidiary (Note 43)	-	(510,000,000)	-	-	-	-	(510,000,000)
Adjustments to construction costs	-	(948,723)	-	-	-	-	(948,723)
Increase in fair value	323,880,828	3,931,288,573	98,373,141	53,035,003	-	64,373,065	4,470,950,610
At 30th June, 2012	<b>2,733,000,000</b>	<b>45,134,182,925</b>	<b>1,323,202,378</b>	<b>1,036,000,000</b>	<b>-</b>	<b>1,417,334,100</b>	<b>51,643,719,403</b>

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

For the year ended 30th June, 2012

### 18. INVESTMENT PROPERTIES *(Continued)*

The fair values of the Group's completed investment properties at 30th June, 2012 and 2011 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 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.

For investment properties under construction or redevelopment, the valuations have been arrived at by 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 as of completion, 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 19. HOTEL PROPERTIES

#### THE GROUP

	Hotel properties in Singapore held under a long lease <i>HK\$</i>
<b>COST</b>	
At 1st July, 2010	1,512,521,580
Exchange realignment	213,131,751
Additions	<u>65,331,304</u>
At 30th June, 2011	1,790,984,635
Exchange realignment	(63,784,819)
Additions	<u>34,303,027</u>
<b>At 30th June, 2012</b>	<b><u>1,761,502,843</u></b>
<b>DEPRECIATION</b>	
At 1st July, 2010	96,420,896
Exchange realignment	15,031,671
Provided for the year	<u>21,952,092</u>
At 30th June, 2011	133,404,659
Exchange realignment	(5,179,005)
Provided for the year	<u>23,600,613</u>
<b>At 30th June, 2012</b>	<b><u>151,826,267</u></b>
<b>CARRYING VALUES</b>	
<b>At 30th June, 2012</b>	<b><u>1,609,676,576</u></b>
At 30th June, 2011	<u>1,657,579,976</u>

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, 2012

### 20. PROPERTY, PLANT AND EQUIPMENT

<b>THE COMPANY</b>	
	<b>Motor vehicles HK\$</b>
<b>COST</b>	
At 1st July, 2010, 30th June, 2011 and 2012	<u>403,700</u>
<b>DEPRECIATION</b>	
At 1st July, 2010	395,965
Provided for the year	<u>7,735</u>
At 30th June, 2011	403,700
Provided for the year	<u>–</u>
<b>At 30th June, 2012</b>	<u><b>403,700</b></u>
<b>CARRYING VALUES</b>	
At 30th June, 2012	<u>–</u>
At 30th June, 2011	<u>–</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 20. PROPERTY, PLANT AND EQUIPMENT (Continued)

THE GROUP						
	Computer systems HK\$	Furniture, fixtures, equipment and hotel operating equipment HK\$	Leasehold improvements HK\$	Motor vehicles HK\$	Plant and machinery HK\$	Total HK\$
<b>COST</b>						
At 1st July, 2010	62,999,233	225,391,874	38,582,566	18,027,734	6,278,273	351,279,680
Exchange realignment	2,627,883	25,100,565	33,997	1,068,419	44,974	28,875,838
Additions	15,384,740	21,864,587	2,901,242	8,642,585	1,424,415	50,217,569
Write off	(73,469)	(2,343,491)	–	–	–	(2,416,960)
Disposals	(7,105,451)	(551,123)	(487,431)	(2,891,213)	(463,178)	(11,498,396)
At 30th June, 2011	73,832,936	269,462,412	41,030,374	24,847,525	7,284,484	416,457,731
Exchange realignment	(922,227)	(7,798,346)	24,482	(273,612)	(24,957)	(8,994,660)
Additions	5,447,655	21,608,016	155,524	3,115,587	1,778,480	32,105,262
Write off	(144,634)	(2,413,691)	(25,550)	–	–	(2,583,875)
Disposals	(1,509,618)	(1,150,510)	(98,118)	(1,972,268)	(1,085,697)	(5,816,211)
<b>At 30th June, 2012</b>	<b>76,704,112</b>	<b>279,707,881</b>	<b>41,086,712</b>	<b>25,717,232</b>	<b>7,952,310</b>	<b>431,168,247</b>
<b>DEPRECIATION</b>						
At 1st July, 2010	47,233,152	96,291,107	27,850,084	13,484,026	4,726,268	189,584,637
Exchange realignment	1,815,271	13,615,283	20,201	585,375	47,739	16,083,869
Provided for the year	12,544,028	50,144,789	3,635,283	3,892,599	1,044,538	71,261,237
Write off	(73,469)	(793,525)	–	–	–	(866,994)
Eliminated on disposals	(6,864,463)	(374,968)	(257,415)	(2,241,145)	(463,178)	(10,201,169)
At 30th June, 2011	54,654,519	158,882,686	31,248,153	15,720,855	5,355,367	265,861,580
Exchange realignment	(721,304)	(5,150,964)	14,108	(171,095)	(15,762)	(6,045,017)
Provided for the year	9,721,319	35,576,511	3,567,202	3,189,338	1,030,939	53,085,309
Write off	(135,215)	(935,115)	(25,550)	–	–	(1,095,880)
Eliminated on disposals	(1,479,495)	(855,207)	(18,658)	(1,100,559)	(982,000)	(4,435,919)
<b>At 30th June, 2012</b>	<b>62,039,824</b>	<b>187,517,911</b>	<b>34,785,255</b>	<b>17,638,539</b>	<b>5,388,544</b>	<b>307,370,073</b>
<b>CARRYING VALUES</b>						
<b>At 30th June, 2012</b>	<b>14,664,288</b>	<b>92,189,970</b>	<b>6,301,457</b>	<b>8,078,693</b>	<b>2,563,766</b>	<b>123,798,174</b>
At 30th June, 2011	19,178,417	110,579,726	9,782,221	9,126,670	1,929,117	150,596,151

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 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, equipment and hotel operating equipment	10%-33 $\frac{1}{3}$ %
Leasehold improvements	20%
Motor vehicles	20%
Plant and machinery	10%-30%

Included in furniture, fixtures, equipment and hotel operating equipment, the carrying value of HK\$74,819,459 as at 30th June, 2012 (2011: HK\$89,606,160) represents furniture, fixtures and equipment relating to the hotel operations of the Group.

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

**THE GROUP**  
HK\$

**GROSS AMOUNT**

At 1st July, 2010, 30th June, 2011 and 30th June, 2012

**739,233,918**

Goodwill as at 30th June, 2012 and 2011 arose from increase in the Group's ownership in a listed subsidiary through further acquisition the interests in the repurchase of its own shares by the listed subsidiary itself as well as the issue of scrip dividends by the listed subsidiary in prior years.

During the years ended 30th June, 2012 and 2011, changes in the Group's ownership interest in subsidiaries that do not result in loss of control of the subsidiaries have been accounted for as equity transactions.

During the year ended 30th June, 2012, management of the Group performed an impairment review in respect of goodwill. Sino Land is the Company's major operating arm in respect of the Group's five operating divisions as set out in Note 8. The recoverable amount of these operating divisions (which are also the cash generating units) that takes into account the fair value of the underlying assets and liabilities of the listed subsidiary is not less than the carrying amount of the cash generating units, and hence the management determined that there is no impairment on goodwill as at 30th June, 2012. The amounts of goodwill are allocated to respective operating divisions disclosed in Note 8.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 22. PREPAID LEASE PAYMENTS

	THE GROUP	
	2012 HK\$	2011 HK\$
The Group's prepaid lease payments comprise:		
Leasehold land for hotel properties outside Hong Kong – long lease	<b>1,216,912,765</b>	1,281,662,550
Analysed for reporting purposes as:		
Current assets	<b>19,104,164</b>	19,809,674
Non-current assets	<b>1,197,808,601</b>	1,261,852,876
	<b>1,216,912,765</b>	1,281,662,550

### 23. INVESTMENTS IN SUBSIDIARIES/ADVANCES TO SUBSIDIARIES

	THE COMPANY	
	2012 HK\$	2011 HK\$
Investments in subsidiaries:		
Unlisted shares, at cost less impairment losses recognised	<b>105,241,136</b>	102,235,137
Listed shares in Hong Kong, at cost	<b>5,325,264,547</b>	4,771,085,016
	<b>5,430,505,683</b>	4,873,320,153
Advances to subsidiaries	<b>3,982,300,770</b>	4,151,346,197
Market value of Hong Kong listed investments	<b>15,859,930,432</b>	14,905,869,354

The advances to subsidiaries are unsecured, interest-free and have no fixed repayment terms. The effective interest rate for imputed interest income is determined based on the cost-of-fund of the borrower per annum. 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 advances are classified as non-current assets in the statement of financial position of the Company as at 30th June, 2012 and 2011.

Particulars of the Company's principal subsidiaries at 30th June, 2012 and 2011 are set out in Note 51.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

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

	THE GROUP	
	2012 HK\$	2011 HK\$
Interests in associates:		
Unlisted shares, at cost	2,681,537,931	2,723,913,896
Share of post-acquisition profits	8,980,358,818	8,493,278,167
	<b>11,661,896,749</b>	<b>11,217,192,063</b>
Advances to associates	10,068,233,063	11,082,739,399
Less: allowance	(1,577,809,246)	(1,504,159,690)
	<b>8,490,423,817</b>	<b>9,578,579,709</b>
Movements in the allowance		
	2012 HK\$	2011 HK\$
Balance at the beginning of the year	1,504,159,690	1,631,212,021
Impairment losses recognised (reversed)	73,649,556	(127,052,331)
Balance at the end of the year	<b>1,577,809,246</b>	<b>1,504,159,690</b>

Included in the cost of investment in associates is goodwill of HK\$142,498,716 (2011: HK\$142,498,716) arising on acquisitions of associates in prior years.

The advances to associates of the Group are unsecured and have no fixed repayment terms. At 30th June, 2012, out of the Group's advances to associates net of allowance, HK\$4,299,249,963 (2011: HK\$1,577,535,011) bears interest at effective rate determined based on the cost-of-funds plus a margin per annum and the remaining balance of HK\$4,191,173,854 (2011: HK\$8,001,044,698) is interest-free. The effective interest rate for imputed interest income for the interest-free loan is determined based on the cost-of-funds of the borrower 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

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

The amounts due from associates of the Group grouped under current assets are unsecured and are expected to be repaid within one year. At 30th June, 2012, out of the Group's amounts due from associates, no balance (2011: HK\$576,437) bears interest at effective rate determined based on the cost-of-funds plus a margin per annum and the remaining balance of HK\$3,097,093,173 (2011: HK\$25,157,309) is interest-free.

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

Particulars of the principal associates at 30th June, 2012 and 2011 are set out in Note 52.

During the year, the Group sold its effective interest in a commercial building by way of selling its entire 50% equity interest in Better Chief Limited ("Better Chief"), an associate of the Group, and assigned advance to Better Chief of the Group to the purchaser, for a consideration of approximately HK\$1,255 million to an independent third party. Included in the consideration of approximately HK\$687 million was net proceed received from the purchaser net of professional fee incurred and construction cost to be borne by the Group. A gain on disposal of an associate of approximately HK\$389 million has been recognised in profit or loss.

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

	<b>2012</b> <b>HK\$</b>	2011 <i>HK\$</i>
Total assets	<b>119,415,604,397</b>	100,545,920,505
Total liabilities	<b>(84,702,726,331)</b>	(67,970,844,077)
Net assets	<b><u>34,712,878,066</u></b>	<u>32,575,076,428</u>
Group's share of net assets of associates	<b><u>11,519,398,033</u></b>	<u>11,074,693,347</u>
Turnover	<b><u>11,098,467,743</u></b>	<u>17,872,180,917</u>
Profit for the year	<b><u>7,238,951,690</u></b>	<u>10,333,882,632</u>
Group's share of results of associates for the year	<b><u>2,212,999,694</u></b>	<u>3,627,544,720</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

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

The IRD initiated tax inquiries in respect of the deductions on certain loan interest and related expenses for the years of assessment 1994/95 to 2004/05 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\$135,038,000 were 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 TRCs of approximately HK\$18,212,000 for those years of assessments. These TRCs were purchased by the corresponding company in prior years.

During the year ended 30th June, 2011, provisions for tax payables in respect of the above assessments of HK\$28,736,151 and for the estimated interest payable on additional tax of HK\$15,567,102 were made by MII. In prior year, the effective share of tax and the estimated interest payable attributable to the Group were HK\$6,426,051 and HK\$3,481,155 respectively. During the current year, MII has reached a settlement agreement with the IRD and the final amounts of additional tax and interest payable to be settled are HK\$28,757,280 and HK\$6,600,000 respectively. Based on this settlement agreement, the effective share of final amounts of additional tax and interest payable attributable to the Group were HK\$6,430,856 and HK\$1,440,643 respectively. Accordingly, the effective share of additional provision of tax attributable to the Group of HK\$4,805 and the effective share of overprovision of interest payable in prior year attributable to the Group of HK\$2,040,512 have been charged and written back to the consolidated income statement of the Group for the year, respectively.

### 25. INTEREST IN A JOINTLY CONTROLLED ENTITY/ADVANCE TO A JOINTLY CONTROLLED ENTITY

	THE GROUP	
	2012 HK\$	2011 HK\$
Interest in a jointly controlled entity: Unlisted shares	<u>101,760,704</u>	<u>89,561,407</u>
Advance to a jointly controlled entity	<u>2,014,774,277</u>	<u>1,663,513,308</u>

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-fund of the borrower. 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 25. INTEREST IN A JOINTLY CONTROLLED ENTITY/ADVANCE TO A JOINTLY CONTROLLED ENTITY (Continued)

Particulars of the jointly controlled entity at 30th June, 2012 and 2011 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
				2012 %	2011 %	
<i>Indirect:</i>						
Grand Site Development Limited	Hong Kong	Ordinary	HK\$2	50	50	Property development

The Group's effective interest in the assets and liabilities of its jointly controlled entity is summarised below:

	2012 HK\$	2011 HK\$
Non-current assets	239,391,336	119,308,572
Current assets	3,333,331,576	1,663,901,335
Current liabilities	(2,128,476,015)	(1,783,360,190)
Non-current liability	(1,444,500,000)	–
Group's share of net liabilities of a jointly controlled entity	<b>(253,103)</b>	(150,283)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 26. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	THE GROUP	
	2012 HK\$	2011 HK\$
Listed investments:		
Equity securities listed in		
Hong Kong	488,771,833	869,824,632
Singapore	266,284,003	358,581,814
	<u>755,055,836</u>	<u>1,228,406,446</u>
Unlisted securities:		
Equity securities	30,898,490	30,898,490
Club debentures	615,000	615,000
	<u>31,513,490</u>	<u>31,513,490</u>
Total	<u>786,569,326</u>	<u>1,259,919,936</u>

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.

### 27. ADVANCE TO NON-CONTROLLING INTERESTS

The advance to non-controlling interests of the Group is unsecured, has no fixed repayment terms and bears interest at variable interest rates of HIBOR plus 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.

### 28. ADVANCE TO INVESTEE COMPANY

The advance to investee company of the Group is unsecured, has no fixed repayment terms and bears interest at effective rate determined based on the cost-of-fund plus a margin per annum. In the opinion of the Directors, the Group will not demand for repayment within the next twelve months from the end of the reporting period and the advance is therefore shown as non-current.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 29. LONG-TERM LOANS RECEIVABLE

	THE GROUP	
	2012 HK\$	2011 HK\$
Total long-term variable-rate loans receivable	49,414,649	30,510,232
Less: Current portion shown under current assets	<u>(2,236,139)</u>	<u>(1,237,374)</u>
	<b><u>47,178,510</u></b>	<b><u>29,272,858</u></b>

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, 2012 is HK\$49,414,649 net of accumulated impairment loss of HK\$12,646,510 (2011: carrying amount of HK\$30,510,232 net of accumulated impairment loss of HK\$12,742,272).

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

	2012 HK\$	2011 HK\$
Variable-rate loans receivable:		
Within one year	2,236,139	1,237,374
In more than one year but not more than five years	9,930,710	6,755,824
In more than five years	<u>37,247,800</u>	<u>22,517,034</u>
	<b><u>49,414,649</u></b>	<b><u>30,510,232</u></b>

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 4 to 20 years (2011: ranging from 5 to 20 years).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 29. LONG-TERM LOANS RECEIVABLE (Continued)

Movements in the allowance for doubtful debts

	THE GROUP	
	2012 HK\$	2011 HK\$
Balance at the beginning of the year	12,742,272	13,528,659
Impairment losses reversed	(95,762)	(786,387)
Balance at the end of the year	<b>12,646,510</b>	<b>12,742,272</b>

At 30th June, 2012 and 2011, no balance has been past due but not impaired. The Group has assessed the creditworthiness, past payment history and subsequent settlement, 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. The allowance for doubtful debts made for loans receivable are individually impaired in accordance with the credit policy of the Group.

### 30. TRADING SECURITIES

Trading securities comprise:

	THE GROUP	
	2012 HK\$	2011 HK\$
Listed investments:		
Equity securities listed in Hong Kong	571,879,761	1,153,385,911
Equity securities listed elsewhere	138,933,420	152,105,906
Total	<b>710,813,181</b>	<b>1,305,491,817</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 31. ACCOUNTS AND OTHER RECEIVABLES

At 30th June, 2012, included in accounts and other receivables of the Group are trade receivables net of allowance for doubtful debts of HK\$2,008,616,664 (2011: HK\$844,914,676), of which HK\$1,819,308,060 (2011: HK\$658,534,246) are to be settled based on the terms of sales and purchase agreements of property. Trade receivables mainly comprise rental receivables and properties sales receivables.

	<b>THE GROUP</b>	
	<b>2012</b>	2011
	<b>HK\$</b>	<b>HK\$</b>
Trade receivables	<b>2,033,918,440</b>	870,755,573
Less: Allowance for doubtful debts	<b>(25,301,776)</b>	(25,840,897)
	<hr/>	<hr/>
Other receivables	<b>2,008,616,664</b>	844,914,676
	<b>513,603,985</b>	440,350,286
	<hr/>	<hr/>
	<b>2,522,220,649</b>	1,285,264,962
	<hr/>	<hr/>

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.

The following is an aged analysis of trade receivables (net of allowance for doubtful debts). Rental receivables are billed and payable in advance by tenants. Considerations in respect of sold properties are payable by the purchasers pursuant to the terms of the sales and purchase agreements:

	<b>2012</b>	2011
	<b>HK\$</b>	<b>HK\$</b>
Not yet due	<b>1,819,482,087</b>	643,093,551
0 – 30 days	<b>119,889,584</b>	143,890,231
31 – 60 days	<b>23,482,512</b>	19,527,205
61 – 90 days	<b>6,362,953</b>	3,911,603
Over 90 days	<b>39,399,528</b>	34,492,086
	<hr/>	<hr/>
	<b>2,008,616,664</b>	844,914,676
	<hr/>	<hr/>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 31. ACCOUNTS AND OTHER RECEIVABLES (Continued)

Movements in the allowance for doubtful debts

	<b>THE GROUP</b>	
	<b>2012</b> <i>HK\$</i>	2011 <i>HK\$</i>
Balance at the beginning of the year	<b>25,840,897</b>	24,353,476
Impairment losses (reversed) recognised on trade receivables	<b>(539,121)</b>	1,487,421
Balance at the end of the year	<b>25,301,776</b>	25,840,897

The allowance for doubtful debts made for trade receivables are individually impaired in accordance with the credit policy of the Group.

Ageing of trade receivables which are past due but not impaired

	<b>2012</b> <i>HK\$</i>	2011 <i>HK\$</i>
Overdue within 30 days	<b>119,889,584</b>	143,890,231
Overdue between 31 days to 60 days	<b>23,482,512</b>	19,527,205
Overdue between 61 days to 90 days	<b>6,362,953</b>	3,911,603
Overdue for more than 90 days	<b>39,399,528</b>	34,492,086
	<b>189,134,577</b>	201,821,125

For those past due but not impaired receivables, although no collateral is held, the Group has assessed the creditworthiness, past payment history and subsequent settlement, 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\$39,399,528 (2011: HK\$34,492,086) 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, 2012 and 2011 which are neither overdue nor impaired are in good quality.

Other receivables mainly comprise receivables in relation to rental, utility and other deposits paid of approximately HK\$89,000,000 (2011: HK\$95,000,000), prepayments for operating expenses of approximately HK\$73,000,000 (2011: HK\$20,000,000) and interest receivables of approximately HK\$6,000,000 (2011: HK\$4,000,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 32. RESTRICTED BANK DEPOSITS/TIME DEPOSITS, BANK BALANCES AND CASH

Included in restricted bank deposits amounted to HK\$609,224,028 (2011: Nil) in total were the proceeds received from sale of properties of certain property projects deposited into designated bank accounts of the Group which were limited to be used for settlement of construction costs of these property projects, interest payment and principal repayment of the corresponding secured bank loans. The remaining balances represent rental income received from certain properties and the usage of which are restricted for settlement of property expenses, interest payment and principal repayment of the corresponding secured bank loans.

The restricted bank deposits, bank balances and time deposits carry floating interest rates, ranging from 0.005% to 1.4% (2011: 0.0001% to 1.06%) per annum.

### 33. ACCOUNTS AND OTHER PAYABLES

At 30th June, 2012, included in accounts and other payables of the Group are trade payables of HK\$185,621,590 (2011: HK\$214,781,517).

The following is an aged analysis of trade payables presented based on the invoice date at the reporting date:

	THE GROUP	
	2012 HK\$	2011 HK\$
0 – 30 days	149,686,422	155,486,907
31 – 60 days	20,299,278	42,830,169
61 – 90 days	1,732,937	3,564,369
Over 90 days	13,902,953	12,900,072
	<b>185,621,590</b>	<b>214,781,517</b>

At 30th June, 2012, out of the other payables, HK\$18,532,182 (2011: HK\$18,520,514) are unsecured, repayable on demand and bear interest at prime rate plus a margin per annum which represent the amount due to a related company, in which Mr. Robert Ng Chee Siong, Director and the controlling shareholder of the Company, holds controlling interest and directorship of the related company. The remaining other payables comprise mainly construction cost payable of approximately HK\$1,315,000,000 (2011: HK\$1,233,000,000), rental and utilities deposits received of approximately HK\$627,000,000 (2011: HK\$561,000,000) and rental receipt in advance of approximately HK\$131,000,000 (2011: HK\$115,000,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 34. BANK BORROWINGS

	THE GROUP	
	2012 HK\$	2011 HK\$
Short-term bank loans – secured	<u>2,776,883,954</u>	<u>3,562,429,107</u>
Long-term unsecured bank loans		
More than one year but not exceeding two years	<u>–</u>	<u>497,246,128</u>
Long-term secured bank loans		
Within one year	–	202,212,486
More than one year but not exceeding two years	5,202,000,000	2,773,032,004
More than two years but not exceeding three years	700,000,000	7,060,672,501
More than three years but not exceeding four years	1,921,684,649	–
More than four years but not exceeding five years	<u>–</u>	<u>2,170,246,500</u>
	<b>7,823,684,649</b>	12,206,163,491
Less: Current portion shown under current liabilities	<u>–</u>	<u>(202,212,486)</u>
	<b>7,823,684,649</b>	<u>12,003,951,005</u>
Total bank loans – due after one year	<u>7,823,684,649</u>	<u>12,501,197,133</u>
Total bank loans	<b><u>10,600,568,603</u></b>	<b><u>16,265,838,726</u></b>

The Company does not have any borrowings at the end of the reporting period.

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

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

For the year ended 30th June, 2012

### 35. OTHER LOANS

	THE GROUP	
	2012 HK\$	2011 HK\$
Unsecured other loans		
On demand or within one year	188,384,705	193,380,119
More than one year but not exceeding two years	4,138,139,602	3,729,105,012
	<u>4,326,524,307</u>	<u>3,922,485,131</u>
Less: Current portion shown under current liabilities	(188,384,705)	(193,380,119)
	<u>4,138,139,602</u>	<u>3,729,105,012</u>
Secured other loans		
On demand or within one year	–	247,484,250
More than two years but not exceeding three years	212,967,300	–
	<u>212,967,300</u>	<u>247,484,250</u>
Less: Current portion shown under current liabilities	–	(247,484,250)
	<u>212,967,300</u>	<u>–</u>
Total other loans – due after one year	<u>4,351,106,902</u>	<u>3,729,105,012</u>
Total other loans	<u>4,539,491,607</u>	<u>4,169,969,381</u>

The Company does not have any other loans at the end of the reporting period.

The secured other loans of the Group carry contractual interest rates (which are also the effective interest rates) at market rate per annum.

The unsecured other loans are interest-free and out of which an aggregate amount of HK\$4,138,139,602 (2011: HK\$3,729,105,012) are included in non-current liability as the lender has agreed not to demand repayment within the next twelve months from the end of the reporting period. The effective interest rate for imputed interest expenses are determined based on the cost-of-funds of the Group per annum.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 36. SHARE CAPITAL

	2012		2011	
	Number of ordinary shares of HK\$0.20 each	Nominal value HK\$	Number of ordinary shares of HK\$0.20 each	Nominal value HK\$
Authorised:				
At 1st July and at 30th June	<b>2,500,000,000</b>	<b>500,000,000</b>	2,500,000,000	500,000,000
Issued and fully paid:				
At 1st July	<b>1,505,636,398</b>	<b>301,127,280</b>	1,482,306,770	296,461,354
Issue of shares in lieu of cash dividends	<b>33,905,169</b>	<b>6,781,034</b>	23,329,628	4,665,926
At 30th June	<b>1,539,541,567</b>	<b>307,908,314</b>	1,505,636,398	301,127,280

On 9th December, 2011 and 24th April, 2012, the Company issued and allotted a total of 26,244,957 (2011: 16,887,354) ordinary shares and 7,660,212 (2011: 6,442,274) ordinary shares of HK\$0.20 each of the Company at an issue price of HK\$19.98 (2011: HK\$26.20) and HK\$19.90 (2011: HK\$23.16) per ordinary share to the shareholders in lieu of cash for the 2011 final and 2012 interim dividends (2011: 2010 final and 2011 interim dividends) respectively.

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

### 37. SHARE PREMIUM AND RESERVES

#### THE COMPANY

	Share premium HK\$	Capital redemption reserve HK\$	Retained profits HK\$	Total HK\$
At 1st July, 2010	4,965,129,310	224,000	829,891,001	5,795,244,311
Profit for the year	–	–	1,420,524,941	1,420,524,941
Premium on issue of shares upon scrip dividends	586,985,839	–	–	586,985,839
Share issue expenses	(60,000)	–	–	(60,000)
Final dividend – 2010	–	–	(444,692,031)	(444,692,031)
Interim dividend – 2011	–	–	(149,919,412)	(149,919,412)
At 30th June, 2011	5,552,055,149	224,000	1,655,804,499	7,208,083,648
Profit for the year	–	–	1,066,456,141	1,066,456,141
Premium on issue of shares upon scrip dividends	670,031,426	–	–	670,031,426
Share issue expenses	(60,000)	–	–	(60,000)
Final dividend – 2011	–	–	(526,972,739)	(526,972,739)
Interim dividend – 2012	–	–	(153,188,136)	(153,188,136)
<b>At 30th June, 2012</b>	<b>6,222,026,575</b>	<b>224,000</b>	<b>2,042,099,765</b>	<b>8,264,350,340</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 38. DEFERRED TAXATION

The followings 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, 2010	475,770,846	3,125,924,240	9,283,323	(155,459,053)	69,285,712	3,524,805,068
Exchange realignment	-	-	629,650	-	23,306,947	23,936,597
Settlement of withholding tax	-	-	(6,992,192)	-	-	(6,992,192)
Charged (credited) to profit or loss for the year	113,391,702	926,608,693	19,220,405	26,381,328	(36,816,509)	1,048,785,619
At 30th June, 2011	589,162,548	4,052,532,933	22,141,186	(129,077,725)	55,776,150	4,590,535,092
Exchange realignment	-	-	584,912	-	(6,678,785)	(6,093,873)
Disposal of a subsidiary (Note 43)	(1,062,195)	(63,676,811)	-	-	-	(64,739,006)
Charged (credited) to profit or loss for the year	46,736,079	720,256,976	9,788,732	40,203,199	(19,295,453)	797,689,533
<b>At 30th June, 2012</b>	<b>634,836,432</b>	<b>4,709,113,098</b>	<b>32,514,830</b>	<b>(88,874,526)</b>	<b>29,801,912</b>	<b>5,317,391,746</b>

For the purpose of presentation in the consolidated statement of financial position, the deferred taxation assets and liabilities have been offset.

At 30th June, 2012, the Group had unused tax losses of HK\$1,000,280,242 (2011: HK\$1,232,033,733) available for offset against future profits. A deferred taxation asset has been recognised in respect of HK\$538,633,491 (2011: HK\$782,289,242) of such losses. No deferred taxation asset has been recognised in respect of the remaining HK\$461,646,751 (2011: HK\$449,744,491) due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

At 30th June, 2012, the Group had deductible temporary differences of HK\$218,284,763 (2011: HK\$160,606,048). 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\$381,953,392 (2011: HK\$293,587,506). 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, 2012

### 39. ADVANCES FROM SUBSIDIARIES

The advances from subsidiaries of the Company 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 but are not repayable within the next twelve months from the end of the reporting period. The advances are therefore shown as non-current.

### 40. 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, 2012, HK\$309,741,250 (2011: HK\$637,467,156) of the advances bear interest at effective rate determined based on the cost-of-funds plus a margin per annum and the remaining balance of HK\$1,552,967,645 (2011: HK\$1,551,165,054) is interest-free. The effective interest rate for imputed interest expense for the interest-free loan is determined based on the cost-of-funds of the Group per annum.

### 41. ADVANCES FROM NON-CONTROLLING INTERESTS

The advances from non-controlling interests of the Group amounting to HK\$9,952,978 (2011: HK\$10,916,213) are unsecured, bear interest at 1% (2011: 1.5%) per annum and have no fixed repayment terms. The remaining balance of HK\$447,374,126 (2011: HK\$422,558,496) 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\$452,518,781 had been initially reduced to its present value of HK\$446,714,126 based on management's estimates of future cash payments with a corresponding adjustment of HK\$5,804,655 which was regarded as a deemed contribution from the non-controlling interests during the year ended 30th June, 2012. 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 of the Group per annum.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 42. JOINTLY CONTROLLED OPERATIONS

The Group has entered into joint venture agreements (“Agreements”) in the form of jointly controlled operations to engage in residential/commercial property development, sales and investment in Hong Kong. Under the Agreements, the Group is mainly responsible for the development of the projects.

At 30th June, 2012 and 2011, the aggregate amount of assets, liabilities, income and expenses recognised in the consolidated financial statements in relation to the interests in jointly controlled operations are as follows:

	<b>2012</b> <b>HK\$</b>	2011 <i>HK\$</i>
Investment properties	<b>9,260,130,933</b>	8,762,545,339
Other non-current assets	<b>528,744</b>	1,430,261
Current assets	<b>3,030,603,800</b>	2,764,241,969
	<b>12,291,263,477</b>	11,528,217,569
Non-current liabilities	<b>525,806,023</b>	422,607,954
Current liabilities	<b>1,882,981,268</b>	1,886,351,123
	<b>2,408,787,291</b>	2,308,959,077
Income	<b>1,322,678,599</b>	1,838,930,593
Expenses	<b>499,313,872</b>	680,634,424

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 43. DISPOSAL OF A SUBSIDIARY

During the year, the Group sold a shopping mall in Maritime Bay by way of selling the entire shares of Great Land (HK) Limited ("Great Land"), a wholly-owned subsidiary of the Group, for a cash consideration of approximately HK\$579 million to an independent third party. The net assets of Great Land at the date of disposal were as follows:

	<i>HK\$</i>
Net assets disposed of:	
Investment property	510,000,000
Accounts and other receivables	3,010,176
Bank balances and cash	168,986
Accounts and other payables	(10,118,084)
Provision for taxation	(2,209,212)
Deferred taxation	(64,739,006)
Amount due to a subsidiary of the Group	(24,396,755)
	<hr/>
	411,716,105
Assignment of amount due to a subsidiary of the Group to the purchaser	24,396,755
	<hr/>
	436,112,860
Gain on disposal of a subsidiary	143,139,005
	<hr/>
	579,251,865
	<hr/>
Satisfied by:	
Cash consideration received	579,251,865
	<hr/>
Net cash inflow arising on disposal:	
Cash consideration	579,251,865
Bank balances and cash disposed of	(168,986)
	<hr/>
	579,082,879
	<hr/>

The subsidiary disposed of during the year did not contribute significantly to the turnover, operating results or cash flows to the Group in the year.

### 44. MAJOR NON-CASH TRANSACTIONS

On 9th December, 2011 and 24th April, 2012, the Company issued and allotted a total of 26,244,957 (2011: 16,887,354) ordinary shares and 7,660,212 (2011: 6,442,274) ordinary shares of HK\$0.2 each of the Company at an issue price of HK\$19.98 (2011: HK\$26.20) and HK\$19.90 (2011: HK\$23.16) per ordinary share to the shareholders in lieu of cash for 2011 final and 2012 interim dividends (2011: 2010 final and 2011 interim dividends) respectively.

On 8th December, 2011 and 23rd April, 2012, Sino Land issued and allotted a total of 91,629,359 (2011: 54,074,182) ordinary shares and 24,104,943 (2011: 25,094,097) ordinary shares of HK\$1.00 each at an issue price of HK\$10.784 (2011: HK\$16.40) and HK\$13.376 (2011: HK\$13.46) per ordinary share to Sino Land's shareholders in lieu of cash for Sino Land's 2011 final and 2012 interim dividends (2011: 2010 final and 2011 interim dividends) respectively.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 45. PLEDGE OF ASSETS

#### THE GROUP

- (a) At 30th June, 2012, the aggregate facilities of bank loans and other loans granted to the Group amounting to approximately HK\$14,888,689,000 (2011: HK\$22,785,202,000) were secured by certain of the Group's listed investments, properties, accounts and other receivables, restricted bank deposits, shares of Sino Land and floating charges on bank balances amounting to a total of HK\$23,359,640,285 (2011: HK\$41,428,516,799). At that date, the facilities were utilised by the Group to the extent of approximately HK\$10,820,789,000 (2011: HK\$16,043,702,000).

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

	2012 HK\$	2011 HK\$
Investment properties	5,320,238,475	19,796,182,950
Hotel properties	1,609,676,576	1,657,579,976
Prepaid lease payments	1,216,912,765	1,281,662,550
Property, plant and equipment	33,135	40,138
Properties under development	12,947,671,942	13,976,012,004
Stocks of completed properties	–	444,870,537
Accounts and other receivables	5,997,966	9,648,207
Bank balances	78,249,006	298,063,260
Investment in securities	2,039,352,900	3,788,598,788
Others	141,507,520	175,858,389
	<b>23,359,640,285</b>	<b>41,428,516,799</b>

- (b) At 30th June, 2012, investments in and advances to certain associates and a jointly controlled entity amounting to approximately HK\$502,000 and HK\$8,452,659,000 respectively (2011: HK\$136,825,000 and HK\$7,201,079,000, respectively) and certain assets of the associates and a jointly controlled entity were pledged to or assigned to secure loan facilities made available by banks to such associates and jointly controlled entity. The Group's attributable portion of these facilities amounted to HK\$7,250,900,000 (2011: HK\$9,058,000,000), of which HK\$5,435,900,000 (2011: HK\$6,779,550,000) was utilised by the associates and a jointly controlled entity and guaranteed by Sino Land. Details of the relevant guarantees granted are set out in Note 46.

#### THE COMPANY

At 30th June, 2012, the Company and certain subsidiaries' bank and other loan facilities at an aggregate amount of HK\$100,000,000 (2011: HK\$120,000,000) were secured by certain shares in Sino Land held by the Company amounting to HK\$284,081,635 (2011: HK\$261,775,068). At that date, the facilities were utilised to the extent of HK\$100,000,000 (2011: HK\$120,000,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 46. CONTINGENT LIABILITIES

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

	THE COMPANY		THE GROUP	
	2012 HK\$	2011 HK\$	2012 HK\$	2011 HK\$
Guarantees in respect of banking facilities of:				
Subsidiaries				
– Utilised	930,100,000	1,700,072,000	–	–
– Unutilised	250,000,000	30,000,000	–	–
	<b>1,180,100,000</b>	<b>1,730,072,000</b>	<b>–</b>	<b>–</b>
Associates and a jointly controlled entity				
– Utilised	–	–	5,435,900,000	6,779,550,000
– Unutilised	–	–	1,815,000,000	2,278,450,000
	<b>–</b>	<b>–</b>	<b>7,250,900,000</b>	<b>9,058,000,000</b>

As at 30th June, 2012, the Group issued corporate financial guarantees to banks in respect of banking facilities granted to associates and a jointly controlled entity. At the end of the reporting period, the amounts of HK\$887 (2011: HK\$1,646,817) and Nil (2011: Nil), respectively, have been recognised in the consolidated statement of financial position as liabilities.

As at 30th June, 2012, the Company issued corporate financial guarantees to banks in respect of banking facilities granted to subsidiaries. At the end of the reporting period, an amount of HK\$10,708,000 (2011: HK\$25,459,000) 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 an associate is as follows:

	THE COMPANY		THE GROUP	
	2012 HK\$	2011 HK\$	2012 HK\$	2011 HK\$
Share of contingent liabilities (Note 24)	–	–	–	23,772,000

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 47. OPERATING LEASE ARRANGEMENTS

#### The Group as lessor

Property rental income earned during the year, net of outgoings of HK\$361,079,920 (2011: HK\$373,810,479), was HK\$2,058,916,057 (2011: HK\$1,825,283,837). Most of the properties held have committed tenants with fixed rental 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:

	<b>2012</b> <b>HK\$</b>	2011 <i>HK\$</i>
Within one year	<b>1,915,835,179</b>	1,883,935,772
In the second to fifth year inclusive	<b>2,403,137,186</b>	2,308,945,894
After five years	<b>324,758,625</b>	471,928,248
	<b><u>4,643,730,990</u></b>	<u>4,664,809,914</u>

#### The Group as lessee

Minimum lease payments paid under operating leases during the year was HK\$33,938,453 (2011: HK\$34,899,048).

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:

	<b>2012</b> <b>HK\$</b>	2011 <i>HK\$</i>
Within one year	<b>19,868,758</b>	30,765,157
In the second to fifth year inclusive	<b>3,274,389</b>	12,820,775
	<b><u>23,143,147</u></b>	<u>43,585,932</u>

Operating lease payments represent rentals payable by the Group for certain of its office properties to its related companies. 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, 2012

### 48. 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 Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 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.

### 49. PROPERTIES UNDER DEVELOPMENT

At the end of the reporting period, properties under development amounting to approximately HK\$20,315,744,000 (2011: HK\$20,580,123,000) were not expected to be realised within twelve months from the end of the reporting period.

### 50. RELATED PARTY DISCLOSURES

The Group had the following transactions with related parties:

#### (a) Related companies

	2012 HK\$	2011 HK\$
Service fees received therefrom (Note i)	161,560,810	130,638,105
Rental paid thereto (Notes i & iv)	33,938,453	34,899,048
Consultancy fee paid thereto (Note ii)	2,083,330	2,083,330
Fair value gain on non-current interest-free unsecured other loans (Note iii)	61,349,079	50,650,084
Imputed interest expense on non-current interest-free unsecured other loans (Note iii)	50,650,084	64,990,283

Note i: Mr. Robert Ng Chee Siong, Director and the controlling shareholder of the Company, was interested in these transactions as he holds controlling 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, 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, 2012

### 50. RELATED PARTY DISCLOSURES (Continued)

#### (a) Related companies (Continued)

Note iii: All the unsecured other loans of the Group amounting to HK\$4,326,524,307 (2011: HK\$3,922,485,131) were borrowed from a related company owned by Mr. Philip Ng Chee Tat, the son of the late controlling shareholder of the Company, Mr. Ng Teng Fong and the co-executor of the estate of the late Mr. Ng Teng Fong.

Note iv: The Group had commitments for future minimum lease payments under non-cancellable operating leases to its related companies. The details of such commitments are set out in Note 47.

#### (b) Associates

	2012 HK\$	2011 HK\$
Service fees paid thereto	21,756,237	20,343,907
Administrative fees received therefrom	24,033,019	21,934,843
Interest income received therefrom	71,275,544	22,517,337
Interest expenses paid thereto	4,041,479	6,076,925
Imputed interest income on non-current interest-free advances to associates	85,769,746	75,993,385
Imputed interest expense on non-current interest-free advances from associates	15,607,357	12,722,580

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 51 to 56 in the Directors' report.

Included in the advances to associates, amounts due to associates and advances from associates, HK\$4,482,583,953 (2011: HK\$3,806,129,673), HK\$4,201,317 (2011: HK\$5,201,726) and HK\$1,828,922,352 (2011: HK\$1,941,762,990) represent the balances respectively with the associates in which Mr. Robert Ng Chee Siong, Director and the controlling shareholder of the Company, has controlling interests and directorships. Other than the aforesaid, details of the outstanding balances with subsidiaries, associates, a jointly controlled entity, non-controlling interests and a related company as well as interest-free unsecured other loans at the end of the reporting period are set out in the Group and the Company's statements of financial position and in Notes 23, 24, 25, 27, 33, 35, 39, 40 and 41.

In addition, as set out in Notes 45 and 46, the Company and the Group have granted guarantees and pledged certain assets to banks and financial institutions for facilities granted to the group entities, associates and a jointly controlled entity.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 50. RELATED PARTY DISCLOSURES (Continued)

#### Compensation of key management personnel

The remuneration of Directors during the year was as follows:

	<b>2012</b> <b>HK\$</b>	2011 <i>HK\$</i>
Short-term benefits	<b>3,391,040</b>	3,228,290
Retirement benefit scheme contributions	<b>24,500</b>	24,000
	<b>3,415,540</b>	3,252,290

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

### 51. 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, 2012 and 2011 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
				2012		Total	2011 Total	
				Directly %	Indirectly %			
Able Way Investments Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Financing
Acclaim Investment Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Share investment
Accomplishment Investment Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Share investment
Ackerley Estates Limited	Hong Kong	Ordinary	HK\$20,000,000	–	100	100	100	Property investment
Active Success Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 51. 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
				2012		Total %	2011 Total %	
				Directly %	Indirectly %			
Advance Profit Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Alfaso Investment Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property investment
Allbright Global Investments, S.A.	Republic of Panama/ Hong Kong	Bearer	US\$200	100	–	100	100	Share investment
Allways Success Finance Limited	Hong Kong	Ordinary	HK\$10	–	100	100	100	Mortgage loan financing
Ample Way Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Apex Speed Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Beauty Plaza Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property investment
Benefit Bright Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Best General Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Provision of financial services
Best Origin Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Best Result Environmental Services Limited (formerly known as Best Result Cleaning Services Limited)	Hong Kong	Ordinary	HK\$2	–	100	100	100	Cleaning services
Bestone Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property development
Brighter Investment Company Limited	Hong Kong	Ordinary	HK\$400,000	100	–	100	100	Share investment
Brighton Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	N/A	Property development

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 51. 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
				2012		Total %	2011 Total %	
				Directly %	Indirectly %			
Central Wisdom Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property development
Century Profit Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Champion Asia Investments Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Champion Rise Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Champion Top Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property development
Cheer Asia Development Limited	Hong Kong	Ordinary	HK\$1	–	100	100	100	Property investment
Cheer Result Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Citywalk Management Company Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Building management
Citywalk 2 Management Company Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Building management
Crenshaw Investment Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Share investment
Dragon (Hong Kong) Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property, trading and investment
e.Sino Company Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Investment holding
Elegant Lane Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Entertainment City Limited	Hong Kong	Ordinary	HK\$4,500,000	–	100	100	100	Property investment
Ever Champion Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 51. 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
				Directly %	2012		2011 Total %	
					Indirectly %	Total %		
Ever Success Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Financing
Falcon City Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Falcon Land Limited	Hong Kong	Ordinary	HK\$1	–	100	100	100	Property development
Famous General Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Famous Palace Properties Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property investment
Far Gain Limited	Hong Kong	Ordinary	HK\$10,000	–	100	100	100	Property investment
Firm Wise Investment Limited	Hong Kong	Ordinary	HK\$10	–	70	70	70	Property investment
Forlink Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Fortune Garden Inc.	Republic of Liberia/ Hong Kong	Registered/ Bearer	US\$1	–	100	100	100	Share investment
Fortune Glory Investments Limited	Hong Kong	Ordinary	HK\$1	–	100	100	N/A	Property development
Free Champion Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Fu King Investment Limited	Hong Kong	Ordinary	HK\$1,000,000	–	100	100	100	Investment holding
Full Fair Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Fullerton Hotels & Resorts Pte. Ltd.	Singapore	Ordinary	S\$10,000	–	100	100	100	Management services
Fung Yuen Construction Company Limited	Hong Kong	Ordinary	HK\$1,000,000	–	100	100	100	Building construction

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 51. 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
				2012		Total %	2011 Total %	
				Directly %	Indirectly %			
Global Honest Finance Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Mortgage loan financing
Globaland Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Glorypark Limited	Hong Kong	Ordinary	HK\$1,000	–	100	100	100	Property investment
Golden Century Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Financing
Golden Leaf Investment Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property investment
Golden Paradise (Hong Kong) Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Financing
Good Champion Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Grace Rays Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Grand Creator Investment (BVI) Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$10	–	60	60	60	Investment holding
Grand Creator Investment Limited	Hong Kong	Ordinary	HK\$2	–	60	60	60	Property trading
Grand Empire Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Project management
Grand Start Holdings Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Investment holding

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 51. 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			2011 Total %	Principal activities
				Directly %	Indirectly %	Total %		
Grandeal Limited	Hong Kong/ The People's Republic of China ("PRC")	Ordinary	HK\$2	-	100	100	100	Property trading
Great Land (HK) Limited	Hong Kong	Ordinary	HK\$1,000,000	-	-	-	100	Property trading and investment
Handsome Lift Investment (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	-	100	100	100	Property investment
Hang Hau Station (Project Management) Limited	Hong Kong	Ordinary	HK\$2	-	60	60	60	Project management
Harvest Sun Limited	Hong Kong	Ordinary	HK\$2	-	100	100	100	Property trading and investment
Harvestrade Investment Limited	Hong Kong	Ordinary	HK\$20,000	-	100	100	100	Property trading and investment
HCP Hong Kong Fully Co Ltd	Cayman Islands/ Hong Kong	Ordinary	US\$1	-	100	100	100	Property investment
Hickson Limited	Hong Kong	Ordinary	HK\$20	-	100	100	100	Property investment
High Elite Finance Limited	Hong Kong	Ordinary	HK\$2	-	100	100	100	Mortgage loan financing
High Elite Limited	Hong Kong	Ordinary	HK\$2	-	100	100	100	Property investment
Hong Kong Elite Limited	Hong Kong	Ordinary	HK\$2	-	100	100	100	Property investment
Jade Bird Development Limited	Hong Kong	Ordinary	HK\$100,000	-	100	100	100	Property trading and investment
Jade Line Limited	Hong Kong	Ordinary	HK\$2	-	100	100	100	Property investment

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 51. 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
				Directly %	2012		2011 Total %	
					Indirectly %	Total %		
Jade Mate Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Jade Pine Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property investment
Jet Rise Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment and development
Ka Fai Land Investment Limited	Hong Kong	Ordinary	HK\$500,000	100	–	100	100	Share investment
King Century Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
King Chance Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Investment holding
King Regent Limited	Hong Kong	Ordinary	HK\$1	–	85	85	85	Property development
King Talent Investments Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Financing
Kingdom Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Kingsfield International Investments Limited	Hong Kong	Ordinary	HK\$1	–	100	100	100	Property investment
Land Success Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Lucky Fortress Inc.	Republic of Liberia/ Hong Kong	Registered/ Bearer	US\$1	–	100	100	100	Share investment
Mailcoach Investment Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Share investment
Main Earn Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Financing



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

For the year ended 30th June, 2012

### 51. 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
				Directly %	Indirectly %	Total %	2011	
							Total %	
Masswell International Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Investment holding
Mega Sino Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Investment holding
Morbest Profits Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Share investment
Multipurpose Investment Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property trading and investment
Nam Lung (Singapore) Pte. Limited	Singapore	Ordinary	S\$2	100	–	100	100	Share dealing
Nice Scene International Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Investment holding
Ocean Century Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Financing
Ocean Treasure (Hong Kong) Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Octerworth Enterprises Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property investment
Olympian City 1 (Project Management) Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Project management
Olympian City 2 Finance Company Limited	Hong Kong	Ordinary	HK\$1,000	–	100	100	100	Mortgage loan financing

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 51. 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
				Directly %	Indirectly %	Total %	2011	
							Total %	
Olympian City 2 (Project Management) Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Project management
Orchard Centre Holdings (Pte.) Limited	Singapore	Ordinary	S\$8,400,000	–	95	95	95	Property trading and share dealing
Orchard Place (Pte.) Limited	Singapore	Ordinary	S\$1,000,000	–	95	95	95	Property trading
Orient Harvest International Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading
Peace Success Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading
Pacific Talent Investments Limited	Hong Kong	Ordinary	HK\$1	–	100	100	N/A	Financing
Perfect Sun Properties Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Precious Land Pte. Limited	Singapore	Ordinary	S\$2	–	100	100	100	Property investment
Precious Quay Pte. Ltd.	Singapore	Ordinary	S\$10,000	–	100	100	100	Hotel operation, property investment and development
Precious Treasure Pte Ltd	Singapore	Ordinary	S\$20,000,000	–	100	100	100	Hotel operation and property investment
Premium Living Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Premium living services
Pridegate (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Property investment

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 51. 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
				Directly %	2012		2011 Total %	
					Indirectly %	Total %		
Prime Harvest (Administration Services) Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Consultant services provider
Prime Harvest Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Prime Reward Finance Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Financing
Primewin Properties Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Profit Falcon Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Financing
Pui Chee Enterprises Limited	Hong Kong	Ordinary	HK\$1,000,000	100	–	100	100	Share investment
Rainbow City Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Ramage Investment Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Share investment
Rankchief Company Limited	Hong Kong	Ordinary	HK\$200	–	100	100	100	Property trading
Real Maker Development Limited	Hong Kong	Ordinary	HK\$200,000	–	90	90	90	Property investment
Regent Profit Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Region One Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Residence Oasis Finance Company Limited	Hong Kong	Ordinary	HK\$2	–	60	60	60	Mortgage loan financing

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 51. 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
				Directly %	Indirectly %	Total %	2011	
							Total %	
Rich Tact International (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Property investment
Rich Treasure Investments Limited	Hong Kong	Ordinary	HK\$1	–	100	100	100	Mortgage Loan financing
Rickson Investment Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Investment holding
Roystar Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Investment holding
Ruddiman Trading Company Limited	Hong Kong	Ordinary	HK\$100,000	–	100	100	100	Investment holding
Saky Investment (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Property investment
Santander Investment Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Share investment
Serenity Park Building Management Limited	Hong Kong	Ordinary	HK\$10	–	100	100	100	Building management
Sharp Rise Company Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading
Shine Harvest International Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Sidak Investment Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property investment
Silver Palm Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Silver Target Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 51. 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
				Directly %	2012		2011 Total %	
					Indirectly %	Total %		
Sincere Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property development
Sing-Ho Finance Company Limited	Hong Kong	Ordinary	HK\$30,000,000	–	100	100	100	Financing
Sino (MTN) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	N/A	Notes issuer
Sino (Xiamen) Realty Development Co. Ltd. (Note i)	PRC	Registered	HK\$290,000,000	–	100	100	100	Property development, trading and investment
Sino Administration Services Limited	Hong Kong	Ordinary	HK\$3	–	100	100	100	Administration services
Sino Estates Management Limited	Hong Kong	Ordinary	HK\$5,500,000	–	100	100	100	Building management
Sino Estates Services Limited	Hong Kong	Ordinary	HK\$20	–	100	100	100	Building management
Sino Land Company Limited (Listed in Hong Kong)	Hong Kong	Ordinary	HK\$5,911,789,367	23.09	27.56	50.65	49.69	Investment holding
Sino Land Finance Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Deposit placing
Sino Land (Fuzhou) Co., Ltd. (Note i)	PRC	Registered	HK\$50,000,000	–	100	100	100	Property investment
Sino Land (Guangzhou) Company Limited (Note i)	PRC	Registered	US\$3,200,000	–	100	100	100	Property investment
Sino Land (Zhangzhou) Company Limited (Note i)	PRC	Registered	HK\$284,150,000	–	100	100	100	Property development
Sino Land Investment (Holdings) Ltd.	Cayman Islands/ Hong Kong	Ordinary	US\$6,000,000	–	100	100	100	Investment holding

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 51. 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	
				2012 Directly %	2012 Indirectly %	2011 Total %		
Sky Target (Hong Kong) Limited	Hong Kong	Ordinary	HK\$1	–	100	100	N/A	Property development
Sino Security Services Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Security services
Spangle Investment Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Share investment
Sparkling Investment Company Limited	Hong Kong	Ordinary	HK\$200	100	–	100	100	Share investment
Standard Union Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Share investment
Star Profit Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Financing
Star Talent Development Limited	Hong Kong	Ordinary	HK\$1	–	100	100	100	Property development
Success One Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Success United Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Financing
Sunfairs International Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Investment holding
Sunny Force Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Sunrise Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Super One Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Thousand Growth Development Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property investment

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 51. 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
				Directly %	Indirectly %	Total %	2011 Total %	
Timeshare Development (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Property investment
Top Gallant Limited	Hong Kong	Ordinary	HK\$1	–	100	100	100	Property development
Top Route Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Financing
Trans China Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Triple Reach International (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Property investment
Triumph One Limited	Hong Kong	Ordinary	HK\$10,000	–	100	100	100	Property trading and investment
Union Century (Hong Kong) Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Union Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading
Union Harvest Investments Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property development
Union Rich Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Union Treasure Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Financing
Union Vision Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
United Link Investments Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Vantage Plus Investments Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$100	–	85	85	85	Investment holding

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 51. 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			2011 Total %	Principal activities
				2012 Directly %	2012 Indirectly %	2012 Total %		
Vasilon Pte Ltd	Singapore	Ordinary	S\$2	–	100	100	100	Investment holding
Vista Commercial Management Company Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Weiland Development Company Limited	Hong Kong	Ordinary	HK\$33,140,000	–	100	100	100	Property investment
Well Growth International Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Investment holding
Well Victory Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Wellord Investments Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Wendia Limited	Hong Kong	Ordinary	HK\$20	–	100	100	100	Property investment
Will Glory Company (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Property investment
Win Harvest (HK) Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Winchamp Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Winning Limited	Hong Kong	Ordinary	HK\$1	–	100	100	100	Investment holding
Wisdom Power Holdings Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Investment holding
Wise Century Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Wise Mate Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 51. 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
				2012		Total %	2011 Total %	
				Directly %	Indirectly %			
World Ace Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
World Empire Investment (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Property investment
信和置業(成都)有限公司 (Note i)	PRC	Registered	HK\$4,971,254,400	–	100	100	100	Property development

*Notes:*

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

(ii) None of the subsidiaries had issued any debt securities at 30th June, 2012 and 2011.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 52. 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, 2012 and 2011 which materially affect the results of the year or form a substantial portion of the net assets of the Group.

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

Name of associate	Place of incorporation/ establishment/ operation	Class of shares held	Proportion of nominal value of issued share capital/ registered capital held indirectly by the Company		Principal activities
			2012 Total %	2011 Total %	
Ace Glory Limited	Hong Kong	Ordinary	25	25	Property development
Asian Success Investments Limited	Hong Kong	Ordinary	33.3	33.3	Property trading
Astoria Estate Management Company Limited	Hong Kong	Ordinary	50	50	Building management
Best Profit Limited	Hong Kong	Ordinary	50	50	Property trading and investment
Better Chief Limited	Hong Kong	Ordinary	–	50	Property investment
Beverhill Limited	Hong Kong	Ordinary	20	20	Property investment
Boatswain Enterprises Limited	Hong Kong	Ordinary	20	20	Property investment
Brisbane Trading Company Limited	Hong Kong	Ordinary and non-voting deferred	50	50	Property trading
Century Link (Hong Kong) Limited	Hong Kong	Ordinary	50	N/A	Property investment
Century Rise Limited	Hong Kong	Ordinary	50	50	Property development
Cheer City Properties Limited	Hong Kong	Ordinary	20	20	Property investment

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 52. PRINCIPAL ASSOCIATES (Continued)

Name of associate	Place of incorporation/ establishment/ operation	Class of shares held	Proportion of nominal value of issued share capital/ registered capital held indirectly by the Company		Principal activities
			2012 Total %	2011 Total %	
Chongqing Champion Globe Company Limited	PRC	Registered	N/A	50	Deregistered
Chongqing Champion King Company Limited	PRC	Registered	N/A	50	Deregistered
Chongqing Sino Land Company Limited	PRC	Registered	50	50	Property development
C.H.K.C. Building Management Limited	Hong Kong	Ordinary	25	25	Building management
Cosmos Door Limited	Hong Kong	Ordinary	50	50	Property investment
Credit World Limited	Hong Kong	Ordinary	20	20	Property trading
Direct Win Development Limited	Hong Kong	Ordinary	33.3	33.3	Property trading
Dramstar Company Limited	Hong Kong	Ordinary	22	22	Property trading
Empire Funds Limited	Hong Kong	Ordinary	50	50	Property trading
Enterprico Investment Limited	Hong Kong	Ordinary	50	50	Loan financing
Eternal Honest Finance Company Limited	Hong Kong	Ordinary	50	50	Mortgage loan financing
Famous Empire Finance Limited	Hong Kong	Ordinary	40	40	Mortgage loan financing
Famous Empire Properties Limited	Hong Kong	Ordinary	40	40	Property trading and investment
Finedale Industries Limited	Hong Kong	Ordinary	33.3	33.3	Property investment
Full Raise International Limited	British Virgin Islands/ Hong Kong	Ordinary	25	25	Investment holding

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 52. PRINCIPAL ASSOCIATES (Continued)

Name of associate	Place of incorporation/ establishment/ operation	Class of shares held	Proportion of nominal value of issued share capital/ registered capital held indirectly by the Company		Principal activities
			2012 Total %	2011 Total %	
Gloryland Limited	Hong Kong	Ordinary	33.3	33.3	Property investment
Golden Famous International Limited	Hong Kong	Ordinary	25	25	Property trading
Grace Sign Limited	Hong Kong	Ordinary	30	30	Property trading
Grand Palisades Finance Company Limited	Hong Kong	Ordinary	20	20	Mortgage loan financing
Grand Rise Investments Limited	Hong Kong	Ordinary	50	50	Property investment
Greenroll Limited	Hong Kong	Ordinary	30	30	Hotel operation
Hua Qing Holdings Pte Ltd	Singapore	Ordinary	23.5	23.5	Investment holding
Island Resort Estate Management Company Limited	Hong Kong	Ordinary	45	40	Building management
Jet Fame (Hong Kong) Limited	Hong Kong	Ordinary	50	50	Property investment
Lead Bright Finance Limited	Hong Kong	Ordinary	20	20	Mortgage loan financing
Lead Bright Limited	Hong Kong	Ordinary	20	20	Property trading
Million Success Limited	Hong Kong	Ordinary	25	25	Property investment
More Treasure Company Limited	Hong Kong	Ordinary	25	25	Property investment
Murdoch Investments Inc.	Republic of Panama/ Hong Kong	Ordinary	45	45	Property investment
Nimble Limited	British Virgin Islands/ Hong Kong	Ordinary	45	45	Investment holding

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 52. PRINCIPAL ASSOCIATES (Continued)

Name of associate	Place of incorporation/ establishment/ operation	Class of shares held	Proportion of nominal value of issued share capital/ registered capital held indirectly by the Company		Principal activities
			2012 Total %	2011 Total %	
Orient Field Holdings Limited	Hong Kong	Ordinary	50	50	Property investment
Pacific Bond Limited	Hong Kong	Ordinary	35	35	Property development
Pembroke Development Investments Limited	British Virgin Islands/ Hong Kong	Ordinary and non-voting deferred	40	N/A	Property development
Prime Force Limited	Hong Kong	Ordinary	50	50	Property trading
Providence Bay Finance Company Limited	Hong Kong	Ordinary	35	N/A	Mortgage loan financing
Pui Hay Enterprises Limited	Hong Kong	Ordinary	50	50	Property trading
Rich Century Investment Limited	Hong Kong	Ordinary	50	50	Property investment
Silver Link Investment Limited	Hong Kong	Ordinary	45	40	Property trading and investment
Sino Parking Services Limited	Hong Kong	Ordinary	50	50	Carpark operation
Sino Real Estate Agency Limited	Hong Kong	Ordinary	50	50	Real estate agency
Tat Lee Construction Company Limited	Hong Kong	Ordinary	25	25	Building construction
Teamer International Limited	Hong Kong	Ordinary	35	35	Property development
The Hermitage Estates Management Limited	Hong Kong	Ordinary	50	50	Building management
Union King (Hong Kong) Limited	Hong Kong	Ordinary	45	45	Property development

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2012

### 52. PRINCIPAL ASSOCIATES (Continued)

Name of associate	Place of incorporation/ establishment/ operation	Class of shares held	Proportion of nominal value of issued share capital/ registered capital held indirectly by the Company		Principal activities
			2012 Total %	2011 Total %	
Union Top Properties Limited	Hong Kong	Ordinary	50	50	Property investment
Victory Top Properties Limited	Hong Kong	Ordinary	50	50	Property investment
Victory World Limited	Hong Kong	Ordinary	50	50	Property trading and investment
Wide Harvest Investment Limited	Hong Kong	Ordinary	25	25	Property investment
Win Chanford Enterprises Limited	Hong Kong	Ordinary	50	50	Property investment
Wisekey Investment Limited	British Virgin Islands/ Hong Kong	Ordinary	50	50	Investment holding
深圳中海信和地產開發有限公司	PRC	Registered	50	50	Property trading
中海信和(成都)物業發展有限公司	PRC	Registered	20	20	Property development and trading

## DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 30th June, 2012, the Company owned 50.68% share interests in Sino Land Company Limited (“Sino Land”). On a consolidated basis, the Company had a general disclosure obligation under Rule 13.22 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) with respect to the advances to, and guarantees given for the benefits of its affiliated companies by the Company (through Sino Land and/or its subsidiaries). In accordance with Rule 13.22 of the Listing Rules, the Company discloses the following statement of indebtedness, capital commitments and contingent liabilities reported on by the affiliated companies of Sino Land and/or its subsidiaries as at the end of the most recent financial period. This information has been extracted from the relevant audited financial statements of the affiliated companies.

	At 30th June, 2012 HK\$	At 30th June, 2011 HK\$
Sino Land’s share of total indebtedness of its affiliated companies		
– Bank loans	5,647,885,080	7,073,351,881
Advances from Sino Land and its subsidiaries	<u>15,560,620,979</u>	<u>13,134,046,457</u>
	<u>21,208,506,059</u>	<u>20,207,398,338</u>
Sino Land’s share of contingent liabilities of its affiliated companies	<u>–</u>	<u>47,836,000</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, 2012

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
<b>Properties for investment and hotels</b>							
<b>HONG KONG</b>							
1. No. 1 Chatham Path Mid-levels, Hong Kong	2072	50.65%	–	3,951	R	Completed	Existing
2. 148 Electric Road North Point, Hong Kong	2047	50.65%	13,160	99,982	C	Completed	Existing
3. Bayview Park 3 Hong Man Street, Chai Wan, Hong Kong	2047	50.65%	17,122	7,249	R	Completed	Existing
4. Central Plaza 18 Harbour Road, Wan Chai, Hong Kong	2047	5.07%	77,824	70,909	C	Completed	Existing
5. The Centrium 60 Wyndham Street, Central, Hong Kong	2047	35.46%	17,061	90,732	C	Completed	Existing
6. Conrad Hong Kong Pacific Place, 88 Queensway, Hong Kong	2047	15.20%	–	83,828	H	Completed	Existing



## MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2012

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
<b>Properties for investment and hotels</b>							
<b>HONG KONG</b>							
7. Fraser Suites Hong Kong 74-80 Johnston Road, Wan Chai, Hong Kong	2047	50.65%	5,353	23,466 <u>5,965</u> <u>29,431</u>	R C	Completed	Existing
8. Harbour Centre Harbour Road & Fleming Road, Hong Kong	2128	8.46%	32,626	20,344	C	Completed	Existing
9. The Hennessy 256 Hennessy Road, Wan Chai, Hong Kong	2127	50.65%	4,791	36,398	C	Completed	Existing
10. Hollywood Centre 233 Hollywood Road, Hong Kong	2128	25.33%	6,706	23,832	C	Completed	Existing
11. Island Resort Mall 28 Siu Sai Wan Road, Chai Wan, Hong Kong	2047	22.79%	275,470	43,121 <u>30,542*</u> <u>73,663</u>	C P	Completed	Existing
* 274 carparks							
12. Marina House 68 Hing Man Street, Shau Kei Wan, Hong Kong	2047	50.65%	7,818	60,423	C	Completed	Existing
13. One Capital Place 18 Luard Road, Wan Chai, Hong Kong	2127	50.65%	5,315	37,198	C	Completed	Existing

## MAJOR PROPERTIES HELD BY THE GROUP *(Continued)*

Dated at 30th June, 2012

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
<b>Properties for investment and hotels</b>							
<b>HONG KONG</b>							
14. Pacific Palisades 1 Braemar Hill Road, Hong Kong	2047	10.13%	165,550	47,382	R	Completed	Existing
15. Pacific Plaza 418 Des Voeux Road West, Hong Kong	2860	50.65%	9,450	83,298	C	Completed	Existing
16. 25/F United Centre Queensway, Hong Kong	2128	25.33%	–	5,179	C	Completed	Existing
<b>KOWLOON</b>							
17. No. 1 Hung To Road Kwun Tong, Kowloon	2047	16.87%	60,970	89,820	I	Completed	Existing
18. The Astrid 180 Argyle Street, Kowloon	2047	50.65%	61,118	7,368	R	Completed	Existing
19. Cameron Plaza 23 Cameron Road, Tsim Sha Tsui, Kowloon	2038	50.65%	5,413	33,201	C	Completed	Existing
20. China Hong Kong City 33 Canton Road, Tsim Sha Tsui, Kowloon	2135	12.66%	165,334	182,050	C	Completed	Existing

## MAJOR PROPERTIES HELD BY THE GROUP *(Continued)*

Dated at 30th June, 2012

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
<b>Properties for investment and hotels</b>							
<b>KOWLOON</b>							
21. Corporation Square 8 Lam Lok Street, Kowloon Bay, Kowloon	2047	50.65%	21,745	78,967	I	Completed	Existing
22. Exchange Tower 33 Wang Chiu Road, Kowloon Bay, Kowloon	2055	50.65%	50,752	308,467	C	Completed	Existing
23. Fullerton Centre 19 Hung To Road, Kwun Tong, Kowloon	2047	50.65%	10,394	57,909	I	Completed	Existing
24. Futura Plaza 111-113 How Ming Street, Kwun Tong, Kowloon	2047	50.65%	18,783	114,161	C	Completed	Existing
25. Hong Kong Pacific Centre 28 Hankow Road, Tsim Sha Tsui, Kowloon	2039	50.65%	18,028	117,813	C	Completed	Existing

## MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2012

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
<b>Properties for investment and hotels</b>							
<b>KOWLOON</b>							
26. Kwun Tong Harbour Plaza 182 Wai Yip Street, Kwun Tong, Kowloon	2047	50.65%	31,018	66,213 <u>100,669*</u> <u>166,882</u>	C P	Completed	Existing
				* 240 carparks			
27. Kwun Tong Plaza 68 Hoi Yuen Road, Kwun Tong, Kowloon	2047	50.65%	25,995	97,598*	P	Completed	Existing
				* 185 carparks			
28. Maison Rosé 270 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon	2047	50.65%	4,490	3,481	C	Completed	Existing
29. Olympian City 1 11 Hoi Fai Road, MTR Olympic Station, Kowloon	2047	Joint Venture	712,614	139,931 <sup>†</sup>	C	Completed	Existing
30. Olympian City 2 18 Hoi Ting Road, MTR Olympic Station, Kowloon	2047	Joint Venture	708,577	511,287 <sup>†</sup>	C	Completed	Existing
31. Olympian City 3 1 Hoi Wang Road, South West Kowloon, Kowloon	2055	25.33%	146,131	30,097	C	Completed	Existing

## MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2012

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
<b>Properties for investment and hotels</b>							
<b>KOWLOON</b>							
32. Omega Plaza 32 Dundas Street, Kowloon	2047	50.65%	5,385	40,912	C	Completed	Existing
33. One Madison 305 Castle Peak Road, Kowloon	2047	50.65%	7,200	6,483	C	Completed	Existing
34. One New York 468 Castle Peak Road, Kowloon	2047	50.65%	6,448	4,873	C	Completed	Existing
35. One SilverSea 18 Hoi Fai Road, Kowloon	2052	50.65%	112,484	56,972	C	Completed	Existing
36. Parmanand House 51-52 Haiphong Road, Kowloon	2863	50.65%	1,800	9,139	C	Completed	Existing
37. Remington Centre 23 Hung To Road, Kwun Tong, Kowloon	2047	50.65%	10,370	57,792	I	Completed	Existing
38. Skyline Tower 39 Wang Kwong Road, Kowloon Bay, Kowloon	2047	25.33%	68,986	209,645	C	Completed	Existing

## MAJOR PROPERTIES HELD BY THE GROUP *(Continued)*

Dated at 30th June, 2012

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
<b>Properties for investment and hotels</b>							
<b>KOWLOON</b>							
39. Sunshine Plaza Shopping Arcade, 17 Sung On Street, Hung Hom, Kowloon	2047	50.65%	26,598	29,826	C	Completed	Existing
40. Tsim Sha Tsui Centre Salisbury Road, Tsim Sha Tsui, Kowloon	2127	22.79%	42,835	117,156	C	Completed	Existing
41. Vista 188 Fuk Wa Street, Sham Shui Po, Kowloon	2054	Joint Venture	14,895	22,335 <sup>†</sup>	C	Completed	Existing
42. Westley Square 48 Hoi Yuen Road, Kwun Tong, Kowloon	2047	50.65%	21,110	120,640	I/O	Completed	Existing
43. Yau Tong Industrial City 17 Ko Fai Road, Yau Tong, Kowloon	2047	45.59%	100,580	235,330	I	Completed	Existing

## MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2012

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
<b>Properties for investment and hotels</b>							
<b>NEW TERRITORIES</b>							
44. Avon Park Shopping Mall, 15 Yat Ming Street, Fanling, New Territories	2047	50.65%	145,649	51,652	C	Completed	Existing
45. Citywalk 1 Yeung Uk Road, Tsuen Wan, New Territories	2052	Joint Venture	207,659	245,419 <sup>†</sup>	C	Completed	Existing
46. Citywalk 2 18 Yeung Uk Road, Tsuen Wan, New Territories	2054	Joint Venture	77,823	191,568 <sup>†</sup>	C	Completed	Existing
47. Golden Plaza 28 Shui Che Kwun Street, Yuen Long, New Territories	2047	50.65%	21,420	16,298 <u>87,912*</u> <u>104,210</u>	C P	Completed	Existing
				* 222 carparks			
48. Grand Regentville Shopping Arcade, 9 Wo Mun Street, Fanling, New Territories	2049	50.65%	131,448	36,195 <u>75,109*</u> <u>111,304</u>	C P	Completed	Existing
				* 210 carparks			

## MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2012

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
<b>Properties for investment and hotels</b>							
<b>NEW TERRITORIES</b>							
49. Lake Silver Shopping Arcade, 599 Sai Sha Road, Ma On Shan, New Territories	2055	Joint Venture	367,601	43,056 <sup>†</sup>	C	Completed	Existing
50. Mansfield Industrial Centre 19 Hong Yip Street, Tung Tau, Yuen Long, New Territories	2047	50.65%	52,582	56,349	I	Completed	Existing
51. Oceania Heights Shopping Mall, 2 Hoi Chu Road, Tuen Mun, New Territories	2052	50.65%	65,552	14,730	C	Completed	Existing
52. The Palazzo Shopping Arcade, 28 Lok King Street, Shatin, New Territories	2053	Joint Venture	287,258	21,528 <sup>†</sup>	C	Completed	Existing
53. Parklane Centre 25 Kin Wing Street, Tuen Mun, New Territories	2047	50.65%	26,522	43,046 84,572* <u>127,618</u>	I P	Completed	Existing

\* 59 carparks



## MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2012

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
<b>Properties for investment and hotels</b>							
<b>NEW TERRITORIES</b>							
54. Ping Wui Centre 13-17 Ping Wui Street, Yuen Long, New Territories	2047	50.65%	20,376	10,333 <u>87,758*</u> <u>98,091</u>	C P	Completed	Existing
* 228 carparks							
55. Rosedale Gardens Shopping Arcade, 133 Castle Peak Road, Tuen Mun, New Territories	2047	50.65%	29,956	17,835	C	Completed	Existing
56. Shatin Galleria 18-24 Shan Mei Street, Fo Tan, Shatin, New Territories	2047	50.65%	38,234	136,144 <u>47,454*</u> <u>183,598</u>	C P	Completed	Existing
* 136 carparks							
57. Springdale Villas Shopping Arcade, 80 Ma Tin Road, Yuen Long, New Territories	2047	50.65%	45,273	20,092 <u>44,116*</u> <u>64,208</u>	C P	Completed	Existing
* 132 carparks							
58. Sunley Centre 9 Wing Yin Street, Tsuen Wan, New Territories	2047	50.65%	17,362	86,392	I	Completed	Existing

## MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2012

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
<b>Properties for investment and hotels</b>							
<b>NEW TERRITORIES</b>							
59. Tuen Mun Town Plaza, Phase I 1 Tuen Shun Street & 1 Tuen Shing Street, Tuen Mun, New Territories	2047	50.65%	262,715	432,318 <u>79,689*</u> <u>512,007</u>	C P	Completed	Existing
* 266 carparks							
60. The Waterside Shopping Mall, 15 On Chun Street, Ma On Shan, Shatin, New Territories	2047	20.26%	69,428	11,534	C	Completed	Existing
<b>MAINLAND CHINA</b>							
61. Greenfields Chuangye Road, Guangzhou Economic & Technology Development District, Guangzhou	2054	50.65%	53,131	7,562 <u>6,514*</u> <u>14,076</u>	C P	Completed	Existing
*26 carparks							
62. Park Place 130 Jia He Lu, Xiamen	2039	50.65%	44,118	5,414	C	Completed	Existing
63. Raffles City Shanghai Plot 105 A&B, 228 Xizang Road Central, Huangpu District, Shanghai	2044 2046	11.35%	163,624	152,528	C	Completed	Existing

## MAJOR PROPERTIES HELD BY THE GROUP *(Continued)*

Dated at 30th June, 2012

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
<b>Properties for investment and hotels</b>							
<b>MAINLAND CHINA</b>							
64. Sino International Plaza 137 Wu Xi Lu, Fuzhou	2059	50.65%	58,126	252,820	C	Completed	Existing
<b>OVERSEAS – SINGAPORE</b>							
65. Clifford Pier 80 Collyer Quay, Singapore	2067	50.65%	70,397	6,955	C	Completed	Existing
66. Customs House 70 Collyer Quay, Singapore	2067	50.65%	44,348	7,507	C	Completed	Existing
67. The Fullerton Hotel Singapore 1 Fullerton Square, Singapore	2096	50.65%	139,469	236,240	H	Completed	Existing
68. The Fullerton Bay Hotel 80 Collyer Quay, Singapore	2067	50.65%	38,965	40,057	H	Completed	Existing
69. The Fullerton Waterboat House 3 Fullerton Road, Singapore	2032	50.65%	16,921	11,013	C	Completed	Existing
70. One Fullerton 1 Fullerton Road, Singapore	2096	50.65%	92,646	40,739	C	Completed	Existing

## MAJOR PROPERTIES HELD BY THE GROUP *(Continued)*

Dated at 30th June, 2012

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
<b>Properties held for sale</b>							
<b>HONG KONG</b>							
1. Far East Finance Centre 16 Harcourt Road, Hong Kong	2130	9.67%	34,595	4,999	C	Completed	Existing
2. Marinella 9 Welfare Road, Aberdeen, Hong Kong	2057	17.73%	68,922	23,695	R	Completed	Existing
<b>KOWLOON</b>							
3. Chevalier Commercial Centre Wang Hoi Road, Kowloon Bay, Kowloon	2047	16.87%	44,350	5,817	C	Completed	Existing
4. Hewlett Centre 54 Hoi Yuen Road, Kwun Tong, Kowloon	2047	50.65%	38,000	7,648	I	Completed	Existing
5. Kowloon Plaza 485 Castle Peak Road, Cheung Sha Wan, Kowloon	2047	50.65%	19,375	13,018	I	Completed	Existing
6. Metro Centre 32 Lam Hing Street, Kowloon Bay, Kowloon	2047	50.65%	27,125	9,317	I	Completed	Existing

## MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2012

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
<b>Properties held for sale</b>							
<b>KOWLOON</b>							
7. One Mayfair 1 Broadcast Drive, Kowloon Tong, Kowloon	2056	50.65%	65,531	24,113	R	Completed	Existing
8. Pan Asia Centre 137 Wai Yip Street, Kwun Tong, Kowloon	2047	50.65%	5,760	33,688	I	Completed	Existing
9. Westin Centre 26 Hung To Road, Kwun Tong, Kowloon	2047	25.33%	17,280	52,460	I	Completed	Existing
<b>NEW TERRITORIES</b>							
10. The Balmoral 1 Ma Shing Path, Tai Po, New Territories	2055	50.65%	63,603	16,412	R	Completed	Existing
11. Cambridge Plaza 188 San Wan Road, Sheung Shui, New Territories	2047	50.65%	–	88,311	I	Completed	Existing
12. Goodwood Park 138 Hang Tau Road, Kwu Tung, Sheung Shui, New Territories	2054	50.65%	61,032	6,198	R	Completed	Existing

## MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2012

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
<b>Properties held for sale</b>							
<b>NEW TERRITORIES</b>							
13. Lake Silver 599 Sai Sha Road, Ma On Shan, New Territories	2055	Joint Venture	367,601	44,169 <sup>†</sup>	R	Completed	Existing
14. Lincoln Centre 20 Yip Fung Street, Fanling, New Territories	2047	50.65%	21,163	30,969	I	Completed	Existing
15. The Palazzo 28 Lok King Street, Shatin, New Territories	2053	Joint Venture	287,258	36,296 <sup>†</sup>	R	Completed	Existing
16. Poly Centre 15 Yip Fung Street, Fanling, New Territories	2047	50.65%	18,191	5,283	I	Completed	Existing
17. Raleigh Centre 9 Yip Cheong Street, Fanling, New Territories	2047	50.65%	10,194	4,247	I	Completed	Existing
18. Sea Crest Terrace Mui Wo, Lantau Island, New Territories	2047	50.65%	7,976	405 3,798 <u>4,203</u>	R C	Completed	Existing

## MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2012

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
<b>Properties held for sale</b>							
<b>NEW TERRITORIES</b>							
19. Technology Plaza 29-35 Sha Tsui Road, Tsuen Wan, New Territories	2047	50.65%	20,000	7,834	I	Completed	Existing
<b>MAINLAND CHINA</b>							
20. Chengdu International Community Xipu Zhen, Pi Xian, Jin Niu District, Chengdu, Sichuan	2074	10.13%	14,253,628	35,160 <u>51,294</u> <u>86,454</u>	R C	Completed	Existing
<b>OVERSEAS – SINGAPORE</b>							
21. Far East Shopping Centre 545 Orchard Road, Singapore	2870	95.00%	36,017	57,694	C	Completed	Existing
22. Orchard Plaza 150 Orchard Road, Singapore	2076	95.00%	44,455	32,886	C	Completed	Existing
23. Orchard Shopping Centre 321 Orchard Road, Singapore	Freehold	95.00%	12,409	18,550	C	Completed	Existing

## MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2012

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
<b>Properties under development</b>							
<b>HONG KONG</b>							
1. 38 Repulse Bay Road, Hong Kong Rural Building Lot No. 380 (*)	2084	50.65%	16,176	6,145	R	Superstructure works in progress	July 2013
2. 53 Conduit Road, Hong Kong The Remaining Portion of Inland Lot No. 2138 and Inland Lot No. 2613	2065	50.65%	24,930	30,603	R	Foundation works in progress	October 2013
3. Lee Tung Street/McGregor Street Project, Wan Chai, Hong Kong Inland Lot No. 9018	2060	Joint Venture	88,652	731,032 <u>87,733</u> <u>818,765<sup>†</sup></u>	R C	Superstructure works in progress	January 2015
4. 20-26 Staunton Street, Hong Kong Inland Lot No.118 Section A Remaining Portion and Inland Lot No.119 Section M, Section L and Remaining Portion (*)	2844	50.65%	4,482	16,815 <u>3,427</u> <u>20,242</u>	R C	Ground investigation in progress	April 2016
<b>KOWLOON</b>							
5. The Coronation 1 Yau Cheung Road, South West Kowloon, Kowloon Inland Lot No. 11073	2057	22.79%	86,757	128,531 <u>19,774</u> <u>148,305</u>	R C	Superstructure works in progress	August 2012
6. Park Summit 88 Beech Street, Kowloon Inland Lot No. 11192	2058	Joint Venture	25,058	187,939 <u>37,588</u> <u>225,527<sup>†</sup></u>	R C	Superstructure works in progress	September 2012



## MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2012

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
<b>Properties under development</b>							
<b>KOWLOON</b>							
7. 12-18 Hau Wong Road Ma Tau Kok, Kowloon (*)	2047	50.65%	3,967	13,113 <u>4,995</u> <u>18,108</u>	R C	Pile cap works in progress	September 2013
8. 8 Yuet Wah Street Kwun Tong, Kowloon New Kowloon Inland Lot No. 6499	2059	Joint Venture	46,565	232,825 <sup>†</sup>	R	Superstructure works in progress	February 2014
9. Fuk Tsun Street/Pine Street West Kowloon, Kowloon Kowloon Inland Lot No. 11200	2061	Joint Venture	6,032	45,209 <u>9,042</u> <u>54,251<sup>†</sup></u>	R C	Ground investigation works completed	March 2014
<b>NEW TERRITORIES</b>							
10. Providence Bay Pak Shek Kok Reclamation Phase I Site B, Tai Po, New Territories Tai Po Town Lot No. 186	2057	17.73%	238,164	126,659	R	Superstructure works in progress	September 2012
11. Providence Bay Pak Shek Kok Reclamation Phase I Site A, Tai Po, New Territories Tai Po Town Lot No. 187	2057	25.33%	107,941	82,007 <u>5,466</u> <u>87,473</u>	R C	Superstructure works in progress	September 2012
12. Providence Peak Pak Shek Kok Reclamation Phase I Site C, Tai Po, New Territories Tai Po Town Lot No. 188	2057	12.66%	214,225	94,940	R	Superstructure works in progress	September 2012

## MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2012

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
<b>Properties under development</b>							
<b>NEW TERRITORIES</b>							
13. Cheung Sha Lantau Island Lot No. 245 in DD331	2057	50.65%	178,542	36,172	R	Site formation & foundation works in progress	September 2013
14. Pak Shek Kok Development Area Site D1, Tai Po, New Territories Tai Po Town Lot No. 200	2059	50.65%	225,237	342,242 22,816 <u>365,058</u>	R C	Foundation works completed	July 2014
15. Pak Shek Kok Development Area Site D2, Tai Po, New Territories Tai Po Town Lot No. 201	2059	43.05%	225,237	290,906 19,393 <u>310,299</u>	R C	Foundation works completed	July 2014
16. Kau To (Site A) Shatin Area 56A, New Territories Shatin Town Lot No. 525	2061	20.26%	248,175	208,973	R	Foundation works in progress	April 2015
17. Mui Wo, New Territories Lot No. 726 in Demarcation District No. 4	2062	50.65%	24,327	16,410 8,614 <u>25,024</u>	R C	Planning stage	June 2015
18. Peng Lei Road, Peng Chau, New Territories Lot No. 676 in Demarcation District	2062	50.65%	49,127	18,662	R	Planning stage	June 2015

## MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2012

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
<b>Properties under development</b>							
<b>MAINLAND CHINA</b>							
19. Le Sommet West Side of Jia He Lu & North of Song Bai Zhong Lu, Xiamen Lot No. 89-C2	2061 2041	50.65%	33,188	58,615 <u>8,090</u> <u>66,705</u>	R C	Superstructure works in progress	December 2012
20. Chengdu International Community Xipu Zhen, Pi Xian, Jin Niu District, Chengdu, Sichuan	2074 2044	10.13%	14,253,628	41,294	C	Superstructure works in progress	December 2012
21. Central Park Jia He Lu, South-East Side of Lu Ling Lu, Xiamen Lot No. 90-C5, C6	2068 2046	50.65%	113,904	238,140 <u>25,965</u> <u>264,105</u>	R C	Superstructure works in progress	December 2013
22. Regency Park Hu Bin Bei Lu, Xiamen Lot No. 88-C5	2066 2046	50.65%	64,904	247,680 <u>9,376</u> <u>257,056</u>	R C	Superstructure works in progress	June 2015
23. Dynasty Park Kaisawangchao at East, Zhanghua Lu at South, Donglinghao Lu at West & Zhangxiang Lu at North Zhangzhou, Fujian Province, 2004G12	2075 2045	50.65%	1,004,199	2,181,262 <u>109,249</u> <u>2,290,511</u>	R C	Foundation works in progress	December 2017

## MAJOR PROPERTIES HELD BY THE GROUP *(Continued)*

Dated at 30th June, 2012

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
<b>Properties under development</b>							
<b>MAINLAND CHINA</b>							
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	50.65%	2,630,284	6,095,264	R	Foundation works in progress	June 2018
				479,369	C		
				195,608	H		
				<u>6,770,241</u>			
25. 1 Zhong Xing Duan, Qiao Bei Cun, Hua Xin Street, Jiang Bei District, Chongqing	2058 2048	25.33%	1,993,549	2,351,075	R	Planning stage	December 2019
				354,149	C		
				<u>2,705,224</u>			

Note: C: Commercial

R: Residential

I: Industrial

I/O: Industrial/Office

H: Hotel

P: Multi-storey carpark

(\*): Property under redevelopment

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

# Tsim Sha Tsui Properties Limited

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

I/We <sup>(Note 1)</sup> \_\_\_\_\_  
of \_\_\_\_\_  
being the registered holder(s) of <sup>(Note 2)</sup> \_\_\_\_\_  
ordinary shares of HK\$0.20 each in the capital of the above-named Company, **HEREBY APPOINT** the Chairman of the Meeting or <sup>(Note 3)</sup> \_\_\_\_\_  
of \_\_\_\_\_  
as my/our proxy to act for me/us at the Annual General Meeting (or at any adjournment thereof) of the Company to be held at The Pacific Rooms, 9th Floor, Towers Wing, The Royal Pacific Hotel & Towers, 33 Canton Road, Tsim Sha Tsui, Kowloon on Wednesday, the 31st day of October, 2012 at 10:00 a.m. or as soon as the annual general meeting of Sino Land Company Limited closes, whichever is the later, and at such Meeting (or at any adjournment thereof) and in the event of a poll to vote for me/us and in my/our name(s) as indicated below or if no such indication is given, as my/our proxy thinks fit.

	For <sup>(Note 4)</sup>	Against <sup>(Note 4)</sup>
1. To receive and consider the audited Financial Statements and the Directors' and Independent Auditor's Reports for the year ended 30th June, 2012.		
2. To declare a final dividend of HK\$0.36 per ordinary share with an option for scrip dividend.		
3. (i) To re-elect Mr. Robert Ng Chee Siong as Director.		
(ii) To re-elect Dr. Allan Zeman as Director.		
(iii) To authorise the Board to fix the Directors' remuneration for the financial year ending 30th June, 2013.		
4. To re-appoint Deloitte Touche Tohmatsu as Auditor for the ensuing year and to authorise the Board to fix their remuneration.		
5. (i) To approve share repurchase mandate (Ordinary Resolution on item 5(i) of the Notice of Annual General Meeting).		
(ii) To approve share issue mandate (Ordinary Resolution on item 5(ii) of the Notice of Annual General Meeting).		
(iii) To approve extension of share issue mandate (Ordinary Resolution on item 5(iii) of the Notice of Annual General Meeting).		
6. To approve the amendments to the Articles of Association and adopt the new Articles of Association (Special Resolutions on item 6 of the Notice of Annual General Meeting).		

Dated \_\_\_\_\_ Signature <sup>(Note 5)</sup> \_\_\_\_\_

### Notes:

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



