



# ANNUAL REPORT 2014



Tsim Sha Tsui Properties Limited

The Avenue

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 Level 22, Hopewell Centre, 183 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 or are deemed to have consented 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 Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong or by email at [tst247-ecom@hk.tricorglobal.com](mailto:tst247-ecom@hk.tricorglobal.com).

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## CORPORATE INFORMATION

### **Board of Directors**

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

(<sup>†</sup> Non-Executive Director)

(\* Independent Non-Executive Directors)

### **Audit Committee**

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

### **Nomination Committee**

Robert Ng Chee Siong, Chairman  
Allan Zeman, GBM, GBS, JP  
Adrian David Li Man-kiu, JP

### **Remuneration Committee**

Steven Ong Kay Eng, Chairman  
Allan Zeman, GBM, GBS, JP  
Adrian David Li Man-kiu, JP  
Daryl Ng Win Kong

### **Authorized Representatives**

Robert Ng Chee Siong  
Daryl Ng Win Kong

### **Chief Financial Officer and Company Secretary**

Velencia Lee

### **Auditor**

Deloitte Touche Tohmatsu  
Certified Public Accountants, Hong Kong

### **Solicitors**

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

### **Shareholders' Calendar**

<b>Closure of Register of Members for entitlement to attend and vote at Annual General Meeting</b>	21st to 23rd October, 2014 (both dates inclusive)
<b>Annual General Meeting</b>	23rd October, 2014
<b>Closure of Register of Members for dividend entitlement</b>	29th to 30th October, 2014 (both dates inclusive)
<b>Record Date for final dividend entitlement</b>	30th October, 2014
<b>Last Date for lodging form of election for scrip dividend</b>	20th November, 2014 4:30 p.m.
<b>Interim Dividend Paid</b>	HK12 cents per share 17th April, 2014
<b>Final Dividend Payable</b>	HK38 cents per share 3rd December, 2014

### **Principal Bankers**

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

### **Investor Relations Contact**

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

### **Registered Office**

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  
Level 22, Hopewell Centre,  
183 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 Thursday, the 23rd day of October, 2014 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, 2014.
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, 2015.
4. To re-appoint Deloitte Touche Tohmatsu as Auditor for the ensuing year and to authorise the Board to fix their remuneration.
5. 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 number of shares to be repurchased pursuant to the approval in paragraph (i)(a) above shall not exceed 10% of the total number of shares 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 securities or pursuant to any scrip dividend scheme or pursuant to a rights issue 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 number 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 total number of shares 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 number of shares which are repurchased by the Company under the authority granted pursuant to resolution (i) above (up to a maximum of 10% of the total number of shares of the Company in issue as at the date of this resolution) shall be added to the aggregate number of shares 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. To consider and, if thought fit, pass with or without amendments, the following resolution as a Special Resolution:

### **Special Resolution**

“**THAT**, the Company’s new articles of association, a copy of which has been produced to the meeting marked “**A**” and initialled by the Chairman for the purpose of identification, be and are hereby approved and adopted as the articles of association of the Company in substitution for and to the exclusion of the memorandum and articles of association of the Company in force immediately before the passing of this Special Resolution and **THAT** any Director or the Secretary of the Company be and is hereby authorised to do all things necessary to effect and record the adoption of the Company’s new articles of association.”

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

Hong Kong, 19th September, 2014

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) For determining the entitlement to attend and vote at the Annual General Meeting to be held on Thursday, 23rd October, 2014, the register of members of the Company will be closed from Tuesday, 21st October, 2014 to Thursday, 23rd October, 2014, 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 Share Registrars, Tricor Friendly Limited, Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 20th October, 2014.
- (e) 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 Thursday, 30th October, 2014. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Wednesday, 29th October, 2014 to Thursday, 30th October, 2014, 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 Share Registrars, Tricor Friendly Limited, Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 28th October, 2014.

## GROUP FINANCIAL SUMMARY

	Year ended 30th June,				
	2010 HK\$	2011 HK\$	2012 HK\$	2013 HK\$	2014 HK\$
Turnover	<u>7,776,569,089</u>	<u>6,010,307,935</u>	<u>8,461,180,724</u>	<u>7,880,161,528</u>	<u>7,510,795,774</u>
Profit attributable to the Company's shareholders	<u>3,419,007,656</u>	<u>5,877,632,518</u>	<u>5,380,812,313</u>	<u>5,977,422,853</u>	<u>4,513,349,683</u>
Non-current assets	67,750,430,397	76,599,653,082	79,701,291,867	89,264,552,129	90,958,085,788
Current assets	30,188,439,417	34,848,556,954	35,592,536,246	41,036,091,662	46,945,504,622
Current liabilities	(11,963,033,959)	(10,202,905,229)	(8,542,159,782)	(13,571,144,964)	(11,389,898,302)
	<u>85,975,835,855</u>	<u>101,245,304,807</u>	<u>106,751,668,331</u>	<u>116,729,498,827</u>	<u>126,513,692,108</u>
Share capital	296,461,354	301,127,280	307,908,314	315,777,382	8,058,064,197
Reserves	<u>31,037,801,494</u>	<u>37,391,756,331</u>	<u>43,094,543,483</u>	<u>49,445,103,971</u>	<u>46,313,553,536</u>
Shareholders' funds	31,334,262,848	37,692,883,611	43,402,451,797	49,760,881,353	54,371,617,733
Non-controlling interests	33,357,315,032	43,566,112,165	47,612,643,070	52,795,221,926	56,254,567,220
Non-current liabilities	<u>21,284,257,975</u>	<u>19,986,309,031</u>	<u>15,736,573,464</u>	<u>14,173,395,548</u>	<u>15,887,507,155</u>
	<u>85,975,835,855</u>	<u>101,245,304,807</u>	<u>106,751,668,331</u>	<u>116,729,498,827</u>	<u>126,513,692,108</u>
Shareholders' funds at book value per share	21.14	25.03	28.19	31.52	33.49
Basic earnings per share (cents)	231.94	393.61	353.59	383.73	281.98
Dividend per share (cents)	40.00	45.00	46.00	50.00	50.00



## CHAIRMAN'S STATEMENT

I am pleased to present the 2013/2014 Annual Report to shareholders.

### FINAL RESULTS

For the financial year ended 30th June, 2014, the Group's underlying net profit attributable to shareholders, excluding the effect of fair-value changes on investment properties, was HK\$2,535.1 million (2012/2013: HK\$3,418.1 million). Underlying earnings per share was HK\$1.584 (2012/2013: HK\$2.194).

The Group's reported net profit attributable to shareholders was HK\$4,513.3 million (2012/2013: HK\$5,977.4 million). Earnings per share was HK\$2.820 (2012/2013: HK\$3.837). The reported profit for the year included a revaluation surplus (net of deferred taxation) on investment properties of HK\$1,978.2 million (2012/2013: HK\$2,559.3 million).

### DIVIDENDS

The Directors have resolved to recommend a final dividend of 38 cents per share in respect of the financial year ended 30th June, 2014 to shareholders whose names appear on the Register of Members of the Company on 30th October, 2014. Together with the interim dividend of 12 cents per share, the total dividend for the financial year ended 30th June, 2014 is 50 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 23rd October, 2014; 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 5th November, 2014. It is expected that the final dividend warrants and share certificates for the scrip dividend will be dispatched to shareholders on or about 3rd December, 2014.

### 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, 2014, Tsim Sha Tsui Properties Limited (the "Company") had 50.81% 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)*

#### (1) Sales Activities

Total revenue from property sales recognised for the financial year ended 30th June, 2014, including property sales of associates recognised by Sino Land, was HK\$4,644.7 million (2012/2013: HK\$14,128.2 million).

Total revenue from property sales of Sino Land comprises mainly the sales of residential units in The Avery in Ma Tau Kok in Hong Kong, Central Park in Xiamen and Phase I of Dynasty Park in Zhangzhou completed during the financial year ended 30th June, 2014 as well as projects completed in previous financial years. To date, approximately 97% of the units in The Avery, 90% of the units in Central Park and 99% of the 602 units launched for sale in Dynasty Park have been sold. In respect of sales derived from projects completed in previous financial years, these mainly included the three projects in Pak Shek Kok, namely The Graces • Providence Bay, Providence Peak and Providence Bay and to date, approximately 71%, 81% and 61% of the units in the respective projects have been sold.

Sino Land continues to seek good opportunities to sell its projects to enhance shareholders' value. During the financial year 2013/2014, Sino Land launched six projects in Hong Kong, namely The Graces • Providence Bay in Pak Shek Kok, Park Metropolitan in Kwun Tong, Site A and Site B of The Avenue in Wan Chai as well as Mayfair by the Sea I & II in Pak Shek Kok. To date, approximately 71%, 79%, 92%, 92%, 73% and 65% of the units in these respective projects have been sold. In China, 966 residential units in The Palazzo in Chengdu and 520 units in The Coronation in Chongqing were launched for sale during the financial year 2013/2014 and to date, approximately 81% and 61% of these residential units have been sold respectively.

#### (2) Land Bank

As at 30th June, 2014, Sino Land has a land bank of approximately 39.0 million square feet of attributable floor area in Hong Kong, China and Singapore which comprises a balanced portfolio of properties of which 63.9% is residential; 23.3% commercial; 5.8% industrial; 3.7% car parks and 3.3% hotels. In terms of breakdown of the land bank by status, 26.7 million square feet were properties under development, 11.3 million square feet of properties for investment and hotels, together with 1.0 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)*

#### (2) Land Bank *(Continued)*

Since July 2011, Sino Land has acquired a total of eight sites from the HKSAR Government and the development right of a site at Long Ping Station (North) from MTR Corporation Limited with a total attributable floor area of approximately 1.4 million square feet mainly for residential development. Details of the projects are as follows:

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Floor Area</u> <i>(Square feet)</i>
1. Dragons Range STTL525, Shatin Area 56A, Kau To (Site A), New Territories, Hong Kong	Residential	40%	412,588
2. TKOTL 117 Area 66C2, Tseung Kwan O, New Territories, Hong Kong	Residential/ Commercial	60%	291,936
3. Lot 1949 in Demarcation District No. 221, Sha Kok Mei, Sai Kung, New Territories, Hong Kong	Residential	100%	249,133
4. YLTL 513 Long Ping Station (North), Yuen Long, New Territories, Hong Kong	Residential	40%	209,575
5. Lot 1180 in Demarcation District No. 215, Hong Tsuen Road, Sai Kung Tuk, Sai Kung, New Territories, Hong Kong	Residential	100%	173,796

## CHAIRMAN'S STATEMENT *(Continued)*

### REVIEW OF OPERATIONS **(2) Land Bank** *(Continued)* *(Continued)*

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Floor Area</u> <i>(Square feet)</i>
6. Lot 726 in Demarcation District No. 4, Mui Wo, Lantau Island, New Territories, Hong Kong	Residential/ Commercial	100%	49,407
7. Lot 676 in Demarcation District Peng Chau, New Territories, Hong Kong	Residential	100%	36,845
8. Lot 674 in Demarcation District Peng Chau, New Territories, Hong Kong	Residential	100%	14,372
9. IL9049 Sik On Street, Wan Chai, Hong Kong	Residential	100%	11,195
			<hr/>
			<u>1,448,847</u>

## CHAIRMAN'S STATEMENT *(Continued)*

### REVIEW OF OPERATIONS

*(Continued)*

#### (3) Property Development

During the financial year 2013/2014, Sino Land obtained Occupation Permits for the following projects in Hong Kong with a total attributable floor area of approximately 176,198 square feet. Details of these projects are presented as follows:

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Floor Area</u> <i>(Square feet)</i>
1. Lot 245 in Demarcation District No. 331, 3 Cheung Fu Street, Cheung Sha, Lantau Island, Hong Kong	Residential	100%	71,417
2. The Avenue (Site B) 33 Tai Yuen Street, Wan Chai, Hong Kong	Residential	Joint Venture	56,904
3. The Avery 12, 16 and 18 Hau Wong Road, Ma Tau Kok, Kowloon, Hong Kong	Residential/ Commercial	100%	35,751
4. RBL 380 38 Repulse Bay Road, Repulse Bay, Hong Kong	Residential	100%	12,126
			<hr/> <u>176,198</u>

Subsequent to the financial year ended 30th June, 2014, Sino Land obtained the Occupation Permits for the residential project Park Metropolitan at 8 Yuet Wah Street, Kwun Tong, Kowloon and Park Ivy at 8 Ivy Street, Tai Kok Tsui, Kowloon in July 2014. The attributable floor area of the two projects is 232,825 square feet and 54,251 square feet respectively.



## CHAIRMAN'S STATEMENT *(Continued)*

### REVIEW OF OPERATIONS *(Continued)*

#### (3) Property Development *(Continued)*

During the financial year 2013/2014, Sino Land completed the projects Central Park in Xiamen and Phase I of Dynasty Park in Zhangzhou with a total attributable floor area of approximately 1.2 million square feet. Details of these projects are presented below:–

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Floor Area</u> <i>(Square feet)</i>
1. Central Park Nos.178, 180, 182 and 184, Jiahe Road, Siming District, Xiamen, Fujian Province, PRC	Residential/ Commercial	100%	517,690
2. Dynasty Park (Phase I) No. 298, Tengfei Road, Xiangcheng District, Zhangzhou, Fujian Province, PRC	Residential/ Commercial	100%	681,982
			<hr/> <hr/> <b>1,199,672</b>

#### (4) Rental Activities

For the financial year ended 30th June, 2014, Sino Land's gross rental revenue, including attributable share from associates and joint ventures, increased 8.3% to HK\$3,450.7 million (2012/2013: HK\$3,185.1 million) and net rental income increased 9.4% to HK\$3,030.6 million (2012/2013: HK\$2,769.4 million). The increase in rental revenue was mainly due to higher rental rates on renewals. Overall occupancy of Sino Land's investment property portfolio was approximately 97% for the financial year 2013/2014 (2012/2013: 96%).

Sino Land's retail portfolio in Hong Kong recorded good rental growth with overall occupancy rate increasing to approximately 98% for the financial year 2013/2014 from 97% for the last financial year, mainly due to stable economic conditions and continuous growth in inbound visitors. Sino Land's flagship shopping malls, namely Tuen Mun Town Plaza Phase I, Olympian City 1, 2 and 3 showed favourable growth in rental revenue and occupancy rates were maintained at high levels.

## CHAIRMAN'S STATEMENT *(Continued)*

### REVIEW OF OPERATIONS *(Continued)*

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

The leasing performance of Sino Land's office portfolio saw stable rental growth while overall occupancy rate grew to approximately 96% (2012/2013: 95%) for the financial year ended 30th June, 2014. An increase in the number of overseas and Chinese companies having business operations in Hong Kong is positive to office demand. The leasing performance of Sino Land's industrial portfolio continued to perform well with overall occupancy rate at approximately 98% (2012/2013: 97%).

Sino Land's investment property portfolio primarily serves the need of its customers which include tenants, shoppers and the communities around the properties. The design and conditions of the properties together with the quality of service provided to customers are of paramount importance. To ensure that the properties are in good condition with the proper layout and design, Sino Land would perform regular review of the properties and collect customers' feedback to decide if asset enhancement work is required. To assess the effectiveness of capital expenditure, benefits to customers, payback and return on investment will be analysed. On service quality, Sino Land places a strong emphasis on regular training particularly for all front-line staff to ensure that the service provided to customers meet their expectations. Comments from customers, reports by silent shoppers and recognitions from professional institutions all play a role in assessing the quality of service delivered by the staff. These indicators are vital for management to review what additional work needs to be done as part of Sino Land's efforts for continuous improvement.

As at 30th June, 2014, Sino Land has approximately 11.3 million square feet of attributable floor area of investment properties and hotels in Hong Kong, China and Singapore. Of this portfolio, commercial developments (retail and office) account for 63.2%, industrial developments 15.5%, car parks 12.9%, hotels 6.7%, and residential 1.7%.

#### **(5) Hotels**

Overall business performance of Sino Land's hotels, namely The Fullerton Hotel, The Fullerton Bay Hotel and Conrad Hong Kong was steady during the financial year 2013/2014. Sino Land will continue to improve the quality of its hotel services to ensure our discerning guests have enjoyable experiences during their stays in the hotels.

## CHAIRMAN'S STATEMENT *(Continued)*

### REVIEW OF OPERATIONS

*(Continued)*

#### (6) China Business

Urbanisation in China has been an integral part of its economic development. The economic benefits derived from movement of human capital have contributed to China's rapid economic growth since the economy took off in the mid-1980s. Over the past three decades, urbanisation has been one of the key focuses for the Central Government in setting economic policy and objectives. With both global and local economies changing over time, a comprehensive policy framework for urbanisation is needed. It will narrow rural-urban inequalities and reduce wealth disparities. The reforms proposed by the new government cover a broad spectrum of areas. Improvements in 'Hukou' (household registration) system, property rights and land title registration system will facilitate the mobility of workers across China and safeguard the interests of the owners of the properties. Easing of one-child policy will also increase demand for consumer products, education as well as housing. Reforms in public finance, the banking system and capital markets including liberalization of interest rates and better access to housing finance are all important to establish a more sustainable consumption-led economy. These reforms are conducive to developing a healthy property market.

Throughout the years, Sino Land has completed a number of projects in Xiamen, Fuzhou and the first phase of its residential project in Zhangzhou. The experience gained from developing and leasing projects in China has also built Sino Land's execution capability in the country. Sino Land's projects are situated in cities with good economic and demographic fundamentals. The major property developments, namely The Palazzo in Chengdu, The Coronation in Chongqing and Dynasty Park in Zhangzhou will be sold and completed in phases over the next few years.

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, 2013.

### FINANCE

As at 30th June, 2014, the Group had cash and bank deposits of HK\$14,504.2 million. After netting off total borrowings of HK\$11,290.4 million, the Group had net cash of HK\$3,213.8 million as at 30th June, 2014. Of the total borrowings, 2.8% was repayable within one year, 38.1% repayable between one and two years and 59.1% repayable between two and five years.

The majority of the Group's debts are denominated in Hong Kong dollars and US 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, 2014. The majority of the Group's cash are denominated in Hong Kong dollars, with a portion of Renminbi denominated deposits. The Group has maintained a sound financial management policy and foreign exchange exposure has been prudently kept at a minimal level.

## 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 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 activities and green initiatives to promote environmental protection, art and cultural events, and staff team-building activities. In recognition of Sino Land's continuous efforts in promoting sustainability and upholding high standards in environmental, social and corporate governance aspects, Sino Land has been selected as a constituent member of the Hang Seng Corporate Sustainability Index since September 2012 and has also received the 'Sustainability Excellence Award' at the Hong Kong Corporate Governance Excellence Awards 2013, jointly organised by The Chamber of Hong Kong Listed Companies and the Centre for Corporate Governance and Financial Policy of Hong Kong Baptist University.

During the financial year 2013/2014, Sino Land published its 2013 Sustainability Review which has been prepared with reference to Hong Kong Exchanges and Clearing Limited's 'Environmental, Social and Governance Reporting Guide' under Appendix 27 to the Main Board Listing Rules. Sino Land also published its third annual Sustainability Report that highlighted its corporate sustainability footprints and initiatives to demonstrate its commitment to engaging its stakeholders in building a greener future.

Sino Land has been a long-standing partner 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 supporting staff in joining voluntary service for at least one day a year during office hours. In recognition of its efforts and commitment to corporate social responsibility, Sino Land has received a number of awards and certifications.

Continuous efforts have been made by Sino Land to make its properties more environmental-friendly through architectural planning, landscaping, energy saving and green management initiatives. During the financial year 2013/2014, Sino Property Services won a number of awards in recognition of its works on this area.

## CHAIRMAN'S STATEMENT *(Continued)*

### CORPORATE SOCIAL RESPONSIBILITY

*(Continued)*

Dedicated to promoting local art and culture, Sino Land initiated 'Sino Art' project in 2006, under which Sino Art provides local and international artists with opportunities to showcase their works through exhibitions and public art installations at Sino Land's properties. During the financial year 2013/2014, Sino Art collaborated with local talents to hold several thematic exhibitions at Sino Land's flagship shopping malls, namely Olympian City and Tuen Mun Town Plaza. Sino Land has initiated 'Sino Art in Community' to extend our reach and charitable efforts to local communities with art. During the financial year 2013/2014, Sino Land partnered with the Hospital Authority and Yan Oi Tong to conduct mural painting created by local artists at Princess Margaret Hospital in Kwai Chung and Yan Oi Tong Ng Wong Fung Ying Kindergarten and Nursery in Tin Shui Wai respectively.

In March 2008, the Ng Teng Fong Family, the major shareholder of the Group, set up a non-profit-making organisation, Hong Kong Heritage Conservation Foundation Limited ("HCF"). In December 2008, HCF was fortunate to win the tender to revitalise and convert the Old Tai O Police Station, a Grade II historic building, into a boutique hotel. Named Tai O Heritage Hotel ("Hotel"), it is home to nine colonial-style rooms and suites and commenced operation in March 2012. The Hotel, operated by HCF as a non-profit-making social enterprise, is part of the HKSAR Government's 'Revitalising Historic Buildings Through Partnership Scheme'. During the financial year 2013/2014, the Hotel has received the Award of Merit, UNESCO Asia-Pacific Awards for Cultural Heritage Conservation organised by the United Nations Educational, Scientific and Cultural Organization in 2013 for the project's efforts in heritage conservation by various organisations and engagement of local community in the project.

### PROSPECTS

The U.S. economy has continued to improve with lower unemployment rate. Since the end of 2013, the Federal Reserve has steadily reduced the pace of the asset purchase programme. With signs of recovery mainly reflected in an improvement in household spending and the U.S. housing market, the outlook of the economy looks positive.

Overall financial conditions in Euro zone have stabilised, but economies remain vulnerable with high unemployment, excess production capacity and deflationary pressure in a number of its member countries. In response to the situation, European Central Bank has lowered interest rates, imposed negative rates on overnight deposits from banks for the first time and provided banks with new long-term funds. It has also started the lending programme of Targeted Long Term Refinancing Operations alongside with other stimulus measures to increase bank lending and to drive economic growth in the years to come.



## CHAIRMAN'S STATEMENT *(Continued)*

### PROSPECTS *(Continued)*

China's economy has been growing steadily. Economic, financial and social reforms covering a wide range of areas will lead the economy and society towards a more healthy and sustainable development. As the economic growth in the U.S. continues to strengthen, exports from China should continue to pick up. Combined with the economic forces of domestic consumption-led growth, the gain in momentum in China's economy will have a positive effect on the Hong Kong economy which in turn is supportive to a better business environment for Hong Kong. Economic growth in Hong Kong has been stable with low unemployment and a healthy and prudent financial system.

The Hong Kong property market has been going through a period of change as a result of economic and property-related policies. In February 2014, Legislative Council passed the Stamp Duty (Amendments) Ordinance 2014 in relation to the implementation of Buyer's Stamp Duty and Special Stamp Duty. An amendment to the Double Stamp Duty passed in July 2014 has helped to improve buying sentiment as more projects were launched to market for sale. Primary transaction volume has recently recovered, but with rising construction costs and the property-related policies, there remain sensitivities in the Hong Kong property market. Management will closely monitor the situation and will be responsive to market changes. Sino Land's recurrent businesses, which comprise property leasing, hospitality and property management services, continue to be resilient. With a good financial position, Sino Land is well-positioned to respond to challenges ahead.

Management will continue to optimise earnings, enhance efficiency and productivity and improve the quality of products and services. In respect of property development and property management, Sino Land will incorporate more environmentally friendly elements in its projects. Sino Land will maintain a policy of selectively and continuously replenishing its land bank, which will enable it to strengthen earnings and shareholders' value.

### 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, 27th August, 2014

## BIOGRAPHICAL DETAILS OF DIRECTORS & SENIOR MANAGEMENT

### (I) EXECUTIVE DIRECTORS

**Mr. Robert Ng Chee Siong<sup>N+</sup>**, aged 62, 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 38 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 and 12th 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 36, 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. 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 10th Sichuan Committee of the Chinese People's Political Consultative Conference ("CPPCC"), a member of the 12th Beijing Municipal Committee of the CPPCC, a member of the 10th and 11th Committees of the All-China Youth Federation and the Deputy Chairman of the Chongqing Youth Federation. He is a trustee member of World Wide Fund for Nature Hong Kong, the Vice Chairman of Hong Kong United Youth Association, a member of Executive Committee of The Boys' & Girls' Clubs Association of Hong Kong, a member of the Social Welfare Advisory Committee, a member of the Executive Committee of Hong Kong Sheng Kung Hui Welfare Council Limited and a member of Friends of Hong Kong Association Limited. He is a Director of The Community Chest of Hong Kong, The Real Estate Developers Association of Hong Kong and Ocean Park Corporation. 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.

N+: Nomination Committee Chairman R: Remuneration Committee member

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

### (II) NON-EXECUTIVE DIRECTOR

**The Honourable Ronald Joseph Arculli**, GBM, CVO, GBS, OBE, JP, aged 75, 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 was an Independent Non-Executive Director of Hong Kong Exchanges and Clearing Limited from 2006 to April 2013, 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 chairs FWD Group, Hong Kong Arts Festival Society Limited, the Honorary Advisory Committee of SVHK Foundation Limited and Common Purpose Charitable Foundation Limited in Hong Kong. He is also a Director of Asia Art Archive Limited and a Trustee and Director of IFRS Foundation. He is a Board Member of The West Kowloon Cultural District Authority and chairs its Executive Committee and Development Committee. The Honourable Ronald Arculli is an Independent Non-Executive Director of Hang Lung Properties Limited and a Non-Executive Director of HKR International Limited, Hutchison Harbour Ring Limited, HK Electric Investments Manager Limited (as trustee-manager of HK Electric Investments) and HK Electric Investments Limited (all are listed on The Stock Exchange of Hong Kong Limited except HK Electric Investments Manager Limited). He was formerly a Non-Executive Director of Power Assets Holdings Limited and an Independent Non-Executive Director of SCMP Group 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 66, an Independent Non-Executive Director of the Company since September 2004. He is also an Independent Non-Executive Director of Sino Land Company Limited. Dr. Zeman is the Chairman of Lan Kwai Fong Group, a major property owner and developer in Hong Kong's Lan Kwai Fong, one of Hong Kong's popular tourist attractions and entertainment districts. He is also an Independent Non-Executive Director of Pacific Century Premium Developments Limited and a Board Member of The "Star" Ferry Company, Limited. Beside all the Board appointments in Hong Kong, Dr. Zeman is an Independent Non-Executive Director and the Vice Chairman of Wynn Macau, Limited, a prominent gaming company in Macau. He was formerly a Non-Executive Director of Wynn Resorts, Limited. Having lived in Hong Kong for over 40 years, Dr. Zeman has been very involved in Government services as well as community activities. Dr. Zeman serves as a member of the Board of West Kowloon Cultural District Authority, and is the Chairman of its Performing Arts Committee. He is also the appointed member of the Economic Development Commission of Hong Kong, a member of the General Committee of the Hong Kong General Chamber of Commerce, a member of the Board of Governors of The Canadian Chamber of Commerce in Hong Kong and a member of the Asian Advisory Board of the Richard Ivey School of Business, The University of Western Ontario. Dr. Zeman is a holder of Honorary Doctorate of Laws Degree from The University of Western Ontario, Canada. He is also a holder of Honorary Doctorate of Business Administration from City University of Hong Kong as well as The Hong Kong University of Science and Technology.

## 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 41, an Independent Non-Executive Director since April 2005, is Executive Director & Deputy Chief Executive of The Bank of East Asia, Limited. He is also an Independent Non-Executive Director of Sino Land Company Limited and Sino Hotels (Holdings) Limited. Mr. Li is a member of the Guangdong Provincial Committee of the Chinese People's Political Consultative Conference, 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. He is a board member of The Community Chest of Hong Kong, a member of the HKSAR Government-mandated Banking Industry Training Advisory Committee and a member of the MPF Industry Schemes Committee of the MPFA. He is an Advisory Committee member of the Hong Kong Baptist University's School of Business and a Vice President of The Hong Kong Institute of Bankers' Council. Furthermore, he serves as a member of the Election Committees responsible for electing the Chief Executive of the HKSAR and deputies of the HKSAR to the 12th National People's Congress. 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, all companies listed in Hong Kong. In addition, he is an Independent Non-Executive Director of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., which is dual listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange, a Non-Executive Director of The Berkeley Group Holdings plc, which is listed on the London Stock Exchange, and an Alternate Director of AFFIN Holdings Berhad, which is listed on the Bursa Malaysia. He is a member of the International Advisory Board of Abertis Infraestructuras, S.A., a company listed in Spain, and also sits on the Judging Panel of the 2014 BAI-Finacle Global Banking Innovation Awards. Mr. Li holds a Master of Management degree from the Kellogg School of Management, Northwestern University in the US, 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.

**Mr. Steven Ong Kay Eng<sup>A R+</sup>**, aged 68, 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 Chairman A: Audit Committee member N: Nomination Committee member  
R+: Remuneration Committee Chairman R: Remuneration Committee member



## 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 (“Code”) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”), 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, 2014 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**

During the year ended 30th June, 2014 and up to the date of this Annual Report, 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, details of which are set out under the section entitled “Directors’ Report” of this Annual Report. 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 website and on the website of The Stock Exchange of Hong Kong Limited (“Stock 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.

## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

#### DIRECTORS *(Continued)*

##### **Board Composition** *(Continued)*

With a view to achieving a sustainable and balanced development, the Company has been seeing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. It is the policy of the Company to consider board diversity from a number of factors when deciding on new appointments to the Board and the continuation of those appointment in order to achieve a diversity of perspectives among Board members. These factors include but not limited to gender, age, cultural and educational background, professional or industry experience, skills, knowledge and other qualities of Directors. The Board as a whole is responsible for reviewing the structure, size and composition of the Board with due regard to the intended benefits of board diversity. The balance between the number of Executive and Non-Executive Directors is considered effective in ensuring independent judgment being exercised effectively to provide sufficient checks and balances to safeguard the interests of the Company and its shareholders. The Company believes that the current Board composition is well-balanced and of a diverse mix appropriate for the business of the Company. The Board will review and monitor the implementation of board diversity on a regular basis to ensure its effectiveness on determining the optimal composition of the Board.

##### **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. The Executive Directors, constituting the senior management of the Company, are delegated with responsibilities in the day-to-day management of the Company and make operational and business decisions within the control and delegation framework of the Company. The Board gives clear directions as to the matters that must be approved by the Board before decisions are made on behalf of the Company. 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. The types of decisions to be delegated by the Board to the management include implementation of the strategy and direction determined by the Board, operation of the Group's business, preparation of financial statements and operating budgets, and compliance with applicable laws and regulations.

## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

#### DIRECTORS *(Continued)*

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

The Chairman ensures that the Board works effectively and discharges its responsibilities in the best interests of the Company 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. Besides, the Chairman of the Board holds, at least annually, meetings with the Non-Executive Directors (including Independent Non-Executive Directors) in the absence of the Executive Directors.

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 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. In addition, the current 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.

To enhance the function of the Board, four board committees, namely the Remuneration Committee, Nomination Committee, Audit Committee and Compliance Committee, have been set up to take up different responsibilities. All board committees have specific terms of reference clearly defining their powers and responsibilities. All board committees are required by their terms of reference to report to the Board in relation to their decisions, findings or recommendations, and in certain specific situations, to seek the Board's approval before taking any action.

## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

#### DIRECTORS *(Continued)*

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

The Non-Executive Directors, including Independent Non-Executive Directors, provide the Company with diverse skills, expertise and varied backgrounds and qualifications. They participate in board/board committees (including Audit Committee, Nomination Committee and Remuneration Committee) meetings to bring independent views, advice and judgment 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 attend annual general meetings 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.

Every Director is considered to have given sufficient time and attention to the Company's affairs for the year. Directors are required to disclose to the Company the number and nature of offices held in public companies or organizations and other significant commitments as well as the identity of such public companies or organizations.

##### **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 advance in the fourth quarter of the preceding year, and will meet more frequently as and when required. During the financial year ended 30th June, 2014, the Board had held four meetings. 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> )	4/4
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 the agenda for 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/board committee papers and related materials in sufficient details to enable them to make informed decisions on matters to be placed before the board/board committee meetings. Meeting papers are normally sent to all Directors or board committee members at least 5 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 meetings and board committee meetings are sent to all Directors or board committee members respectively for comment and records within a reasonable time after the relevant meeting. All minutes are properly kept by the Company Secretary and are available for the Directors' and board committee members' inspection.

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 law, rules and regulations are followed. The selection, appointment or dismissal of the Company Secretary is subject to approval by the Directors at board meeting.

All Directors are entitled to have access to timely information in relation to the Company's business and make further enquiries or retain independent professional advisors where necessary. The management provides all relevant explanation and information to the Board so as to give the Board the 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.

## 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 provide 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. In addition, the appointment of each of the Independent Non-Executive Directors who has served on the Board for more than nine years will be subject to a separate resolution to be approved by shareholders. The Board will provide in the circular accompanying the annual report sent to shareholders the reason why the Board considers the Independent Non-Executive Directors are still independent and our recommendation to shareholders to vote in favour of the re-election of such Independent Non-Executive Directors.

The Directors who are subject to retirement and re-election at the 2014 annual general meeting are set out on page 43 of this Annual Report.

The Board is empowered under the Company's Articles of Association and is collectively responsible 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, competent and able to fulfill the fiduciary duties and duties of skill, care and diligence would be selected as Director.

##### **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 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.

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

<b>Directors</b>	<b>Training Matters <sup>(Note)</sup></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
<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 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 board committees. Individual Directors and senior management have not been involved in deciding their own remuneration.

##### **Remuneration Committee**

The Company has established its Remuneration Committee with written terms of reference, the revised form of which was approved by the Board on 20th February, 2012 and is available at the Company's website [www.sino.com](http://www.sino.com) and the Stock 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 Directors and senior management, and it also makes recommendations to the Board on the remuneration of Non-Executive Directors. The Committee meets at least once a year and is provided with sufficient resources enabling it to discharge its duties.

The Remuneration 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.

During the year, the Remuneration Committee had performed the following works:

- reviewed the Company's existing emolument policy;
- reviewed the remuneration packages of Executive Directors; and
- made recommendations on Directors' fees.

## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

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

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

No Director was involved in deciding his own remuneration at the meeting of the Remuneration Committee. The attendance records of the committee members to committee meeting(s) are set out below:

Committee members	Meeting(s) Attended/Held
Mr. Steven Ong Kay Eng* <i>(Committee Chairman)</i>	1/1
Dr. Allan Zeman*	1/1
Mr. Adrian David Li Man-kiu*	1/1
Mr. Daryl Ng Win Kong	1/1

\* *Independent Non-Executive Director*

Details of Directors' emoluments for the year are set out in Note 14 to the consolidated financial statements.

#### NOMINATION OF DIRECTORS AND SENIOR MANAGEMENT

##### Nomination Committee

The Company has 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 Stock Exchange's website.

The Nomination Committee is responsible for regularly reviewing the structure, size and composition of the Board 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 independence. The Committee meets at least once a year and is provided with sufficient resources to perform its duties.

The Nomination Committee, which is chaired by the Chairman of the Board, currently comprises three members with the Independent Non-Executive Directors constituting the majority of the Committee.

## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

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

**Nomination Committee** *(Continued)* During the year, the Nomination Committee had performed the following works:

- reviewed the current structure, size and composition of the Board;
- assessed the independence of Independent Non-Executive Directors and their annual confirmations on independence;
- reviewed time commitment of directors; and
- renewed the appointment letters to Independent Non-Executive Directors/Non-Executive Directors.

The attendance records of the committee members to committee meeting(s) are set out below:

<b>Committee members</b>	<b>Meeting(s) Attended/Held</b>
Mr. Robert Ng Chee Siong <i>(Committee Chairman)</i>	1/1
Dr. Allan Zeman*	1/1
Mr. Adrian David Li Man-kiu*	1/1

\* *Independent Non-Executive Director*

#### 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, 2014 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 internal audit plan is reviewed and approved by the Audit Committee annually. The findings by the Internal Audit Department on the weaknesses of control activities are communicated with the operation units or departments concerned. The Internal Audit Department monitors the follow-up actions agreed upon in response to recommendations. Relevant control activities are enhanced and post-audit reviews are conducted, where appropriate. The Internal Audit Department summarizes the results and reports to the Audit Committee, which in turn reports to the Board. 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.

## 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, covering all material controls, including financial, operational and compliance controls, risk management functions, 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 has set up its Audit Committee with written terms of reference which are available at the Company's website [www.sino.com](http://www.sino.com) and the Stock Exchange's website.

The Audit 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 Committee meets at least four times a year and is provided with sufficient resources enabling it to discharge its duties.

The Audit Committee currently comprises three members, all of them being Independent Non-Executive Directors.



## CORPORATE GOVERNANCE REPORT *(Continued)*

### CORPORATE GOVERNANCE PRACTICES *(Continued)*

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

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

During the year, the Audit Committee had held four meetings and reviewed the following matters:

- the Company's 2013 annual report and accounts and the 2013/2014 interim report and accounts, including the accounting policies and practices adopted by the Company, before submitting to the Board;
- 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;
- internal audit plan 2014/2015;
- usage of annual caps on continuing connected transactions of the Company; and
- re-appointment of the Company's auditor, before submitting to the Board.

All the meetings were attended by the external auditor of the Company. 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	4/4
Mr. Steven Ong Kay Eng	4/4

## 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 year under review. All of them confirmed their compliance with the required standard set out in the Directors Dealing Code during the year ended 30th June, 2014. 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 inside information in relation to the securities of the Company, on no less exacting terms than the Model Code.

**Auditor's 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, 2014 amounted to HK\$5,059,686 and HK\$1,904,898 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:

- reviewed the usage of annual caps on continuing connected transactions of the Company;
- reviewed the compliance with the Code through the Compliance Committee; and
- reviewed 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 has set up its Compliance Committee 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 Compliance Committee currently comprises the Executive Director Mr. Daryl Ng Win Kong (Committee Chairman), the other Executive Directors of the Company, the Chief Financial Officer and Head of Legal and Company Secretarial Departments, the Head of Internal Audit Department, other 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 Stock 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 and results briefings are conducted on a regular basis in order to facilitate effective 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 a continuing open 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 is 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 its 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 shareholders.

The last annual general meeting of the Company is the 2013 annual general meeting ("2013 AGM") which was held on 23rd October, 2013 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, the Chairman of the Nomination Committee and the Chairman of the Remuneration Committee, and the external auditor of the Company, Deloitte Touche Tohmatsu, attended the 2013 AGM. The attendance records of the then Directors to the 2013 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	1/1
<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 2013 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 2013 AGM were contained in the circular of the Company to its shareholders, which was dispatched together with the 2013 annual report, and were further explained at the 2013 AGM prior to the polls being taken. Simultaneous translation from English to Cantonese was available at the 2013 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 2013 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 23rd October, 2013 are set out below:

<b>Resolutions proposed at the 2013 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, 2013	100%
2	Declaration of a final dividend of HK\$0.38 per ordinary share with an option for scrip dividend	100%
3(i)	Re-election of The Honourable Ronald Joseph Arculli as Director	99.97%
3(ii)	Re-election of Mr. Daryl Ng Win Kong as Director	99.97%
3(iii)	Authorization of the Board to fix the Directors' remuneration for the financial year ending 30th June, 2014	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	99.97%
5(iii)	Extension of share issue mandate to the shares repurchased under the share repurchase mandate	99.97%



## 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 2013 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 respective websites of the Company and the Stock Exchange.

The latest version of the Memorandum and Articles of Association of the Company is available at the Company's website [www.sino.com](http://www.sino.com) and the Stock Exchange's website. No changes have been made to the Company's Memorandum and Articles of Association during the year. Changes reflecting the impact of the new Companies Ordinance of Hong Kong (Chapter 622 of the Laws of Hong Kong) ("Companies Ordinance") will be proposed and considered by shareholders at the 2014 AGM.

*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.

*Company's 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 Stock 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

Pursuant to Section 566 of the Companies Ordinance, the Directors are required to call a general meeting if the Company has received requests to do so from shareholders representing at least 5% of the total voting rights of all the shareholders having a right to vote at the general meetings. The request must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. Such request must be authenticated by the shareholders making it and may either be deposited at the registered office of the Company at 12th Floor, Tsim Sha Tsui Centre, Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong for the attention of the Company Secretary or sent to the Company's email address at investorrelations@sino.com.

In relation to an annual general meeting which the Company is required to hold, Sections 615 and 616 of the Companies Ordinance provide that the Company must give notice of a resolution if it has received request to do so from shareholders representing at least 2.5% of the total voting rights of all shareholders of the Company having a right to vote on the resolution at the annual general meeting, or at least 50 shareholders having a right to vote on the resolution at the annual general meeting. Such request must be authenticated by the shareholders making it and may either be deposited at the registered office of the Company or sent to the Company's email address, both of which are mentioned above.

Shareholders who wish 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 shareholders 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 7 days commencing no earlier than the day after the dispatch of the notice of the meeting appointed for such meeting and such election and ending not later than 7 days prior to the meeting.

The Company has been practicing the above shareholders' communication policy to handle enquires put to the Board and will review them on a regular basis to ensure their 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, 2014.

### PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in Note 54 to the consolidated financial statements.

### RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 62.

An interim dividend of HK12 cents per share amounting to HK\$193,537,191, including HK\$896,766 by way of cash dividends and HK\$192,640,425 by way of scrip alternatives, was paid to the shareholders during the year. The Directors now recommend the payment of a final dividend of HK38 cents per share amounting to HK\$616,894,357 payable to shareholders whose names appear on the Register of Members of the Company on 30th October, 2014.

### INVESTMENT PROPERTIES

During the year, the Group incurred construction cost on investment properties under redevelopment of HK\$119,424,064 and renovation cost on investment properties of HK\$189,236,372, disposed of investment properties of HK\$1,818,156,448, transferred to hotel properties of HK\$117,232,122, transferred to prepaid lease payments of HK\$92,887,878 and also transferred from properties under development of HK\$86,322,259 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\$3,290,416,953 has been credited directly to the consolidated statement of profit or loss.

Details of these and other movements during the year in the investment properties of the Group are set out in Note 19 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 21 to the consolidated financial statements.

### MAJOR PROPERTIES

Details of the major properties of the Group at 30th June, 2014 are set out on pages 179 to 198.

### SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Details of the Company's principal subsidiaries, associates and joint ventures at 30th June, 2014 are set out in Notes 54, 55 and 26 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 38 to the consolidated financial statements.

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

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

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

### **DISTRIBUTABLE RESERVES OF THE COMPANY**

The Company's reserves available for distribution to shareholders as at 30th June, 2014 were the retained profits of HK\$3,759,905,025 (2013: HK\$2,641,249,875).

### **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, 2014 are set out in Notes 36 and 37 to the consolidated financial statements.

Interest expenses capitalised by the Group during the year in respect of properties under development amounted to HK\$20,287,555.

### **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. Adrian David Li Man-kiu and Mr. Steven Ong Kay Eng 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, 2014, 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 Shares
Mr. Robert Ng Chee Siong	1,169,153,611 <i>(Note)</i>	Beneficial owner of 627,871 shares and trustee interest in 1,168,525,740 shares of the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	72.01%
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:

*The trustee interest in 1,168,525,740 shares comprises:*

- (a) *1,076,302,705 shares which were held through companies 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong, namely, 111,558,755 shares by Fanlight Investment Limited, 151,178,386 shares by Nippomo Limited, 3,473,922 shares by Orient Creation Limited, 297,336,069 shares by Strathallan Investment Limited, 443,706,162 shares by Tamworth Investment Limited and 69,049,411 shares by Transpire Investment Limited; and*
- (b) *92,223,035 shares which 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

##### Sino Land Company Limited

Name of Director	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Shares
Mr. Robert Ng Chee Siong	3,195,514,253 (Note)	Beneficial owner of 175,319 shares, spouse interest in 3,751,306 shares and trustee interest in 3,191,587,628 shares of the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	53.11%
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	100,495	Beneficial owner	≈ 0%

Note:

The trustee interest in 3,191,587,628 shares comprises:

- (a) 1,378,884,961 shares which were held by Tsim Sha Tsui Properties Limited, which was 71.97% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong;
- (b)
  - (i) 44,838,411 shares which 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) 1,633,930,883 shares which were held through wholly-owned subsidiaries of Tsim Sha Tsui Properties Limited;
- (c) 98,694,800 shares which were held through companies 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong, namely, 161,571 shares by Fanlight Investment Limited, 157,810 shares by Garford Nominees Limited, 35,513,066 shares by Karaganda Investments Inc., 15,316,634 shares by Orient Creation Limited, 7,444,257 shares by Strathallan Investment Limited, 22,437,125 shares by Strong Investments Limited, 17,193,614 shares by Tamworth Investment Limited and 470,723 shares by Transpire Investment Limited; and
- (d) 35,238,573 shares which 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) Associates and joint ventures

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

Name of Company	Number of Ordinary Shares	% of Issued Shares
Brighton Land Investment Limited	1,000,002 <i>(Notes 1 and 2)</i>	100%
Dramstar Company Limited	440 <i>(Notes 1 and 3)</i>	44%
Empire Funds Limited	1 <i>(Notes 1 and 4)</i>	50%
Erleigh Investment Limited	110 <i>(Notes 1 and 4)</i>	55%
Eternal Honest Finance Company Limited	1 <i>(Notes 1 and 4)</i>	50%
Famous Empire Finance Limited	5 <i>(Notes 1 and 5)</i>	50%
Famous Empire Properties Limited	5,000 <i>(Notes 1 and 5)</i>	50%
FHR International Limited	1 <i>(Note 6)</i>	33.33%
Island Resort Estate Management Company Limited	10 <i>(Notes 1 and 4)</i>	50%
Jade Result Limited	500,000 <i>(Notes 1 and 4)</i>	50%
Jumbo Funds Limited	1 <i>(Notes 1 and 7)</i>	50%
Murdoch Investments Inc.	2 <i>(Notes 1 and 2)</i>	100%
Real Maker Development Limited	20,000 <i>(Notes 1 and 8)</i>	10%
Rich Century Investment Limited	500,000 <i>(Notes 1 and 4)</i>	50%
Sea Dragon Limited	70 <i>(Notes 1 and 4)</i>	70%
Silver Link Investment Limited	10 <i>(Notes 1 and 4)</i>	50%
Sino Club Limited	2 <i>(Note 9)</i>	100%
Sino Parking Services Limited	450,000 <i>(Note 10)</i>	50%
Sino Real Estate Agency Limited	50,000 <i>(Note 10)</i>	50%

## DIRECTORS' REPORT *(Continued)*

### DIRECTORS' INTERESTS *(Continued)*

#### (B) Long Positions in Shares of Associated Corporations *(Continued)*

##### (ii) Associates and joint ventures *(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, 2014, 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 53 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) Non-exempted Continuing Connected Transactions up to 30th June, 2014

The Company and its major subsidiary, Sino Land Company Limited ("Sino Land"), jointly announced on 28th June, 2013 that Sino Land and/or its subsidiaries ("Sino Land Group") had entered into agreements on 28th June, 2013 ("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, 2013 and ending on 30th June, 2016 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, 2014 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, 2014
	Service Provider	Service Recipient				
1. Building Cleaning Services	Best Result Environmental 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\$131 million	HK\$72.02 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 SPSL and/or members of 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 and/or the relevant member of the Ng Family pursuant to the Agreement	HK\$49 million	HK\$25.16 million

## DIRECTORS' REPORT (Continued)

### CONNECTED TRANSACTIONS (Continued)

#### (A) Non-exempted Continuing Connected Transactions up to 30th June, 2014 (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, 2014
	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\$43 million	HK\$23.07 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\$49.69 million

## DIRECTORS' REPORT (Continued)

### CONNECTED TRANSACTIONS (Continued)

#### (A) Non-exempted Continuing Connected Transactions up to 30th June, 2014 (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, 2014
	Service Provider	Service Recipient				
5. Lease of Premises	Sino Land Group	Ng Family	Lease of properties by:	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 properties	(i) For the period from 1st July, 2013 to 30th June, 2014, HK\$110.5 million <sup>Note</sup> comprising:  (a) HK\$100.3 million for lease of properties by Sino Land Group; and  (b) HK\$10.2 million <sup>Note</sup> for lease of properties by the Ng Family; and  (ii) For the period from 1st July, 2014 to 30th June, 2015, HK\$130.4 million <sup>Note</sup> comprising:  (a) HK\$110.4 million for lease of properties by Sino Land Group; and  (b) HK\$20 million <sup>Note</sup> for lease of properties by the Ng Family	HK\$42.21 million, comprising:  (i) HK\$37.15 million for lease of properties by Sino Land Group; and  (ii) HK\$5.06 million for lease of properties by the Ng Family

## DIRECTORS' REPORT (Continued)

### CONNECTED TRANSACTIONS (Continued)

#### (A) Non-exempted Continuing Connected Transactions up to 30th June, 2014 (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, 2014
	Service Provider	Service Recipient				
					(iii) For the period from 1st July, 2015 to 30th June, 2016, HK\$141.4 million <sup>Note</sup> comprising:	
					(a) HK\$121.4 million for lease of properties by Sino Land Group; and	
					(b) HK\$20 million <sup>Note</sup> for lease of properties by the Ng Family	

*Note: Due to a recent corporate acquisition by an associate of the Ng Family, the acquiree being an existing tenant of certain properties owned by Sino Land Group, the existing leasing transactions between the acquiree and Sino Land Group have come within the scope of the continuing connected transactions contemplated under the relevant Agreement entered into between Sino Land Group and the Ng Family on 28th June, 2013 and as a result, the levels of aggregate total amount payable under the said Agreement in respect of the lease of properties by the Ng Family for the then remaining part of the financial year ended 30th June, 2014 and for the financial years ending 30th June, 2015 and 2016 are expected to be higher than the levels envisaged at the time of entering into of the said Agreement. Sino Land Group and the Ng Family entered into supplemental agreement on 10th June, 2014 to revise the annual caps for the continuing connected transactions contemplated under the said Agreement for the lease by the Ng Family of properties owned or to be owned by Sino Land Group for the financial year ended 30th June, 2014 and for the financial years ending 30th June, 2015 and 2016 from HK\$4 million, HK\$4.4 million and HK\$4.8 million to HK\$10.2 million, HK\$20 million and HK\$20 million respectively.*



## DIRECTORS' REPORT *(Continued)*

### CONNECTED TRANSACTIONS *(Continued)*

#### (A) **Non-exempted Continuing Connected Transactions up to 30th June, 2014** *(Continued)*

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 or better; and
- (iii) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company's 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.56 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 ("Stock Exchange").

## DIRECTORS' REPORT *(Continued)*

### CONNECTED TRANSACTIONS *(Continued)*

#### **(B) Acquisition of Additional Interests regarding The Waterside and Corporation Park**

The Company and Sino Land jointly announced on 20th May, 2014 that:

- (i) King Chance Development Limited ("King Chance"), a wholly-owned subsidiary of Sino Land, CapitaLand China Holdings Pte Ltd ("CapitaLand China") and CRL (HK) Pte Ltd ("CRL (HK)") entered into an agreement ("Famous Empire Agreement"), pursuant to which (a) CapitaLand China and CRL (HK) agreed to sell and King Chance agreed to purchase the 1,000 issued shares of Famous Empire Properties Limited ("Famous Empire") legally owned by CapitaLand China and beneficially owned by CRL (HK), representing 10% of the total issued shares of Famous Empire, at the consideration being 10% of the net asset value of Famous Empire as at the date of completion of the Famous Empire Agreement, and (b) CRL (HK) agreed to sell and assign and King Chance agreed to purchase the outstanding loan (including the principal amounts and interest accrued thereon) owing by Famous Empire to CRL (HK) as at completion of the Famous Empire Agreement, such loan was in the amount of approximately HK\$9,908,086 as at 31st March, 2014 on a dollar-for-dollar basis, upon and subject to the terms and conditions of the Famous Empire Agreement. The total consideration payable by King Chance, if calculated based on the management accounts of Famous Empire as at 31st March, 2014, would be HK\$28,258,034, subject to adjustment (if necessary) according to the relevant audited completion accounts as at the date of completion. Such adjustment, if any, is not expected to be material.

Famous Empire is a company holding interest in the property which consists of a shopping arcade with a total gross floor area of approximately 56,570 square feet and 101 car parking spaces of the residential property known as The Waterside located at 15 On Chun Street, Ma On Shan, Shatin, New Territories, Hong Kong.

Upon the completion of the Famous Empire Agreement, Famous Empire is owned as to 50% by Sino Land and 50% by the Ng Family.

## DIRECTORS' REPORT *(Continued)*

### CONNECTED TRANSACTIONS *(Continued)*

#### **(B) Acquisition of Additional Interests regarding The Waterside and Corporation Park *(Continued)***

- (ii) Joy Bright Limited ("Joy Bright"), an indirect wholly-owned subsidiary of Sino Land, and CapitaLand (Hong Kong) Limited ("CapitaLand (Hong Kong)") entered into an agreement ("Sea Dragon Agreement"), pursuant to which (a) CapitaLand (Hong Kong) agreed to sell and Joy Bright agreed to purchase the 30 issued shares of Sea Dragon Limited ("Sea Dragon") legally and beneficially owned by CapitaLand (Hong Kong), representing 30% of the total issued shares of Sea Dragon, at the consideration being 30% of the net asset value of Sea Dragon as at the date of completion of the Sea Dragon Agreement, and (b) CapitaLand (Hong Kong) agreed to sell and assign and Joy Bright agreed to purchase the outstanding loan (including the principal amounts and interest accrued thereon) owing by Sea Dragon to CapitaLand (Hong Kong) as at completion of the Sea Dragon Agreement, such loan was in the amount of approximately HK\$122,212,254 as at 31st March, 2014 on a dollar-for-dollar basis, upon and subject to the terms and conditions of the Sea Dragon Agreement. The total consideration payable by Joy Bright, if calculated based on the management accounts of Sea Dragon as at 31st March, 2014, would be HK\$331,050,189, subject to adjustment (if necessary) according to the relevant audited completion accounts as at the date of completion. Such adjustment, if any, is not expected to be material.

Sea Dragon is a company holding interest in the industrial property known as Corporation Park at 11 On Lai Street, Shatin, New Territories, Hong Kong with a total gross floor area of approximately 409,028 square feet and 45 car parking spaces.

Upon the completion of the Sea Dragon Agreement, Sea Dragon is owned as to 30% by Sino Land and 70% by the Ng Family.

## DIRECTORS' REPORT *(Continued)*

### CONNECTED TRANSACTIONS *(Continued)*

#### **(B) Acquisition of Additional Interests regarding The Waterside and Corporation Park *(Continued)***

The Ng Family and its associates are connected persons of the Company and Sino Land by virtue of the Ng Family being a controlling shareholder of both the Company and Sino Land. Although CapitaLand China, CRL (HK), CapitaLand (Hong Kong) and their ultimate beneficial owners are independent third parties of the Company and Sino Land and their respective connected persons, the Famous Empire Agreement and the Sea Dragon Agreement relate to the acquisition of the respective shares of and loans owing by Famous Empire and Sea Dragon and because the Ng Family is a controlling shareholder of the Company and Sino Land and is also an indirect substantial shareholder of Famous Empire and Sea Dragon, the Famous Empire Agreement and the Sea Dragon Agreement constitute connected transactions of each of the Company and Sino Land under the then effective 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 are available in the Stock Exchange's website and the Company's website at [www.sino.com](http://www.sino.com).

Details of other related party transactions are set out in Note 53 to the consolidated financial statements.

## DIRECTORS' REPORT *(Continued)*

### SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

As at 30th June, 2014, 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 Shares
Mr. Philip Ng Chee Tat	1,170,940,598 <i>(Notes 1, 2, 3 and 4)</i>	Interest of controlled corporations in 2,414,858 shares and trustee interest in 1,168,525,740 shares of the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	72.12%
Mr. Robert Ng Chee Siong	1,169,153,611 <i>(Notes 2, 3 and 4)</i>	Beneficial owner of 627,871 shares and trustee interest in 1,168,525,740 shares of the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	72.01%
Tamworth Investment Limited	443,706,162 <i>(Note 3)</i>	Beneficial owner	27.33%
Strathallan Investment Limited	297,336,069 <i>(Note 3)</i>	Beneficial owner	18.31%
Name of Other Shareholder	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Shares
Nippomo Limited	151,178,386 <i>(Note 3)</i>	Beneficial owner	9.31%
Fanlight Investment Limited	111,558,755 <i>(Note 3)</i>	Beneficial owner	6.87%

## DIRECTORS' REPORT *(Continued)*

### SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

*(Continued)*

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

Notes:

1. 2,414,858 shares were held through companies 100% controlled by Mr. Philip Ng Chee Tat, namely, 2,103,859 shares by Bestdeal Contractors Pte Ltd and 310,999 shares by Western Properties Pte Ltd.
2. The trustee interest in 1,168,525,740 shares comprises:
  - (a) 1,076,302,705 shares which were held through companies 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong, namely, 111,558,755 shares by Fanlight Investment Limited, 151,178,386 shares by Nippomo Limited, 3,473,922 shares by Orient Creation Limited, 297,336,069 shares by Strathallan Investment Limited, 443,706,162 shares by Tamworth Investment Limited and 69,049,411 shares by Transpire Investment Limited; and
  - (b) 92,223,035 shares which 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 refer to the same parcel of shares and were duplicated.

Save as disclosed above and so far as the Directors of the Company are aware, as at 30th June, 2014, no other person had an interest or short position in the shares and underlying shares of the Company which were recorded in the register required to be kept under Section 336 of the SFO, or was otherwise a substantial shareholder of the Company.

### DONATIONS

During the year, the Group made charitable and other donations amounting to approximately HK\$1,301,000.

### MAJOR SUPPLIERS AND CUSTOMERS

The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 83% of the Group's total purchases and the purchases attributable to the Group's largest supplier was approximately 49% 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.

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

**CORPORATE GOVERNANCE** The corporate governance report is set out on pages 22 to 41.

**SUFFICIENCY OF PUBLIC FLOAT** Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

**AUDITOR** A resolution will be submitted to the Annual General Meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board  
**Robert NG Chee Siong**  
*Chairman*

Hong Kong, 27th August, 2014



## 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 177, which comprise the Group's consolidated and the Company's statements of financial position as at 30th June, 2014, and the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other 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 Companies Ordinance (Cap. 622) (the "Companies Ordinance"), and for such internal controls as the directors determine are 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 80 of Schedule 11 to the Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Group's preparation 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 Group's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

### OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30th June, 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Companies Ordinance.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
27th August, 2014

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30th June, 2014

	<i>NOTES</i>	2014 <i>HK\$</i>	2013 <i>HK\$</i> (Restated)
Turnover	7	7,510,795,774	7,880,161,528
Cost of sales		<b>(1,046,622,645)</b>	(2,658,285,013)
Direct expenses		<b>(1,833,657,927)</b>	(1,803,225,246)
<b>Gross profit</b>		<b>4,630,515,202</b>	3,418,651,269
Change in fair value of investment properties	19	<b>3,290,416,953</b>	3,918,639,739
Other income and other gains or losses		<b>92,448,810</b>	89,493,215
Fair value gain on non-current interest-free unsecured other loans		<b>36,172,116</b>	65,037,410
Gain arising from change in fair value of trading securities		<b>142,191,202</b>	99,731,458
Gain on disposal of investment properties		<b>1,267,546,033</b>	622,377,866
Administrative expenses		<b>(674,352,951)</b>	(651,587,965)
Other operating expenses		<b>(167,394,698)</b>	(166,362,026)
Finance income	9	<b>368,410,273</b>	464,285,307
Finance costs	10	<b>(324,275,214)</b>	(346,276,212)
Less: Interest capitalised	10	<b>20,287,555</b>	40,517,094
Finance income, net		<b>64,422,614</b>	158,526,189
Share of results of associates	11	<b>1,429,548,748</b>	4,701,812,188
Share of results of joint ventures	12	<b>208,307,744</b>	271,456,303
Profit before taxation	13	<b>10,319,821,773</b>	12,527,775,646
Income tax expense	16	<b>(1,286,501,711)</b>	(625,927,349)
<b>Profit for the year</b>		<b>9,033,320,062</b>	11,901,848,297
Attributable to:			
Company's shareholders		<b>4,513,349,683</b>	5,977,422,853
Non-controlling interests		<b>4,519,970,379</b>	5,924,425,444
		<b>9,033,320,062</b>	11,901,848,297
Earnings per share (reported earnings per share)			
Basic	18(a)	<b>2.820</b>	3.837

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30th June, 2014

	<b>2014</b> <b>HK\$</b>	2013 <i>HK\$</i>
Profit for the year	<u><b>9,033,320,062</b></u>	<u>11,901,848,297</u>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
(Loss) gain on fair value change of available-for-sale investments	<b>(65,453,907)</b>	259,299,747
Exchange differences arising on translation of foreign operations	<u><b>246,368,335</b></u>	<u>420,138,410</u>
	<u><b>180,914,428</b></u>	<u>679,438,157</u>
Total comprehensive income for the year	<u><b>9,214,234,490</b></u>	<u>12,581,286,454</u>
Total comprehensive income attributable to:		
Company's shareholders	<b>4,601,741,790</b>	6,325,337,096
Non-controlling interests	<u><b>4,612,492,700</b></u>	<u>6,255,949,358</u>
	<u><b>9,214,234,490</b></u>	<u>12,581,286,454</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June, 2014

	NOTES	30th June, 2014 HK\$	THE GROUP 30th June, 2013 HK\$ (Restated)	1st July, 2012 HK\$ (Restated)
<b>Non-current assets</b>				
Investment properties	19	56,281,352,385	54,610,734,765	51,643,719,403
Hotel properties	20	1,891,263,436	1,744,677,191	1,609,676,576
Property, plant and equipment	21	129,532,837	118,783,871	123,798,174
Goodwill	22	739,233,918	739,233,918	739,233,918
Prepaid lease payments – non-current	23	1,303,292,089	1,187,175,429	1,197,808,601
Interests in associates	25	17,508,916,023	15,911,780,863	11,350,353,707
Interests in joint ventures	26	2,242,353,923	2,026,792,762	1,547,645,256
Available-for-sale investments	27	1,012,878,225	1,059,486,948	786,569,326
Advances to associates	25	8,132,002,059	9,198,819,160	8,227,201,296
Advances to joint ventures	26	1,553,726,462	2,495,551,817	2,277,996,798
Advance to non-controlling interests	28	96,082,492	117,965,207	133,210,793
Advance to an investee company	29	17,617,226	16,769,403	16,899,509
Long-term loans receivable	30	49,834,713	36,780,795	47,178,510
		<b>90,958,085,788</b>	<b>89,264,552,129</b>	<b>79,701,291,867</b>
<b>Current assets</b>				
Properties under development	51	27,884,031,411	25,407,957,851	21,869,542,575
Stocks of completed properties		1,718,044,524	1,065,082,543	1,618,071,092
Hotel inventories		18,708,821	17,703,917	27,337,338
Prepaid lease payments – current	23	20,390,423	19,462,924	19,104,164
Trading securities	31	559,238,213	581,310,064	710,813,181
Amounts due from associates	25	970,529,537	936,218,709	3,097,093,173
Accounts and other receivables	32	1,118,823,936	836,585,023	2,522,220,649
Current portion of long-term loans receivable	30	3,794,836	4,976,725	2,236,139
Taxation recoverable		147,713,722	48,213,013	275,721
Restricted bank deposits	33	412,983,955	323,633,103	679,660,662
Time deposits, bank balances and cash	33	14,091,245,244	11,624,947,790	5,046,181,552
		<b>46,945,504,622</b>	<b>40,866,091,662</b>	<b>35,592,536,246</b>
Assets classified as held for sale	34	–	170,000,000	–
		<b>46,945,504,622</b>	<b>41,036,091,662</b>	<b>35,592,536,246</b>
<b>Current liabilities</b>				
Accounts and other payables	35	3,522,007,260	3,341,563,414	3,518,802,532
Deposits received on sales of properties		2,613,997,918	977,093,758	590,130,004
Amounts due to associates	25	3,836,204,380	3,455,225,003	706,076,620
Taxation payable		1,107,363,033	737,016,430	761,881,080
Current portion of long-term bank borrowings	36	28,548,714	14,586,873	–
Bank loans – secured	36	192,000,000	4,872,130,944	2,776,883,954
Other loans – unsecured	37	89,776,997	173,528,542	188,384,705
Financial guarantee contracts – current	48	–	–	887
		<b>11,389,898,302</b>	<b>13,571,144,964</b>	<b>8,542,159,782</b>
Net current assets		<b>35,555,606,320</b>	<b>27,464,946,698</b>	<b>27,050,376,464</b>
Total assets less current liabilities		<b>126,513,692,108</b>	<b>116,729,498,827</b>	<b>106,751,668,331</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 30th June, 2014

	NOTES	30th June, 2014 HK\$	THE GROUP 30th June, 2013 HK\$ (Restated)	1st July, 2012 HK\$ (Restated)
Capital and reserves				
Share capital	38	8,058,064,197	315,777,382	307,908,314
Reserves		46,313,553,536	49,445,103,971	43,094,543,483
Equity attributable to the Company's shareholders		54,371,617,733	49,760,881,353	43,402,451,797
Non-controlling interests	45	56,254,567,220	52,795,221,926	47,612,643,070
Total equity		110,626,184,953	102,556,103,279	91,015,094,867
Non-current liabilities				
Long-term bank and other borrowings				
– due after one year	36	7,919,616,786	5,640,192,065	7,823,684,649
Other loans – due after one year	37	2,989,184,836	3,852,623,932	4,351,106,902
Deferred taxation	40	1,731,184,190	1,539,231,397	1,241,745,914
Advances from associates	42	1,652,248,300	1,695,792,402	1,862,708,895
Advances from non-controlling interests	43	1,595,273,043	1,445,555,752	457,327,104
		15,887,507,155	14,173,395,548	15,736,573,464
		126,513,692,108	116,729,498,827	106,751,668,331

The consolidated financial statements on pages 62 to 177 were approved and authorised for issue by the Board of Directors on 27th August, 2014 and are signed on its behalf by:

**Robert NG Chee Siong**  
Chairman

**Daryl NG Win Kong**  
Director

## STATEMENT OF FINANCIAL POSITION

At 30th June, 2014

	NOTES	THE COMPANY	
		2014 HK\$	2013 HK\$
Non-current assets			
Investments in subsidiaries	24	5,585,116,026	5,506,952,002
Advances to subsidiaries	24	6,247,267,719	4,737,178,764
		<b>11,832,383,745</b>	10,244,130,766
Current assets			
Accounts and other receivables		429,617	301,667
Time deposits, bank balances and cash	33	88,954,934	888,223
		<b>89,384,551</b>	1,189,890
Current liabilities			
Accounts and other payables		2,893,317	2,646,629
Financial guarantee contracts – current	48	46,890	425,000
		<b>2,940,207</b>	3,071,629
Net current assets (liabilities)		<b>86,444,344</b>	(1,881,739)
Total assets less current liabilities		<b>11,918,828,089</b>	10,242,249,027
Capital and reserves			
Share capital	38	8,058,064,197	315,777,382
Reserves	39	3,759,905,025	9,593,579,922
Total equity		<b>11,817,969,222</b>	9,909,357,304
Non-current liability			
Advances from subsidiaries	41	100,858,867	332,891,723
		<b>11,918,828,089</b>	10,242,249,027

**Robert NG Chee Siong**  
Chairman

**Daryl NG Win Kong**  
Director



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30th June, 2014

	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, 2012	307,908,314	6,222,026,575	224,000	396,780,432	99,046,540	834,700,931	35,541,765,005	43,402,451,797	47,612,643,070	91,015,094,867
Profit for the year	-	-	-	-	-	-	5,977,422,853	5,977,422,853	5,924,425,444	11,901,848,297
Other comprehensive income:										
- gain on fair value change of available-for-sale investments	-	-	-	-	131,568,008	-	-	131,568,008	127,731,739	259,299,747
- exchange differences arising on translation of foreign operations	-	-	-	-	-	216,346,235	-	216,346,235	203,792,175	420,138,410
Total comprehensive income for the year	-	-	-	-	131,568,008	216,346,235	5,977,422,853	6,325,337,096	6,255,949,358	12,581,286,454
Shares issued in lieu of cash dividends	7,869,068	730,079,472	-	-	-	-	-	737,948,540	-	737,948,540
Acquisition of additional interest in a listed subsidiary	-	-	-	37,668,490	-	-	-	37,668,490	(82,669,478)	(45,000,988)
Script dividend re-invested by non-controlling interests	-	-	-	-	-	-	-	-	208,843,694	208,843,694
Deemed capital contribution from non-controlling interests in relation to interest-free advances from non-controlling interests	-	-	-	-	-	-	-	-	42,242,565	42,242,565
Additional interest on non-controlling interests on acquisition of subsidiaries (Note 52)	-	-	-	-	-	-	-	-	192,579,973	192,579,973
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(1,434,367,256)	(1,434,367,256)
Final dividend - 2012	-	-	-	-	-	-	(554,234,964)	(554,234,964)	-	(554,234,964)
Interim dividend - 2013	-	-	-	-	-	-	(188,289,606)	(188,289,606)	-	(188,289,606)
At 30th June, 2013	315,777,382	6,952,106,047	224,000	434,448,922	230,614,548	1,051,047,166	40,776,663,288	49,760,881,353	52,795,221,926	102,556,103,279
Profit for the year	-	-	-	-	-	-	4,513,349,683	4,513,349,683	4,519,970,379	9,033,320,062
Other comprehensive (expense) income:										
- loss on fair value change of available-for-sale investments	-	-	-	-	(33,392,822)	-	-	(33,392,822)	(32,061,085)	(65,453,907)
- exchange differences arising on translation of foreign operations	-	-	-	-	-	121,784,929	-	121,784,929	124,583,406	246,368,335
Total comprehensive (expense) income for the year	-	-	-	-	(33,392,822)	121,784,929	4,513,349,683	4,601,741,790	4,612,492,700	9,214,234,490
Shares issued in lieu of cash dividends	199,425,027	590,531,741	-	-	-	-	-	789,956,768	-	789,956,768
Transition to no-par value regime on 3rd March, 2014 under the Companies Ordinance (Cap. 622)	7,542,861,788	(7,542,637,788)	(224,000)	-	-	-	-	-	-	-
Acquisition of additional interest in a listed subsidiary	-	-	-	12,552,039	-	-	-	12,552,039	(29,953,894)	(17,401,855)
Script dividend re-invested by non-controlling interests	-	-	-	-	-	-	-	-	359,555,433	359,555,433
Additional interest on non-controlling interests	-	-	-	-	-	-	-	-	2	2
Deemed capital contribution from non-controlling interests in relation to interest-free advances from non-controlling interests	-	-	-	-	-	-	-	-	19,673,981	19,673,981
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(1,502,422,928)	(1,502,422,928)
Final dividend - 2013	-	-	-	-	-	-	(599,977,026)	(599,977,026)	-	(599,977,026)
Interim dividend - 2014	-	-	-	-	-	-	(193,537,191)	(193,537,191)	-	(193,537,191)
At 30th June, 2014	8,058,064,197	-	-	447,000,961	197,221,726	1,172,832,095	44,496,498,754	54,371,617,733	56,254,567,220	110,626,184,953

Note: At 30th June, 2014, retained profits of the Group include a sum of Nil (2013: HK\$776,770,575) relating to certain associates attributable to the Group which are distributable by the associates by way of dividend subject to the prior consent of their bankers. During the year ended 30th June, 2014, the restrictions were removed upon the repayment by the associates of the related bank borrowings.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30th June, 2014

	2014 HK\$	2013 HK\$ (Restated)
OPERATING ACTIVITIES		
Profit before taxation	<b>10,319,821,773</b>	12,527,775,646
Adjustments for:		
Finance costs	<b>303,987,659</b>	305,759,118
Depreciation of property, plant and equipment and hotel properties	<b>78,042,556</b>	78,541,843
Release of prepaid lease payments	<b>20,248,714</b>	19,435,965
Loss (gain) on disposal of property, plant and equipment	<b>928,583</b>	(73,772)
Adjustments to construction costs of investment properties	<b>10,865,375</b>	16,955,015
Cost of property, plant and equipment written off	–	274,506
(Reversal) recognition of impairment loss on trade receivables	<b>(3,173,982)</b>	42,868
Share of results of associates	<b>(1,429,548,748)</b>	(4,701,812,188)
Share of results of joint ventures	<b>(208,307,744)</b>	(271,456,303)
Increase in fair value of investment properties	<b>(3,290,416,953)</b>	(3,918,639,739)
Finance income	<b>(368,410,273)</b>	(464,285,307)
Gain arising from change in fair value of trading securities	<b>(142,191,202)</b>	(99,731,458)
Gain on disposal of investment properties	<b>(1,267,546,033)</b>	(622,377,866)
Fair value gain on non-current interest-free unsecured other loans	<b>(36,172,116)</b>	(65,037,410)
Interest income from loans receivable	<b>(1,724,641)</b>	(899,728)
Dividend income from listed investments	<b>(85,379,179)</b>	(44,059,773)
Dividend income from unlisted investments	<b>(23,091,994)</b>	(22,410,000)
Operating cash flows before movements in working capital	<b>3,877,931,795</b>	2,738,001,417
(Increase) decrease in long-term loans receivable	<b>(11,872,029)</b>	7,657,129
Increase in properties under development	<b>(3,302,533,917)</b>	(4,956,644,778)
Decrease in stocks of completed properties	<b>185,481,633</b>	2,139,873,080
(Increase) decrease in hotel inventories	<b>(1,004,904)</b>	9,633,421
Decrease in trading securities	<b>165,374,294</b>	229,652,449
(Increase) decrease in accounts and other receivables	<b>(279,064,931)</b>	1,695,477,179
Increase in accounts and other payables and deposits received on sales of properties	<b>1,815,617,127</b>	200,998,582
Cash generated from operations	<b>2,449,929,068</b>	2,064,648,479
Hong Kong Profits Tax paid	<b>(661,899,191)</b>	(453,916,467)
Taxation in other jurisdictions paid	<b>(165,171,681)</b>	(49,059,731)
Interest received from loans receivable	<b>1,724,641</b>	899,728
Dividends received from listed investments	<b>85,379,179</b>	44,059,773
Dividends received from unlisted investments	<b>23,091,994</b>	22,410,000
NET CASH FROM OPERATING ACTIVITIES	<b>1,733,054,010</b>	1,629,041,782

## CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 30th June, 2014

	NOTE	2014 HK\$	2013 HK\$ (Restated)
<b>INVESTING ACTIVITIES</b>			
Repayments from associates		<b>1,891,387,248</b>	4,597,217,442
Repayments from joint ventures		<b>949,919,749</b>	–
Dividends received from associates		<b>225,755,300</b>	138,715,175
Dividends received from joint ventures		<b>90,000,000</b>	23,500,000
Placement of restricted bank deposits		<b>(323,025,170)</b>	(230,985,820)
Withdrawal of restricted bank deposits		<b>233,674,318</b>	587,013,379
Interest received		<b>235,951,860</b>	177,909,939
Proceeds from disposal of investment properties		<b>3,255,702,481</b>	2,143,514,358
Proceeds from disposal of property, plant and equipment		<b>65,279</b>	679,490
(Advances to) repayments from investee company		<b>(847,823)</b>	130,106
Advances to associates		<b>(865,808,037)</b>	(3,353,558,119)
Repayments from non-controlling interests		<b>21,882,715</b>	15,245,586
Advances to joint ventures		<b>(13,298,861)</b>	(220,703,402)
Additions to investment properties		<b>(308,660,436)</b>	(120,030,812)
Additions to hotel properties		<b>(31,187,555)</b>	(155,649,528)
Additions to property, plant and equipment		<b>(61,309,020)</b>	(48,762,781)
Additions to prepaid lease payments		<b>(26,701,709)</b>	(5,800,014)
Additions to available-for-sale investments		<b>(18,845,184)</b>	(13,617,875)
Acquisition of assets and liabilities through acquisition of subsidiaries	52	–	(5,113,261)
Acquisition of additional interest in a joint venture		<b>(18,513,790)</b>	–
Acquisition of additional interests in associates		<b>(210,998,957)</b>	(281)
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b><u>5,025,142,408</u></b>	<b><u>3,529,703,582</u></b>
<b>FINANCING ACTIVITIES</b>			
New bank and other loans		<b>3,452,933,137</b>	4,326,262,136
Repayments of bank and other loans		<b>(6,849,171,428)</b>	(4,878,723,849)
Advances from associates		<b>432,777,014</b>	2,801,697,711
Advances from non-controlling interests		<b>169,391,272</b>	973,159,944
Dividends paid		<b>(3,557,449)</b>	(4,576,030)
Repayments to associates		<b>(129,897,202)</b>	(247,811,113)
Interest paid		<b>(215,606,779)</b>	(295,279,978)
Acquisition of additional interest in a listed subsidiary		<b>(11,161,577)</b>	(5,552,684)
Repurchase of its own shares by a listed subsidiary		<b>(4,220,820)</b>	(46,890,040)
Additional interest in non-controlling interests		<b>2</b>	–
Dividends paid to non-controlling interests		<b>(1,142,867,622)</b>	(1,225,523,718)
<b>NET CASH (USED IN) FROM FINANCING ACTIVITIES</b>		<b><u>(4,301,381,452)</u></b>	<b><u>1,396,762,379</u></b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b><u>2,456,814,966</u></b>	<b><u>6,555,507,743</u></b>
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>		<b><u>11,624,947,790</u></b>	<b><u>5,046,181,552</u></b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>		<b><u>9,482,488</u></b>	<b><u>23,258,495</u></b>
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD, representing time deposits, bank balances and cash</b>		<b><u>14,091,245,244</u></b>	<b><u>11,624,947,790</u></b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June, 2014

## 1. GENERAL

The Company is a public listed limited liability company incorporated in Hong Kong and with its shares 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 54.

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

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”):

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group’s financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 “*Consolidated Financial Statements*”, HKFRS 11 “*Joint Arrangements*”, HKFRS 12 “*Disclosure of Interests in Other Entities*”, HKAS 27 (as revised in 2011) “*Separate Financial Statements*” and HKAS 28 (as revised in 2011) “*Investments in Associates and Joint Ventures*”, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

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

For the year ended 30th June, 2014

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

#### **Impact of the application of HKFRS 10 “Consolidated Financial Statements”**

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 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) it has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1st July, 2013. Accordingly, the directors of the Company (the “Directors”) concluded that the application of HKFRS 10 has had no material impact on the consolidated financial statements in accordance with the new definition of control and the related guidance set out in HKFRS 10.

#### **HKFRS 11 “Joint Arrangements”**

HKFRS 11 replaces HKAS 31 “Interests in Joint Ventures”, and the guidance contained in a related interpretation, HK(SIC) – Int 13 “Jointly Controlled Entities – Non-Monetary Contributions by Venturers”, has been incorporated in HKAS 28 (as revised in 2011) “Investments in Associates and Joint Ventures”. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements taking into account the structure, the legal form of the joint arrangements, the contractual terms agreed by the parties to the joint arrangements, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets.

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

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

For the year ended 30th June, 2014

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

#### **HKFRS 11 “Joint Arrangements” *(Continued)***

As a result of the adoption of HKFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its joint arrangements. The Group has considered those joint arrangements previously classified as jointly controlled operations would be renamed as joint operations without any change in accounting treatment while certain investments previously classified as interests in associates were to be reclassified as interests in joint ventures and these investments continue to be accounted for using the equity method and therefore this reclassification does not have any material impact on the financial position and the financial result of the Group.

#### **Impact of the application of HKFRS 12 “Disclosure of Interests in Other Entities”**

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

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

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of HKFRS 13 is broad; the fair value measurement requirements of HKFRS 13 apply 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 for share based payment transactions that are within the scope of HKFRS 2 “Share-based Payment”, leasing transactions that are within the scope of HKAS 17 “Leases”, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application from 1st July, 2013 for the Group. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the standard in comparative information provided for periods before the initial application of the standard.

In accordance with these transitional provisions, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period (see Notes 6 and 19 for the 2014 disclosures). Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) IN THE CURRENT YEAR (Continued)

The effect of the changes in the Group’s accounting policies described above on the results for the current and preceding years by line items presented in the consolidated statement of profit or loss is as follows:

	<b>2014</b> <i>HK\$</i>	2013 <i>HK\$</i>
<b>Consolidated statement of profit or loss</b>		
Decrease in share of results of associates	<b>(246,992,246)</b>	(271,456,303)
Increase in share of results of joint ventures	<b>246,992,246</b>	271,456,303

	<b>As originally stated</b> <i>HK\$</i>	<b>Adjustments</b> <i>HK\$</i>	<b>As restated</b> <i>HK\$</i>
<b>Consolidated statement of profit or loss for the year ended 30th June, 2013</b>			
Share of results of associates	4,973,268,491	(271,456,303)	4,701,812,188
Share of results of joint ventures	–	271,456,303	271,456,303

The effect of the changes in the Group’s accounting policies described above on the financial position of the Group as at the beginning of the comparative period, i.e. 1st July, 2012, is as follows:

	<b>As originally stated</b> <i>HK\$</i>	<b>Adjustments</b> <i>HK\$</i>	<b>As restated</b> <i>HK\$</i>
<b>Consolidated statement of financial position as at 1st July, 2012</b>			
Interests in associates	12,796,238,259	(1,445,884,552)	11,350,353,707
Interests in joint ventures	101,760,704	1,445,884,552	1,547,645,256
Advances to associates	8,490,423,817	(263,222,521)	8,227,201,296
Advances to joint ventures	2,014,774,277	263,222,521	2,277,996,798



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) IN THE CURRENT YEAR (Continued)

The effect of the changes in the Group’s accounting policies described above on the financial position of the Group as at the end of the immediately preceding financial year, i.e. 30th June, 2013, is as follows:

	As originally stated HK\$	Adjustments HK\$	As restated HK\$
<b>Consolidated statement of financial position as at 30th June, 2013</b>			
Interests in associates	17,846,397,994	(1,934,617,131)	15,911,780,863
Interests in joint ventures	92,175,631	1,934,617,131	2,026,792,762
Advances to associates	9,549,972,398	(351,153,238)	9,198,819,160
Advances to joint ventures	2,144,398,579	351,153,238	2,495,551,817

The Group and the Company have not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>3</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle <sup>4</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle <sup>2</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities <sup>1</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>5</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>5</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants <sup>5</sup>
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions <sup>2</sup>
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets <sup>1</sup>
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting <sup>1</sup>
HKFRS 9	Financial Instruments <sup>3</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>7</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>6</sup>
HK(IFRIC) – Int 21	Levies <sup>1</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1st July, 2014

<sup>3</sup> Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised

<sup>4</sup> Effective for annual periods beginning on or after 1st July, 2014, with limited exceptions

<sup>5</sup> Effective for annual periods beginning on or after 1st January, 2016

<sup>6</sup> Effective for annual periods beginning on or after 1st January, 2017

<sup>7</sup> Effective for first and HKFRS financial statements, beginning on or after 1st January, 2016

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

For the year ended 30th June, 2014

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

In addition, the annual report requirements of Part 9 “*Accounts and Audit*” of the new Companies Ordinance (Cap. 622) come into operation as from the company’s first financial year commencing on or after 3rd March, 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

#### **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:

- All recognised financial assets that are within the scope of HKAS 39 “*Financial Instruments: Recognition and Measurement*” to be subsequently measured at either 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 accounting periods.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires 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 change 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 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, 2014.

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

For the year ended 30th June, 2014

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

#### **HKFRS 15 “Revenue from Contracts with Customers”**

HKFRS 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It supersedes current revenue recognition guidance including HKAS 11 “Construction Contracts”, HKAS 18 “Revenue”, HK(IFRIC) – Int 13 “Customer Loyalty Programmes”, HK(IFRIC) – Int 15 “Agreements for the Construction of Real Estate”, HK(IFRIC) – Int 18 “Transfers of Assets from Customers”, and HK(SIC) – Int 31 “Revenue-Barter Transactions Involving Advertising Services”. HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise. The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. HKFRS 15 is to be applied on an individual contract basis. However, a portfolio approach is permitted provided it is reasonably expected that the impact on the financial statements will not be materially different from applying HKFRS 15 on an individual contract basis. The steps to be applied in the new revenue model are as follows:

- Step 1: Identify the contract with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

In addition, HKFRS 15 also includes requirements for accounting for some costs that are related to a contract with a customer. With respect to disclosure, HKFRS 15 requires an entity to disclose certain quantitative and/or qualitative information so as to help investors better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

HKFRS 15 is effective for the Group’s financial year beginning on 1st July, 2017 with early application permitted. It applies to new contracts created on or after the effective date and to existing contracts that are not yet complete as of the effective date. The Group can choose to apply HKFRS 15 retrospectively or to use a modified transition approach. The management anticipates that HKFRS 15 will be adopted in the Group’s consolidated financial statements for the annual period beginning 1st July, 2017. The application of this standard may have significant impact on amounts reported in the Group’s consolidated financial statements. However, the management is in the process of ascertaining the financial impact on application of this standard.

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

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

For the year ended 30th June, 2014

### 3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA and the Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Companies Ordinance (Cap. 622), *“Accounts and Audit”*, which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the *“Listing Rules”*). The significant accounting policies adopted are as follows:

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. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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

For the year ended 30th June, 2014

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted 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, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

#### **Allocation of total comprehensive income and expense 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.

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

For the year ended 30th June, 2014

### 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. Any 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.

#### **Investments in associates and joint ventures**

An associate is an entity over which the Group has significant influence. 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.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

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

For the year ended 30th June, 2014

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

#### **Investments in associates and joint ventures** *(Continued)*

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "*Impairment of Assets*" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture 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 the equity method is discontinued.



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

For the year ended 30th June, 2014

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

#### **Investments in associates and joint ventures** *(Continued)*

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

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

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

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

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

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets 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 used 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.

#### **Interests in joint operations**

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.



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

For the year ended 30th June, 2014

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

#### **Interests in joint operations** *(Continued)*

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity sells or contributes assets to a joint operation in which a group entity is a joint operator, the Group is considered to be selling or contributing assets to the other parties to the joint operation, and gains and losses resulting from the sale or contribution are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity purchases assets from a joint operation in which a group entity is a joint operator, the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

#### **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 values of investment properties 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.

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

For the year ended 30th June, 2014

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

#### **Investment properties *(Continued)***

For a transfer from investment property carried at fair value to owner-occupied property or inventories, the property's deemed cost for subsequent accounting shall be its fair value at the date of change in use.

#### **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.

#### **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.

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

For the year ended 30th June, 2014

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

#### **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.

#### **Non-current assets held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale that are accounted for in accordance with the fair value model in HKAS 40 "*Investment Property*" are measured at fair value at the end of the reporting period.

#### **Borrowing costs**

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

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

#### **Leasing**

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

##### *The Group as lessor*

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

##### *The Group as lessee*

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

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

For the year ended 30th June, 2014

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

#### **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 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.

#### *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 by applying an effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

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

For the year ended 30th June, 2014

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

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

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

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

Financial assets at fair value through profit or loss of the Group comprise 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 remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including accounts and other receivables, advances to subsidiaries/associates/joint ventures/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.

Equity and debt securities held by the Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment of financial assets below).

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

For the year ended 30th June, 2014

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

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

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

##### *Available-for-sale financial assets* *(Continued)*

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

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 (see the accounting policy in respect of impairment of financial assets below).

##### *Impairment of financial assets*

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

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

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

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

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

For financial assets carried at amortised cost, 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.

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

For the year ended 30th June, 2014

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

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

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

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

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 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.

##### Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified either as 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 Company 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.

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

For the year ended 30th June, 2014

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

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

##### Financial liabilities and equity instruments *(Continued)*

##### *Effective interest method* *(Continued)*

Interest expense is recognised by applying an effective interest rate, except for short-term receivables where the recognition of interest would be immediate.

##### *Financial liabilities*

Financial liabilities (including accounts and other payables, amounts due to associates, bank and other borrowings, bank 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.

##### 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 expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.



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

For the year ended 30th June, 2014

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

#### Revenue recognition

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

- (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.
- (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 and available-for-sale equity instruments is recognised when the shareholders' rights to receive payment have been established.
- (f) Hotel income is recognised when the hotel services are rendered.

#### 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 before taxation as reported in the consolidated statement of profit or loss because of income or expense that are taxable or deductible in other years, and 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.

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

For the year ended 30th June, 2014

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

#### **Taxation** *(Continued)*

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 joint arrangements, 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.

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.

For the purposes of measuring deferred taxation liabilities or deferred taxation assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred taxation liabilities and deferred taxation assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

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.

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

For the year ended 30th June, 2014

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

#### **Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in 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 of interest in a joint arrangement or 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, 2014

### 4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### **Critical judgment in applying accounting policies**

The following is the critical judgment, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

#### *Deferred taxation on investment properties*

For the purposes of measuring deferred taxation liabilities or deferred taxation assets arising from investment properties that are measured using the fair value model, the Directors have reviewed investment property portfolios of the subsidiaries, associates and joint ventures of the Group and concluded that the investment properties held by the subsidiaries, associates and joint ventures of the Group in Hong Kong, the People's Republic of China (the "PRC") and Singapore are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in measuring the Group's deferred taxation on investment properties, the Directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties held by the subsidiaries, associates and joint ventures of the Group in Hong Kong and Singapore for those investment properties which are not subject to any income taxes on changes to the fair value of the investment properties upon their sales. However, for those investment properties in the PRC, the deferred taxes on changes in fair value of investment properties are recognised taking into account the Land Appreciation Tax ("LAT") and Enterprise Income Tax payable upon sales of those investment properties in the PRC.

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

For the year ended 30th June, 2014

### 4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

#### **Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### *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 or 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\$27,884,031,411 (2013: HK\$25,407,957,851).

#### *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. 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\$1,718,044,524 (2013: HK\$1,065,082,543).

#### *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 53 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, 2014, the carrying amount of the hotel properties is HK\$1,891,263,436 net of accumulated depreciation of HK\$207,551,524 (2013: HK\$1,744,677,191 net of accumulated depreciation of HK\$177,584,332). Details of the movements of the hotel properties are disclosed in Note 20.

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

For the year ended 30th June, 2014

### 4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

#### 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, 2014 at their fair value of HK\$56,281,352,385 (2013: HK\$54,610,734,765). 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 statement of profit or loss.

##### Estimate of the PRC LAT

The PRC LAT is levied at progressive rates ranging from 40% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible allowance and expenditures including sales charges, borrowing costs and all property development expenditures.

The Group is subject to the LAT in the PRC. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and the Group has not yet reached the stage to finalise its LAT calculation and payments with any local tax bureau in the PRC in accordance with the relevant local tax regulations. Accordingly, significant judgments are required in determining the amount of land appreciation and its related income tax provisions. The Group recognises these liabilities based on the management's best estimates according to the understanding of the tax rules. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax expenses and the related income tax provisions in the periods in which such taxes are finalised with local tax authorities.

### 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 and other borrowings, other loans, advances from associates/non-controlling interests, 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 a 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 shares 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, 2014

### 6. FINANCIAL INSTRUMENTS

#### Categories of financial instruments

	THE COMPANY		THE GROUP	
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
<b>Financial assets</b>				
Trading securities (fair value through profit or loss)	–	–	559,238,313	581,310,064
Available-for-sale investments	–	–	1,012,878,225	1,059,486,948
Loans and receivables (including cash and cash equivalents)	6,336,652,270	4,738,367,137	26,289,365,150	25,209,272,816
	<b>6,336,652,270</b>	<b>4,738,367,137</b>	<b>26,289,365,150</b>	<b>25,209,272,816</b>
<b>Financial liabilities</b>				
Amortised cost	103,243,729	335,177,020	20,516,007,817	23,427,584,485
Financial guarantee contracts	46,890	425,000	–	–
	<b>103,243,729</b>	<b>335,177,020</b>	<b>20,516,007,817</b>	<b>23,427,584,485</b>

#### Financial risk management objectives and policies

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 6. FINANCIAL INSTRUMENTS (Continued)

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

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

#### Market risk

The Group's activities expose the Group primarily to the financial risks of changes in foreign currency exchange rates, interest rates and other equity price. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risks. Details of each type of market risks are described as follows:

#### Currency risk

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate 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 (excluding available-for-sale investments) and monetary liabilities at the end of the respective reporting periods are as follows:

	THE GROUP	
	2014 HK\$	2013 HK\$
<b>Assets</b>		
Renminbi ("RMB")	1,990,184,632	1,300,203,687
United States Dollars ("USD")	18,747,414	19,675,778
	<hr/>	<hr/>
<b>Liabilities</b>		
RMB	561,121,251	518,547,414
	<hr/>	<hr/>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 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.

	THE GROUP	
	2014 HK\$	2013 HK\$
RMB	<u>71,446,124</u>	<u>23,278,657</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\$331,456,984 (2013: HK\$401,003,772) as at 30th June, 2014, 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\$16,572,850 (2013: HK\$20,050,189) in the Group's investment revaluation reserve.

For trading securities amounted to Nil (2013: HK\$416,471) as at 30th June, 2014, 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 Nil (2013: HK\$17,284) in the Group's profit for the year.

##### *Interest rate risk*

Long-term loans receivable, other loans, advances to associates, advance to non-controlling interests, advance to an 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 and other borrowings at fixed rates expose 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.

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

For the year ended 30th June, 2014

### 6. FINANCIAL INSTRUMENTS *(Continued)*

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

##### *Market risk* *(Continued)*

##### *Interest rate risk* *(Continued)*

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 other loans.

##### *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, advances to joint ventures, advance to non-controlling interests, advance to an 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\$16,670,305 (2013: HK\$18,284,194). 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 and the Singapore Exchange Securities Trading Limited. In this regard, the management considers the Group's exposure to equity price risk is reduced.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 6. FINANCIAL INSTRUMENTS (Continued)

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

##### Market risk (Continued)

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

The following tables show the sensitivity to equity price risk on the available-for-sale investments and trading securities which are carried at fair value at the end of 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.

	THE GROUP	
	2014 HK\$	2013 HK\$
Available-for-sale investments		
Increase (decrease) in investment revaluation reserve		
– as a result of increase in equity price	49,068,237	51,398,674
– as a result of decrease in equity price	(49,068,237)	(51,398,674)
Trading securities		
Increase (decrease) in profit for the year		
– as a result of increase in equity price	23,348,196	24,232,127
– as a result of decrease in equity price	(23,348,196)	(24,232,127)

##### 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 48. In order to minimise the credit risk of trade and other 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 subsidiaries/associates/joint ventures/non-controlling interests/investee company 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 subsidiaries/associates/joint ventures/non-controlling interests/investee company and amounts due from associates.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 6. FINANCIAL INSTRUMENTS (Continued)

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

##### Credit risk (Continued)

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 subsidiaries/associates/joint ventures/non-controlling interests/investee company and amounts due from associates, the Group and the Company do 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.

##### 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>2014</b>							
Accounts and other payables	N/A	2,384,862	-	-	-	2,384,862	2,384,862
Advances from subsidiaries	0.85	-	-	-	101,002,435	101,002,435	100,858,867
Financial guarantee contracts	N/A	-	100,000,000	-	-	100,000,000	46,890
		<u>2,384,862</u>	<u>100,000,000</u>	<u>-</u>	<u>101,002,435</u>	<u>203,387,297</u>	<u>103,290,619</u>
<b>2013</b>							
Accounts and other payables	N/A	2,285,297	-	-	-	2,285,297	2,285,297
Advances from subsidiaries	1.11	-	-	-	335,661,070	335,661,070	332,891,723
Financial guarantee contracts	N/A	-	124,000,000	210,000,000	-	334,000,000	425,000
		<u>2,285,297</u>	<u>124,000,000</u>	<u>210,000,000</u>	<u>335,661,070</u>	<u>671,946,367</u>	<u>335,602,020</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 6. FINANCIAL INSTRUMENTS (Continued)

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

##### Liquidity risk (Continued)

#### THE GROUP

	Weighted average effective interest rate %	Repayable on demand or less than 1 month HK\$	1 – 3 months HK\$	3 months to 1 year HK\$	1 – 2 years HK\$	2 – 5 years HK\$	Over 5 years HK\$	Total undiscounted cash flows HK\$	Carrying amount HK\$
<b>2014</b>									
Accounts and other payables									
– non-interest bearing	N/A	578,621,697	146,157,139	251,937,103	208,207,340	1,028,231,482	–	2,213,154,761	2,213,154,761
Other liabilities									
– non-interest bearing	2.25	3,836,204,380	–	–	2,708,833,784	544,287,784	–	7,089,325,948	7,054,770,485
– fixed rate	4.47	97,526	195,052	877,734	28,955,238	–	–	30,125,550	28,955,238
Borrowings									
– non-interest bearing	N/A	–	–	–	2,904,548,636	–	–	2,904,548,636	2,904,548,636
– variable rate	2.25	96,732,064	117,197,541	154,244,028	1,397,358,610	2,837,420,271	–	4,602,952,514	4,463,452,311
– fixed rate	3.25	10,723,827	21,447,655	96,514,446	128,685,928	4,027,383,582	–	4,284,755,438	3,851,126,386
Financial guarantee contracts	N/A	402,205,650	–	–	–	4,719,383,832	–	5,121,589,482	–
		<b>4,924,585,144</b>	<b>284,997,387</b>	<b>503,573,311</b>	<b>7,376,589,536</b>	<b>13,156,706,951</b>	<b>–</b>	<b>26,246,452,329</b>	<b>20,516,007,817</b>
<b>2013</b>									
Accounts and other payables									
– non-interest bearing	N/A	721,113,977	48,423,259	331,442,203	170,241,350	1,003,804,356	1,119,762	2,276,144,907	2,276,144,907
– variable rate	5.00	1,804,065	–	–	–	–	–	1,804,065	1,804,065
Other liabilities									
– non-interest bearing	1.84	3,455,225,003	–	–	3,043,777,538	–	–	6,499,002,541	6,470,657,249
– variable rate	2.81	–	–	–	98,599,267	–	–	98,599,267	97,439,734
– fixed rate	4.54	97,984	195,968	881,856	28,476,174	–	–	29,651,982	28,476,174
Borrowings									
– non-interest bearing	N/A	–	–	–	3,661,771,007	–	–	3,661,771,007	3,661,771,007
– variable rate	2.81	1,076,985,427	136,809,729	3,897,714,317	229,475,626	1,817,803,351	–	7,158,788,450	7,048,363,506
– fixed rate	3.25	10,723,827	21,447,655	96,514,446	128,685,928	4,156,069,510	–	4,413,441,366	3,842,927,843
Financial guarantee contracts	N/A	34,836,483	–	1,151,183,832	2,500,000,000	2,560,000,000	–	6,246,020,315	–
		<b>5,300,786,766</b>	<b>206,876,611</b>	<b>5,477,736,654</b>	<b>9,861,026,890</b>	<b>9,537,677,217</b>	<b>1,119,762</b>	<b>30,385,223,900</b>	<b>23,427,584,485</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 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

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Directors have to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages independent qualified valuers to perform the valuation. The Directors work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

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.

#### THE GROUP

	Level 1 HK\$	Total HK\$
<b>2014</b>		
Available-for-sale investments	981,364,735	981,364,735
Trading securities:		
Equity securities listed in Hong Kong	555,511,743	555,511,743
Equity securities listed elsewhere	3,726,470	3,726,470
Total	<u>1,540,602,948</u>	<u>1,540,602,948</u>
<b>2013</b>		
Available-for-sale investments	1,027,973,458	1,027,973,458
Trading securities:		
Equity securities listed in Hong Kong	427,706,465	427,706,465
Equity securities listed elsewhere	153,603,599	153,603,599
Total	<u>1,609,283,522</u>	<u>1,609,283,522</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 6. FINANCIAL INSTRUMENTS (Continued)

#### Fair values of financial instruments

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

- the fair values of the Level 1 financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices in an active market.
- 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 consider that the carrying amounts of financial assets and liabilities classified as current assets or liabilities and recorded at amortised costs in the consolidated financial statements approximate their fair values as these financial instruments are short-term in nature. For non-current financial assets and liabilities which are interest-free, the Directors consider that their carrying amounts approximate their fair values as their carrying amounts are discounted using the relevant effective interest rates which approximated to the prevailing borrowing rates. For non-current financial assets and liabilities which bear interest at fixed interest rates, these rates approximated to the prevailing borrowing rates of the respective group entities and accordingly, the Directors consider that their carrying amounts approximate their fair values.

### 7. TURNOVER

	<b>2014</b> <b>HK\$</b>	2013 <i>HK\$</i>
Sales of properties held for sale	<b>2,740,878,101</b>	3,359,231,812
Gross rental income from properties	<b>2,814,417,765</b>	2,625,677,445
Property management and service fee income	<b>982,273,045</b>	980,364,474
Hotel operations	<b>863,031,049</b>	847,518,296
Interest income from loans receivable	<b>1,724,641</b>	899,728
Dividend income		
listed investments	<b>85,379,179</b>	44,059,773
unlisted investments	<b>23,091,994</b>	22,410,000
	<b>7,510,795,774</b>	7,880,161,528

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June, 2014

### 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. This is the measure reported to the chief operating decision makers for the purposes of resources allocation and performance assessment.

#### Segment Results

For the year ended 30th June, 2014

	The Company and its subsidiaries		Associates		Joint ventures		Total	
	External revenue <i>HK\$</i>	Results <i>HK\$</i>	Share of revenue <i>HK\$</i>	Share of results <i>HK\$</i>	Share of revenue <i>HK\$</i>	Share of results <i>HK\$</i>	Segment revenue <i>HK\$</i>	Segment results <i>HK\$</i>
Property								
Property sales	2,740,878,101	1,404,469,559	1,903,836,698	450,101,886	-	-	4,644,714,799	1,854,571,445
Property rental	2,814,417,765	2,417,492,560	606,891,811	556,587,111	110,385,892	105,400,531	3,531,695,468	3,079,480,202
	<u>5,555,295,866</u>	<u>3,821,962,119</u>	<u>2,510,728,509</u>	<u>1,006,688,997</u>	<u>110,385,892</u>	<u>105,400,531</u>	<u>8,176,410,267</u>	<u>4,934,051,647</u>
Property management and other services	982,273,045	214,402,925	57,871,970	14,853,632	24,856,107	1,139,429	1,065,001,122	230,395,986
Hotel operations	863,031,049	363,316,051	240,810,300	132,096,000	-	-	1,103,841,349	495,412,051
Investments in securities	108,471,173	108,207,003	3,900	3,900	-	-	108,475,073	108,210,903
Financing	1,724,641	1,724,641	977,423	977,423	-	-	2,702,064	2,702,064
	<u>7,510,795,774</u>	<u>4,509,612,739</u>	<u>2,810,392,102</u>	<u>1,154,619,952</u>	<u>135,241,999</u>	<u>106,539,960</u>	<u>10,456,429,875</u>	<u>5,770,772,651</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 8. OPERATING SEGMENTS (Continued)

#### Segment Assets

As at 30th June, 2014

	The Company and its subsidiaries <i>HK\$</i>	Associates <i>HK\$</i>	Joint ventures <i>HK\$</i>	Total <i>HK\$</i>
Property				
Property sales	30,392,824,812	7,059,070,026	65,059,405	37,516,954,243
Property rental	56,975,580,188	9,563,701,965	2,177,294,518	68,716,576,671
	<u>87,368,405,000</u>	<u>16,622,771,991</u>	<u>2,242,353,923</u>	<u>106,233,530,914</u>
Property management and other services	222,384,006	55,849,801	–	278,233,807
Hotel operations	3,429,259,811	728,680,529	–	4,157,940,340
Investments in securities	1,717,271,052	97,707,506	–	1,814,978,558
Financing	10,763,057,674	3,906,196	–	10,766,963,870
	<u>103,500,377,543</u>	<u>17,508,916,023</u>	<u>2,242,353,923</u>	<u>123,251,647,489</u>
Segment assets				
Restricted bank deposits, time deposits, bank balances and cash				14,504,229,199
Taxation recoverable				<u>147,713,722</u>
Total assets				<u>137,903,590,410</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 8. OPERATING SEGMENTS (Continued)

#### Other Information

For the year ended 30th June, 2014

	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	4,607,354	3,950,346	10,841,829	41,868,703	40,788	-	61,309,020
- Investment properties	-	308,660,436	-	-	-	-	308,660,436
- Hotel properties	-	-	-	31,187,555	-	-	31,187,555
Amount regularly reviewed by the chief operating decision makers but not included in the measure of segment profit or loss:							
Change in fair value of investment properties	-	3,290,416,953	-	-	-	-	3,290,416,953

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 8. OPERATING SEGMENTS (Continued)

#### Segment Results

For the year ended 30th June, 2013

	The Company and its subsidiaries		Associates		Joint ventures		Total	
	External revenue <i>HK\$</i>	Results <i>HK\$</i>	Share of revenue <i>HK\$</i> (Restated)	Share of results <i>HK\$</i> (Restated)	Share of revenue <i>HK\$</i> (Restated)	Share of results <i>HK\$</i> (Restated)	Segment revenue <i>HK\$</i>	Segment results <i>HK\$</i>
Property								
Property sales	3,359,231,812	426,456,472	10,768,950,648	4,084,877,788	-	-	14,128,182,460	4,511,334,260
Property rental	2,625,677,445	2,238,905,395	539,394,577	491,227,776	96,232,863	89,626,144	3,261,304,885	2,819,759,315
	5,984,909,257	2,665,361,867	11,308,345,225	4,576,105,564	96,232,863	89,626,144	17,389,487,345	7,331,093,575
Property management and other services	980,364,474	207,564,582	53,240,443	12,599,949	22,977,185	1,532,108	1,056,582,102	221,696,639
Hotel operations	847,518,296	359,529,829	230,418,600	131,036,100	-	-	1,077,936,896	490,565,929
Investments in securities	66,469,773	65,712,250	453,900	453,900	-	-	66,923,673	66,166,150
Financing	899,728	899,728	656,173	656,173	-	-	1,555,901	1,555,901
	7,880,161,528	3,299,068,256	11,593,114,341	4,720,851,686	119,210,048	91,158,252	19,592,485,917	8,111,078,194

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 8. OPERATING SEGMENTS (Continued)

<b>Segment Assets</b>				
As at 30th June, 2013				
	The Company and its subsidiaries <i>HK\$</i>	Associates <i>HK\$</i> (Restated)	Joint ventures <i>HK\$</i> (Restated)	Total <i>HK\$</i>
Property				
Property sales	27,174,233,684	6,486,056,290	92,175,631	33,752,465,605
Property rental	55,330,408,742	8,591,358,453	1,934,617,131	65,856,384,326
	82,504,642,426	15,077,414,743	2,026,792,762	99,608,849,931
Property management and other services	242,577,518	7,851,137	–	250,428,655
Hotel operations	3,143,503,159	747,563,471	–	3,891,066,630
Investments in securities	1,764,107,967	77,496,700	–	1,841,604,667
Financing	12,710,445,190	1,454,812	–	12,711,900,002
Segment assets	<u>100,365,276,260</u>	<u>15,911,780,863</u>	<u>2,026,792,762</u>	118,303,849,885
Restricted bank deposits, time deposits, bank balances and cash				11,948,580,893
Taxation recoverable				<u>48,213,013</u>
Total assets				<u>130,300,643,791</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 8. OPERATING SEGMENTS (Continued)

#### Other Information

For the year ended 30th June, 2013

	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	4,254,269	1,016,864	12,546,541	30,729,527	215,580	-	48,762,781
- Investment properties	-	120,030,812	-	-	-	-	120,030,812
- Hotel properties	-	-	-	155,649,528	-	-	155,649,528
Amount regularly reviewed by the chief operating decision makers but not included in the measure of segment profit or loss:							
Change in fair value of investment properties	-	3,918,639,739	-	-	-	-	3,918,639,739

#### 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, gain on disposal of investment properties, fair value gain on non-current interest-free unsecured other loans and certain finance income net of finance costs. The profit earned by each segment also includes the share of results from the Group's associates and joint ventures without allocation of the associates' and joint ventures' 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 8. OPERATING SEGMENTS (Continued)

#### Reconciliation of profit before taxation

	2014 HK\$	2013 HK\$ (Restated)
Segment profit	5,770,772,651	8,111,078,194
Other income and other gains or losses	86,995,532	83,318,384
Change in fair value of investment properties	3,290,416,953	3,918,639,739
Gain arising from change in fair value of trading securities	142,191,202	99,731,458
Gain on disposal of investment properties	1,267,546,033	622,377,866
Administrative expenses and other operating expenses	(715,174,272)	(691,926,880)
Fair value gain on non-current interest-free unsecured other loans	36,172,116	65,037,410
Finance income, net	64,204,978	158,260,922
Results shared from associates		
– Other income and other gains or losses	22,103,803	36,408,894
– Change in fair value of investment properties	667,210,959	1,228,252,378
– Administrative expenses and other operating expenses	(115,190,153)	(174,381,324)
– Finance costs, net	(110,325,531)	(284,643,242)
– Income tax expense	(188,870,282)	(824,676,204)
	274,928,796	(19,039,498)
Results shared from joint ventures		
– Other income and other gains or losses	4,266,430	1,805,079
– Change in fair value of investment properties	162,126,601	219,979,000
– Administrative expenses and other operating expenses	(50,209,220)	(20,130,004)
– Finance costs, net	(5,312,312)	(8,693,629)
– Income tax expense	(9,103,715)	(12,662,395)
	101,767,784	180,298,051
Profit before taxation	<b>10,319,821,773</b>	<b>12,527,775,646</b>

During the year ended 30th June, 2014, inter-segment sales of HK\$34,137,154 (2013: HK\$40,892,101) were not included in 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 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 information

The Group operates in three principal geographical areas – Hong Kong, the PRC and Singapore.

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets, excluding financial instruments, are detailed below:

	Revenue from external customers		Non-current assets	
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
Hong Kong	4,323,382,053	6,501,993,557	71,444,613,414	69,531,838,275
The PRC	2,111,926,092	317,719,645	4,042,561,422	2,298,330,957
Singapore	1,075,487,629	1,060,448,326	4,608,769,775	4,509,009,567
	<b>7,510,795,774</b>	<b>7,880,161,528</b>	<b>80,095,944,611</b>	<b>76,339,178,799</b>

#### 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

	2014 HK\$	2013 HK\$
Interest income on:		
advances to associates and joint ventures	64,124,337	78,579,534
advance to an investee company	847,823	826,144
bank deposits	170,979,700	98,504,261
Imputed interest income on non-current interest-free		
advances to associates and joint ventures	132,458,413	286,374,481
Financial guarantee income	–	887
	<b>368,410,273</b>	<b>464,285,307</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 10. FINANCE COSTS

	2014 HK\$	2013 HK\$
Interest and other finance costs on:		
bank loans wholly repayable within five years	91,019,296	148,006,200
other loans wholly repayable within five years	133,663,045	108,575,641
Imputed interest expense on non-current interest-free advances from associates	34,555,463	28,345,292
Imputed interest expense on non-current interest-free unsecured other loans	65,037,410	61,349,079
	<u>324,275,214</u>	<u>346,276,212</u>
Less: Amounts capitalised to properties under development	(20,287,555)	(40,517,094)
	<u>303,987,659</u>	<u>305,759,118</u>

### 11. SHARE OF RESULTS OF ASSOCIATES

	2014 HK\$	2013 HK\$ (Restated)
Share of results of associates comprises:		
Share of profits of associates	1,618,419,030	5,526,488,392
Share of taxation of associates	(188,870,282)	(824,676,204)
	<u>1,429,548,748</u>	<u>4,701,812,188</u>

The Group's share of results of associates included the Group's share of change in fair value of investment properties of the associates, net of deferred taxation, of HK\$663,910,959 (2013: HK\$1,154,602,410) recognised in the statement of profit or loss of the associates.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 12. SHARE OF RESULTS OF JOINT VENTURES

	2014 <i>HK\$</i>	2013 <i>HK\$</i> (Restated)
Share of results of joint ventures comprises:		
Share of profits of joint ventures	217,411,459	281,553,188
Share of taxation of joint ventures	<u>(9,103,715)</u>	<u>(10,096,885)</u>
	<b><u>208,307,744</u></b>	<b><u>271,456,303</u></b>
<p>The Group's share of results of joint ventures included the Group's share of change in fair value of investment properties of the joint ventures of HK\$162,126,601 (2013: HK\$219,979,000) recognised in the statement of profit or loss of the joint ventures.</p>		

### 13. PROFIT BEFORE TAXATION

	2014 <i>HK\$</i>	2013 <i>HK\$</i>
Profit before taxation has been arrived at after charging (crediting):		
Staff costs including Directors' remuneration:		
Staff salaries and other benefits	1,304,855,670	1,209,862,637
Retirement benefit scheme contributions	<u>56,836,916</u>	<u>51,979,151</u>
Total staff costs	<b><u>1,361,692,586</u></b>	<b><u>1,261,841,788</u></b>
Release of prepaid lease payments (included in other operating expenses)	20,248,714	19,435,965
Auditor's remuneration		
– audit services		
– current year provision	4,973,709	5,130,593
– under(over)provision of previous years	85,977	(474,569)
– non-audit services	1,904,898	1,848,050
Cost of hotel inventories consumed (included in direct expenses)	101,228,096	106,424,464
Cost of properties sold	1,046,622,645	2,658,285,013
Depreciation of property, plant and equipment and hotel properties (included in other operating expenses)	78,042,556	78,541,843
Loss (gain) on disposal of property, plant and equipment	928,583	(73,772)
Cost of property, plant and equipment written off	–	274,506
(Reversal) recognition of impairment loss on trade receivables	(3,173,982)	42,868
Net exchange gain (included in other income and other gains or losses)	<b><u>(4,868,245)</u></b>	<b><u>(10,424,464)</u></b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 14. DIRECTORS' AND CHAIRMAN'S EMOLUMENTS

The emoluments paid or payable to each of the six (2013: six) directors, which include the Chairman, were disclosed pursuant to section 78 of Schedule 11 to the Companies Ordinance (Cap. 622), which requires compliance with section 161 of the predecessor Companies Ordinance (Cap. 32) as follows:

#### 2014

	Mr. Robert Ng Chee Siang <i>HK\$</i> <i>(Note ii)</i>	Mr. Daryl Ng Win Kong <i>HK\$</i> <i>(Note iv)</i>	The Honourable Ronald Joseph Arculli <i>HK\$</i> <i>(Notes iii &amp; v)</i>	Dr. Allan Zeman <i>HK\$</i>	Mr. Adrian David Li Man-kiu <i>HK\$</i>	Mr. Steven Ong Kay Eng <i>HK\$</i>	Total <i>HK\$</i>
Fees	90,000	60,000	160,000	440,000	440,000	420,000	1,610,000
Other emoluments							
Salaries and other benefits	1,226,760	795,700	-	-	-	-	2,022,460
Retirement benefit scheme contributions	15,250	15,250	-	-	-	-	30,500
Discretionary bonus <i>(Note i)</i>	-	692,100	-	-	-	-	692,100
Total emoluments	<b>1,332,010</b>	<b>1,563,050</b>	<b>160,000</b>	<b>440,000</b>	<b>440,000</b>	<b>420,000</b>	<b>4,355,060</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 14. DIRECTORS' AND CHAIRMAN'S EMOLUMENTS (Continued)

2013

	Mr. Robert Ng Chee Siong HK\$ (Note ii)	Mr. Daryl Ng Win Kong HK\$	The Honourable Ronald Joseph Arculli HK\$ (Note iii)	Dr. Allan Zeman HK\$	Mr. Adrian David Li Man-kiu HK\$	Mr. Steven Ong Kay Eng HK\$	Total HK\$
Fees	90,000	60,000	120,000	400,000	400,000	380,000	1,450,000
Other emoluments							
Salaries and other benefits	1,226,760	793,930	-	-	-	-	2,020,690
Retirement benefit scheme contributions	15,000	15,000	-	-	-	-	30,000
Discretionary bonus (Note i)	-	171,490	-	-	-	-	171,490
<b>Total emoluments</b>	<b>1,331,760</b>	<b>1,040,420</b>	<b>120,000</b>	<b>400,000</b>	<b>400,000</b>	<b>380,000</b>	<b>3,672,180</b>

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

Note ii: Mr. Robert Ng Chee Siong is also the Chairman of the Company and his emoluments disclosed above include those for services rendered by him as the Chairman. Mr. Ng is also a substantial shareholder of the Company through his trustee interest in shares in the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong.

Note iii: A consultancy fee of HK\$2,083,330 (2013: HK\$2,083,330), including HK\$1,666,664 (2013: HK\$1,666,664) paid directly by Sino Land Company Limited ("Sino Land"), was paid to Ronald Arculli and Associates, of which The Honourable Ronald Joseph Arculli is the sole proprietor.

Note iv: Mr. Daryl Ng Win Kong retired by rotation and was re-appointed as an Executive Director of the Company on 23rd October, 2013.

Note v: The Honourable Ronald Joseph Arculli retired by rotation and was re-appointed as a Non-Executive Director of the Company on 23rd October, 2013.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 15. EMPLOYEES' EMOLUMENTS

None (2013: none) of the five individuals with the highest emoluments in the Group is a Director of the Company whose emoluments are included in Note 14 above. The emoluments of five (2013: five) individuals disclosed pursuant to the Listing Rules are as follows:

	<b>2014</b> <i>HK\$</i>	2013 <i>HK\$</i>
Salaries and other emoluments (including basic salaries, housing allowances, other allowances and benefits in kind)	<b>20,270,271</b>	18,463,065
Retirement benefit scheme contributions	<b>124,250</b>	117,000
Discretionary bonus	<b>5,148,045</b>	4,514,600
	<b>25,542,566</b>	23,094,665

The emoluments were within the following bands:

	<b>Number of individuals</b>	
HK\$	<b>2014</b>	2013
4,000,001 – 4,500,000	<b>1</b>	1
4,500,001 – 5,000,000	<b>1</b>	4
5,000,001 – 6,000,000	<b>3</b>	–

For the years ended 30th June, 2014 and 2013, no emoluments were paid by the Group to these five highest paid individuals and the 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, 2014

### 16. INCOME TAX EXPENSE

	2014 HK\$	2013 HK\$
The charge comprises:		
Taxation attributable to the Company and its subsidiaries		
Hong Kong Profits Tax		
Provision for the year calculated at 16.5% (2013: 16.5%)	306,871,307	329,791,485
Overprovision in previous years	(25,564,531)	(1,534,547)
	<u>281,306,776</u>	<u>328,256,938</u>
Taxation in other jurisdictions		
Provision for the year	292,034,422	101,054,993
Overprovision in previous years	(1,376,763)	–
Land Appreciation Tax	525,952,331	–
	<u>816,609,990</u>	<u>101,054,993</u>
Deferred taxation (Note 40)	1,097,916,766	429,311,931
Current year	188,584,945	196,615,418
	<u>1,286,501,711</u>	<u>625,927,349</u>
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, 2014

### 16. INCOME TAX EXPENSE (Continued)

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

	2014 HK\$	2013 HK\$
Profit before taxation	<b>10,319,821,773</b>	12,527,775,646
Tax charge at Hong Kong Profits Tax rate of 16.5% (2013: 16.5%)	<b>1,702,770,593</b>	2,067,082,982
Tax effect of share of results of associates and joint ventures	<b>(270,246,321)</b>	(820,589,301)
Tax effect of expenses not deductible for tax purpose	<b>24,809,086</b>	23,907,131
Tax effect of income not taxable for tax purpose	<b>(868,748,645)</b>	(825,972,772)
Overprovision in previous years	<b>(26,941,294)</b>	(1,534,547)
Tax effect of tax losses not recognised	<b>46,176,991</b>	91,668,050
Tax effect of deferred taxation assets not recognised	<b>68,530,036</b>	40,608,385
Utilisation of tax losses previously not recognised	<b>(10,145,577)</b>	(35,907,016)
Utilisation of deferred taxation assets previously not recognised	<b>(42,413,518)</b>	(34,158,441)
Effect of different tax rates of subsidiaries operating in other jurisdictions	<b>136,758,029</b>	120,822,878
Land Appreciation Tax	<b>525,952,331</b>	–
Tax charge for the year	<b>1,286,501,711</b>	625,927,349

### 17. DIVIDENDS

	2014 HK\$	2013 HK\$
Dividends recognised as distribution during the year:		
Final dividend for the year ended 30th June, 2013: HK38 cents (2013: HK36 cents for the year ended 30th June, 2012) per share	<b>599,977,026</b>	554,234,964
Interim dividend for the year ended 30th June, 2014: HK12 cents (2013: HK12 cents for the year ended 30th June, 2013) per share	<b>193,537,191</b>	188,289,606
	<b>793,514,217</b>	742,524,570

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 17. DIVIDENDS (Continued)

During the year, scrip dividends were offered in respect of the 2013 final and 2014 interim dividends. These scrip alternatives were accepted by the majority of shareholders, as follows:

	2014 Interim dividend HK\$	2013 Final dividend HK\$
Dividends:		
Cash	896,766	2,660,683
Scrip alternatives	<u>192,640,425</u>	<u>597,316,343</u>
	<u>193,537,191</u>	<u>599,977,026</u>

A final dividend of HK38 cents (2013: HK38 cents) per share for the year ended 30th June, 2014, totalling to HK\$616,894,357 based on 1,623,406,203 shares (2013: HK\$599,977,026 based on 1,578,886,911 shares), has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming Annual General Meeting.

### 18. 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:

	2014 HK\$	2013 HK\$
Earnings for the purpose of basic earnings per share	<u>4,513,349,683</u>	<u>5,977,422,853</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,600,581,577</u>	<u>1,557,715,922</u>

No diluted earnings per share has been presented for the years ended 30th June, 2014 and 2013 as there were no potential ordinary shares outstanding during the current and prior years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 18. EARNINGS PER SHARE (Continued)

#### (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\$2,535,085,911 (2013: HK\$3,418,141,624) is also presented, excluding the net effect of changes in fair value of the Group's, associates' and joint ventures' investment properties. The denominators used are the same as those detailed above for reported earnings per share. A reconciliation of profit is as follows:

	<b>2014</b> <b>HK\$</b>	2013 <i>HK\$</i> (Restated)
Earnings for the purpose of basic earnings per share	<u>4,513,349,683</u>	<u>5,977,422,853</u>
Change in fair value of investment properties	<b>3,290,416,953</b>	3,918,639,739
Effect of corresponding deferred taxation charges	<b>(134,865,999)</b>	(123,220,192)
Share of results of associates		
– Change in fair value of investment properties	<b>667,210,959</b>	1,228,252,378
– Effect of corresponding deferred taxation charges	<b>(3,300,000)</b>	(73,649,968)
Share of results of joint ventures		
– Change in fair value of investment properties	<u>162,126,601</u>	<u>219,979,000</u>
Non-controlling interests	<u>3,981,588,514</u> <b>(2,003,324,742)</b>	<u>5,170,000,957</u> (2,610,719,728)
Net effect of changes in fair value of investment properties	<u>1,978,263,772</u>	<u>2,559,281,229</u>
Underlying profit attributable to the Company's shareholders	<u>2,535,085,911</u>	<u>3,418,141,624</u>
Underlying earnings per share	<u>1.584</u>	<u>2.194</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 19. INVESTMENT PROPERTIES

THE GROUP						
	Investment properties in Hong Kong held under long leases <i>HK\$</i>	Investment properties in Hong Kong held under medium-term leases <i>HK\$</i>	Investment properties in the PRC held under medium-term lease <i>HK\$</i>	Investment properties under redevelopment in Hong Kong <i>HK\$</i>	Investment properties in Singapore held under a long lease <i>HK\$</i>	Total <i>HK\$</i>
<b>FAIR VALUE</b>						
At 1st July, 2012	2,733,000,000	45,134,182,925	1,323,202,378	1,036,000,000	1,417,334,100	51,643,719,403
Exchange realignment	-	-	30,792,276	-	4,042,600	34,834,876
Additions	-	21,251,936	-	68,686,816	30,092,060	120,030,812
Acquisition of subsidiaries (Note 52)	-	605,100,000	-	-	-	605,100,000
Transfer to properties under development	-	-	-	(217,381,619)	-	(217,381,619)
Transfer to assets classified as held for sale	-	(170,000,000)	-	-	-	(170,000,000)
Transfer from properties under development	-	205,109,889	8,773,172	-	-	213,883,061
Disposals	-	(1,521,136,492)	-	-	-	(1,521,136,492)
Adjustments to construction costs	-	(8,567,935)	-	-	(8,387,080)	(16,955,015)
Increase in fair value	330,000,000	3,345,327,946	131,174,835	57,851,638	54,285,320	3,918,639,739
At 30th June, 2013	3,063,000,000	47,611,268,269	1,493,942,661	945,156,835	1,497,367,000	54,610,734,765
Exchange realignment	-	-	4,594,546	-	19,765,249	24,359,795
Additions	-	178,479,739	10,752,925	119,424,064	3,708	308,660,436
Transfer from properties under development	-	74,036,670	12,285,589	-	-	86,322,259
Transfer from investment properties under redevelopment upon completion	-	634,965,648	-	(634,965,648)	-	-
Transfer to hotel properties	-	-	-	-	(117,232,122)	(117,232,122)
Transfer to prepaid lease payments	-	-	-	-	(92,887,878)	(92,887,878)
Disposals	-	(1,818,156,448)	-	-	-	(1,818,156,448)
Adjustments to construction costs	-	(10,865,375)	-	-	-	(10,865,375)
Increase (decrease) in fair value	203,000,000	2,948,087,407	156,408,505	(35,615,252)	18,536,293	3,290,416,953
<b>At 30th June, 2014</b>	<b>3,266,000,000</b>	<b>49,617,815,910</b>	<b>1,677,984,226</b>	<b>393,999,999</b>	<b>1,325,552,250</b>	<b>56,281,352,385</b>

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

For the year ended 30th June, 2014

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

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

##### Fair value hierarchy

The fair value of the Group's investment properties is measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, "Fair Value Measurement".

All of the Group's investment properties measured at fair value are categorised as Level 3 valuation.

During the years ended 30th June, 2014 and 2013, there were no transfers between Level 1 and Level 2 or transfers into or out of Level 3.

##### Valuation process and methodologies

The fair values of the Group's investment properties at 30th June, 2014 and 2013 have been arrived at on the basis of valuations carried out as at those dates by Knight Frank Petty Ltd. and Colliers International Consultancy & Valuation (Singapore) Pte Ltd., firms of independent qualified professional valuers not connected with the Group. The valuations were arrived at by reference to market evidence of recent transaction prices for similar properties and/or on the basis of discounted cash flow projections based on estimates of future rental income from properties using current market rentals and yields as inputs. In estimating the fair value of the properties, the highest and the best use of the properties is their current use.

For investment properties under 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, 2014

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

#### Fair value measurement of investment properties *(Continued)*

##### Level 3 valuation methodologies

Below is a table which presents the significant unobservable input:

Investment properties	Range of capitalisation rates
In Hong Kong	
– Office/Industrial	3% – 6%
– Residential	2% – 5%
– Retail	3% – 6%
Outside Hong Kong	
– Office	6% – 8%

The fair value measurement of investment properties is negatively correlated to the capitalisation rate, which is applied to the prevailing market rent. A slight increase/decrease in the capitalisation rate would result in a significant decrease/increase in fair value and vice versa.

Estimated costs to completion, developer's profit and risk margins required are estimated by valuers based on market conditions at 30th June, 2014 for investment properties under redevelopment. The estimates are largely consistent with the budgets developed internally by the Group based on management's experience and knowledge of market conditions. A slight increase/decrease in costs and margins would result in a significant decrease/increase in fair value and vice versa.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 20. HOTEL PROPERTIES

<b>THE GROUP</b>	
	<b>Hotel properties in Singapore held under a long lease HK\$</b>
<b>COST</b>	
At 1st July, 2012	1,761,502,843
Exchange realignment	5,109,152
Additions	<u>155,649,528</u>
At 30th June, 2013	1,922,261,523
Exchange realignment	28,133,760
Transfer from investment properties	117,232,122
Additions	<u>31,187,555</u>
<b>At 30th June, 2014</b>	<b><u>2,098,814,960</u></b>
<b>DEPRECIATION</b>	
At 1st July, 2012	151,826,267
Exchange realignment	456,849
Provided for the year	<u>25,301,216</u>
At 30th June, 2013	177,584,332
Exchange realignment	2,693,993
Provided for the year	<u>27,273,199</u>
<b>At 30th June, 2014</b>	<b><u>207,551,524</u></b>
<b>CARRYING VALUES</b>	
<b>At 30th June, 2014</b>	<b><u>1,891,263,436</u></b>
At 30th June, 2013	<u>1,744,677,191</u>
<p>The hotel properties are depreciated on a straight-line basis over the relevant terms of the leases of 53 to 96 years.</p>	

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

For the year ended 30th June, 2014

### 21. PROPERTY, PLANT AND EQUIPMENT

<b>THE COMPANY</b>	
	<b>Motor vehicles</b> <i>HK\$</i>
<b>COST</b>	
At 1st July, 2012, 30th June, 2013 and 2014	<u>403,700</u>
<b>DEPRECIATION</b>	
At 1st July, 2012, 30th June, 2013 and 2014	<u>403,700</u>
<b>CARRYING VALUES</b>	
At 30th June, 2014	<u>–</u>
At 30th June, 2013	<u>–</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 21. 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, 2012	76,704,112	279,707,881	41,086,712	25,717,232	7,952,310	431,168,247
Exchange realignment	143,288	821,623	20,967	78,757	2,126	1,066,761
Additions	6,223,068	34,458,628	3,209,476	2,207,273	2,664,336	48,762,781
Write off	–	(785,690)	–	–	–	(785,690)
Disposals	(1,254,526)	(2,621,035)	(67,843)	(1,929,529)	(574,753)	(6,447,686)
At 30th June, 2013	81,815,942	311,581,407	44,249,312	26,073,733	10,044,019	473,764,413
Exchange realignment	437,842	3,929,309	3,449	136,518	9,647	4,516,765
Additions	8,629,864	46,148,013	3,290,579	2,075,909	1,164,655	61,309,020
Write off	(5,839)	(244,398)	–	–	–	(250,237)
Disposals	(803,048)	(3,558,626)	(1,760,689)	(209,028)	(772,302)	(7,103,693)
<b>At 30th June, 2014</b>	<b>90,074,761</b>	<b>357,855,705</b>	<b>45,782,651</b>	<b>28,077,132</b>	<b>10,446,019</b>	<b>532,236,268</b>
<b>DEPRECIATION</b>						
At 1st July, 2012	62,039,824	187,517,911	34,785,255	17,638,539	5,388,544	307,370,073
Exchange realignment	97,489	547,005	18,206	58,932	1,362	722,994
Provided for the year	8,850,057	37,044,366	2,795,239	2,667,167	1,883,798	53,240,627
Write off	–	(511,184)	–	–	–	(511,184)
Eliminated on disposals	(1,241,346)	(2,406,709)	(56,689)	(1,572,048)	(565,176)	(5,841,968)
At 30th June, 2013	69,746,024	222,191,389	37,542,011	18,792,590	6,708,528	354,980,542
Exchange realignment	390,952	2,797,838	3,366	113,581	7,863	3,313,600
Provided for the year	6,687,895	36,501,202	3,037,376	2,851,050	1,691,834	50,769,357
Write off	(5,839)	(244,398)	–	–	–	(250,237)
Eliminated on disposals	(772,519)	(3,132,415)	(1,243,119)	(209,028)	(752,750)	(6,109,831)
<b>At 30th June, 2014</b>	<b>76,046,513</b>	<b>258,113,616</b>	<b>39,339,634</b>	<b>21,548,193</b>	<b>7,655,475</b>	<b>402,703,431</b>
<b>CARRYING VALUES</b>						
<b>At 30th June, 2014</b>	<b>14,028,248</b>	<b>99,742,089</b>	<b>6,443,017</b>	<b>6,528,939</b>	<b>2,790,544</b>	<b>129,532,837</b>
At 30th June, 2013	12,069,918	89,390,018	6,707,301	7,281,143	3,335,491	118,783,871

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 21. 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\$82,661,939 (2013: HK\$74,477,411) as at 30th June, 2014 represents furniture, fixtures and equipment relating to the hotel operations of the Group.

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

	THE GROUP HK\$
<b>GROSS AMOUNT</b>	
<b>At 1st July, 2012, 30th June, 2013 and 30th June, 2014</b>	<b><u>739,233,918</u></b>

Goodwill as at 30th June, 2014 and 2013 arose from increase in the Group's ownership in a listed subsidiary through further acquisition of the interests by 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, 2014 and 2013, 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, 2014, 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, 2014. 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, 2014

### 23. PREPAID LEASE PAYMENTS

	THE GROUP	
	2014 HK\$	2013 HK\$
The Group's prepaid lease payments comprise:		
Leasehold land for hotel properties outside Hong Kong – long lease	<b>1,323,682,512</b>	1,206,638,353
Analysed for reporting purposes as:		
Current assets	<b>20,390,423</b>	19,462,924
Non-current assets	<b>1,303,292,089</b>	1,187,175,429
	<b>1,323,682,512</b>	1,206,638,353

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

	THE COMPANY	
	2014 HK\$	2013 HK\$
Investments in subsidiaries:		
Unlisted shares, at cost less impairment loss recognised	<b>95,452,022</b>	105,664,136
Listed shares in Hong Kong, at cost	<b>5,489,664,004</b>	5,401,287,866
	<b>5,585,116,026</b>	5,506,952,002
Advances to subsidiaries	<b>6,247,267,719</b>	4,737,178,764
Market value of Hong Kong listed investments	<b>17,594,572,102</b>	14,966,514,763

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, 2014 and 2013.

Particulars of the Company's principal subsidiaries at 30th June, 2014 and 2013 are set out in Note 54.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

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

	THE GROUP	
	2014 HK\$	2013 HK\$ (Restated)
Interests in associates:		
Unlisted shares, at cost	3,521,757,627	3,310,147,859
Share of post-acquisition profits, net of dividends received	13,987,158,396	12,601,633,004
	<b>17,508,916,023</b>	<b>15,911,780,863</b>
Advances to associates	9,564,137,535	10,630,954,636
Less: allowance	(1,432,135,476)	(1,432,135,476)
	<b>8,132,002,059</b>	<b>9,198,819,160</b>

#### Movements in the allowance

	2014 HK\$	2013 HK\$
Balance at the beginning of the year	1,432,135,476	1,577,809,246
Reversal of impairment loss	–	(145,673,770)
Balance at the end of the year	<b>1,432,135,476</b>	<b>1,432,135,476</b>

Included in the cost of investment in associates is goodwill of HK\$142,498,716 (2013: 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, 2014, out of the Group's advances to associates net of allowance, HK\$3,432,536,081 (2013: HK\$3,702,909,560) bears interest at effective rate determined based on the cost-of-funds plus a margin per annum and the remaining balance of HK\$4,699,465,978 (2013: HK\$5,495,909,600) 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.

As at 30 June, 2014, the Directors reviewed the carrying amounts of the advances to associates. The recoverable amounts of these advances to associates are determined with reference to the Directors' estimate of discounted future cash flows and financial position of these associates as at the end of the reporting period. Accordingly, no impairment loss (2013: HK\$145,673,770 was reversed) was recognised by considering the improvement in financial position of the respective associates.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 25. 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, interest-free and are expected to be repaid within one year.

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, 2014 and 2013 are set out in Note 55. The associates are accounted for using the equity method in these consolidated financial statements.

#### Summarised financial information of material associate

Summarised financial information of the Group's material associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

#### Teamer International Limited

Teamer International Limited is incorporated by the Group and other property developers and operates in Hong Kong. The associate is mainly engaged in a luxury residential development project in Hong Kong.

	2014 HK\$	2013 HK\$
Current assets	<u>6,038,746,834</u>	<u>6,826,757,981</u>
Current liabilities	<u>182,083,552</u>	<u>1,390,286,834</u>
	<b>Year ended 30th June,</b>	
	2014 HK\$	2013 HK\$
Turnover	<u>727,223,802</u>	<u>1,887,001,502</u>
Profit and total comprehensive income for the year	<u>420,192,135</u>	<u>648,558,505</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

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

#### Summarised financial information of material associate (Continued)

##### Teamer International Limited (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Teamer International Limited recognised in the consolidated financial statements:

	2014 HK\$	2013 HK\$
Net assets of Teamer International Limited	5,856,663,282	5,436,471,147
Proportion of the Group's ownership interest in Teamer International Limited	35%	35%
Carrying amount of the Group's interest in Teamer International Limited	<u>2,049,832,149</u>	<u>1,902,764,901</u>

##### Aggregate information of associates that are not individually material

	2014 HK\$	2013 HK\$
The Group's share of profit and total comprehensive income	<u>1,282,481,501</u>	<u>4,474,816,711</u>
Aggregate carrying amount of the Group's interests in these associates	<u>15,459,083,874</u>	<u>14,009,015,962</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 26. INTERESTS IN JOINT VENTURES/ADVANCES TO JOINT VENTURES

	THE GROUP	
	2014 HK\$	2013 HK\$ (Restated)
Interests in joint ventures:		
Unlisted shares	129,409,450	105,691,193
Share of post acquisition profits, net of dividend received	<u>2,112,944,473</u>	<u>1,921,101,569</u>
	<b>2,242,353,923</b>	<b>2,026,792,762</b>
Advances to joint ventures	<u>1,553,726,462</u>	<u>2,495,551,817</u>

The advances to joint ventures of the Group 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 borrowers. 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, 2014

### 26. INTERESTS IN JOINT VENTURES/ADVANCES TO JOINT VENTURES (Continued)

Particulars of the joint ventures at 30th June, 2014 and 2013 are set out as below. The joint ventures are accounted for using the equity method in these consolidated financial statements.

Name of joint venture	Place of incorporation/ operation	Class of shares held	Issued share capital	Proportion of nominal value of issued share capital held by the Company		Principal activities
				2014 %	2013 %	
<i>Indirect:</i>						
Famous Empire Properties Limited	Hong Kong	Ordinary	HK\$10,000	50	–	Property trading and investment
Empire Funds Limited	Hong Kong	Ordinary	HK\$2	50	50	Property trading
Grand Site Development Limited	Hong Kong	Ordinary	HK\$2	50	50	Property development
Rich Century Investment Limited	Hong Kong	Ordinary	HK\$1,000,000	50	50	Property investment

#### Summarised financial information of material joint venture

Summarised financial information of the Group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

#### Rich Century Investment Limited

Rich Century Investment Limited is incorporated by the Group and another property developer and operates in Hong Kong. The joint venture is mainly engaged in property investment in Hong Kong.

	2014 HK\$	2013 HK\$
Current assets	<b>84,617,522</b>	87,583,405
Non-current assets	<b>4,670,435,223</b>	4,330,559,193
Current liabilities	<b>101,500,282</b>	87,932,124
Non-current liabilities	<b>483,521,396</b>	473,399,156

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 26. INTERESTS IN JOINT VENTURES/ADVANCES TO JOINT VENTURES (Continued)

#### Summarised financial information of material joint venture (Continued)

##### Rich Century Investment Limited (Continued)

	Year ended 30th June,	
	2014 HK\$	2013 HK\$
Turnover	<b>233,415,296</b>	205,119,705
Profit and total comprehensive income for the year	<b>473,219,749</b>	549,209,393
Dividend paid	<b>160,000,000</b>	7,000,000

Reconciliation of the above summarised financial information to the carrying amount of the interest in Rich Century Investment Limited recognised in the consolidated financial statements:

	2014 HK\$	2013 HK\$
Net assets of Rich Century Investment Limited	<b>4,170,031,067</b>	3,856,811,318
Proportion of the Group's ownership interest in Rich Century Investment Limited	<b>50%</b>	50%
Consolidation adjustment at Group level	<b>29,000</b>	29,000
Carrying amount of the Group's interest in Rich Century Investment Limited	<b>2,085,044,534</b>	1,928,434,659

##### Aggregate information of joint ventures that are not individually material

	2014 HK\$	2013 HK\$
The Group's share of (loss) profit and total comprehensive (expense) income	<b>(28,302,131)</b>	3,148,394
Aggregate carrying amount of the Group's interests in these joint ventures	<b>157,309,389</b>	98,358,103

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 27. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	THE GROUP	
	2014 HK\$	2013 HK\$
Listed investments:		
Equity securities listed in		
Hong Kong	620,714,720	597,018,361
Singapore	360,650,015	430,955,097
	<u>981,364,735</u>	<u>1,027,973,458</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>1,012,878,225</u>	<u>1,059,486,948</u>

At the end of the reporting period, all available-for-sale investments are stated at fair value, except for those unlisted securities of which their fair values cannot be measured reliably.

The above unlisted equity securities 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.

### 28. ADVANCE TO NON-CONTROLLING INTERESTS

#### THE GROUP

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.

### 29. ADVANCE TO AN INVESTEE COMPANY

#### THE GROUP

The advance to an 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 of the borrower 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, 2014

### 30. LONG-TERM LOANS RECEIVABLE

	<b>THE GROUP</b>	
	<b>2014</b> <b>HK\$</b>	2013 <b>HK\$</b>
Total long-term variable-rate loans receivable	<b>53,629,549</b>	41,757,520
Less: Current portion shown under current assets	<b>(3,794,836)</b>	(4,976,725)
	<b>49,834,713</b>	36,780,795

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, 2014 is HK\$53,629,549 net of accumulated impairment loss of HK\$12,646,510 (2013: carrying amount of HK\$41,757,520 net of accumulated impairment loss of HK\$12,646,510).

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

	<b>2014</b> <b>HK\$</b>	2013 <b>HK\$</b>
	Variable-rate loans receivable:	
Within one year	<b>3,794,836</b>	4,976,725
In more than one year but not more than five years	<b>14,117,744</b>	14,965,944
In more than five years	<b>35,716,969</b>	21,814,851
	<b>53,629,549</b>	41,757,520

The Group's long-term loans receivable are denominated in HK\$ and carry interest rates (which are the contractual interest rates) at prime rate or 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 2 to 19 years (2013: ranging from 3 to 19 years).

There were no movements in the allowance for doubtful debts for both years.

At 30th June, 2014 and 2013, 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 31. TRADING SECURITIES

Trading securities comprise:

	THE GROUP	
	2014 HK\$	2013 HK\$
Listed investments:		
Equity securities listed in Hong Kong	555,511,743	427,706,465
Equity securities listed elsewhere	<u>3,726,470</u>	<u>153,603,599</u>
Total	<u>559,238,213</u>	<u>581,310,064</u>

### 32. ACCOUNTS AND OTHER RECEIVABLES

At 30th June, 2014, included in accounts and other receivables of the Group are trade receivables (net of allowance for doubtful debts) of HK\$376,460,637 (2013: HK\$362,767,708), of which HK\$60,295,975 (2013: HK\$164,298,159) are to be settled based on the terms of sales and purchase agreements of property. Rental receivables are billed and payable in advance by tenants. Trade receivables mainly comprise rental receivables and properties sales receivables.

	THE GROUP	
	2014 HK\$	2013 HK\$
Trade receivables	398,631,299	388,112,352
Less: Allowance for doubtful debts	<u>(22,170,662)</u>	<u>(25,344,644)</u>
	376,460,637	362,767,708
Other receivables	<u>742,363,299</u>	<u>473,817,315</u>
	<u>1,118,823,936</u>	<u>836,585,023</u>

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

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

The following is an aged analysis of trade receivables (net of allowance for doubtful debts) at the end of the reporting period. The amounts not yet due represent considerations receivable in respect of sold properties payable by the purchasers. The amounts overdue represent rental receivables billed on a monthly basis and payable by the tenants in advance of the rental periods:

	<b>THE GROUP</b>	
	<b>2014</b>	2013
	<b>HK\$</b>	<b>HK\$</b>
Not yet due	<b>60,295,975</b>	164,298,159
Overdue:		
1 – 30 days	<b>233,666,876</b>	105,759,869
31 – 60 days	<b>30,614,849</b>	39,451,009
61 – 90 days	<b>8,811,889</b>	9,229,120
Over 90 days	<b>43,071,048</b>	44,029,551
	<b>376,460,637</b>	362,767,708

#### Movements in the allowance for doubtful debts

	<b>2014</b>	2013
	<b>HK\$</b>	<b>HK\$</b>
Balance at the beginning of the year	<b>25,344,644</b>	25,301,776
(Reversal) recognition of impairment loss on trade receivables	<b>(3,173,982)</b>	42,868
Balance at the end of the year	<b>22,170,662</b>	25,344,644

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>2014</b>	2013
	<b>HK\$</b>	<b>HK\$</b>
Overdue within 30 days	<b>233,666,876</b>	105,759,869
Overdue between 31 days to 60 days	<b>30,614,849</b>	39,451,009
Overdue between 61 days to 90 days	<b>8,811,889</b>	9,229,120
Overdue for more than 90 days	<b>43,071,048</b>	44,029,551
	<b>316,164,662</b>	198,469,549

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

For the year ended 30th June, 2014

### 32. ACCOUNTS AND OTHER RECEIVABLES *(Continued)*

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 overdue more than 90 days amounting to HK\$43,071,048 (2013: HK\$44,029,551) 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, 2014 and 2013 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\$116,000,000 (2013: HK\$107,000,000), prepayments for operating expenses of approximately HK\$32,000,000 (2013: HK\$61,000,000) and interest receivables of approximately HK\$30,000,000 (2013: HK\$20,000,000).

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

#### THE GROUP AND THE COMPANY

Included in restricted bank deposits amounted to HK\$412,381,566 (2013: HK\$242,583,335) 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 0.001% to 1.85% (2013: 0.001% to 1.6%) per annum.

### 34. ASSETS CLASSIFIED AS HELD FOR SALE

#### THE GROUP

Assets classified as held for sale represented the investment properties located on 25th Floor of Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Kowloon (the "Disposal Properties") which were disposed of within twelve months subsequent to year ended 30th June, 2013.

On 24th May, 2013, the Group entered into the provisional sale and purchase agreement with an independent third party (the "Purchaser") in relation to the Disposal Properties at a cash consideration of approximately HK\$290,700,000. The Group and the Purchaser entered into a formal agreement for sale and purchase with respect to the disposal of the Disposal Properties on 7th June, 2013 and the disposal was completed on 30th September, 2013. The gain from the Disposal Properties was amounted to approximately HK\$120,700,000, which was recognised in the consolidated statement of profit or loss in the current year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 35. ACCOUNTS AND OTHER PAYABLES

At 30th June, 2014, included in accounts and other payables of the Group are trade payables of HK\$193,729,486 (2013: HK\$275,188,472).

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

	THE GROUP	
	2014 HK\$	2013 HK\$
0 – 30 days	166,881,608	98,695,327
31 – 60 days	15,237,368	158,302,820
61 – 90 days	1,058,678	1,519,539
Over 90 days	10,551,832	16,670,786
	<b>193,729,486</b>	<b>275,188,472</b>

At 30th June, 2013, out of the other payables, HK\$1,804,065 were unsecured, repayable on demand and bore interest at prime rate plus a margin per annum which represented 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. As at 30th June, 2014, the other payables comprise mainly construction cost payable of approximately HK\$1,099,000,000 (2013: HK\$1,058,000,000), rental and utilities deposits received of approximately HK\$711,000,000 (2013: HK\$672,000,000) and rental receipt in advance of approximately HK\$146,000,000 (2013: HK\$134,000,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 36. BANK AND OTHER BORROWINGS

	THE GROUP	
	2014 HK\$	2013 HK\$
Short-term bank loans – secured	<u>192,000,000</u>	<u>4,872,130,944</u>
Long-term unsecured other borrowing		
More than three years but not exceeding four years	<u>3,851,126,386</u>	–
More than four years but not exceeding five years	<u>–</u>	<u>3,842,927,843</u>
Long-term secured bank borrowings		
Within one year	<u>28,548,714</u>	14,586,873
More than one year but not exceeding two years	<u>1,257,916,990</u>	14,587,946
More than two years but not exceeding three years	<u>1,709,573,410</u>	1,782,676,276
More than three years but not exceeding four years	<u>1,101,000,000</u>	–
	<u>4,097,039,114</u>	1,811,851,095
Less: Current portion shown under current liabilities	<u>(28,548,714)</u>	<u>(14,586,873)</u>
	<u>4,068,490,400</u>	<u>1,797,264,222</u>
Total bank and other borrowings – due after one year	<u>7,919,616,786</u>	<u>5,640,192,065</u>
Total bank and other borrowings	<u>8,140,165,500</u>	<u>10,526,909,882</u>

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.

On 21st September, 2012, Sino Land through a wholly-owned subsidiary Sino (MTN) Limited issued guarantee notes with an aggregate principal amount of US\$500,000,000 (equivalent to approximately HK\$3,877,250,000) under the US\$1,000,000,000 Medium Term Note Programme (the Programme was increased to US\$2,000,000,000 in April 2013). The notes bear fixed interest rate at 3.25% per annum payable semi-annually in arrears. The notes are guaranteed by Sino Land and will mature on 21st September, 2017.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 37. OTHER LOANS

	THE GROUP	
	2014 HK\$	2013 HK\$
Unsecured other loans		
On demand or within one year	<b>89,776,997</b>	173,528,542
More than one year but not exceeding two years	<b>2,904,548,636</b>	3,661,771,007
	<b>2,994,325,633</b>	3,835,299,549
Less: Current portion shown under current liabilities	<b>(89,776,997)</b>	(173,528,542)
	<b>2,904,548,636</b>	3,661,771,007
Secured other loans		
More than two years but not exceeding three years	<b>84,636,200</b>	190,852,925
Total other loans – due after one year	<b>2,989,184,836</b>	3,852,623,932
Total other loans	<b>3,078,961,833</b>	4,026,152,474

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\$2,904,548,636 (2013: HK\$3,661,771,007) 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 is determined based on the cost-of-funds of the Group plus a margin per annum.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 38. SHARE CAPITAL

	2014		2013	
	Number of ordinary shares	Share capital HK\$	Number of ordinary shares	Share capital HK\$
Authorised (Note i): Ordinary shares of HK\$0.20 each (Note ii)	–	–	2,500,000,000	500,000,000
Ordinary shares issued and fully paid:				
At 1st July – ordinary shares of HK\$0.20 each	1,578,886,911	315,777,382	1,539,541,567	307,908,314
Issue of shares in lieu of cash dividends	44,519,292	199,425,027	39,345,344	7,869,068
Transition to no-par value regime on 3rd March, 2014 under the Companies Ordinance (Cap. 622) (Note iii)	–	7,542,861,788	–	–
At 30th June – ordinary shares with no par value (2013: par value of HK\$0.20 each)	<b>1,623,406,203</b>	<b>8,058,064,197</b>	1,578,886,911	315,777,382

Note i: Under the Companies Ordinance (Cap. 622), which became effective on 3rd March, 2014, the concept of authorised share capital no longer exists.

Note ii: In accordance with section 135 of the Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from 3rd March, 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition.

Note iii: In accordance with the transitional provisions set out in section 37 of Schedule 11 to the Companies Ordinance (Cap. 622), on 3rd March, 2014, any amount standing to the credit of the share premium account and capital redemption reserve has become part of the Company's share capital. Accordingly, on 3rd March, 2014, share premium and capital redemption reserve amounted to HK\$7,542,637,788 and HK\$224,000 respectively, were transferred to share capital. The use of share capital as from 3rd March, 2014 is governed by section 149 of the Companies Ordinance (Cap. 622).

On 3rd December, 2013 and 17th April, 2014, the Company issued and allotted a total of 33,923,009 (2013: 29,538,479) ordinary shares and 10,596,283 (2013: 9,806,865) ordinary shares of HK\$0.20 each of the Company at an issue price of HK\$17.608 (2013: HK\$18.648) and HK\$18.180 (2013: HK\$19.080) per ordinary share, to the shareholders in lieu of cash for the 2013 final and 2014 interim dividends (2013: 2012 final and 2013 interim dividends) respectively.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 39. RESERVES

<b>THE COMPANY</b>				
	<b>Share premium</b> <i>HK\$</i>	<b>Capital redemption reserve</b> <i>HK\$</i>	<b>Retained profits</b> <i>HK\$</i>	<b>Total</b> <i>HK\$</i>
At 1st July, 2012	6,222,026,575	224,000	2,042,099,765	8,264,350,340
Profit for the year	–	–	1,341,674,680	1,341,674,680
Issue of shares in lieu of cash dividends	730,079,472	–	–	730,079,472
Final dividend – 2012	–	–	(554,234,964)	(554,234,964)
Interim dividend – 2013	–	–	(188,289,606)	(188,289,606)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30th June, 2013	6,952,106,047	224,000	2,641,249,875	9,593,579,922
Profit for the year	–	–	1,912,169,367	1,912,169,367
Issue of shares in lieu of cash dividends	590,531,741	–	–	590,531,741
Transition to no-par value regime on 3rd March, 2014 under the Companies Ordinance (Cap. 622)	(7,542,637,788)	(224,000)	–	(7,542,861,788)
Final dividend – 2013	–	–	(599,977,026)	(599,977,026)
Interim dividend – 2014	–	–	(193,537,191)	(193,537,191)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 30th June, 2014</b>	<b>–</b>	<b>–</b>	<b>3,759,905,025</b>	<b>3,759,905,025</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 40. DEFERRED TAXATION

#### THE GROUP

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, 2012	589,446,302	649,817,854	32,514,830	(80,593,025)	50,559,953	1,241,745,914
Exchange realignment	–	–	830,584	–	22,724,471	23,555,055
Acquisition of subsidiaries (Note 52)	274,594	77,096,628	–	(56,212)	–	77,315,010
Charged (credited) to profit or loss for the year	43,401,682	122,980,992	10,872,935	28,242,441	(8,882,632)	196,615,418
At 30th June, 2013	633,122,578	849,895,474	44,218,349	(52,406,796)	64,401,792	1,539,231,397
Exchange realignment	–	–	157,599	–	3,210,249	3,367,848
Charged (credited) to profit or loss for the year	37,728,368	134,932,176	(1,456,443)	(3,156,411)	20,537,255	188,584,945
<b>At 30th June, 2014</b>	<b>670,850,946</b>	<b>984,827,650</b>	<b>42,919,505</b>	<b>(55,563,207)</b>	<b>88,149,296</b>	<b>1,731,184,190</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, 2014, the Group had unused tax losses of HK\$1,404,847,431 (2013: HK\$1,167,345,460) available for offset against future profits. A deferred taxation asset has been recognised in respect of HK\$336,746,709 (2013: HK\$317,616,945) of such losses. No deferred taxation asset has been recognised in respect of the remaining HK\$1,068,100,722 (2013: HK\$849,728,515) due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

At 30th June, 2014, the Group had deductible temporary differences of HK\$411,558,904 (2013: HK\$253,276,977). 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\$588,433,525 (2013: HK\$505,466,569). 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, 2014

### 41. ADVANCES FROM SUBSIDIARIES

The advances from subsidiaries of the Company are unsecured, bear interest at effective rate determined based on the cost-of-funds of the borrower 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.

### 42. ADVANCES FROM ASSOCIATES

#### THE GROUP

The advances from associates of the Group are unsecured and have no fixed repayment terms. The associates 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. At 30th June, 2014, none (2013: HK\$97,439,734) of the advances bear interest at effective rate determined based on the cost-of-funds of the Group plus a margin per annum and the entire balance (2013: HK\$1,598,352,668) 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.

### 43. ADVANCES FROM NON-CONTROLLING INTERESTS

#### THE GROUP

The advances from non-controlling interests of the Group amounting to HK\$28,955,238 (2013: HK\$28,476,174) are unsecured, bear interest ranging from 1% to 6.25% (2013: 1% to 6.25%) per annum and have no fixed repayment terms. The remaining balance of HK\$1,566,317,805 (2013: HK\$1,417,079,578) 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\$1,511,539,521 (2013: HK\$1,422,248,825) had been initially reduced to its present value of HK\$1,491,865,540 (2013: HK\$1,380,006,260) based on management's estimates of future cash payments with a corresponding adjustment of HK\$19,673,981 (2013: HK\$42,242,565) which was regarded as a deemed contribution from the non-controlling interests during the year ended 30th June, 2014. 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, 2014

### 44. JOINT OPERATIONS

#### THE GROUP

The Group has entered into joint venture agreements (“Agreements”) in the form of joint 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, 2014 and 2013, the aggregate amount of assets, liabilities, income and expenses recognised in the consolidated financial statements in relation to the interests in joint operations attributable to the Group are as follows:

	<b>2014</b> <b>HK\$</b>	2013 <i>HK\$</i>
Investment properties	<b>10,036,286,070</b>	10,046,521,764
Other non-current assets	<b>240,698</b>	269,495
Current assets	<b>3,290,721,795</b>	2,908,356,284
	<b>13,327,248,563</b>	12,955,147,543
Non-current liabilities	<b>149,898,605</b>	141,082,212
Current liabilities	<b>2,848,126,723</b>	1,700,312,123
	<b>2,998,025,328</b>	1,841,394,335
Income	<b>2,332,152,724</b>	3,371,309,531
Expenses	<b>837,292,319</b>	2,015,915,423

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 45. NON-CONTROLLING INTERESTS

The table below shows details of a non-wholly owned subsidiary of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of equity interests and voting rights held by non-controlling interests		Profit and total comprehensive income allocated to non-controlling interests		Accumulated non-controlling interests	
		2014 %	2013 %	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
Sino Land Company Limited	Hong Kong	49.22	49.24	4,395,947,323	5,765,602,056	54,956,895,209	51,607,523,328

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

#### Sino Land Company Limited

	2014 HK\$	2013 HK\$
Current assets	46,747,199,797	40,775,748,820
Non-current assets	90,181,434,914	88,487,464,480
Current liabilities	11,098,434,981	12,986,780,314
Non-current liabilities	12,880,757,650	10,291,297,462
Equity attributable to the Company's shareholders	111,665,373,467	104,806,214,612
Non-controlling interests	1,284,068,613	1,178,920,912

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 45. NON-CONTROLLING INTERESTS (Continued)

	Year ended 30th June,	
	2014 HK\$	2013 HK\$
Revenue	<b>7,450,911,679</b>	7,818,585,463
Profit and total comprehensive income attributable to the Company's shareholders	<b>8,921,483,066</b>	11,687,131,302
Profit and total comprehensive income attributable to the non-controlling interests	<b>121,815,909</b>	155,719,350
Profit and total comprehensive income for the year	<b>9,043,298,975</b>	11,842,850,652
Dividend paid	<b>2,977,916,522</b>	2,840,983,759

### 46. MAJOR NON-CASH TRANSACTIONS

On 3rd December, 2013 and 17th April, 2014, the Company issued and allotted a total of 33,923,009 (2013: 29,538,479) ordinary shares and 10,596,283 (2013: 9,806,865) ordinary shares of HK\$0.20 each of the Company at an issue price of HK\$17.608 (2013: HK\$18.648) and HK\$18.180 (2013: HK\$19.080) per ordinary share, to the shareholders in lieu of cash for 2013 final and 2014 interim dividends (2013: 2012 final and 2013 interim dividends) respectively.

On 2nd December, 2013 and 16th April, 2014, Sino Land issued and allotted a total of 33,781,452 (2013: 28,667,191) ordinary shares and 35,467,206 (2013: 11,217,817) ordinary shares of HK\$1.00 each at an issue price of HK\$10.708 (2013: HK\$13.512) and HK\$10.608 (2013: HK\$13.044) per ordinary share, to Sino Land's shareholders in lieu of cash for Sino Land's 2013 final and 2014 interim dividends (2013: 2012 final and 2013 interim dividends) respectively.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 47. PLEDGE OF ASSETS

#### THE GROUP

- (a) At 30th June, 2014, the aggregate facilities of bank loans and other loans granted to the Group amounting to approximately HK\$5,811,840,000 (2013: HK\$10,183,083,000) 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\$9,614,959,922 (2013: HK\$22,748,017,645). At that date, the facilities were utilised by the Group to the extent of approximately HK\$4,384,840,000 (2013: HK\$6,885,083,000).

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

	<b>2014</b> <b>HK\$</b>	2013 <i>HK\$</i>
Investment properties	<b>4,793,371,875</b>	5,254,331,793
Hotel properties	<b>920,261,326</b>	1,744,677,191
Prepaid lease payments	<b>851,071,544</b>	1,206,638,353
Property, plant and equipment	<b>44,594</b>	43,681
Properties under development	<b>2,570,599,556</b>	13,599,183,269
Accounts and other receivables	<b>3,873,674</b>	6,963,268
Bank balances	<b>142,513,077</b>	89,733,685
Investment in securities	<b>227,143,120</b>	708,755,535
Others	<b>106,081,156</b>	137,690,870
	<b><u>9,614,959,922</u></b>	<u>22,748,017,645</u>

- (b) At 30th June, 2014, investments in certain associates in aggregate amounting to approximately HK\$10,000 (2013: HK\$2,000) and advances to certain associates in aggregate amounting to approximately HK\$3,916,628,000 (2013: HK\$4,178,871,000) and certain assets of the associates were pledged to or assigned to secure loan facilities made available by banks to such associates. The Group's attributable portion of these facilities amounted to approximately HK\$4,719,384,000 (2013: HK\$6,211,184,000), of which approximately HK\$2,716,184,000 (2013: HK\$3,883,384,000) was utilised by the associates and guaranteed by Sino Land. Details of the relevant guarantees granted are set out in Note 48.

#### THE COMPANY

At 30th June, 2014, none (2013: HK\$80,000,000) of the Company's and certain subsidiaries' bank and other loan facilities were secured by certain shares in Sino Land held by the Company with investment cost amounting to Nil (2013: HK\$198,578,475). At that date, none (2013: HK\$80,000,000) of the facilities were utilised.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 48. CONTINGENT LIABILITIES

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

	THE COMPANY		THE GROUP	
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
Guarantees given to banks in respect of: Banking facilities of: Subsidiaries				
– Utilised	<b>100,000,000</b>	334,000,000	–	–
Associates and joint ventures				
– Utilised	–	–	<b>2,716,183,832</b>	3,883,383,832
– Unutilised	–	–	<b>2,003,200,000</b>	2,327,800,000
	–	–	<b>4,719,383,832</b>	6,211,183,832
Mortgage loans granted to property purchasers	–	–	<b>402,205,650</b>	34,836,483

At 30th June, 2014 and 2013, the Group issued corporate financial guarantees to banks in respect of banking facilities granted to associates and joint ventures. At the end of both reporting periods, the Group did not recognise any liabilities in respect of such corporate financial guarantees.

At 30th June, 2014 and 2013, the Company issued corporate financial guarantees to banks in respect of banking facilities granted to subsidiaries, associates and joint ventures. At the end of the reporting period, the amounts of HK\$46,890 (2013: HK\$425,000), Nil (2013: Nil) and Nil (2013: Nil), respectively, have been recognised in the Company's statement of financial position as liabilities.

Guarantees are given to banks with respect to loans procured by the purchasers of the Group's properties. Such guarantees will be released by banks upon completion of the relevant mortgage properties registration. In the opinion of the Directors, the fair values of financial guarantee contracts of the Group are insignificant at initial recognition and the Directors consider that the possibility of default of the parties involved is remote; accordingly, no value has been recognised at the inception of these guarantee contracts and at the end of the each reporting period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 49. OPERATING LEASE ARRANGEMENTS

#### The Group as lessor

Property rental income earned during the year, net of outgoings of HK\$396,925,205 (2013: HK\$386,772,051), was HK\$2,417,492,560 (2013: HK\$2,238,905,394). 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>2014</b> <b>HK\$</b>	2013 <i>HK\$</i>
Within one year	<b>2,152,418,224</b>	1,941,046,015
In the second to fifth year inclusive	<b>2,883,048,629</b>	2,467,963,151
After five years	<b>55,034,855</b>	167,902,097
	<b><u>5,090,501,708</u></b>	<u>4,576,911,263</u>

#### The Group as lessee

Minimum lease payments paid under operating leases during the year was HK\$69,895,065 (2013: HK\$52,883,527).

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>2014</b> <b>HK\$</b>	2013 <i>HK\$</i>
Within one year	<b>17,082,266</b>	41,483,723
In the second to fifth year inclusive	<b>279,329</b>	18,307,049
	<b><u>17,361,595</u></b>	<u>59,790,772</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, 2014

### **50. 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.

The eligible employees of the Company’s subsidiaries in the PRC are members of pension schemes operated by the Chinese local government. The subsidiaries are required to contribute a certain percentage of the relevant cost of the basic payroll of these employees to the pension schemes to fund the benefits. The Group has no other obligations under this state pension scheme other than the contribution payments.

### **51. PROPERTIES UNDER DEVELOPMENT**

At the end of the reporting period, properties under development amounting to approximately HK\$5,632,838,000 (2013: HK\$22,251,963,000) were not expected to be realised within twelve months from the end of the reporting period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 52. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES

During the year ended 30th June, 2013, the Group acquired additional 2.63% and 0.48% equity interest of Cavalcade Holdings Limited (“Cavalcade”) and Win Chanford Enterprises Limited (“Win Chanford”), respectively, for a total consideration of HK\$11,797,967. Prior to the acquisition, Win Chanford was a non-wholly owned subsidiary of Cavalcade and the Group held 50% interest in Cavalcade and Win Chanford and these companies had been accounted for as interests in associates. These companies then became subsidiaries subsequent to the acquisition.

The net assets acquired in the transaction were as follows:

	<u>Win Chanford</u>	<u>Cavalcade</u>	
	<b>Acquiree's carrying amount before combination and fair value</b>	<b>Acquiree's carrying amount before combination and fair value</b>	<b>Total</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Net assets acquired:			
Investment properties	605,100,000	–	605,100,000
Accounts and other receivables	9,884,421	–	9,884,421
Bank balances	6,684,706	–	6,684,706
Accounts and other payables	(8,181,162)	(1,925,306)	(10,106,468)
Amounts due to shareholders	–	(392,628)	(392,628)
Taxation payable	(862,325)	–	(862,325)
Advance from a related company	(59,827,776)	–	(59,827,776)
Advance from a shareholder	(54,280,399)	–	(54,280,399)
Unsecured loan	(6,016,810)	–	(6,016,810)
Deferred taxation	(77,315,010)	–	(77,315,010)
	<u>415,185,645</u>	<u>(2,317,934)</u>	<u>412,867,711</u>
Interests in associates held prior to the acquisition	(208,298,405)	(191,366)	(208,489,771)
	<u>206,887,240</u>	<u>(2,509,300)</u>	<u>204,377,940</u>
Total cash consideration paid for acquisition of assets and liabilities through acquisition of subsidiaries			11,797,967
Plus: non-controlling interests			<u>192,579,973</u>
			<u>204,377,940</u>
Net cash outflow arising on acquisition:			
Cash consideration paid			(11,797,967)
Bank balances acquired			<u>6,684,706</u>
			<u>(5,113,261)</u>

The companies acquired contributed HK\$5,938,940 to the Group's profit for the period between the date of acquisition and the end of prior reporting period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 53. RELATED PARTY DISCLOSURES

The Group had the following transactions with related parties:

#### (a) Related companies

	2014 HK\$	2013 HK\$
Service fees received (Note i)	149,838,957	155,544,805
Rental paid (Notes i & iv)	37,145,030	35,409,364
Consultancy fee paid (Note ii)	2,083,330	2,083,330
Fair value gain on non-current interest-free unsecured other loans (Note iii)	36,172,116	65,037,410
Imputed interest expense on non-current interest-free unsecured other loans (Note iii)	65,037,410	61,349,079
	<b>65,037,410</b>	<b>61,349,079</b>

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.

Note iii: All the unsecured other loans of the Group amounting to HK\$3,065,593,811 (2013: HK\$3,835,299,549) 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 49.

#### (b) Associates and joint ventures

	2014 HK\$	2013 HK\$
Service fees paid	25,157,514	23,230,073
Administrative fees received	38,198,349	28,057,997
Interest income received	64,124,337	78,579,534
Interest expenses paid	–	2,740,842
Imputed interest income on non-current interest-free advances to associates and a joint venture	132,458,413	286,374,481
Imputed interest expense on non-current interest-free advances from associates	34,555,463	28,345,292
	<b>34,555,463</b>	<b>28,345,292</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 53. RELATED PARTY DISCLOSURES (Continued)

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 49 to 56 in the Directors' report.

Included in the advances to associates, amounts due to associates, advances from associates and advances to joint ventures, HK\$4,879,798,981 (2013: HK\$5,248,242,682), HK\$1,725,563 (2013: HK\$4,037,831), HK\$1,572,005,359 (2013: HK\$1,669,204,924) and HK\$400,198,088 (2013: HK\$351,153,238) represent the balances respectively with the associates and joint ventures 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, joint ventures, 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's and the Company's statements of financial position and in Notes 24, 25, 26, 28, 35, 37, 41, 42 and 43.

In addition, as set out in Notes 47 and 48, 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 joint venture.

#### Compensation of key management personnel

The remuneration of Directors during the year was as follows:

	<b>2014</b> <b>HK\$</b>	2013 HK\$
Short-term benefits	<b>4,324,560</b>	3,642,180
Retirement benefit scheme contributions	<b>30,500</b>	30,000
	<b>4,355,060</b>	3,672,180

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 54. 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, 2014 and 2013 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
				2014		Total	2013 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
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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 54. 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
				2014		2013 Total %		
				Directly %	Indirectly %		Total %	
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	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	100	Property development
Capital Faith (Hong Kong) Limited	Hong Kong	Ordinary	HK\$1	–	52.63	52.63	52.63	Property investment
Central Wisdom Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property development
Century Link (Hong Kong) Limited	Hong Kong	Ordinary	HK\$1	–	52.63	52.63	52.63	Property investment
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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 54. 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
				2014		Total %	2013 Total %	
				Directly %	Indirectly %			
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
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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 54. 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
				2014			2013	
				Directly %	Indirectly %	Total %	Total %	
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	100	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
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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 54. 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
				2014			2013	
				Directly %	Indirectly %	Total %	Total %	
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 Rise Investments Limited	Hong Kong	Ordinary	HK\$1	–	52.63	52.63	52.63	Property investment
Grand Start Holdings Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Investment holding
Grandeal Limited	Hong Kong/ PRC	Ordinary	HK\$2	–	100	100	100	Property trading
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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 54. 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
				2014			2013	
				Directly %	Indirectly %	Total %	Total %	
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
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 Fame (Hong Kong) Limited	Hong Kong	Ordinary	HK\$1	–	52.63	52.63	52.63	Property investment
Jet Rise Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment and development
Joint Prospect Limited	Hong Kong	Ordinary	HK\$1	–	52.63	52.63	–	Property investment
Joint Rise Development Limited	Hong Kong	Ordinary	HK\$1	–	100	100	–	Property 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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 54. 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
				2014			2013	
				Directly %	Indirectly %	Total %	Total %	
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
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
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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 54. 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
				2014		2013 Total %		
				Directly %	Indirectly %		Total %	
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 Treasure (Hong Kong) Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Octerworth Enterprises Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property investment
Olympian City 1 (Project Management) Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Project management
Olympian City 2 Finance Company Limited	Hong Kong	Ordinary	HK\$1,000	–	100	100	100	Mortgage loan financing
Olympian City 2 (Project Management) Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Project management
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 Field Holdings Limited	Hong Kong	Ordinary	HK\$1	–	52.63	52.63	52.63	Property investment
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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 54. 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
				2014		Total %	2013 Total %	
				Directly %	Indirectly %			
Pacific Talent Investments Limited	Hong Kong	Ordinary	HK\$1	–	100	100	100	Financing
Park Summit Commercial Management Company Limited	Hong Kong	Ordinary	HK\$1	–	100	100	–	Building management
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
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
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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 54. 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
				2014			2013	
				Directly %	Indirectly %	Total %	Total %	
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
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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 54. 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
				2014			2013	
				Directly %	Indirectly %	Total %	Total %	
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
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	100	Notes issuer

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 54. 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
				2014		Total %	2013 Total %	
				Directly %	Indirectly %			
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\$6,500,000	–	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\$36,767,987,593	22.92	27.86	50.78	50.76	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\$374,150,000	–	100	100	100	Property development
Sino Land Investment (Holdings) Ltd.	Cayman Islands/ Hong Kong	Ordinary	US\$6,000,000	–	100	100	100	Investment holding
Sky Target (Hong Kong) Limited	Hong Kong	Ordinary	HK\$1	–	100	100	100	Property development
Sky Vision Development Limited	Hong Kong	Ordinary	HK\$1	–	52.63	52.63	–	Property investment
Sino Security Services Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Security services



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 54. 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
				2014		Total %	2013 Total %	
				Directly %	Indirectly %			
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 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
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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 54. 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
				2014		2013 Total %		
				Directly %	Indirectly %		Total %	
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 Top Properties Limited	Hong Kong	Ordinary	HK\$1	–	52.63	52.63	52.63	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
Vasilon Pte Ltd	Singapore	Ordinary	S\$2	–	100	100	100	Investment holding

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 54. 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
				2014		2013 Total %		
				Directly %	Indirectly %		Total %	
Victory Top Properties Limited	Hong Kong	Ordinary	HK\$1	–	52.63	52.63	52.63	Property investment
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 Chanford Enterprises Limited	Hong Kong	Ordinary	HK\$1,000,000	–	52.63	52.63	52.63	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 Grand Limited	Hong Kong	Ordinary	HK\$1	–	52.63	52.63	–	Property investment

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 54. 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
				2014		2013 Total %		
				Directly %	Indirectly %		Total %	
Wise Mate Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
World Ace Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
World Empire Investment (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Property investment
World Talent (Hong Kong) Limited	Hong Kong	Ordinary	HK\$1	–	100	100	–	Property development
信和置業(成都)有限公司 (Note i)	PRC	Registered	HK\$5,118,000,000	–	100	100	100	Property development

*Notes:*

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

(ii) Other than guarantee notes issued by Sino (MTN) Limited as disclosed in Note 36, none of the subsidiaries had issued any debt securities at 30th June, 2014 and 2013.

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

For the year ended 30th June, 2014

### 55. 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, 2014 and 2013 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
			2014 Total %	2013 Total %	
Ace Glory Limited	Hong Kong	Ordinary	25	25	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
Beverhill Limited	Hong Kong	Ordinary	20	20	Property investment
Boatswain Enterprises Limited	Hong Kong	Ordinary	20	20	Property investment
Brisbane Trading Company Limited	Hong Kong	Ordinary and non-voting deferred	50	50	Property trading
Century Rise Limited	Hong Kong	Ordinary	50	50	Property trading
Cheer City Properties Limited	Hong Kong	Ordinary	20	20	Property investment
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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 55. 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
			2014 Total %	2013 Total %	
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
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	Property trading and investment
Finedale Industries Limited	Hong Kong	Ordinary	33.3	33.3	Property investment
Full Raise International Limited	British Virgin Islands/ Hong Kong	Ordinary	25	25	Investment holding
Gloryland Limited	Hong Kong	Ordinary	33.3	33.3	Property investment
Golden Famous International Limited	Hong Kong	Ordinary	25	25	Property development
Grace Sign Limited	Hong Kong	Ordinary	30	30	Property trading
Grand Palisades Finance Company Limited	Hong Kong	Ordinary	20	20	Mortgage loan financing
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	45	Building management

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 55. 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
			2014 Total %	2013 Total %	
Lead Bright Finance Limited	Hong Kong	Ordinary	20	20	Mortgage loan financing
Lead Bright Limited	Hong Kong	Ordinary	20	20	Property trading
Million Success Limited	Hong Kong	Ordinary	25	25	Property investment
More Treasure Company Limited	Hong Kong	Ordinary	25	25	Property investment
Murdoch Investments Inc.	Republic of Panama/ Hong Kong	Ordinary	45	45	Property investment
Nimble Limited	British Virgin Islands/ Hong Kong	Ordinary	45	45	Investment holding
Pacific Bond Limited	Hong Kong	Ordinary	35	35	Property trading
Pembroke Development Investments Limited	British Virgin Islands/ Hong Kong	Ordinary and non-voting deferred	40	40	Property development
Providence Bay Finance Company Limited	Hong Kong	Ordinary	35	35	Mortgage loan financing
Pui Hay Enterprises Limited	Hong Kong	Ordinary	50	50	Property trading
Sea Dragon Limited	Hong Kong	Ordinary	30	–	Property investment
Silver Link Investment Limited	Hong Kong	Ordinary	45	45	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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2014

### 55. 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
			2014 Total %	2013 Total %	
Teamer International Limited	Hong Kong	Ordinary	35	35	Property development
The Coronation Estates Management Limited	Hong Kong	Ordinary	45	45	Building management
The Graces – Providence Bay Finance Company Limited	Hong Kong	Ordinary	50	–	Mortgage loan financing
The Graces – Providence Bay Property Management Company Limited	Hong Kong	Ordinary	50	50	Building management
The Hermitage Estates Management Limited	Hong Kong	Ordinary	50	50	Building management
Union King (Hong Kong) Limited	Hong Kong	Ordinary	45	45	Property development
Victory World Limited	Hong Kong	Ordinary	50	50	Property trading and investment
Wide Harvest Investment Limited	Hong Kong	Ordinary	25	25	Property investment
Wisekey Investment Limited	British Virgin Islands/ Hong Kong	Ordinary	50	50	Investment holding
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, 2014, the Company owned 50.81% 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, 2014 HK\$	At 30th June, 2013 HK\$
Sino Land’s share of total indebtedness of its affiliated companies		
– Bank loans	2,904,417,044	4,084,675,788
Advances from Sino Land and its subsidiaries	<u>16,360,343,155</u>	<u>14,627,903,577</u>
	<u>19,264,760,199</u>	<u>18,712,579,365</u>
Sino Land’s share of capital commitments and contingent liabilities of its affiliated companies	<u>–</u>	<u>–</u>

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

## MAJOR PROPERTIES HELD BY THE GROUP

Dated at 30th June, 2014

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	50.78%	–	3,961	R	Completed	Existing
2. 38 Repulse Bay Road Hong Kong	2084	50.78%	16,176	6,158	R	Completed	Existing
3. 148 Electric Road North Point, Hong Kong	2047	50.78%	13,160	100,248	C	Completed	Existing
4. Central Plaza 18 Harbour Road, Wan Chai, Hong Kong	2047	5.08%	77,824	71,098	C	Completed	Existing
5. The Centrium 60 Wyndham Street, Central, Hong Kong	2047	35.55%	17,061	90,974	C	Completed	Existing
6. Conrad Hong Kong Pacific Place, 88 Queensway, Hong Kong	2047	15.24%	–	84,051	H	Completed	Existing
7. Harbour Centre Harbour Road & Fleming Road, Hong Kong	2128	8.48%	32,626	20,399	C	Completed	Existing

## MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2014

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>							
8. The Hennessy 256 Hennessy Road, Wan Chai, Hong Kong	2127	50.78%	4,791	36,495	C	Completed	Existing
9. Hollywood Centre 233 Hollywood Road, Hong Kong	2128	26.73%	6,706	25,152	C	Completed	Existing
10. Island Resort Mall 28 Siu Sai Wan Road, Chai Wan, Hong Kong	2047	22.85%	275,470	43,236 <u>30,624*</u> <u>73,860</u>	C P	Completed	Existing
				* 274 carparks			
11. The Johnston Suites 74-80 Johnston Road, Wan Chai, Hong Kong	2047	50.78%	5,353	23,529 <u>5,981</u> <u>29,510</u>	R C	Completed	Existing
12. Marina House 68 Hing Man Street, Shau Kei Wan, Hong Kong	2047	50.78%	7,818	60,585	C	Completed	Existing
13. One Capital Place 18 Luard Road, Wan Chai, Hong Kong	2127	50.78%	5,315	37,298	C	Completed	Existing
14. Pacific Palisades 1 Braemar Hill Road, Hong Kong	2047	10.16%	165,550	47,509	R	Completed	Existing

## MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2014

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>							
15. Pacific Plaza 418 Des Voeux Road West, Hong Kong	2860	50.78%	9,450	83,520	C	Completed	Existing
16. 25/F United Centre Queensway, Hong Kong	2128	25.39%	–	5,193	C	Completed	Existing
<b>KOWLOON</b>							
17. No. 1 Hung To Road Kwun Tong, Kowloon	2047	16.91%	60,970	90,059	I	Completed	Existing
18. The Astrid 180 Argyle Street, Kowloon	2047	50.78%	61,118	5,003	R	Completed	Existing
19. The Avery 12, 16 and 18 Hau Wong Road, Kowloon	2047	50.78%	3,967	5,309	C	Completed	Existing
20. Cameron Plaza 23 Cameron Road, Tsim Sha Tsui, Kowloon	2038	50.78%	5,413	33,289	C	Completed	Existing
21. China Hong Kong City 33 Canton Road, Tsim Sha Tsui, Kowloon	2135	12.70%	165,334	182,536	C	Completed	Existing

## MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2014

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>							
22. Coronation Circle 1 Yau Cheung Road, South West Kowloon, Kowloon	2057	22.85%	86,758	19,827	C	Completed	Existing
23. Corporation Square 8 Lam Lok Street, Kowloon Bay, Kowloon	2047	50.78%	21,745	79,178	I	Completed	Existing
24. Exchange Tower 33 Wang Chiu Road, Kowloon Bay, Kowloon	2055	50.78%	50,752	131,787	C	Completed	Existing
25. Fullerton Centre 19 Hung To Road, Kwun Tong, Kowloon	2047	50.78%	10,394	58,064	I	Completed	Existing
26. Futura Plaza 111-113 How Ming Street, Kwun Tong, Kowloon	2047	50.78%	18,783	114,466	C	Completed	Existing
27. Hong Kong Pacific Centre 28 Hankow Road, Tsim Sha Tsui, Kowloon	2039	50.78%	18,028	118,127	C	Completed	Existing

## MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2014

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>							
28. Kwun Tong Harbour Plaza 182 Wai Yip Street, Kwun Tong, Kowloon	2047	50.78%	31,018	66,389 <u>100,938*</u> <u>167,327</u>	C P	Completed	Existing
* 241 carparks							
29. Kwun Tong Plaza 68 Hoi Yuen Road, Kwun Tong, Kowloon	2047	50.78%	25,995	97,858*	P	Completed	Existing
* 186 carparks							
30. Maison Rosé 270 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon	2047	50.78%	4,490	3,490	C	Completed	Existing
31. Olympian City 1 11 Hoi Fai Road, MTR Olympic Station, Kowloon	2047	Joint Venture	712,614	139,931 <sup>†</sup>	C	Completed	Existing
32. Olympian City 2 18 Hoi Ting Road, MTR Olympic Station, Kowloon	2047	Joint Venture	708,577	511,287 <sup>†</sup>	C	Completed	Existing
33. Olympian City 3 1 Hoi Wang Road, South West Kowloon, Kowloon	2055	25.39%	146,131	30,178	C	Completed	Existing
34. Omega Plaza 32 Dundas Street, Kowloon	2047	50.78%	5,385	41,021	C	Completed	Existing

## MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2014

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>							
35. One Madison 305 Castle Peak Road, Kowloon	2047	50.78%	7,200	6,500	C	Completed	Existing
36. One New York 468 Castle Peak Road, Kowloon	2047	50.78%	6,448	4,886	C	Completed	Existing
37. One SilverSea 18 Hoi Fai Road, Kowloon	2052	50.78%	112,484	34,765 <u>22,223</u>	C H	Completed	Existing
				<u>56,988</u>			
38. Park Summit Shopping Arcade, 88 Beech Street, Kowloon	2058	Joint Venture	25,058	37,588 <sup>†</sup>	C	Completed	Existing
39. Parmanand House 51-52 Haiphong Road, Kowloon	2863	50.78%	1,800	9,163	C	Completed	Existing
40. Remington Centre 23 Hung To Road, Kwun Tong, Kowloon	2047	50.78%	10,370	57,946	I	Completed	Existing
41. Skyline Tower 39 Wang Kwong Road, Kowloon Bay, Kowloon	2047	25.39%	68,986	210,204	C	Completed	Existing

## MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2014

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>							
42. Sunshine Plaza Shopping Arcade, 17 Sung On Street, Hung Hom, Kowloon	2047	50.78%	26,598	29,905	C	Completed	Existing
43. Tsim Sha Tsui Centre Salisbury Road, Tsim Sha Tsui, Kowloon	2127	22.85%	42,835	117,469	C	Completed	Existing
44. Vista Shopping Arcade, 188 Fuk Wa Street, Sham Shui Po, Kowloon	2054	Joint Venture	14,895	22,335 <sup>†</sup>	C	Completed	Existing
45. Westley Square 48 Hoi Yuen Road, Kwun Tong, Kowloon	2047	50.78%	21,110	120,962	I/O	Completed	Existing
46. Yau Tong Industrial City 17 Ko Fai Road, Yau Tong, Kowloon	2047	45.71%	100,580	235,958	I	Completed	Existing
<b>NEW TERRITORIES</b>							
47. Avon Park Shopping Mall, 15 Yat Ming Street, Fanling, New Territories	2047	50.78%	145,649	51,790	C	Completed	Existing



## MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2014

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>							
48. Citywalk 1 Yeung Uk Road, Tsuen Wan, New Territories	2052	Joint Venture	207,659	245,419 <sup>†</sup>	C	Completed	Existing
49. Citywalk 2 18 Yeung Uk Road, Tsuen Wan, New Territories	2054	Joint Venture	77,823	191,568 <sup>†</sup>	C	Completed	Existing
50. Corporation Park 11 On Lai Street, Shatin, New Territories	2047	15.24%	43,056	62,316	I	Completed	Existing
51. Golden Plaza 28 Shui Che Kwun Street, Yuen Long, New Territories	2047	50.78%	21,420	16,341 <u>88,147*</u> <u>104,488</u>	C P	Completed	Existing
* 222 carparks							
52. The Graces • Providence Bay Shopping Arcade, 9 Fo Chun Road, Tai Po, New Territories	2057	25.39%	107,941	5,480	C	Completed	Existing
53. Grand Regentville Shopping Arcade, 9 Wo Mun Street, Fanling, New Territories	2049	50.78%	131,448	36,291 <u>75,309*</u> <u>111,600</u>	C P	Completed	Existing
* 211 carparks							

## MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2014

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. 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
55. Mansfield Industrial Centre 19 Hong Yip Street, Tung Tau, Yuen Long, New Territories	2047	50.78%	52,582	56,499	I	Completed	Existing
56. Oceania Heights Shopping Mall, 2 Hoi Chu Road, Tuen Mun, New Territories	2052	50.78%	65,552	14,769	C	Completed	Existing
57. The Palazzo Shopping Arcade, 28 Lok King Street, Shatin, New Territories	2053	Joint Venture	287,258	21,528 <sup>†</sup>	C	Completed	Existing
58. Parklane Centre 25 Kin Wing Street, Tuen Mun, New Territories	2047	50.78%	26,522	43,161 84,798* <u>127,959</u>	I P	Completed	Existing

\* 59 carparks

## MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2014

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. Ping Wui Centre 13-17 Ping Wui Street, Yuen Long, New Territories	2047	50.78%	20,376	10,361 <u>87,992*</u> <u>98,353</u>	C P	Completed	Existing
* 229 carparks							
60. Rosedale Gardens Shopping Arcade, 133 Castle Peak Road, Tuen Mun, New Territories	2047	50.78%	29,956	17,883	C	Completed	Existing
61. Shatin Galleria 18-24 Shan Mei Street, Fo Tan, Shatin, New Territories	2047	50.78%	38,234	136,507 <u>47,580*</u> <u>184,087</u>	C P	Completed	Existing
* 136 carparks							
62. Springdale Villas Shopping Arcade, 80 Ma Tin Road, Yuen Long, New Territories	2047	50.78%	45,273	20,145 <u>44,234*</u> <u>64,379</u>	C P	Completed	Existing
* 133 carparks							
63. Sunley Centre 9 Wing Yin Street, Tsuen Wan, New Territories	2047	50.78%	17,362	86,623	I	Completed	Existing

## MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2014

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>							
64. Tuen Mun Town Plaza, Phase I 1 Tuen Shun Street & 1 Tuen Shing Street, Tuen Mun, New Territories	2047	50.78%	262,715	433,471 <u>79,901*</u> <u>513,372</u>	C P	Completed	Existing
				* 267 carparks			
65. The Waterside Shopping Mall, 15 On Chun Street, Ma On Shan, Shatin, New Territories	2047	25.39%	69,428	14,364	C	Completed	Existing
<b>MAINLAND CHINA</b>							
66. Dynasty Park, Zhangzhou 298 Tengfei Road, Xiangcheng District, Zhangzhou, Fujian Province	2045	50.78%	1,004,199	13,028	C	Completed	Existing
67. Greenfields Chuangye Road, Guangzhou Economic & Technology Development District, Guangzhou	2054	50.78%	53,131	7,583 <u>6,531*</u> <u>14,114</u>	C P	Completed	Existing
				* 26 carparks			
68. Le Sommet 279 Jiahe Road, Xiamen	2041	50.78%	33,188	8,112	C	Completed	Existing
69. Park Place 130 Jiahe Road, Xiamen	2039	50.78%	44,118	5,428	C	Completed	Existing

## MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2014

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>							
70. Raffles City Shanghai Plot 105 A&B, 228 Xizang Road Central, Huangpu District, Shanghai	2044 2046	11.35%	163,624	152,934	C	Completed	Existing
71. Sino International Plaza 137 Wusi Road, Fuzhou	2059	50.78%	58,126	253,494	C	Completed	Existing
<b>OVERSEAS – SINGAPORE</b>							
72. Clifford Pier 80 Collyer Quay, Singapore	2067	50.78%	70,397	6,973	C	Completed	Existing
73. Customs House 70 Collyer Quay, Singapore	2067	50.78%	44,348	7,527	C	Completed	Existing
74. The Fullerton Hotel Singapore 1 Fullerton Square, Singapore	2096	50.78%	139,469	236,870	H	Completed	Existing
75. The Fullerton Bay Hotel 80 Collyer Quay, Singapore	2067	50.78%	38,965	40,164	H	Completed	Existing
76. The Fullerton Waterboat House 3 Fullerton Road, Singapore	2032	50.78%	16,921	11,042	C	Completed	Existing

## MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2014

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>OVERSEAS – SINGAPORE</b>							
77. One Fullerton 1 Fullerton Road, Singapore	2096	50.78%	92,646	40,847	C	Completed	Existing
<b>Completed properties for sale</b>							
<b>HONG KONG</b>							
1. Far East Finance Centre 16 Harcourt Road, Hong Kong	2130	9.70%	34,595	5,012	C	Completed	Existing
2. Marinella 9 Welfare Road, Aberdeen, Hong Kong	2057	17.77%	68,922	6,912 <sup>#</sup>	R	Completed	Existing
<b>KOWLOON</b>							
3. Chevalier Commercial Centre Wang Hoi Road, Kowloon Bay, Kowloon	2047	16.91%	44,350	5,832	C	Completed	Existing
4. Hewlett Centre 54 Hoi Yuen Road, Kwun Tong, Kowloon	2047	50.78%	38,000	7,668	I	Completed	Existing
5. Kowloon Plaza 485 Castle Peak Road, Cheung Sha Wan, Kowloon	2047	50.78%	19,375	13,053	I	Completed	Existing

## MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2014

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>Completed properties for sale</b>							
<b>KOWLOON</b>							
6. Metro Centre 32 Lam Hing Street, Kowloon Bay, Kowloon	2047	50.78%	27,125	9,342	I	Completed	Existing
7. Pan Asia Centre 137 Wai Yip Street, Kwun Tong, Kowloon	2047	50.78%	5,760	33,778	I	Completed	Existing
8. Westin Centre 26 Hung To Road, Kwun Tong, Kowloon	2047	25.39%	17,280	52,600	I	Completed	Existing
<b>NEW TERRITORIES</b>							
9. The Balmoral 1 Ma Shing Path, Tai Po, New Territories	2055	50.78%	63,603	7,708 <sup>#</sup>	R	Completed	Existing
10. Cambridge Plaza 188 San Wan Road, Sheung Shui, New Territories	2047	50.78%	–	88,546	I	Completed	Existing
11. Lincoln Centre 20 Yip Fung Street, Fanling, New Territories	2047	50.78%	21,163	31,052	I	Completed	Existing

## MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2014

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>Completed properties for sale</b>							
<b>NEW TERRITORIES</b>							
12. Poly Centre 15 Yip Fung Street, Fanling, New Territories	2047	50.78%	18,191	5,297	I	Completed	Existing
13. Providence Bay 5 Fo Chun Road, Tai Po, New Territories	2057	17.77%	238,164	46,600 <sup>#</sup>	R	Completed	Existing
14. Providence Peak 8 Fo Chun Road, Tai Po, New Territories	2057	12.70%	214,225	20,860 <sup>#</sup>	R	Completed	Existing
15. The Graces • Providence Bay 9 Fo Chun Road, Tai Po, New Territories	2057	25.39%	107,941	25,893 <sup>#</sup>	R	Completed	Existing
16. Raleigh Centre 9 Yip Cheong Street, Fanling, New Territories	2047	50.78%	10,194	4,259	I	Completed	Existing
17. Sea Crest Terrace Mui Wo, Lantau Island, New Territories	2047	50.78%	7,976	406 <u>3,808</u> <u>4,214</u>	R C	Completed	Existing
18. Technology Plaza 29-35 Sha Tsui Road, Tsuen Wan, New Territories	2047	50.78%	20,000	7,855	I	Completed	Existing



## MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2014

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>Completed properties for sale</b>							
<b>MAINLAND CHINA</b>							
19. Central Park, Xiamen 178, 180, 182 and 184 Jiahe Road, Siming District, Xiamen, Fujian Province	2068	50.78%	113,904	31,463	R	Completed	Existing
20. Chengdu International Community Xipu Zhen, Pi Xian, Jin Niu District, Chengdu, Sichuan	2074	10.16%	14,253,628	807 <u>13,041</u> <u>13,848</u>	R C	Completed	Existing
21. Dynasty Park, Zhangzhou 298 Tengfei Road, Xiangcheng District, Zhangzhou, Fujian Province	2075	50.78%	1,004,199	25,631	R	Completed	Existing
<b>OVERSEAS – SINGAPORE</b>							
22. Far East Shopping Centre 545 Orchard Road, Singapore	2870	95.00%	36,017	57,694	C	Completed	Existing
23. Orchard Plaza 150 Orchard Road, Singapore	2076	95.00%	44,455	32,886	C	Completed	Existing
24. 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, 2014

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. The Avenue, 200 Queen's Road East/ 33 Tai Yuen Street, Wan Chai, Hong Kong Inland Lot No. 9018	2060	Joint Venture	88,652	731,393 <u>87,720</u> <u>819,113<sup>†</sup></u>	R C	Superstructure works in progress	November 2014
2. 53 Conduit Road, Hong Kong The Remaining Portion of Inland Lot No. 2138 and Inland Lot No. 2613	2065	50.78%	24,930	30,684	R	Superstructure works in progress	December 2014
3. 22 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	50.78%	4,482	14,312 <u>4,892</u> <u>19,204</u>	R C	Foundation works in progress	April 2016
4. Sik On Street, Wan Chai, Hong Kong Inland Lot No. 9049	2063	50.78%	2,239	5,685	R	Ground investigation works completed	November 2016
<b>KOWLOON</b>							
5. Park Metropolitan 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	July 2014
6. Park Ivy 8 Ivy Street, Mong Kok District, 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	Superstructure works in progress	July 2014

## MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2014

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>							
7. Mui Wo, New Territories Lot No. 726 in Demarcation District No. 4	2062	50.78%	24,327	16,454 <u>8,637</u> <u>25,091</u>	R C	Superstructure works in progress	December 2014
8. Mayfair By The Sea I 23 Fo Chun Road, Tai Po, New Territories Tai Po Town Lot No. 201	2059	43.17%	225,237	291,682 <u>19,445</u> <u>311,127</u>	R C	Superstructure works in progress	January 2015
9. Mayfair By The Sea II 21 Fo Chun Road, Tai Po, New Territories Tai Po Town Lot No. 200	2059	50.78%	225,237	343,155 <u>22,877</u> <u>366,032</u>	R C	Superstructure works in progress	January 2015
10. Dragons Range Kau To (Site A), Shatin Area 56A, New Territories Shatin Town Lot No. 525	2061	20.31%	248,175	209,530	R	Foundation works in progress	April 2015
11. Peng Lei Road, Peng Chau, New Territories Lot No.676 in Demarcation District	2062	50.78%	49,127	18,711	R	Foundation works in progress	July 2015

## MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2014

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>							
12. Area 66 C2, Tseung Kwan O, New Territories Tseung Kwan O Town Lot No. 117	2062	30.47%	139,016	127,077 <u>21,181</u> <u>148,258</u>	R C	Superstructure works in progress	January 2016
13. Peng Lei Road, Peng Chau, New Territories Lot No. 674 in Demarcation District	2062	50.78%	19,163	7,299	R	Site formation works in progress	July 2016
14. Sha Kok Mei Sai Kung, New Territories Lot No. 1949 in Demarcation District No. 221	2063	50.78%	166,089	126,520	R	Site formation works in progress	July 2017
15. Hong Tsuen Road Sai Kung Tuk, Sai Kung, New Territories Lot No. 1180 in Demarcation District No. 215	2063	50.78%	86,898	88,261	R	Site formation works in progress	October 2017
16. West Rail Long Ping Station (North) Property Development, Yuen Long, New Territories Yuen Long Town Lot No. 513	2063	Joint Venture	106,564	523,938 <sup>†</sup>	R	Foundation works in progress	March 2018

## MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2014

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>							
17. Chengdu International Community Xipu Zhen, Pi Xian, Jin Niu District, Chengdu, Sichuan	2044	10.16%	14,253,628	19,967	C	Superstructure works in progress	June 2015
18. Regency Park, Xiamen North Hubin Road, Xiamen Lot No. 88-C5	2066 2046	50.78%	64,904	248,074 9,668	R C	Foundation works in progress	December 2016
				<u>257,742</u>			
19. Dynasty Park, Zhangzhou 298 Tengfei Road, Xiangcheng District, Zhangzhou, Fujian Province	2075 2045	50.78%	1,004,199	1,864,846 84,237	R C	Foundation works in progress	June 2020
				<u>1,949,083</u>			
20. The Coronation, Chongqing 288 Beibing Road, Chongqing	2058 2048	25.39%	1,993,549	2,344,983 370,178	R C	Foundation works in progress	April 2021
				<u>2,715,161</u>			
21. The Palazzo, Chengdu 9 The Second Yufeng Road, Chenghua District, East Chengdu	2078 2048	50.78%	2,630,284	6,176,686 342,032 269,938	R C H	Foundation works in progress	April 2022
				<u>6,788,656</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

#: it represents the saleable floor area

# 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 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 Thursday, the 23rd day of October, 2014 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, 2014.		
2. To declare a final dividend of HK\$0.38 per ordinary share with an option for scrip dividend.		
3. (i) To re-elect Mr. Adrian David Li Man-kiu as Director.		
(ii) To re-elect Mr. Steven Ong Kay Eng as Director.		
(iii) To authorise the Board to fix the Directors' remuneration for the financial year ending 30th June, 2015.		
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 adopt the new Articles of Association of the Company (Special Resolution 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 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 INITIALED 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.



