



Tsim Sha Tsui Properties Limited

ANNUAL REPORT 2017



Paloma Cove

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. 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.

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CORPORATE INFORMATION

Board of Directors

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

([‡] 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, JP

Authorized Representatives

Robert Ng Chee Siong
Daryl Ng Win Kong, JP

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

Closure of Register of Members for entitlement to attend and vote at Annual General Meeting	23rd to 26th October, 2017 (both dates inclusive)
Annual General Meeting	26th October, 2017
Closure of Register of Members for dividend entitlement	1st to 2nd November, 2017 (both dates inclusive)
Record Date for final dividend entitlement	2nd November, 2017
Last Date for lodging form of election for scrip dividend	24th November, 2017 4:30 p.m.
Interim Dividend Paid	HK13 cents per share 13th April, 2017
Final Dividend Payable	HK40 cents per share 6th December, 2017

Principal Bankers

Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
DBS Bank Ltd., Hong Kong Branch
The Hongkong and Shanghai Banking Corporation Limited
China Construction Bank (Asia) Corporation Limited
The Bank of East Asia, Limited
Bank of Communications, Hong Kong Branch
Bangkok Bank Public Company Limited
Industrial and Commercial Bank of China (Asia) 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** (“Company”) 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 26th day of October, 2017 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, consider and adopt the audited Financial Statements and the Directors’ and Independent Auditor’s Reports for the year ended 30th June, 2017.
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, 2018.
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 buy back 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 bought back 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 or the articles of association of the Company 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 are 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 or the articles of association of the Company 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 bought back 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.”

By Order of the Board
Velencia Lee
Company Secretary

Hong Kong, 15th September, 2017

NOTICE OF ANNUAL GENERAL MEETING *(Continued)*

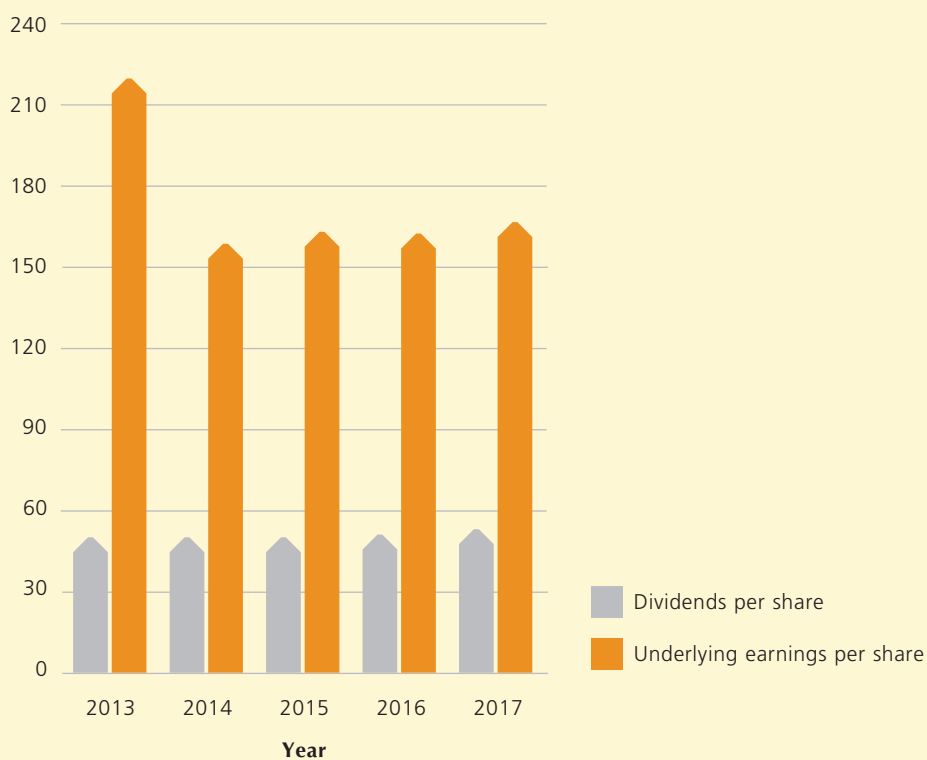
Notes:

- (a) At the Annual General Meeting, the Chairman of the Meeting will put each of the above resolutions to the vote by way of a poll. On a poll, every shareholder who is present in person or by proxy shall have one vote for every share of which he/she is the holder.
- (b) Any shareholder entitled to attend and vote at the above meeting may appoint one or more proxies to exercise all or any of his/her rights to attend and vote instead of him/her, provided that the proxy is appointed to represent respectively the number of shares held by the shareholder as specified in the relevant instrument of appointment. A proxy need not be a shareholder 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, 26th October, 2017, the register of members of the Company will be closed from Monday, 23rd October, 2017 to Thursday, 26th October, 2017, 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 Friday, 20th October, 2017.
- (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, 2nd November, 2017. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Wednesday, 1st November, 2017 to Thursday, 2nd November, 2017, 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, 31st October, 2017.
- (f) Regarding the re-election of the Directors of the Company under item 3, separate ordinary resolutions will be considered and, if thought fit, passed at the Annual General Meeting to:
 - (i) re-elect Mr. Adrian David Li-Man kiu as Director of the Company.
 - (ii) re-elect Mr. Steven Ong Kay Eng as Director of the Company.

GROUP FINANCIAL SUMMARY

	2013 HK\$	2014 HK\$	2015 HK\$	2016 HK\$	2017 HK\$
Turnover	<u>7,880,161,528</u>	<u>7,510,795,774</u>	<u>21,896,326,522</u>	<u>10,857,439,489</u>	<u>18,386,482,899</u>
Underlying net profit from operations	<u>3,418,141,624</u>	<u>2,535,085,911</u>	<u>2,678,531,476</u>	<u>2,732,913,420</u>	<u>2,869,275,929</u>
Profit attributable to the Company's shareholders	<u>5,977,422,853</u>	<u>4,513,349,683</u>	<u>4,747,169,520</u>	<u>3,622,174,285</u>	<u>3,848,282,418</u>
Underlying earnings per share (cents)	219.43	158.39	162.82	162.15	166.38
Reported earnings per share (cents)	383.73	281.98	288.56	214.91	223.15
Dividends per share (cents)	50	50	50	51	53

Underlying Earnings & Dividends Per Share (HK cents)

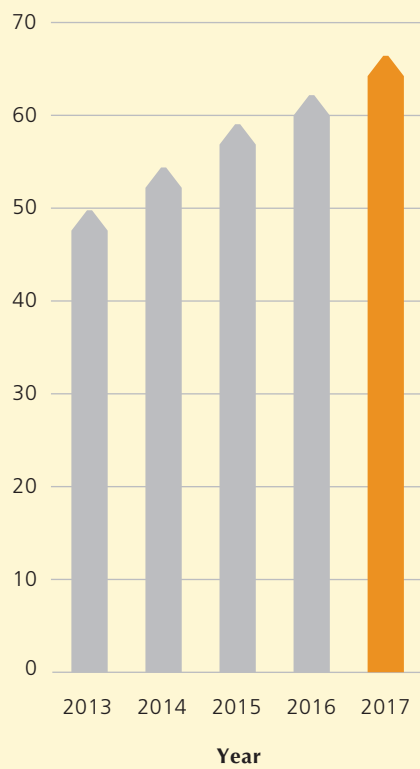


GROUP FINANCIAL SUMMARY (Continued)

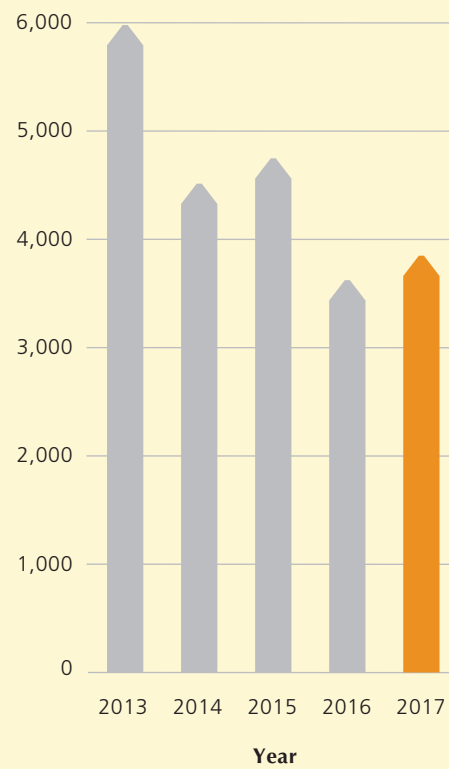
	2013	2014	2015	2016	2017
	HK\$	HK\$	HK\$	HK\$	HK\$
CONSOLIDATED STATEMENT OF FINANCIAL POSITION					
Non-current assets	89,264,552,129	90,958,085,788	91,376,006,542	91,549,114,906	95,098,241,924
Current assets	41,036,091,662	46,945,504,622	51,406,896,037	58,485,356,279	61,224,607,351
Current liabilities	(13,571,144,964)	(11,389,898,302)	(13,037,876,383)	(17,842,791,243)	(20,250,266,384)
	<u>116,729,498,827</u>	<u>126,513,692,108</u>	<u>129,745,026,196</u>	<u>132,191,679,942</u>	<u>136,072,582,891</u>
Share capital	315,777,382	8,058,064,197	8,869,463,206	9,719,312,922	10,588,811,638
Reserves	<u>49,445,103,971</u>	<u>46,313,553,536</u>	<u>50,160,601,283</u>	<u>52,438,670,660</u>	<u>55,762,416,688</u>
Shareholders' funds	49,760,881,353	54,371,617,733	59,030,064,489	62,157,983,582	66,351,228,326
Non-controlling interests	52,795,221,926	56,254,567,220	58,628,888,325	59,934,117,414	62,460,742,601
Non-current liabilities	<u>14,173,395,548</u>	<u>15,887,507,155</u>	<u>12,086,073,382</u>	<u>10,099,578,946</u>	<u>7,260,611,964</u>
	<u>116,729,498,827</u>	<u>126,513,692,108</u>	<u>129,745,026,196</u>	<u>132,191,679,942</u>	<u>136,072,582,891</u>
Shareholders' funds at book value per share	<u>31.52</u>	<u>33.49</u>	<u>35.41</u>	<u>36.44</u>	<u>38.02</u>

GROUP FINANCIAL SUMMARY *(Continued)*

**Shareholders' Funds
(HK\$ Billion)**



**Profit Attributable to
the Company's Shareholders
(HK\$ Million)**

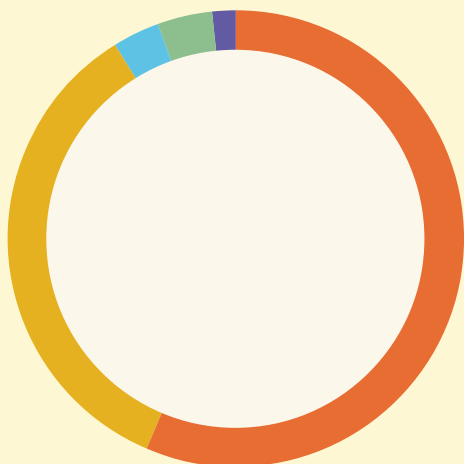


GROUP FINANCIAL SUMMARY *(Continued)*

The Company and its subsidiaries (the "Group")

Breakdown of Segment Results

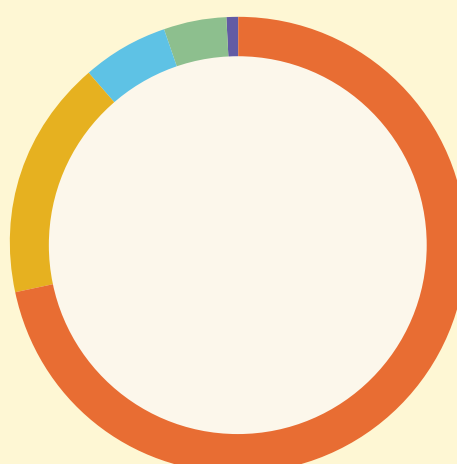
for the year ended 30th June, 2017



- Property sales **56.6%**
- Property rental **34.6%**
- Property management and other services **3.4%**
- Hotel operations **3.9%**
- Investments in securities and financing **1.5%**

Breakdown of Segment Revenue

for the year ended 30th June, 2017



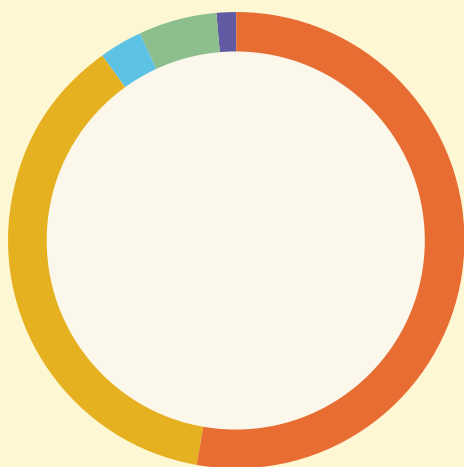
- Property sales **71.7%**
- Property rental **17.0%**
- Property management and other services **6.1%**
- Hotel operations **4.6%**
- Investments in securities and financing **0.6%**

GROUP FINANCIAL SUMMARY *(Continued)*

The Group and attributable share from associates and joint ventures

Breakdown of Segment Results

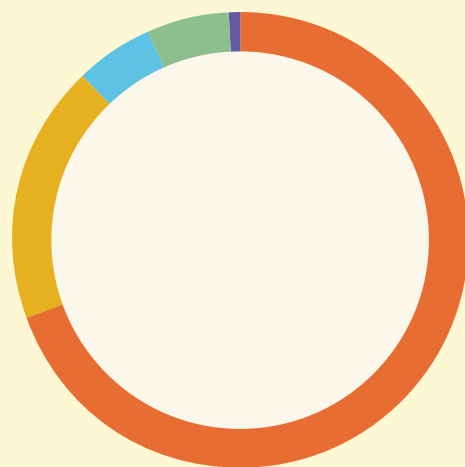
for the year ended 30th June, 2017



- Property sales **52.9%**
- Property rental **37.3%**
- Property management and other services **3.1%**
- Hotel operations **5.4%**
- Investments in securities and financing **1.3%**

Breakdown of Segment Revenue

for the year ended 30th June, 2017



- Property sales **69.5%**
- Property rental **18.4%**
- Property management and other services **5.6%**
- Hotel operations **5.9%**
- Investments in securities and financing **0.6%**

CHAIRMAN'S STATEMENT

I am pleased to present the 2016/2017 Annual Report to shareholders.

FINAL RESULTS

For the year ended 30th June, 2017, the Group's underlying net profit attributable to shareholders, excluding the effect of fair-value changes on investment properties, was HK\$2,869.3 million (2015/2016: HK\$2,732.9 million). Underlying earnings per share was HK\$1.66 (2015/2016: HK\$1.62).

The Group's reported net profit attributable to shareholders was HK\$3,848.3 million (2015/2016: HK\$3,622.1 million). Earnings per share was HK\$2.23 (2015/2016: HK\$2.15). The reported profit for the year included a revaluation surplus (net of deferred taxation) on investment properties of HK\$979.0 million (2015/2016: HK\$889.2 million).

DIVIDENDS

The Directors have resolved to recommend a final dividend of 40 cents per share in respect of the year ended 30th June, 2017 to shareholders whose names appear on the Register of Members of the Company on 2nd November, 2017. Together with the interim dividend of 13 cents per share, the total dividend for the year ended 30th June, 2017 is 53 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 26th October, 2017; 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 9th November, 2017. It is expected that the final dividend warrants and share certificates for the scrip dividend will be dispatched to shareholders on or about 6th December, 2017.

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, 2017, Tsim Sha Tsui Properties Limited had 52.1% 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 for the year ended 30th June, 2017, including property sales of associates and joint ventures recognised by Sino Land, was HK\$15,029.1 million (2015/2016: HK\$11,439.4 million).

Sino Land's total revenue from property sales comprises mainly the sales of residential units in Corinthia By The Sea in Tseung Kwan O, Dragons Range in Kau To, Mayfair By The Sea I and II in Pak Shek Kok, Cluny Park at 53 Conduit Road, Botanica Bay in Lantau and Mayfair By The Lake in Xiamen, and to date, approximately 100%, 99%, 99%, 100%, 93%, 94% and 99% of the units in the respective projects have been sold.

During the financial year 2016/2017, Sino Land launched the residential project Park Mediterranean in Sai Kung for sale and to date, approximately 56% of the units have been sold.

In China, 215 residential units in The Palazzo in Chengdu were launched for sale during the financial year 2016/2017. To date, a total of 3,915 residential units in The Palazzo in Chengdu and 1,649 residential units in Dynasty Park in Zhangzhou have been launched for sale and approximately 99% of the units in both of the projects have been sold.

(2) Land Bank

As at 30th June, 2017, Sino Land has a land bank of approximately 32.8 million square feet of attributable floor area in Hong Kong, China, Singapore and Sydney which comprises a balanced portfolio of properties of which 55.3% is residential; 28.7% commercial; 7.4% industrial; 4.6% car parks and 4.0% hotels. In terms of breakdown of the land bank by status, 20.2 million square feet were properties under development, 11.9 million square feet of properties for investment and hotels, together with 0.7 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)*

During the year ended 30th June, 2017, Sino Land acquired in Hong Kong three sites from the HKSAR Government as well as the development rights of four sites with a total attributable floor area of approximately 1.5 million square feet. 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. TPTL 228 Fo Yin Road, Pak Shek Kok, Tai Po, New Territories, Hong Kong	Residential	100%	412,530
2. Lot No. 1040 in D.D. No. 103 Kam Sheung Road Station Package One Property Development, Kam Ho Road and Tung Wui Road, New Territories, Hong Kong	Residential	Joint Venture	412,247
3. The Fullerton Hotel Ocean Park Hong Kong Tai Shue Wan, Hong Kong	Hotel	60%	262,020
4. KCTL 524 Wing Kei Road, Kwai Chung, New Territories, Hong Kong	Industrial	100%	176,906
5. AIL 462 Yip Kan Street and Wong Chuk Hang Road, Wong Chuk Hang, Hong Kong	Commercial	60%	144,567
6. IL 9064 Site A, Peel Street/Graham Street, Central, Hong Kong	Residential	Joint Venture	84,260
7. NKIL 6558 1-3B Kowloon Road/ 1-5 Kiu Yam Street, Sham Shui Po, Kowloon, Hong Kong	Residential/ Retail	Joint Venture	52,571
			1,545,101

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

(2) Land Bank *(Continued)*

Subsequent to the year ended 30th June, 2017, Sino Land acquired a site in Whitehead, Ma On Shan (STTL 611) at a government tender for residential development on 21st July, 2017. Upon completion, it will provide a total of approximately 119,351 square feet of attributable gross floor area.

In China, Sino Land acquired a commercial site in Qianhai during the financial year 2016/2017 and details of the project are as follows:

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Floor Area</u> <i>(Square feet)</i>
T102-0262 Land Parcel 04, Unit 7, Qianwan Area, Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, Shenzhen, PRC	Serviced Apartment	50%	247,572

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS

(Continued)

(3) Property Development

During the year ended 30th June, 2017, Sino Land completed the project Mayfair By The Lake in Xiamen and obtained Occupation Permits for two residential projects in Hong Kong and 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. Mayfair By The Lake 26 North Hubin Road, Xiamen, PRC	Residential/ Retail	100%	522,223
2. The Staunton Suites 22 Staunton Street, Central, Hong Kong	Residential/ Retail	100%	37,629
3. Paloma Cove 8 Peng Chau Ho King Street, Peng Chau, New Territories, Hong Kong	Residential	100%	14,372
			<hr/>
			<u>574,224</u>

(4) Rental Activities

For the year ended 30th June, 2017, Sino Land's gross rental revenue, including attributable share from associates and joint ventures, increased 3.0% to HK\$3,949.1 million (2015/2016: HK\$3,834.1 million) and net rental income increased 4.2% to HK\$3,486.0 million (2015/2016: HK\$3,344.7 million). The increase in rental revenue was mainly due to higher rental rates on renewals. Overall occupancy of the investment property portfolio under Sino Land was at approximately 97% (2015/2016: 97%) for the year ended 30th June, 2017.

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

(4) Rental Activities *(Continued)*

Sino Land's retail portfolio in Hong Kong recorded rental growth with overall occupancy rate at approximately 98% (2015/2016: 97%) for the financial year 2016/2017. The leasing performance of Sino Land's office portfolio was steady with overall occupancy rate at approximately 97% (2015/2016: 98%) for the year ended 30th June, 2017. The leasing performance of Sino Land's industrial portfolio saw stable rental growth with occupancy rate at approximately 95% (2015/2016: 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 condition 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. 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 meets 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.

As at 30th June, 2017, Sino Land has approximately 11.9 million square feet of attributable floor area of investment properties and hotels in Hong Kong, China, Singapore and Sydney. Of this portfolio, commercial developments (retail and office) account for 62.4%, industrial 14.8%, car parks 12.3%, hotels 7.7%, and residential 2.8%.

(5) Hotels

Sino Land has a total of five hotels, namely The Fullerton Hotel Singapore, The Fullerton Bay Hotel Singapore, Conrad Hong Kong, The Westin Sydney and The Olympian Hong Kong. Overall business performance of these hotels was slightly affected by soft demand and competitive business environment during the year. 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.

The Fullerton Hotel Singapore was gazetted as Singapore's 71st national monument on 7th December, 2015 by the country's National Heritage Board. It is the highest form of recognition given to a building for its national significance.

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS

(Continued)

(6) China Business

China has achieved several important international milestones in 2016/2017 which were the inclusion of Renminbi in the International Monetary Fund's basket of reserve currencies; the launch of Shenzhen-Hong Kong Stock Connect; and the imminent inclusion of China's domestic A-shares in the MSCI Emerging Markets Index.

China's economic parameters including inflation rate and job creation were both within target. Economic policies pursued by Central Government continued to focus on controlling capacity in production and sustaining financial healthiness in both fiscal and monetary sectors. On the residential property market, inventory levels have been reduced and Central Government stepped up housing measures and monetary tightening which are expected to suppress growth in home sales prices and volume in the near term.

Sino Land has two projects in China mainly for residential development, namely The Palazzo in Chengdu and Dynasty Park in Zhangzhou and a serviced apartment project in Qianhai Bay, Shenzhen. Attributable plot ratio area from the three projects total approximately 15.8 million square feet.

Other than the matters mentioned above, there has been no material change from the information published in the report and accounts for the year ended 30th June, 2016.

FINANCE

As at 30th June, 2017, the Group had cash and bank deposits of HK\$33,317.2 million. After netting off total borrowings of HK\$7,384.2 million, the Group had net cash of HK\$25,933.0 million as at 30th June, 2017. Of the total borrowings, 53.9% was repayable within one year, 23.6% repayable between one and two years and the balance 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. The Singapore dollars denominated debts are 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 2016/2017. The majority of the Group's cash are denominated in Hong Kong dollars, with a portion of Renminbi, Australian dollars and US dollars. 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 and participation in 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 for charity organisations and events as well as green initiatives to promote sustainability, environmental protection, arts and culture and heritage conservation. 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 named a constituent company of the Hang Seng Corporate Sustainability Index Series since September 2012. During the financial year 2016/2017, Sino Land published its Sustainability Review 2016 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 Heritage was established in 2011 with the belief that conservation of cultural heritage helps the community build a sense of identity and strengthen relationships in the city. Sino Heritage identifies and showcases the heritage significance of historical projects in both Hong Kong and Singapore. In March 2008, the Ng Teng Fong Family, the major shareholder of the Group, set up a non-profit-making organisation, named Hong Kong Heritage Conservation Foundation Limited ("HCF"). HCF revitalised and converted 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'. The Hotel was a winner of the '2013 UNESCO Asia-Pacific Awards for Cultural Heritage Conservation'.

CHAIRMAN'S STATEMENT *(Continued)*

PROSPECTS

Following decades of export-oriented economic growth, China has established itself as the second largest economy and one of the key contributors in the process of globalisation. The creation of an economic and mutually beneficial trade route between Asia and Europe through the Belt and Road Initiative can benefit Asia, Europe and many other nations. A successful Belt and Road Initiative will go beyond infrastructure development and trade as it will help reduce poverty and regional economic disparity along the Belt and Road. China has taken the role to lead and manage the Belt and Road Initiative since its inception in 2013, paving the way for the next stage of development. In May 2017, the first Leaders Roundtable of the Belt and Road Forum for International Co-operation was held in Beijing which covered integration issues and the further development of economic partnership. Many state leaders and over a thousand representatives attended the event indicating wide support internationally for the Initiative. Hong Kong has a role to play in the Belt and Road. This year, President Xi Jinping visited Hong Kong for the first time as President of China, to celebrate the 20th anniversary of the handover of sovereignty to China by the British government. During his visit, the President highlighted the benefits for Hong Kong to leverage its strengths and role in advancing the Belt and Road Initiative and to cooperate with other core regions to capitalise on this opportunity.

The concept of the Guangdong-Hong Kong-Macau Greater Bay Area ("Greater Bay Area") can be traced back to 2004 when the first strategic planning study named "Planning Study on the Coordinated Development of the Greater Pearl River Delta Townships" was proposed and completed in 2009. There have been much discussion and reports done since then. The development of the Greater Bay Area is also supported by the 13th Five-Year Plan and it covers 11 cities which are Dongguan, Foshan, Guangzhou, Hong Kong, Huizhou, Jiangmen, Macau, Shenzhen, Zhaoqing, Zhongshan and Zhuhai with a total area of over 56,000 square kilometers. The plan was also stated in the report of the Central Government by the Premier of the State Council in the Fifth Session of the 12th National People's Congress of the People's Republic of China in March 2017. Establishing the Greater Bay Area promotes the development of the metropolitan areas along Pearl River Delta Region and is part of the nation-wide urban agglomeration plan designed by the National Development and Reform Commission. Improvement in connectivity among cities can optimise their synergies and maximise economic potential of the cities.

CHAIRMAN'S STATEMENT *(Continued)*

PROSPECTS *(Continued)*

Management will continue to optimise earnings, enhance efficiency and productivity and improve the quality of products and services. In respect of property development, Sino Land will maintain a policy of selectively and continuously replenishing its land bank, which will enable it to strengthen earnings and shareholders' value. Since July 2016, Sino Land has acquired a total of approximately 1.9 million square feet of attributable floor area for sale and investment purposes. Sino Land's recurrent businesses, which comprise property leasing, hospitality and property management services, continue to contribute stable stream of income. With a good financial position, Sino Land is well-positioned to respond to challenges ahead.

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, 24th August, 2017

BIOGRAPHICAL DETAILS OF DIRECTORS & SENIOR MANAGEMENT

(I) EXECUTIVE DIRECTORS

Mr. Robert Ng Chee Siong^{N+}, aged 65, 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 41 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. 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^R, JP, aged 39, an Executive Director since April 2005, holds a Bachelor of Arts Degree in Economics, a Master Degree of Science in Real Estate Development from Columbia University in New York, an Honorary Doctor of Humane Letters degree from Savannah College of Art and Design and an Honorary University Fellowship from The Open University of Hong Kong. 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 The Bank of East Asia, Limited. He is a member of the Global Leadership 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 the Executive Committee of Hong Kong Sheng Kung Hui Welfare Council Limited, a member of Friends of Hong Kong Association Limited, a Council Member of the Hong Kong Committee for UNICEF and a Council Member of The Hong Kong Management Association. Mr. Ng's major public service appointments include being a member of the Social Welfare Advisory Committee of the Government of Hong Kong Special Administrative Region ("HKSAR"), a co-opted member of the Community Care Fund Task Force of Commission on Poverty of HKSAR, a member of the Council for Sustainable Development of HKSAR, a member of the Council of the University of Hong Kong, a member of the Court of the Hong Kong University of Science and Technology, a member of NUS Medicine International Council at the Yong Loo Lin School of Medicine of National University of Singapore, a member of the Steering Committee on the Promotion of Electric Vehicles of HKSAR, a member of the Board of M Plus Museum Limited and a Board Member of National Heritage Board, Singapore. He is a Director of The Real Estate Developers Association of Hong Kong and a Director of The Community Chest of Hong Kong. He is the eldest son of the Chairman of the Group Mr. Robert Ng Chee Siong and the eldest grandson of the late substantial shareholder Mr. Ng Teng Fong.

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 78, 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, the Honorary Advisory Committee of SVHK Foundation Limited and Common Purpose Charitable Foundation Limited in Hong Kong. He is also a Non-Executive Director of Asia Art Archive Limited and a Trustee, Vice-Chair of the Trustees and Director of IFRS Foundation. He is a Board Member and the Vice-Chairman of the Board 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, 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 Hutchison Harbour Ring Limited (now known as China Oceanwide Holdings Limited).

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

(III) INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Allan Zeman^{A N R}, GBM, GBS, JP, aged 69, 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 in Hong Kong. Dr. Zeman serves as an Independent Non-Executive Director of Wynn Macau, Limited, Pacific Century Premium Developments Limited, Global Brands Group Holding Limited and Television Broadcasts Limited, all of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Dr. Zeman was the Chairman of Hong Kong Ocean Park from July 2003 to June 2014 and is now the Honorary Advisor to the Park. He is also a Board member of the Alibaba Entrepreneurs Fund and the Airport Authority Hong Kong, an 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 governor of the Board of Governors of Our Hong Kong Foundation and a representative of Hong Kong China to the APEC Business Advisory Council (ABAC). Dr. Zeman is also a member of the Board of Governors of The Canadian Chamber of Commerce in Hong Kong, a member of the Asian Advisory Board of the Richard Ivey School of Business, The University of Western Ontario and the Vice Patron of The Community Chest of Hong Kong. Dr. Zeman is a holder of Honorary Doctorate of Laws Degree from The University of Western Ontario, Canada. In 2012, he was awarded Honorary Doctorate Degrees of Business Administration from City University of Hong Kong and 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^{A+ N R}, JP, aged 44, 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 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 MPF Industry Schemes Committee of the MPFA, a Trustee of The University of Hong Kong's occupational retirement schemes, 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. He also sits on the Judging Panel of the BAI Global Banking Innovation Awards. He was previously a member of the All-China Youth Federation and Deputy Chairman of the Beijing Youth Federation. Mr. Li is currently an Independent Non-Executive Director of China State Construction International Holdings Limited and COSCO SHIPPING Ports Limited, both companies listed in Hong Kong. In addition, he is a Non-Executive Director of The Berkeley Group Holdings plc, which is listed on the London Stock Exchange. He is also a member of the International Advisory Board of Abertis Infraestructuras, S.A., a company listed in Spain. He was previously an Alternate Director of AFFIN Holdings Berhad, which is listed on the Bursa Malaysia, an Alternate Independent Non-Executive Director of San Miguel Brewery Hong Kong Limited, a company listed on the Hong Kong Stock Exchange, and 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. 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 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^{A R+}, aged 71, 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. He is also a Non-Executive Independent Director of EnGro Corporation Limited and a substantial shareholder of Hwa Hong Corporation Limited, both of which are 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 control, 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, 2017 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 and internal control strategies.

Board Composition

The current Board has six Directors comprising 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 in all corporate communications that disclose the names of Directors of the Company.

CORPORATE GOVERNANCE REPORT *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

DIRECTORS *(Continued)*

Board Diversity

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 appointments 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 reviews and monitors 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, including adequacy of systems of financial, risk management and internal control, and conduct of business in conformity with applicable laws and regulations. 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 businesses of the Company and its subsidiaries ("Group"), 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 in the Company. The Chairman of the Board provides leadership to the Board and undertakes both roles of chairman and chief executive. 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 three Independent Non-Executive Directors have contributed valuable views and proposals for the board's deliberation and decisions. The Board reviews 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 committee (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. Each of the Directors is required to disclose to the Company the number and nature of offices he 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. During the financial year ended 30th June, 2017, the Board had held four meetings. The attendance records of the Directors to these board meetings are set out below:

Directors	Meeting(s) Attended/Held
<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 meetings. 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 laws, 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 an Independent Non-Executive Director 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 Director is still independent and our recommendation to shareholders to vote in favour of the re-election of such Independent Non-Executive Director.

The Directors who are subject to retirement and re-election at the 2017 annual general meeting are set out on page 63 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 casual 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 internal audit charter 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:

Directors	Training Matters ^(Note)
<i>Executive Directors</i>	
Mr. Robert Ng Chee Siong	a, b
Mr. Daryl Ng Win Kong	a, b
<i>Non-Executive Director</i>	
The Honourable Ronald Joseph Arculli	a, b, c, d
<i>Independent Non-Executive Directors</i>	
Dr. Allan Zeman	a, b, d
Mr. Adrian David Li Man-kiu	a, b, c
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 established its Remuneration Committee with written terms of reference on 23rd June, 2005. The current written terms of reference are available at the Company's website 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 Group, and desirability of performance-based remuneration. The Committee makes recommendations to the Board relating to 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 existing emolument policy of Directors;
- reviewed the remuneration packages of Executive Directors; and
- made recommendations on Non-Executive 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 12 to the consolidated financial statements.

NOMINATION OF DIRECTORS AND SENIOR MANAGEMENT

Nomination Committee

The Company established its Nomination Committee with written terms of reference on 20th February, 2012. The current written terms of reference are available at the Company's website 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 with reference to the board diversity policy of the Company and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy. Its duties include making recommendations 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 enabling it to discharge 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; and
- reviewed time commitment of Directors.

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

Committee members	Meeting(s) Attended/Held
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, 2017 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)*

Risk Management and Internal Control

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Audit Committee is delegated with the authority from the Board to oversee the risk management and internal control systems.

Effective risk management is important to the Company's achievement of its strategic goals. To this end, the Company adopts an Enterprise Risk Management ("ERM") approach to assist the Audit Committee and the Board in discharging its risk management responsibilities and individual business units in managing the key risks faced by the Company. Details of the main features of the ERM system including the processes for the identification, evaluation and management of significant risks are set out in the "Risk Management Report" on pages 54 to 60.

The Company's internal control system is built on a sound control environment with a strong commitment to ethical values. The system includes an appropriate organizational structure with clearly defined responsibilities, accountability and authorities underpinning proper segregation of duties, complemented by monitoring and reporting mechanism to ensure proper checks and balances. Policies and procedures covering key business processes are established and communicated to staff, and are regularly reviewed to ensure continued relevance and effectiveness, and for continuous improvement.

The Company's internal control framework is fully integrated with the risk management framework. The ERM is a process whereby risks together with the relevant controls are assessed, evaluated and reviewed on an ongoing basis. All the significant risks identified are mapped to and incorporated in the annual internal audit plan. Key controls are subject to review and testing by the Internal Audit Department in order to assess their adequacy and effectiveness.

CORPORATE GOVERNANCE REPORT *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

ACCOUNTABILITY AND AUDIT *(Continued)*

Risk Management and Internal Control *(Continued)*

Internal Audit

The Internal Audit Department provides independent assurance as to the existence of adequate and effective controls in the operations of the Company's business units. The Head of Internal Audit Department reports directly to the Audit Committee. In performing its duties, the Internal Audit Department has free and unfettered access to information and to meet with any of the department heads or persons-in-charge.

The Internal Audit Department adopts a risk-based audit approach. It conducts annual risk assessment and devises a 3-year-rolling internal audit plan which is reviewed and approved by the Audit Committee. Depending on the nature and exposure of the risks of individual business units, the Internal Audit Department performs audit reviews on their operations, and makes recurring and impromptu site investigations on selected risk areas to ensure the effectiveness of the controls implemented by the relevant business units. The findings regarding control weaknesses are communicated to the business units concerned. Major audit findings and recommendations are reported to the Audit Committee, which in turn reports to the Board. The implementation of the agreed actions in response to the identified audit issues are tracked and followed up regularly, and the status is reported to the Audit Committee.

Internal Control Self-assessment

To further enhance the risk management and internal control systems, an internal control self-assessment process was introduced during the year ended 30th June, 2017. On an annual basis, the head of each business unit conducts internal control self-assessment with reference to the 17 principles of the COSO (The Committee of Sponsoring Organizations of the Treadway Commission) 2013 Internal Control – Integrated Framework. They systemically review and assess the effectiveness of all the internal controls over their business operations that are in place to mitigate the risks, through the use of internal control self-assessment questionnaires. The summary results of the self-assessment are reported to the Board through the Audit Committee and form part of the annual assessment of the adequacy and effectiveness of the risk management and internal control systems.

CORPORATE GOVERNANCE REPORT *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

ACCOUNTABILITY AND AUDIT *(Continued)*

Risk Management and Internal Control *(Continued)*

Evaluation of the Adequacy of Resources of the Company's Accounting and Financial Reporting Function, and Internal Audit Function

For the year ended 30th June, 2017, the Internal Audit Department conducted an assessment and concluded that the resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function were adequate. The Head of Internal Audit Department, in conjunction with the Human Resources Department, also carried out a review of the internal audit function and concluded that its resources, staff qualifications and experience, training programmes and budget were adequate. The review results were reported to the Audit Committee.

Based on the above, the Board and the Audit Committee were satisfied with the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function, and internal audit function.

Review of the Effectiveness of Risk Management and Internal Control Systems

The Board has the overall responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risks of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

On behalf of the Board, the Audit Committee evaluates the effectiveness of the Company's risk management and internal control systems at least annually. For the financial year ended 30th June, 2017, the Audit Committee, with the assistance of the Internal Audit Committee, conducted a review of the effectiveness of the Group's risk management and internal control systems covering all the material controls, including environmental, social and governance related risks, financial, operational and compliance controls. Throughout the year, the Audit Committee also oversaw the risk management system on an ongoing basis through various activities including reviewing and approving the ERM Policy and Framework as well as the ERM reports.

CORPORATE GOVERNANCE REPORT *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

ACCOUNTABILITY AND AUDIT *(Continued)*

Risk Management and Internal Control *(Continued)*

Review of the Effectiveness of Risk Management and Internal Control Systems (Continued)

For the financial year ended 30th June, 2017, the Board received a confirmation statement from management on the effectiveness of the risk management and internal control systems. The confirmation is based on:

- the work performed by management in identifying, evaluating, monitoring and managing the existing, new and emerging risks on an ongoing basis;
- the results of formal risk assessments conducted quarterly during the year in accordance with the approved ERM Policy and Framework;
- the responses of individual business units to the questionnaires prepared for the Group-wide internal control self-assessment; and
- the independent verification and assurance provided through work done by the Internal Audit Department and the external auditor.

In the light of the above, the Board and the Audit Committee concluded that the risk management and internal control systems of the Group were effective and adequate. Despite there were no significant control failings or weaknesses and areas of concern identified during the year, the risk management and internal control systems will be regularly reviewed for continuous improvement.

Policy and Procedures of Inside Information Handling and Dissemination

The Company handles and disseminates inside information in accordance with the Securities and Futures Ordinance and the Listing Rules and with reference to the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission. Potential inside information is captured through established reporting channels of the business units and escalated to senior management which will consider the price sensitivity of the information. Inside information is kept strictly confidential and is restricted to relevant parties on a need-to-know basis so as to ensure confidentiality until consistent and timely disclosure by way of corporate announcement is made to inform the public of the inside information in an equal and timely manner. A strict prohibition on the unauthorized use of confidential information is included in the Company's code of conduct applicable to all employees of the Group.

CORPORATE GOVERNANCE REPORT *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

ACCOUNTABILITY AND AUDIT *(Continued)*

Audit Committee

The Company established its Audit Committee with written terms of reference on 23rd September, 1998. The current written terms of reference are available at the Company's website 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, risk management and internal control. 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, risk management and internal control systems 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 2016 annual report and audited financial statements and the 2016/2017 interim report and unaudited interim financial statements, including the accounting policies and practices adopted by the Company, before submitting to the Board;
- the ERM Policy and Framework of the Company for the enhancement of the risk management system;
- the Group's Risk Appetite Statement and risk tolerance levels which state the level of risk the Group is willing to accept in pursuit of its objectives;
- internal audit reports and ERM reports on the risk management and internal control systems, including the effectiveness of the risk management and internal control systems of the Group, the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function, and internal audit function;
- internal audit plan 2017/2018;
- usage of annual caps on certain continuing connected transactions of the Company; and
- re-appointment of the Company's auditor before submitting to the Board.

CORPORATE GOVERNANCE REPORT *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

ACCOUNTABILITY AND AUDIT *(Continued)*

Audit Committee *(Continued)*

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:

Committee members	Meeting(s) Attended/Held
Mr. Adrian David Li Man-kiu <i>(Committee Chairman)</i>	4/4
Dr. Allan Zeman	1/4
Mr. Steven Ong Kay Eng	4/4

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, 2017. 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 Group by the external auditor of the Company for the year ended 30th June, 2017 amounted to HK\$5,673,288 and HK\$1,311,000 respectively. The non-audit services mainly consist of review and consultancy services.

CORPORATE GOVERNANCE REPORT *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

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.

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

- reviewed the usage of annual caps on certain continuing connected transactions of the Company;
- reviewed the compliance with the Code through the Compliance Committee; and
- reviewed the effectiveness of the risk management and internal control systems of the Group through the Internal Audit Committee and the Audit Committee.

Compliance Committee

The Company established its Compliance Committee with written terms of reference on 30th August, 2004 to enhance the corporate governance standard of the Company. The Compliance 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 Director 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, risk profile and other material information), in order to enable the shareholders to exercise their rights in an informed manner.

Communication Strategies

Principles

The Board is dedicated to maintain an ongoing 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. The Company continuously enhances its website in order to improve communication with shareholders. Investor/analyst briefings and one-on-one meetings, 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 reviews 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.

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.

CORPORATE GOVERNANCE REPORT *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

COMMUNICATION WITH SHAREHOLDERS *(Continued)*

Communication Strategies *(Continued)*

Shareholders' Meetings (Continued) The last annual general meeting of the Company is the 2016 annual general meeting ("2016 AGM") which was held on 28th October, 2016 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 2016 AGM. The attendance records of the Directors to the 2016 AGM are set out below:

	Meeting(s) Attended/Held
<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	0/1
Mr. Adrian David Li Man-kiu	1/1
Mr. Steven Ong Kay Eng	1/1

The Company's notice to shareholders for the 2016 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 2016 AGM were contained in the circular of the Company to its shareholders, which was dispatched together with the 2016 annual report, and were further explained at the 2016 AGM prior to the polls being taken. Simultaneous translation from English to Cantonese was available at the 2016 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 2016 AGM on each substantive issue and the percentage of votes cast in favour of such resolutions as disclosed in the announcement of the Company dated 28th October, 2016 are set out below:

Resolutions proposed at the 2016 AGM		Percentage of Votes
1	Adoption of the audited Financial Statements and the Directors' and Independent Auditor's Reports for the year ended 30th June, 2016	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	100%
3(ii)	Re-election of Mr. Daryl Ng Win Kong as Director	99.98%
3(iii)	Authorization of the Board to fix the Directors' remuneration for the financial year ending 30th June, 2017	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 buy-back mandate up to 10% of the Company's issued shares	100%
5(ii)	Share issue mandate up to 20% of the Company's issued shares	99.98%
5(iii)	Extension of share issue mandate to the shares bought back under the share buy-back mandate	99.98%

All resolutions put to shareholders at the 2016 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.

CORPORATE GOVERNANCE REPORT *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

COMMUNICATION WITH SHAREHOLDERS *(Continued)*

Communication Strategies *(Continued)*

Shareholders' Meetings (Continued) The latest version of the Articles of Association of the Company is available at the Company's website www.sino.com and the Stock Exchange's website. No changes have been made to the Company's Articles of Association during the year.

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. 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, 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 practising the above shareholders' communication policy to handle enquiries 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 office address or by email to the Company.

CORPORATE SOCIAL RESPONSIBILITY

SUSTAINABILITY AND ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company is committed to the sustainable development of the community and to build a cleaner environment to its residents, tenants, customers, employees and the community as a whole. The Company appreciates the potential climate impact due to building development and operation, and strives to enhance the environmental performance of its properties through eco-friendly architectural planning, design, operational measures, green management as well as supporting a number of external charters with regard to energy efficiency and carbon emissions reduction.

The Company addresses the potential environmental impacts of its business from carbon management to waste minimization. Under its environmental policy, the Company undertakes to:

- actively promote a culture of environmental sustainability among its residents, tenants, customers, employees and contractors and encourage their involvement in its green initiatives;
- improve environmental protection through energy conservation, waste reduction and pollution prevention;
- implement and update effective measures to sustain green living; and
- ensure full compliance with applicable legislation in relation to environmental protection.

By adhering to the environmental policy, the Company has implemented concrete measures and initiatives in energy conservation, waste reduction, pollution prevention, etc. and conducted periodic monitoring and reviews of the relevant key performance indicators to protect the environment where it operates. The Company strives to minimize greenhouse gas emissions, reduce hazardous and non-hazardous waste generation and effluent discharge from its properties by formulating its Environmental Aspect Register, which pins down all identified environmental aspects and impacts of the business activities of the Group. For the year ended 30th June, 2017, the key emissions include carbon dioxide, hazardous and non-hazardous solid waste and effluent.

CORPORATE SOCIAL RESPONSIBILITY *(Continued)*

SUSTAINABILITY AND ENVIRONMENTAL POLICIES AND PERFORMANCE *(Continued)*

For the year ended 30th June, 2017, the Company had no violation record on relevant laws and regulations relating to emissions that have a significant impact on the Group.

The Company is committed to implementing more stringent measures on carbon dioxide emissions reduction in response to local and international initiatives, such as Hong Kong's Climate Action Plan 2030+ and the Paris Agreement signed during the United Nations Climate Change Conference. With a view to enhancing transparency and promoting public awareness on climate change issues, the Company's major subsidiary, Sino Land Company Limited ("Sino Land"), took part in the Carbon Footprint Repository for Listed Companies in Hong Kong under the Carbon Reporting Website developed by the Environmental Protection Department, which is a carbon disclosure initiative to make available information on greenhouse gas emissions reported directly by the listed companies in Hong Kong as a result of their business operations, together with other related information such as their carbon reduction programmes on combating climate change.

With the launch of food waste recycling programme at various properties, the Company is committed to recycling food waste to reduce the burden on landfills. High-efficiency food waste decomposer of 500 kg daily capacity has been installed at Olympian City and other decomposers have also been set up at various properties of the Group. The Company strives to further its efforts in minimizing waste at source and promoting green living to the public. During the year ended 30th June, 2017, over 200,000 kg of food waste was collected for recycling.

To support the HKSAR Government's regulation of handling waste cooking oils ("WCO"), Best Result Environmental Services Limited and Perfect Green Supplies Company Limited, subsidiaries of Sino Land, were certified as registered WCO collectors, assuring its operations are in full compliance with the practice notes stipulated in the registration requirements for properly collecting WCO.

CORPORATE SOCIAL RESPONSIBILITY *(Continued)*

SUSTAINABILITY AND ENVIRONMENTAL POLICIES AND PERFORMANCE *(Continued)*

The Company takes initiative to conserve water resources in daily operations through the following measures:

- replacing lavatory faucets with automatic sensors or self-closing faucets;
- using bleed-off water from fresh water cooling towers for flushing; and
- reducing fresh water used in landscape irrigation.

The Company has also launched various programmes and initiatives on corporate social responsibility front in a further effort to drive the Company's efforts in "forging a greener environment", "caring for the community", "creating an artistic community" and "revitalizing and conserving heritage". Further information of its sustainability and environmental policies, performance, programmes and initiatives can be found in the Company's annual Sustainability Review, which is available on the Company's website www.sino.com/sustainability-report.

RELATIONSHIPS WITH STAKEHOLDERS

The Company appreciates that its employees, customers and business associates are key to its sustainability journey and strives to build a better community through engaging employees, providing quality services for customers, collaborating with business partners and supporting the community.

EMPLOYEES

The Company places significant emphasis on human capital. The Company is committed to providing a fair workplace through promoting non-discrimination and diversity to staff, together with competitive remunerations and benefits, as well as opportunities for career development based on merits and performances. Regular trainings are provided for staff to keep abreast of the latest developments in the market and industry, in the form of both internal trainings and trainings provided by external specialists.

CORPORATE SOCIAL RESPONSIBILITY *(Continued)*

RELATIONSHIPS WITH STAKEHOLDERS *(Continued)*

EMPLOYEES *(Continued)*

As a responsible employer, the Company is committed to providing equal employment opportunities in relation to all human resources matters including recruitment, training, promotion, transfer, remuneration etc. regardless of gender, disability, family status, marital status, pregnancy, race, religion, age, national origin and sexual orientation. The Company is also committed to providing a workplace free of discrimination, harassment and vilification. Differential treatment and harassment on grounds of race, sex, disability and family status is unlawful whereas discrimination, harassment and vilification on the ground of sexual orientation is unacceptable, and will therefore not be tolerated in the workplace.

The Company strives to ensure that comments of employees are escalated and heard through transparent and effective communication channels, including Town Hall Meetings, Staff Suggestion Award Scheme, Quality Improvement Champions Scheme, monthly Mini-Town Hall Meetings and staff newsletters.

Staff integrity is one of the critical factors to success. The Company prohibits, among others, bribery and corruption. Employees are required to conduct themselves with integrity, in an ethical and proper manner, and in compliance with the applicable laws and regulations of the countries in which the Group operates, including anti-bribery laws.

The code of conduct of the Company ensures the proper conduct of all functions of the Group as well as the employees. This includes, inter alia, policies, rules, guidelines and procedures relating to prevention of bribery, solicitation and acceptance of advantages, conflict of interest, falsifying documents or furnishing false accounting records, acceptance of gifts and entertainment from third parties.

For the year ended 30th June, 2017, there was no legal case regarding corrupt practices brought against the Company or its employees.

The Company enforces zero tolerance towards workplace harassment and discrimination through exercising a grievance reporting mechanism. No incidence of workplace discrimination was filed during the year ended 30th June, 2017.

CORPORATE SOCIAL RESPONSIBILITY *(Continued)*

RELATIONSHIPS WITH STAKEHOLDERS *(Continued)*

EMPLOYEES *(Continued)*

Through the establishment of the Employee Safety and Health Committee, the Company administers its employee health and safety management system and ensures the adoption of the principles across all business lines. A holistic mechanism certified under the Occupational Health and Safety (“OHS”) Management System (OHSAS 18001) has been set up to assist in planning, implementing, monitoring and improving the safety management system. A safety manual in accordance with the Factories and Industrial Undertakings (Safety Management) Regulation has also been prepared to cover comprehensive OHS management aspects including safety assessment and contractors monitoring for staff’s reference.

For the year ended 30th June, 2017, the Company had no violation record on relevant laws and regulations about employment, health and safety and labour standards that have a significant impact on the Group.

CUSTOMERS

To promote a customer-oriented culture within the Company and enhance customer satisfaction, the Company takes “Customer First” as one of its Core Values and includes the same in the Service Pledge. The Company takes responsibility of its products and services, and strictly follows regulatory requirements, industry guidelines and internal procedures to improve customer health and safety, promote responsible marketing and ensure information security of its customers. The Company values feedback from its customers as an important learning opportunity. Open communication channels have been established to make sure that its services keep up with clients’ needs. These channels include daily personal contact, site inspections and customer satisfaction surveys. During the reporting period, the customer satisfaction rating was 3.62 out of 4, reflecting the Company’s efforts in upholding service quality and pursuing customer satisfaction have been recognized. The ISO 10002 certified Customer Satisfaction and Complaints Handling System guides the Company’s complaint handling process. The Company also sets up hotlines for collecting suggestions, enquiries or complaints from customers, and a complaint/incident handling platform, “iPromise”, which enables its dedicated customer relation team to respond appropriately to customers’ concerns and turn them into useful lessons for the Company.

For the year ended 30th June, 2017, the Company had no violation record on relevant laws and regulations that have a significant impact on the Group relating to product responsibility issues.

CORPORATE SOCIAL RESPONSIBILITY *(Continued)*

RELATIONSHIPS WITH STAKEHOLDERS *(Continued)*

BUSINESS PARTNERS

The Company holds the belief that its business partners (including suppliers and contractors) are integral to driving delivery of quality excellence of its projects. The Company collaborates with business partners to deliver quality sustainable products and services. To communicate with suppliers/contractors on sustainability issues, the Company has developed the Policies & Procedures for Group Approved Contractors/Suppliers List and included the associated requirements in its standard tender documents. These requirements include regulatory compliance, labour practices, anti-corruption, environmental measures, green procurement, occupational safety and health and other business ethics. The Company assures the performances of its suppliers/contractors through suppliers/contractors approval process and by conducting regular monitoring and annual performance reviews on registered suppliers/contractors.

In an effort to include green purchasing in procurement decisions, the Company continues to implement the Green Purchasing Guidelines, taking into consideration all relevant financial, environmental and social costs and benefits over the entire life cycle of the procured goods and services.

Further information of the Company's relationships with stakeholders can be found in the Company's annual Sustainability Review, which is available on the Company's website www.sino.com/sustainability-report.

RISK MANAGEMENT REPORT

RISK POLICY STATEMENT Robust and effective management of risks is an essential and integral part of corporate governance. It helps to ensure that the risks encountered in the course of achieving the Group's strategic objectives are managed within the Group's risk appetite.

To achieve this, the Group has reviewed and enhanced its risk management system during the year. An Enterprise Risk Management ("ERM") approach is adopted for identifying, assessing, responding to and reporting on risks that might affect the Group in pursuit of its objectives and goals. In August 2016, the Audit Committee, which is delegated with authority from the Board to oversee the risk management and internal control systems, approved the ERM Policy and Framework proposed by the Risk Management function of the Internal Audit Department. The purposes of the implementation of ERM are as follows:

- establishes a structured, systematic and consistent process for identifying, evaluating, reporting and managing risks;
- defines roles and responsibilities within a "Three Lines of Defence" framework;
- increases awareness of risk management at all levels;
- encourages constructive discussion and timely escalation of risks by adopting a common platform for risk management;
- focuses on risks that are relevant to the Group's business and reputation, the Board's requirements and stakeholders' expectations;
- provides senior management and the Board with a holistic view of the Group's material risk exposures and steps taken to manage and monitor such exposures;
- provides senior management with the best available risk information and facilitates the making of informed decisions;
- ensures compliance with the relevant laws and regulations, and best practices in corporate governance; and
- helps to protect the assets and reputation of the Group.

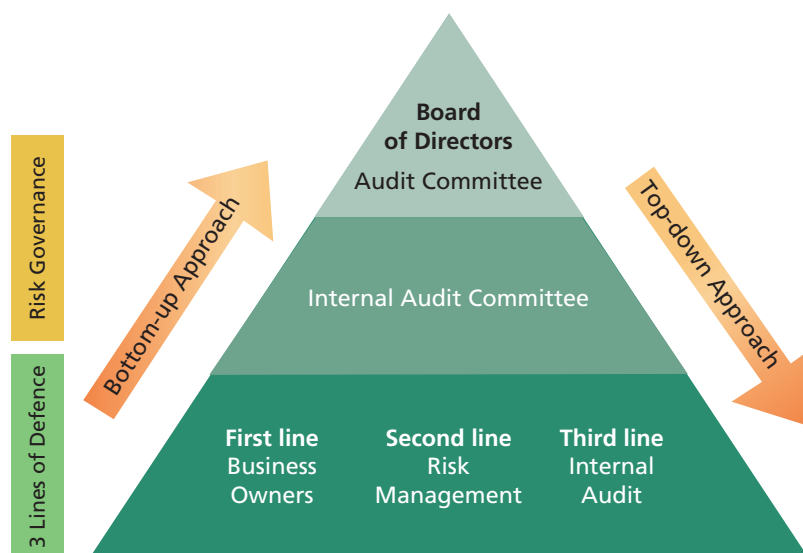
The Group is committed to continuously improving its ERM framework and processes and building a risk-aware culture with a view to achieving a sustainable and balanced development.

RISK MANAGEMENT REPORT *(Continued)*

RISK GOVERNANCE AND MANAGEMENT

The Group adopts a “Three Lines of Defence” model in risk governance. This is manifested by the oversight and directions from the Board, the Audit Committee and the Internal Audit Committee of the Group. The risk management framework of the Group combines a top-down strategic view with a bottom-up operational assessment conducted by each division and department. Members of senior management discuss the top-tier risks escalated through the bottom-up process and deliberate on any other risk issues that they consider important. This combined approach ensures that all the significant risks which need to be considered are identified.

The following diagram illustrates the Group’s Risk Governance and Management Framework:



The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group’s strategic objectives, and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems.

Reporting to the Board, the Audit Committee is delegated with authority from the Board to oversee the Group’s management in the design, implementation and monitoring of the risk management and internal control systems. The Audit Committee advises the Board on the Group’s risk-related matters. The Audit Committee is also responsible for reviewing and approving the Group’s ERM Policy and Framework and ensuring the adequacy and effectiveness of the Group’s risk management and internal control systems.

RISK MANAGEMENT REPORT *(Continued)*

RISK GOVERNANCE AND MANAGEMENT *(Continued)*

The Internal Audit Committee is responsible for ensuring that the ERM system is adequate and effective and that the ERM framework is implemented consistently throughout the Group. It monitors the Group's overall risk profiles by reviewing key risks relating to individual business units and key risks that are enterprise-wide, and ensures alignment with the approved risk appetite. The Head of Internal Audit Department reports to the Audit Committee, which in turn reports to the Board regularly on the Group's overall risk position and key exposures, the actions proposed or taken by management, and major emerging risks that require special attention.

As the first line of defence, heads of individual divisions and departments manage risks within their business units/functions. As risk owners, they identify and evaluate the risks which may potentially impact the achievement of their business objectives, mitigate and monitor the risks by designing and executing control procedures in their day-to-day operations. They conduct risk assessment and control self-assessment on a regular basis to evaluate the effectiveness of controls that are in place to mitigate the identified risks.

As the second line of defence, the Risk Management function is responsible for the ongoing maintenance of the ERM infrastructure and recommending changes to the Board through the Audit Committee as appropriate. The Risk Management function collects and collates risk information to create an enterprise-wide view of risks and controls. In doing so, it critically reviews the risk assessment results of individual business units, constructively challenges their view so as to ensure that all the risks relevant to the Group is properly identified, consistently assessed and timely reported. It prepares reports for the Internal Audit Committee, the Audit Committee and the Board and escalates risk and control issues with reference to the risk appetite thresholds.

As the third line of defence, the Internal Audit Department acts as an independent assessor. It conducts independent review and assessment of the adequacy and effectiveness of the risk management and internal control systems. The Internal Audit Department assesses if all the key risks are properly identified and evaluated under the current ERM system and whether the existing controls are operating effectively. The risk assessment results are also mapped to the internal audit plan to ensure audit performed by the Internal Audit Department systematically covers all the significant risks and the corresponding key controls. As such, the Internal Audit Department is able to provide independent assurance on the adequacy and effectiveness of the risk management and internal control systems and reports any deficiencies to the Internal Audit Committee and Audit Committee.

RISK MANAGEMENT REPORT *(Continued)*

RISK MANAGEMENT PROCESS

The ERM process is guided by the International Standard ISO 31000:2009 Risk Management – Principles and Guidelines. The risk management process is integrated into business and decision-making processes, including the formulation of strategic objectives, business planning and daily operations. Communication and consultation with external and internal stakeholders should take place during all stages of the ERM processes. The ERM process is illustrated in the diagram below:



a) Establishing the context

A risk context that provides parameters for managing risk as well as the scope for every phase of the risk management process is developed. When establishing the context, relevant external and internal factors are taken into consideration to ensure that the risk management approach adopted is appropriate for the Group.

b) Risk identification

Divisions and departments analyze business activities and main processes to identify operational risks, which forms a “bottom-up” approach. A “top-down” approach is also adopted to identify business/strategic risks. Using the output from the two approaches, a comprehensive list of risks for individual business units and hence for the Group can be generated. Risk classification system is used to facilitate identification and accumulation of similar risks.

c) Risk analysis

The root causes or sources of risks, along with their potential consequences and likelihood, are analyzed and assessed using the predefined risk assessment criteria. Risk criteria are the parameters established to measure the relevant significance of risks to ensure that there is a common assessment standard.

RISK MANAGEMENT REPORT *(Continued)*

RISK MANAGEMENT PROCESS *(Continued)*

d) Risk evaluation

Divisions and departments score the risks identified with reference to the risk matrix (i.e. a combination of the impact and likelihood scores) to determine the risk ratings (i.e. low risk, moderate risk, high risk and extreme risk). The risk ratings reflect the required management attention and risk treatment effort taking into account the Group's risk appetite.

e) Risk treatment

The adequacy of existing controls is assessed in order to determine if additional measures are required to bring the residual risks to an acceptable level. When determining the appropriate risk mitigation plans, one or more of the following four types of risk response will generally be adopted:

- avoid (not to start or continue with the activity that gives rise to the risk);
- reduce (changing the likelihood or consequences);
- transfer (sharing the risk with another party, e.g. insurance); and
- accept (retaining the risk by making an informed decision).

f) Monitoring and review

Annual risk assessment is conducted to effectively manage the Group's risk profile. The results of risk assessment are documented in the risk registers in a consistent manner. A half-yearly review is also conducted to update the progress of treatment plans and incorporate changes in the business and external environment. A half-yearly ERM report and an annual ERM report are prepared for the Internal Audit Committee and the Audit Committee. Key risks and emerging risks are reviewed at least quarterly and an update report is prepared for Audit Committee's information.

The Group's top tier risks are presented in a heat map which provides a dynamic and forward-looking picture of the Group's risk position. The changes in risk profile since the last review and the corresponding key controls and mitigation plans, as well as the targeted risk positions upon completion of mitigation plans with specified time frame are stated in the ERM reports. The potential/expected trend of certain risks, such as emerging risk, is also indicated on the heat map.

RISK MANAGEMENT REPORT *(Continued)*

PRINCIPAL RISKS TO THE GROUP

The following is a summary of the principal risks identified in the latest risk assessment together with the relevant key controls and mitigation measures in place:

Principal Risks	Description	Key Controls/Mitigation Measures
Strategic Risk	Changing market sentiment caused by uncertainties in macro-economic and political outlook, changes in government policies	<ul style="list-style-type: none"> • Close monitoring of market situation and adopting appropriate strategies promptly • Conduct stress test under different scenarios • Regular review and monitoring of performance of individual business units/projects • Maintain good financial position
	Changes in the competition landscape regarding property development in Hong Kong, e.g. new competitors, increasing land cost, challenges in land acquisition	<ul style="list-style-type: none"> • Selective land bank replenishment to optimize earning potential • Careful review of business cases before commitment, closely monitor market transactions and engage JV partner if necessary • Regular review of conditions of existing properties and carry out asset enhancement if necessary • Continued effort to improve quality of products and services to strengthen our brand and market position • Overseas investments in the PRC, Singapore and Australia
Operational Risk	Rising costs, including construction costs and operating costs	<ul style="list-style-type: none"> • Budgetary control mechanism established • Perform cost analysis and benchmarking • Tender/quotation procedures in place to ensure best prices are achieved through competitive bidding • Broaden contractor/supplier base • Ongoing enhancement of efficiency and productivity
	Cyber security risk	<ul style="list-style-type: none"> • Implement security measures such as firewall, anti-spam and anti-virus protection • Ongoing review of our infrastructure and systems and the need for upgrade/enhancement • Internally communicate cyber-attack threats to raise staff awareness

RISK MANAGEMENT REPORT *(Continued)*

PRINCIPAL RISKS TO THE GROUP *(Continued)*

Principal Risks	Description	Key Controls/Mitigation Measures
Operational Risk <i>(Continued)</i>	Fraud	<ul style="list-style-type: none"> • High commitment to ethical values with “integrity” as one of our core values • Code of Conduct covering prevention of bribery • Whistle-blowing and staff grievance procedures in place • Regularly reinforce our core value of “integrity” to staff and external stakeholders including contractors and suppliers through training and communication • Policies and procedures established incorporating proper segregation of duties and checking processes • System of approved contractor and supplier list established with performance evaluation mechanism
	Disaster event, e.g. epidemic, terrorist attack	<ul style="list-style-type: none"> • Comprehensive insurance coverage for our properties and business operations • Contingency plans developed for critical business processes/functions • Take immediate response actions, e.g. step up hygiene measures when potential threat of epidemic is noted

For financial risks of the Group, please refer to Notes to the “Consolidated Financial Statement” on pages 166 to 171.

INTEGRATION OF RISK MANAGEMENT WITH INTERNAL CONTROL SYSTEM

Risk management is closely linked to the Group’s Internal Control Framework. Key controls for mitigating high risks items identified in the ERM process are subject to independent review and testing by the Internal Audit Department in order to assess their adequacy and effectiveness. Details of the internal control system are set out in the “Corporate Governance Report” on pages 35 to 38.

REVIEW OF THE EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

During the year, the Audit Committee, on behalf of the Board, has reviewed the effectiveness of the Group’s risk management and internal control systems. Details of the aforesaid review of effectiveness are described in the “Corporate Governance Report” on pages 37 to 38.

DIRECTORS' REPORT

The Directors present their annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30th June, 2017.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in Note 49 to the consolidated financial statements.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development are provided in the Chairman's Statement on pages 11 to 20 of this Annual Report. Description of possible risks and uncertainties that the Group may be facing can be found in the Risk Management Report on pages 54 to 60. Also, the financial risk management objectives and policies of the Group can be found in Note 46 to the consolidated financial statements. Particulars of important events affecting the Group that have occurred since the end of the financial year ended 30th June, 2017, if any, are provided in the Notes to the consolidated financial statements. An analysis of the Group's performance during the year using financial key performance indicators is provided in the Group Financial Summary on pages 6 to 10 of this Annual Report. In addition, discussions on the Group's environmental policies, performance and relationships with its key stakeholders are contained in the Chairman's Statement and the Corporate Social Responsibility on pages 11 to 20 and pages 48 to 53 respectively and in the Sustainability Review available on the Company's website.

The Group has set up proper procedures to ensure adherence to the relevant laws and regulations which have a significant impact on the Group in conduct of its business, including but not limited to the Residential Properties (First-hand Sales) Ordinance, Competition Ordinance, Personal Data (Privacy) Ordinance, Minimum Wage Ordinance, Employment Ordinance and Occupational Safety and Health Ordinance in Hong Kong. The Group also complies with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), the applicable companies laws and the Securities and Futures Ordinance ("SFO"). Any new enactment of or changes in the relevant laws and regulations would be communicated to the relevant departments and staff to ensure compliance. Reminders on the compliance would also be sent out regularly where necessary. No incident of non-compliance to environmental laws and regulations that has a significant impact on the Group was recorded for the financial year ended 30th June, 2017.

DIRECTORS' REPORT *(Continued)*

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 82.

An interim dividend of HK13 cents per share amounting to HK\$225,576,194, including HK\$865,144 by way of cash dividends and HK\$224,711,050 by way of scrip alternatives, was paid to the shareholders during the year. The Directors now recommend the payment of a final dividend of HK40 cents per share amounting to HK\$698,063,069 payable to shareholders whose names appear on the Register of Members of the Company on 2nd November, 2017.

MAJOR PROPERTIES

Details of the major properties of the Group at 30th June, 2017 are set out on pages 202 to 222.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Details of the Company's principal subsidiaries, associates and joint ventures at 30th June, 2017 are set out in Notes 49, 50 and 23 to the consolidated financial statements, respectively.

SHARE CAPITAL

Details of shares issued by the Company during the year are set out in Note 34 to the consolidated financial statements. The shares issued during the year were in lieu of cash dividends.

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

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

DISTRIBUTABLE RESERVE OF THE COMPANY

The Company's reserve available for distribution to shareholders as at 30th June, 2017 was the retained profits of HK\$5,919,259,718 (2016: HK\$5,172,738,895).

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 basis. 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, 2017 are set out in Notes 32 and 33 to the consolidated financial statements.

Interest expenses capitalised by the Group during the year in respect of properties under development amounted to HK\$17,936,109.

DIRECTORS' REPORT *(Continued)*

NAME OF DIRECTOR

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 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.

The list of directors who have served on the boards of the subsidiaries of the Company included in the annual consolidated financial statements for the financial year ended 30th June, 2017 during the year and up to the date of this report is available on the Company's website at www.sino.com under Corporate Governance of the Investor Relations section.

DIRECTORS' REPORT (Continued)

DIRECTORS' INTERESTS

As at 30th June, 2017, the interests and short positions held by the Directors of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("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	1,257,292,780 <i>(Note)</i>	Beneficial owner of 675,201 shares and trustee interest in 1,256,617,579 shares of the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	72.04%
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 1,256,617,579 shares comprises:

- (a) *1,157,442,111 shares which were held through companies 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong, namely, 119,968,852 shares by Fanlight Investment Limited, 162,575,295 shares by Nippomo Limited, 3,735,808 shares by Orient Creation Limited, 319,751,395 shares by Strathallan Investment Limited, 477,155,912 shares by Tamworth Investment Limited and 74,254,849 shares by Transpire Investment Limited; and*
- (b) *99,175,468 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	3,448,888,192 <i>(Note)</i>	Beneficial owner of 197,824 shares, spouse interest in 4,232,889 shares and trustee interest in 3,444,457,479 shares of the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	54.60%
The Honourable Ronald Joseph Arculli	1,191,997	Beneficial owner	0.01%
Dr. Allan Zeman	-	-	-
Mr. Adrian David Li Man-kiu	-	-	-
Mr. Steven Ong Kay Eng	-	-	-
Mr. Daryl Ng Win Kong	113,393	Beneficial owner	≈ 0%

Note:

The trustee interest in 3,444,457,479 shares comprises:

- (a) 1,473,021,341 shares which were held by Tsim Sha Tsui Properties Limited, which was 72% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong;
- (b)
 - (i) 48,639,938 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) 1,771,666,442 shares which were held through wholly-owned subsidiaries of Tsim Sha Tsui Properties Limited;
- (c) 111,367,327 shares which were held through companies 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong, namely, 183,338 shares by Fanlight Investment Limited, 178,065 shares by Garford Nominees Limited, 40,072,158 shares by Karaganda Investments Inc., 17,282,950 shares by Orient Creation Limited, 8,399,933 shares by Strathallan Investment Limited, 25,317,558 shares by Strong Investments Limited, 19,400,891 shares by Tamworth Investment Limited and 532,434 shares by Transpire Investment Limited; and
- (d) 39,762,431 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 (Notes 1 and 2)	100%
Dramstar Company Limited	440 (Notes 1 and 3)	44%
Empire Funds Limited	1 (Notes 1 and 4)	50%
Erleigh Investment Limited	110 (Notes 1 and 4)	55%
Eternal Honest Finance Company Limited	1 (Notes 1 and 4)	50%
Famous Empire Properties Limited	5,000 (Notes 1 and 5)	50%
FHR International Limited	1 (Note 6)	33.33%
Island Resort Estate Management Company Limited	10 (Notes 1 and 4)	50%
Jade Result Limited	500,000 (Notes 1 and 4)	50%
Murdoch Investments Inc.	2 (Notes 1 and 2)	100%
Real Maker Development Limited	20,000 (Notes 1 and 7)	10%
Rich Century Investment Limited	500,000 (Notes 1 and 4)	50%
Sea Dragon Limited	70 (Notes 1 and 4)	70%
Silver Link Investment Limited	10 (Notes 1 and 4)	50%
Sino Club Limited	2 (Note 8)	100%
Sino Parking Services Limited	450,000 (Note 9)	50%
Sino Real Estate Agency Limited	50,000 (Note 9)	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 shares were held by Goegan Godown Limited, a wholly-owned subsidiary of Osborne.*
8. *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.*
9. *The shares were held by Deansky Investments Limited.*

Save as disclosed above, as at 30th June, 2017, none of the Directors had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations which were recorded in the register required to be kept by the Company under Section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' REPORT *(Continued)*

SHARE OPTION SCHEMES

The Company and its subsidiaries have no share option schemes.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Pursuant to Rule 8.10(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:

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.

The Honourable Ronald Joseph Arculli is a Non-Executive Director of HKR International Limited, which engages in businesses of property investment, development and management and hotel operation.

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

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Apart from the transactions disclosed under the heading "Related Party Disclosures" as set out in Note 47 to the consolidated financial statements, there were no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company or his connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities (to the fullest extent permitted by the Companies Ordinance) which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group during the year.

SERVICE CONTRACTS

None of the Directors of the Company has a contract of service 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

Continuing Connected Transactions for the year ended 30th June, 2017

The Company and its major subsidiary, Sino Land Company Limited ("Sino Land"), jointly announced on 28th June, 2016 that Sino Land and/or its subsidiaries ("Sino Land Group") had entered into agreements on 28th June, 2016 ("Agreements" or individually, "Agreement") relating to the following continuing connected transactions between Sino Land Group 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, 2016 and ending on 30th June, 2019 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, 2017 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, 2017
	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	(i) HK\$135 million for the period from 1st July, 2016 to 30th June, 2017; (ii) HK\$148 million for the period from 1st July, 2017 to 30th June, 2018; and (iii) HK\$163 million for the period from 1st July, 2018 to 30th June, 2019	HK\$89.88 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	(i) HK\$51 million for the period from 1st July, 2016 to 30th June, 2017; (ii) HK\$58 million for the period from 1st July, 2017 to 30th June, 2018; and (iii) HK\$63 million for the period from 1st July, 2018 to 30th June, 2019	HK\$34.72 million

DIRECTORS' REPORT (Continued)

CONNECTED TRANSACTIONS (Continued)

Continuing Connected Transactions for the year ended 30th June, 2017 (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, 2017
	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	(i) HK\$43 million for the period from 1st July, 2016 to 30th June, 2017; (ii) HK\$47 million for the period from 1st July, 2017 to 30th June, 2018; and (iii) HK\$51 million for the period from 1st July, 2018 to 30th June, 2019	HK\$24.04 million
4. Security Services	Sino Security Services Limited, a wholly-owned subsidiary of Sino Land	Ng Family	Provision of security 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	(i) HK\$112 million for the period from 1st July, 2016 to 30th June, 2017; (ii) HK\$123 million for the period from 1st July, 2017 to 30th June, 2018; and (iii) HK\$136 million for the period from 1st July, 2018 to 30th June, 2019	HK\$66.53 million

DIRECTORS' REPORT (Continued)

CONNECTED TRANSACTIONS (Continued)

Continuing Connected Transactions for the year ended 30th June, 2017 (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, 2017
	Service Provider	Service Recipient				
5. Lease of Properties	(i) Ng Family (ii) Sino Land Group	(i) Sino Land Group (ii) Ng Family	Lease of properties by: (i) Sino Land Group of properties owned or to be owned by the Ng Family; and (ii) the Ng Family of properties owned or to be owned by Sino Land Group	A lump sum rent exclusive of rates and management fees to be agreed between the parties which shall be determined by reference to the prevailing market rent of the particular properties	(i) For the period from 1st July, 2016 to 30th June, 2017, HK\$159.8 million comprising: (a) HK\$137.2 million for lease of properties by Sino Land Group; and (b) HK\$22.6 million for lease of properties by the Ng Family (ii) For the period from 1st July, 2017 to 30th June, 2018, HK\$180.5 million comprising: (a) HK\$155 million for lease of properties by Sino Land Group; and (b) HK\$25.5 million for lease of properties by the Ng Family; and (iii) For the period from 1st July, 2018 to 30th June, 2019, HK\$204.1 million comprising: (a) HK\$175.2 million for lease of properties by Sino Land Group; and (b) HK\$28.9 million for lease of properties by the Ng Family	HK\$54.52 million, comprising: (i) HK\$41.89 million for lease of properties by Sino Land Group; and (ii) HK\$12.63 million for lease of properties by the Ng Family

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

Continuing Connected Transactions for the year ended 30th June, 2017 *(Continued)*

The Ng Family and its associates are connected persons of the Company and Sino Land by virtue of the Ng Family being the controlling 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 applicable annual caps for the year. 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; 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 (Revised) "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.

Details of the above continuing connected transactions have been disclosed in accordance with Chapter 14A of the Listing Rules and are set out in the announcement of the Company which is available at the Stock Exchange's website and the Company's website at www.sino.com.

Details of other related party transactions are set out in Note 47 to the consolidated financial statements.

DIRECTORS' REPORT *(Continued)*

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

As at 30th June, 2017, the interests and short positions of the substantial shareholders and other shareholders (other than Directors of the Company) in the shares and underlying shares of the Company as notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 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	1,252,003,126 <i>(Notes 1, 2, 3, 4 and 5)</i>	Interest of controlled corporations in 2,582,032 shares and trustee interest in 1,249,421,094 shares of the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	72.15%
Tamworth Investment Limited	474,423,302 <i>(Notes 3 and 5)</i>	Beneficial owner	27.34%
Strathallan Investment Limited	317,920,220 <i>(Notes 3 and 5)</i>	Beneficial owner	18.32%
Name of Other Shareholder	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Shares
Nippomo Limited	161,644,248 <i>(Notes 3 and 5)</i>	Beneficial owner	9.31%
Fanlight Investment Limited	119,281,806 <i>(Notes 3 and 5)</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. 2,582,032 shares were held through companies 100% controlled by Mr. Philip Ng Chee Tat, namely, 2,249,504 shares by Far East Ventures Pte. Ltd. and 332,528 shares by Western Properties Pte Ltd.
2. The trustee interest in 1,249,421,094 shares comprises:
 - (a) 1,150,813,591 shares which were held through companies 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong, namely, 119,281,806 shares by Fanlight Investment Limited, 161,644,248 shares by Nippomo Limited, 3,714,414 shares by Orient Creation Limited, 317,920,220 shares by Strathallan Investment Limited, 474,423,302 shares by Tamworth Investment Limited and 73,829,601 shares by Transpire Investment Limited; and
 - (b) 98,607,503 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 trustee interest of Mr. Philip Ng Chee Tat was duplicated in the trustee interest of Mr. Robert Ng Chee Siong as disclosed under the section headed "Directors' Interests" above as the co-executors of the estate of the late Mr. Ng Teng Fong.
5. The number and the percentage of shares as disclosed are based on the substantial shareholder notices filed with the Stock Exchange.

Save as disclosed above and so far as the Directors of the Company are aware, as at 30th June, 2017, no other person (other than Directors of the Company) had an interest or short position in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and were recorded in the register required to be kept under Section 336 of the SFO, or was otherwise a substantial shareholder of the Company.

DIRECTORS' REPORT *(Continued)*

DONATIONS

During the year, the Group made charitable and other donations amounting to approximately HK\$2,993,000.

EQUITY-LINKED AGREEMENTS

For the year ended 30th June, 2017, the Company has not entered into any equity-linked agreement.

MAJOR SUPPLIERS AND CUSTOMERS

The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 60% of the Group's total purchases and the purchases attributable to the Group's largest supplier was approximately 16% of the Group's total purchases.

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

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

CORPORATE GOVERNANCE

The corporate governance report is set out on pages 25 to 47.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

The consolidated financial statements for the year ended 30th June, 2017 of the Group have been audited by Messrs. Deloitte Touche Tohmatsu. A resolution will be submitted to the forthcoming Annual General Meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
Robert NG Chee Siong
Chairman

Hong Kong, 24th August, 2017

INDEPENDENT AUDITOR'S REPORT



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

OPINION

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 82 to 200, which comprise the consolidated statement of financial position as at 30th June, 2017, and the 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30th June, 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT (Continued)

KEY AUDIT MATTERS (Continued)

Key audit matter

Recognition of revenue from sales of properties

We identified the recognition of revenue from sales of properties as a key audit matter as it is quantitatively significant to the consolidated financial statements as a whole, combined with judgment involved in determining the appropriate point at which to recognise revenue from sales of properties with reference to the criteria as set out in Note 3 "Revenue recognition" to the consolidated financial statements.

The Group's revenue from sales of properties for the year ended 30th June, 2017 amounted to HK\$13,184,908,744, which is disclosed in Note 5 to the consolidated financial statements, representing 71.7% of the Group's total turnover.

Valuation of investment properties

We identified the valuation of investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the significant judgments associated with determining the fair value.

The Group's investment properties are located in Hong Kong, the People's Republic of China and Singapore. As at 30th June, 2017, the Group's investment properties amounted to HK\$61,360,795,684 and represented 39.3% of the Group's total assets.

All of the Group's investment properties are stated at fair value based on valuations carried out by independent qualified professional valuers (the "Valuers"). The valuations are dependent on capitalisation rate which is the significant unobservable input that involve management's significant judgment. Details of the valuation techniques and significant unobservable input used in the valuations are disclosed in Note 17 to the consolidated financial statements.

How our audit addressed the key audit matter

Our procedures in relation to recognition of revenue from sales of properties included:

- Testing the Group's internal control over revenue recognition, including the timing of revenue recognition;
- Checking, on a sample basis, the terms regarding the timing of completion of sales and purchase as set out in the sale and purchase agreements to assess the progress of the transfer of properties to buyers; and
- Checking, on a sample basis, the settlement of considerations for the property sales and evaluating the management's assessment of possibility of default of the buyers after taking into account the market conditions and performance.

Our procedures in relation to the valuation of the investment properties included:

- Evaluating the competence, capabilities and objectivity of the Valuers;
- Obtaining an understanding of the valuation process and techniques adopted by the Valuers to assess if they are consistent with industry norms; and
- Obtaining the valuation reports and meeting with the Valuers to assess the reasonableness of the significant unobservable input and the accuracy of the source data adopted by the management and the Valuers by comparing them, on a sample basis, to where relevant, existing tenancy profiles, publicly available information of similar comparable properties and our knowledge of the real estate industry.

INDEPENDENT AUDITOR'S REPORT *(Continued)*

KEY AUDIT MATTERS *(Continued)*

Key audit matter

Net realisable value of properties under development and stocks of completed properties

We identified the net realisable value ("NRV") of the Group's properties under development and stocks of completed properties as a key audit matter due to the significant judgments involved in the determination of the NRV and the estimation of future cost to completion by the management of the Group.

The Group's properties under development and stocks of completed properties are stated at the lower of cost and NRV. As at 30th June, 2017, the Group's properties under development and stocks of completed properties amounted to HK\$23,588,805,558 and HK\$1,358,607,587 respectively.

As disclosed in Note 4 to the consolidated financial statements, the NRV is determined with reference to the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

How our audit addressed the key audit matter

Our procedures in relation to the NRV of the properties under development and stocks of completed properties included:

- Challenging the assumptions and judgments applied by management in estimating the NRV and future costs to completion of the properties under development by evaluating the effectiveness of management's prior period estimation process;
- Evaluating the reasonableness of the management's estimation of the future costs to completion for the properties under development, on a sample basis, by comparing them to the actual development costs of similar completed properties of the Group and comparing the adjustments made by the management to current market data; and
- Assessing the appropriateness of the selling price estimated by the management, on a sample basis, by comparing the estimated selling price to recent market prices in the same projects or comparable properties, based on the current market conditions in the real estate industry and our knowledge of the Group's business.

INDEPENDENT AUDITOR'S REPORT *(Continued)*

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE 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 HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT *(Continued)*

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT *(Continued)*

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Ho Kam Wing, Richard.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
24th August, 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30th June, 2017

	NOTES	2017 HK\$	2016 HK\$
Turnover	5	18,386,482,899	10,857,439,489
Cost of sales		(7,859,044,281)	(3,613,369,102)
Direct expenses		(2,591,969,351)	(2,487,574,737)
Gross profit		7,935,469,267	4,756,495,650
Change in fair value of investment properties	17	1,332,948,974	1,301,819,986
Other income and other gains or losses		215,948,884	87,511,759
Fair value gain on non-current interest-free unsecured other loans		11,797,519	11,743,586
Gain (loss) arising from change in fair value of trading securities		2,573,250	(3,012,560)
Gain on disposal of investment properties		86,699,964	470,005,091
Administrative expenses		(785,752,435)	(966,971,206)
Other operating expenses		(174,409,201)	(159,425,528)
Finance income	7	498,753,540	490,101,104
Finance costs	8	(225,532,798)	(235,396,444)
Less: Interest capitalised	8	17,936,109	22,443,215
Finance income, net		291,156,851	277,147,875
Share of results of associates	9	1,546,143,601	1,884,575,901
Share of results of joint ventures	10	164,165,699	96,048,080
Profit before taxation	11	10,626,742,373	7,755,938,634
Income tax expense	14	(2,510,869,825)	(597,691,330)
Profit for the year		8,115,872,548	7,158,247,304
Attributable to:			
The Company's shareholders		3,848,282,418	3,622,174,285
Non-controlling interests		4,267,590,130	3,536,073,019
		8,115,872,548	7,158,247,304
Earnings per share (reported earnings per share)			
Basic	16(a)	2.23	2.15

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30th June, 2017

	2017 HK\$	2016 HK\$
Profit for the year	<u>8,115,872,548</u>	<u>7,158,247,304</u>
Other comprehensive income (expense)		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Gain (loss) on fair value change of available-for-sale investments	201,666,102	(212,299,161)
Exchange differences arising on translation of foreign operations	(42,801,382)	(1,137,772,610)
	158,864,720	(1,350,071,771)
Reserve released upon deregistration of an associate	(117,203,701)	–
Other comprehensive income (expense) for the year	<u>41,661,019</u>	<u>(1,350,071,771)</u>
Net comprehensive income for the year	<u>8,157,533,567</u>	<u>5,808,175,533</u>
Net comprehensive income attributable to:		
The Company's shareholders	3,870,530,273	2,928,017,417
Non-controlling interests	4,287,003,294	2,880,158,116
	<u>8,157,533,567</u>	<u>5,808,175,533</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June, 2017

	NOTES	2017 HK\$	2016 HK\$
Non-current assets			
Investment properties	17	61,360,795,684	59,255,635,189
Hotel properties	18	1,926,929,883	1,987,487,748
Property, plant and equipment	19	210,521,321	156,754,620
Goodwill	20	739,233,918	739,233,918
Prepaid lease payments – non-current	21	1,126,413,923	1,165,234,108
Interests in associates	22	16,563,788,511	16,233,160,710
Interests in joint ventures	23	3,208,139,224	3,200,426,596
Available-for-sale investments	24	967,946,077	737,994,601
Advances to associates	22	4,132,772,917	6,372,606,832
Advances to joint ventures	23	3,009,904,156	966,095,260
Advance to an investee company	26	15,385,955	16,405,349
Long-term loans receivable	27	1,836,410,355	718,079,975
		95,098,241,924	91,549,114,906
Current assets			
Properties under development	44	23,588,805,558	22,686,748,390
Stocks of completed properties		1,358,607,587	4,479,080,881
Hotel inventories		21,115,825	19,098,824
Prepaid lease payments – current	21	19,823,175	20,151,711
Trading securities	28	15,498,161	12,796,905
Amounts due from associates	22	272,053,241	188,609,710
Amounts due from joint ventures	23	704,540,843	545,462,658
Amounts due from non-controlling interests	25	212,629,297	81,274,836
Accounts and other receivables	29	1,367,724,214	2,687,575,011
Current portion of long-term loans receivable	27	65,055,071	16,324,945
Taxation recoverable		281,593,373	209,374,914
Restricted bank deposits	30	1,926,429,569	545,689,072
Time deposits	30	28,286,090,112	23,275,843,911
Bank balances and cash	30	3,104,641,325	3,717,324,511
		61,224,607,351	58,485,356,279
Current liabilities			
Accounts and other payables	31	4,580,470,852	5,802,571,667
Deposits received on sales of properties		7,992,318,014	9,404,171,155
Amounts due to associates	22	1,646,848,617	1,132,981,774
Amounts due to joint ventures	23	7,329	226,643
Amounts due to non-controlling interests	25	55,962,725	147,634,967
Taxation payable		1,992,541,202	1,246,891,654
Other borrowing – due within one year	32	3,875,439,917	–
Other loans – unsecured	33	106,677,728	108,313,383
		20,250,266,384	17,842,791,243
Net current assets		40,974,340,967	40,642,565,036
Total assets less current liabilities		136,072,582,891	132,191,679,942

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 30th June, 2017

	NOTES	2017 HK\$	2016 HK\$
Capital and reserves			
Share capital	34	10,588,811,638	9,719,312,922
Reserves		55,762,416,688	52,438,670,660
Equity attributable to the Company's shareholders		66,351,228,326	62,157,983,582
Non-controlling interests	39	62,460,742,601	59,934,117,414
Total equity		128,811,970,927	122,092,100,996
Non-current liabilities			
Long-term bank and other borrowings			
– due after one year	32	2,046,229,161	4,442,167,268
Other loans – due after one year	33	1,355,815,383	1,349,617,278
Deferred taxation	35	2,175,866,864	1,941,369,421
Advances from associates	36	1,025,320,593	1,876,123,504
Advances from non-controlling interests	37	657,379,963	490,301,475
		7,260,611,964	10,099,578,946
		136,072,582,891	132,191,679,942

The consolidated financial statements on pages 82 to 200 were approved and authorised for issue by the Board of Directors on 24th August, 2017 and are signed on its behalf by:

Robert NG Chee Siong
Chairman

Daryl NG Win Kong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30th June, 2017

	Attributable to the Company's shareholders					Attributable to the Company's shareholders HK\$	Non-controlling interests HK\$	Total HK\$
	Share capital HK\$	Capital reserve HK\$	Investment revaluation reserve HK\$	Exchange reserve HK\$	Retained profits HK\$			
At 1st July, 2015	8,869,463,206	516,384,654	132,089,869	1,084,246,116	48,427,880,644	59,030,064,489	58,628,888,325	117,658,952,814
Profit for the year	-	-	-	-	3,622,174,285	3,622,174,285	3,536,073,019	7,158,247,304
Other comprehensive expense:								
- loss on fair value change of available-for-sale investments	-	-	(109,080,446)	-	-	(109,080,446)	(103,218,715)	(212,299,161)
- exchange differences arising on translation of foreign operations	-	-	-	(585,076,422)	-	(585,076,422)	(552,696,188)	(1,137,772,610)
Net comprehensive (expense) income for the year	-	-	(109,080,446)	(585,076,422)	3,622,174,285	2,928,017,417	2,880,158,116	5,808,175,533
Shares issued in lieu of cash dividends	849,849,716	-	-	-	-	849,849,716	-	849,849,716
Acquisition of additional interest in a listed subsidiary	-	203,890,126	-	-	-	203,890,126	(281,437,770)	(77,547,644)
Scrip dividend re-invested by non-controlling interests	-	-	-	-	-	-	220,072,087	220,072,087
Deemed capital contribution from non-controlling interests in relation to interest-free advances from non-controlling interests	-	-	-	-	-	-	11,815,848	11,815,848
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,525,379,192)	(1,525,379,192)
Final dividend - 2015	-	-	-	-	(633,432,855)	(633,432,855)	-	(633,432,855)
Interim dividend - 2016	-	-	-	-	(220,405,311)	(220,405,311)	-	(220,405,311)
At 30th June, 2016	9,719,312,922	720,274,780	23,009,423	499,169,694	51,196,216,763	62,157,983,582	59,934,117,414	122,092,100,996
Profit for the year	-	-	-	-	3,848,282,418	3,848,282,418	4,267,590,130	8,115,872,548
Other comprehensive income (expense):								
- gain on fair value change of available-for-sale investments	-	-	105,472,800	-	-	105,472,800	96,193,302	201,666,102
- exchange differences arising on translation of foreign operations	-	-	-	33,978,756	-	33,978,756	(76,780,138)	(42,801,382)
- reserve released upon deregistration of an associate	-	-	-	(117,203,701)	-	(117,203,701)	-	(117,203,701)
Net comprehensive income (expense) for the year	-	-	105,472,800	(83,224,945)	3,848,282,418	3,870,530,273	4,287,003,294	8,157,533,567
Shares issued in lieu of cash dividends	869,498,716	-	-	-	-	869,498,716	-	869,498,716
Acquisition of additional interest in a listed subsidiary	-	327,016,065	-	-	-	327,016,065	(342,357,401)	(15,341,336)
Scrip dividend re-invested by non-controlling interests	-	-	-	-	-	-	373,140,076	373,140,076
Deemed capital contribution from non-controlling interests in relation to interest-free advances from non-controlling interests	-	-	-	-	-	-	16,180,547	16,180,547
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,807,341,329)	(1,807,341,329)
Final dividend - 2016	-	-	-	-	(648,224,116)	(648,224,116)	-	(648,224,116)
Interim dividend - 2017	-	-	-	-	(225,576,194)	(225,576,194)	-	(225,576,194)
At 30th June, 2017	10,588,811,638	1,047,290,845	128,482,223	415,944,749	54,170,698,871	66,351,228,326	62,460,742,601	128,811,970,927

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30th June, 2017

	2017 HK\$	2016 HK\$
OPERATING ACTIVITIES		
Profit before taxation	10,626,742,373	7,755,938,634
Adjustments for:		
Finance costs	207,596,689	212,953,229
Amortisation and depreciation of property, plant and equipment and hotel properties	98,741,104	82,639,990
Release of prepaid lease payments	19,987,443	20,091,421
(Gain) loss on disposal of property, plant and equipment	(411,414)	804,696
Property, plant and equipment written off	3,830	–
Recognition of impairment loss on trade receivables	1,646,813	789,814
Share of results of associates	(1,546,143,601)	(1,884,575,901)
Share of results of joint ventures	(164,165,699)	(96,048,080)
Increase in fair value of investment properties	(1,332,948,974)	(1,301,819,986)
Finance income	(498,753,540)	(490,101,104)
(Gain) loss arising from change in fair value of trading securities	(2,573,358)	2,999,231
Gain on deregistration of an associate	(117,360,800)	–
Gain on disposal of investment properties	(86,699,964)	(470,005,091)
Fair value gain on non-current interest-free unsecured other loans	(11,797,519)	(11,743,586)
Interest income from loans receivable	(32,306,693)	(3,234,035)
Dividend income from listed investments	(37,175,840)	(34,976,847)
Dividend income from unlisted investments	(49,060,400)	(28,853,025)
	<hr/>	<hr/>
Operating cash flows before movements in working capital	7,075,320,450	3,754,859,360
Increase in long-term loans receivable	(1,167,060,506)	(501,569,265)
Increase in properties under development	(5,277,708,368)	(3,694,333,548)
Decrease in stocks of completed properties	6,957,398,282	3,714,078,240
Increase in hotel inventories	(2,017,001)	(1,741,442)
Increase in trading securities	(127,898)	(107,973)
Decrease in accounts and other receivables	1,409,251,970	255,449,535
(Decrease) increase in accounts and other payables and deposits received on sales of properties	(2,633,426,031)	5,748,612,794
	<hr/>	<hr/>
Cash generated from operations	6,361,630,898	9,275,247,701
Hong Kong Profits Tax paid	(773,800,280)	(314,646,072)
Taxation in other jurisdictions paid	(803,359,424)	(315,647,150)
Interest received from loans receivable	32,306,693	3,234,035
Dividends received from listed investments	8,890,466	34,976,847
Dividends received from unlisted investments	49,060,400	28,853,025
	<hr/>	<hr/>
NET CASH FROM OPERATING ACTIVITIES	4,874,728,753	8,712,018,386

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 30th June, 2017

	2017 HK\$	2016 HK\$
INVESTING ACTIVITIES		
Repayments from associates	1,370,314,593	2,617,975,445
Repayments from joint ventures	239,916,710	889,759,246
Dividends received from associates	1,018,306,250	725,956,100
Dividends received from joint ventures	137,000,000	180,500,000
Installments received for the sale of a subsidiary and assignment of loan	1,400,000,000	1,050,000,000
Increase in restricted bank deposits	(1,380,740,497)	(351,122,291)
Interest received	328,142,421	298,774,267
Proceeds from disposal of investment properties	124,182,299	1,129,802,671
Repayment from (advance to) an investee company	1,019,394	(51,300)
Proceeds from disposal of property, plant and equipment	614,453	1,204,047
Advances to associates	(524,673,217)	(1,379,530,794)
Advances to joint ventures	(2,395,702,242)	(1,483,008,276)
Advances to non-controlling interests	(131,354,461)	(81,274,836)
Additions to investment properties	(272,257,969)	(111,790,878)
Additions to hotel properties	(1,842,406)	(2,696,967)
Additions to property, plant and equipment	(119,585,644)	(73,082,987)
Additions to available-for-sale investments	–	(39,726,693)
Increase in time deposits with original maturity over three months	(5,031,913,218)	(14,964,353,283)
Distribution upon deregistration of an associate	142,024,734	–
Acquisition of additional interests in joint ventures	(17)	(8)
Acquisition of additional interests in associates	–	(82,448)
NET CASH USED IN INVESTING ACTIVITIES	(5,096,548,817)	(11,592,748,985)
FINANCING ACTIVITIES		
New bank and other loans raised	2,839,245,836	9,971,498
Repayments of bank and other loans	(1,352,687,851)	(2,403,362,141)
Advances from associates	848,900,163	432,746,813
Advances from joint ventures	–	226,643
Repayments to non-controlling interests	(99,459,123)	(920,937,360)
Advances from non-controlling interests	191,045,916	222,431,502
Dividends paid to ordinary shareholders of the Company	(4,301,594)	(3,988,450)
Repayments to associates	(1,213,593,597)	(322,406,958)
Repayments to joint ventures	(219,314)	–
Interest paid	(160,290,585)	(167,084,904)
Acquisition of additional interest in a listed subsidiary	(5,653,947)	(26,759,502)
Repurchase of its own shares by a listed subsidiary	(7,770,088)	(46,738,635)
Dividends paid to non-controlling interests	(1,434,201,419)	(1,305,307,135)
NET CASH USED IN FINANCING ACTIVITIES	(398,985,603)	(4,531,208,629)

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 30th June, 2017

	2017 HK\$	2016 HK\$
NET DECREASE IN CASH AND CASH EQUIVALENTS	(620,805,667)	(7,411,939,228)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	10,694,051,345	18,332,412,925
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<u>(13,544,536)</u>	<u>(226,422,352)</u>
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u>10,059,701,142</u>	<u>10,694,051,345</u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Restricted bank deposits	1,926,429,569	545,689,072
Time deposits	28,286,090,112	23,275,843,911
Bank balances and cash	<u>3,104,641,325</u>	<u>3,717,324,511</u>
Deposits, bank balances and cash in the consolidated statement of financial position	33,317,161,006	27,538,857,494
Less: Time deposits with original maturity over three months	(21,331,030,295)	(16,299,117,077)
Restricted bank deposits	<u>(1,926,429,569)</u>	<u>(545,689,072)</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>10,059,701,142</u>	<u>10,694,051,345</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June, 2017

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 49.

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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

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

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying Consolidated Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

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

Amendments to HKAS 1 “*Disclosure Initiative*”

The Group has applied the amendments to HKAS 1 for the first time in the current year. The amendments to HKAS 1 clarify that an entity need not provide a specific disclosure required by an HKFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in HKFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity’s financial position and financial performance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

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

Amendments to HKAS 1 “Disclosure Initiative” (Continued)

As regards the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes.

The Group has applied these amendments retrospectively. The grouping and ordering of certain notes have been revised to give prominence to the areas of the Group’s activities that management considers to be the most relevant to an understanding of the Group’s financial performance and financial position. Specifically, information to capital risk management and financial instruments was reordered to Notes 45 and 46, respectively, to the consolidated financial statements. Other than the above presentation and disclosure changes, the application of the amendments to HKAS 1 has not resulted in any impact on the financial performance or financial position of the Group in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs and interpretation that have been issued but are not yet effective:

HKFRS 9	Financial Instruments ²
HKFRS 15	Revenue from Contracts with Customers and the related Amendments ²
HKFRS 16	Leases ³
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration ²
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments ³
Amendments to HKAS 7	Disclosure Initiative ¹
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ¹
Amendments to HKAS 40	Transfers of Investment Property ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle ⁵
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ²
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

¹ Effective for annual periods beginning on or after 1st January, 2017

² Effective for annual periods beginning on or after 1st January, 2018

³ Effective for annual periods beginning on or after 1st January, 2019

⁴ Effective for annual periods beginning on or after a date to be determined

⁵ Effective for annual periods beginning on or after 1st January, 2017 or 1st January, 2018, as appropriate

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2017

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

HKFRS 9 “Financial Instruments”

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income (“FVTOCI”). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that 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 fair value through profit or loss is presented in profit or loss.
- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2017

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

HKFRS 9 “Financial Instruments” *(Continued)*

Based on the Group’s financial instruments and risk management policies as at 30th June, 2017, application of HKFRS 9 in the future does not have a material impact on the classification and measurement of the Group’s financial assets. The Group’s available-for-sale investments, including those currently stated at cost less impairment, will either be measured as fair value through profit or loss or be designated as FVTOCI (subject to fulfillment of the designation criteria). In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group’s financial assets measured at amortised cost.

HKFRS 15 “Revenue from Contracts with Customers”

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise 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. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) 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

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations as well as licensing application guidance.

The Directors anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group’s consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2017

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

HKFRS 16 “Leases”

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 “Leases” and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 30th June, 2017, the Group as lessee has non-cancellable operating lease commitments of HK\$54,917,552. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the Group performs a detailed review.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

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

Amendment to HKAS 7 “Disclosure Initiative”

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specifically, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (a) changes from financing cash flows; (b) changes arising from obtaining or losing control of subsidiaries or other businesses; (c) the effect of changes in foreign exchange rates; (d) changes in fair values; and (e) other changes.

The amendments apply prospectively to the Group for annual period beginning on 1st July, 2017. The application of the amendments will result in additional disclosures on the Group’s financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, with the exception of section 381 which requires a company to include all its subsidiary undertakings (within the meaning of Schedule 1 to the Hong Kong Companies Ordinance) in the company’s annual consolidated financial statements. Section 381 is inconsistent with the requirements of HKFRS 10 “Consolidated Financial Statements” so far as they apply to subsidiary undertakings which are not controlled by the Group in accordance with HKFRS 10. For this reason, under the provisions of section 380(6), the Company has departed from section 381 and has not treated such companies as subsidiaries but they are accounted for in accordance with the accounting policies in Note 3. Those excluded subsidiary undertakings of the Group are disclosed in Note 23. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 "*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, such as net realisable value in HKAS 2 "*Inventories*" or value in use in HKAS 36 "*Impairment of Assets*".

A fair value measurement of a non-financial asset takes into account a market participants' ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The significant accounting policies adopted are as follows:

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.

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 carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the shareholders of the Company. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 relevant components of equity including reserves 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 after re-attribution of the relevant equity components, and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Company's shareholders.

Goodwill

Goodwill arising on acquisitions prior to 1st January, 2005

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill *(Continued)*

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

Goodwill arising on an acquisition of a business 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 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates and joint ventures *(Continued)*

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, 2017

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment properties *(Continued)*

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

Hotel properties and property, plant and equipment

Hotel properties and property, plant and equipment including leasehold land (classified as finance lease) and 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 amortisation and depreciation and accumulated impairment losses. Amortisation and depreciation are 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.

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

Impairment losses on tangible assets

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Properties under development

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

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

Stocks of completed properties

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

Hotel inventories

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

Borrowing costs

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

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

Leasing

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

The Group as lessor

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

The Group as lessee

Operating lease payments, including the cost of acquiring land held under operating leases, 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, 2017

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 value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

Financial instruments

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

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.

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 associates/joint ventures/an investee company, loans receivable, amounts due from associates/joint ventures/non-controlling interests, restricted bank deposits, time deposits and 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

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 debentures) 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).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

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.

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/joint ventures/non-controlling interests, bank and other borrowings, other loans and advances from associates/non-controlling interests) are subsequently measured at amortised cost using the effective interest method.

Financial guarantee contracts

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition

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

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

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

Revenue recognition

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

- (c) Property management and service fee income is recognised when the services are rendered.
- (d) Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.
- (e) Dividend income from investments including financial assets at fair value through profit or loss 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred taxation assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred taxation liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

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.

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 ongoing 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2017

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

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.

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 net realisable value (i.e. the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale). An allowance is made if the estimated or actual net realisable value of the 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\$23,588,805,558 (2016: HK\$22,686,748,390).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2017

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

Key sources of estimation uncertainty *(Continued)*

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 net realisable value of the properties, i.e. the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. A specific allowance for stocks of completed properties is made if the estimated net realisable 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\$1,358,607,587 (2016: HK\$4,479,080,881).

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 36 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, 2017, the carrying amount of the hotel properties is HK\$1,926,929,883 net of accumulated amortisation and depreciation of HK\$280,715,735 (2016: HK\$1,987,487,748 net of accumulated amortisation and depreciation of HK\$249,760,171). Details of the movements of the hotel properties are disclosed in Note 18.

Fair value of investment properties

Investment properties are carried in the consolidated statement of financial position at 30th June, 2017 at their fair value of HK\$61,360,795,684 (2016: HK\$59,255,635,189). The fair value was based on a valuation on these properties conducted by independent firms 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. Details of the fair value measurement of investment properties are set out in Note 17.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

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

Key sources of estimation uncertainty (Continued)

Estimate of the PRC LAT

The PRC LAT is levied at progressive rates ranging from 30% 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 bureaux 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. TURNOVER

	2017 HK\$	2016 HK\$
Sales of properties	13,184,908,744	5,760,087,495
Gross rental income from properties	3,121,175,211	3,016,086,680
Property management and service fee income	1,122,069,384	1,155,574,334
Hotel operations	839,786,627	858,627,073
Interest income from loans receivable	32,306,693	3,234,035
Dividend income		
listed investments	37,175,840	34,976,847
unlisted investments	49,060,400	28,853,025
	18,386,482,899	10,857,439,489

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

6. OPERATING SEGMENTS

The Group's operating segments are reported by six operating divisions – property sales, property rental, 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. No operating segment identified by chief operating decision makers has been aggregated in arriving at the reportable segments of the Group.

Segment Results

For the year ended 30th June, 2017

	The Company and its subsidiaries		Associates and joint ventures		Total	
	External revenue HK\$	Results HK\$	Share of revenue HK\$	Share of results HK\$	Segment revenue HK\$	Segment results HK\$
Property						
Property sales	13,184,908,744	4,425,733,098	1,844,210,544	505,794,186	15,029,119,288	4,931,527,284
Property rental	3,121,175,211	2,700,930,627	855,982,517	782,782,017	3,977,157,728	3,483,712,644
	<u>16,306,083,955</u>	<u>7,126,663,725</u>	<u>2,700,193,061</u>	<u>1,288,576,203</u>	<u>19,006,277,016</u>	<u>8,415,239,928</u>
Property management and other services	1,122,069,384	265,094,596	102,119,681	21,298,371	1,224,189,065	286,392,967
Hotel operations	839,786,627	301,614,452	435,441,227	198,918,004	1,275,227,854	500,532,456
Investments in securities	86,236,240	86,236,240	3,900	3,900	86,240,140	86,240,140
Financing	32,306,693	32,306,693	7,168,473	7,168,473	39,475,166	39,475,166
	<u>18,386,482,899</u>	<u>7,811,915,706</u>	<u>3,244,926,342</u>	<u>1,515,964,951</u>	<u>21,631,409,241</u>	<u>9,327,880,657</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

6. OPERATING SEGMENTS (Continued)

Segment Assets			
As at 30th June, 2017			
	The Company and its subsidiaries	Associates and joint ventures	Total
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Property			
Property sales	26,144,136,360	4,217,552,638	30,361,688,998
Property rental	<u>61,706,603,760</u>	<u>14,314,523,327</u>	<u>76,021,127,087</u>
	87,850,740,120	18,532,075,965	106,382,816,085
Property management and other services	368,615,350	31,598,170	400,213,520
Hotel operations	3,377,276,343	806,364,889	4,183,641,232
Investments in securities	1,196,594,955	386,983,034	1,583,577,989
Financing	<u>10,158,940,393</u>	<u>14,905,677</u>	<u>10,173,846,070</u>
Segment assets	<u>102,952,167,161</u>	<u>19,771,927,735</u>	122,724,094,896
Restricted bank deposits, time deposits, bank balances and cash			33,317,161,006
Taxation recoverable			<u>281,593,373</u>
Total assets			<u>156,322,849,275</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

6. OPERATING SEGMENTS (Continued)

Other Information

For the year ended 30th June, 2017

	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	4,294,379	2,394,677	11,058,102	101,530,817	307,669	-	119,585,644
- Investment properties	-	272,257,969	-	-	-	-	272,257,969
- Hotel properties	-	-	-	1,842,406	-	-	1,842,406
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	-	1,332,948,974	-	-	-	-	1,332,948,974

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

6. OPERATING SEGMENTS (Continued)

Segment Results

For the year ended 30th June, 2016

	The Company and its subsidiaries		Associates and joint ventures		Total	
	External revenue HK\$	Results HK\$	Share of revenue HK\$	Share of results HK\$	Segment revenue HK\$	Segment results HK\$
Property						
Property sales	5,760,087,495	1,422,471,217	5,679,321,527	1,206,558,555	11,439,409,022	2,629,029,772
Property rental	3,016,086,680	2,570,497,104	858,866,971	763,930,597	3,874,953,651	3,334,427,701
	8,776,174,175	3,992,968,321	6,538,188,498	1,970,489,152	15,314,362,673	5,963,457,473
Property management and other services	1,155,574,334	261,356,403	96,810,854	18,606,433	1,252,385,188	279,962,836
Hotel operations	858,627,073	326,012,542	418,224,553	199,709,905	1,276,851,626	525,722,447
Investments in securities	63,829,872	63,829,872	3,900	3,900	63,833,772	63,833,772
Financing	3,234,035	3,234,035	1,881,010	1,881,010	5,115,045	5,115,045
	10,857,439,489	4,647,401,173	7,055,108,815	2,190,690,400	17,912,548,304	6,838,091,573

Segment Assets

As at 30th June, 2016

	The Company and its subsidiaries HK\$	Associates and joint ventures HK\$	Total HK\$
Property			
Property sales	29,619,353,654	4,184,380,460	34,235,902,756
Property rental	59,717,544,341	13,901,090,208	73,183,216,376
	89,336,897,995	18,085,470,668	107,419,119,132
Property management and other services	287,465,974	63,347,799	348,103,778
Hotel operations	3,412,796,172	897,854,019	4,310,650,191
Investments in securities	921,808,960	379,755,205	1,307,616,724
Financing	8,893,682,370	7,159,615	8,900,748,952
Segment assets	102,852,651,471	19,433,587,306	122,286,238,777
Restricted bank deposits, time deposits, bank balances and cash			27,538,857,494
Taxation recoverable			209,374,914
Total assets			150,034,471,185

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

6. OPERATING SEGMENTS (Continued)

Other Information

For the year ended 30th June, 2016

	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	8,789,637	1,990,527	10,503,644	49,989,713	1,809,466	–	73,082,987
– Investment properties	–	111,790,878	–	–	–	–	111,790,878
– Hotel properties	–	–	–	2,696,967	–	–	2,696,967
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	–	1,301,819,986	–	–	–	–	1,301,819,986

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 before taxation 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 before taxation 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, gain on disposal 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, 2017

6. OPERATING SEGMENTS (Continued)

Reconciliation of profit before taxation

	2017 HK\$	2016 HK\$
Segment profit	9,327,880,657	6,838,091,573
Change in fair value of investment properties	1,332,948,974	1,301,819,986
Other income and other gains or losses	215,526,373	82,308,408
Gain (loss) arising from change in fair value of trading securities	2,573,250	(3,012,560)
Gain on disposal of investment properties	86,699,964	470,005,091
Administrative expenses and other operating expenses	(831,829,342)	(1,011,855,618)
Fair value gain on non-current interest-free unsecured other loans	11,797,519	11,743,586
Finance income, net	286,800,629	276,904,587
Results shared from associates and joint ventures		
– Other income and other gains or losses	32,353,699	43,808,294
– Change in fair value of investment properties	810,327,296	482,716,220
– Gain on disposal of investment properties	15,551,855	91,003,825
– Administrative expenses and other operating expenses	(287,508,541)	(304,212,443)
– Finance costs, net	(70,504,856)	(167,491,895)
– Income tax expense	(305,875,104)	(355,890,420)
	194,344,349	(210,066,419)
Profit before taxation	10,626,742,373	7,755,938,634

During the year ended 30th June, 2017, inter-segment sales of HK\$53,643,787 (2016: HK\$43,613,521) 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.

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 5.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

6. OPERATING SEGMENTS (Continued)

Geographical information

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

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

	The Company's and its subsidiaries' external revenue		Share of revenue from associates and joint ventures		The Group's non-current assets	
	2017 HK\$	2016 HK\$	2017 HK\$	2016 HK\$	2017 HK\$	2016 HK\$
Hong Kong	14,391,971,212	9,433,461,934	2,836,989,735	6,641,506,259	76,390,691,586	73,557,865,569
The PRC	3,011,795,328	405,806,482	185,217,023	210,089,573	4,452,827,369	4,787,966,248
Singapore	982,716,359	1,018,171,073	–	–	4,107,104,531	4,159,716,273
Australia	–	–	222,719,584	203,512,983	185,198,978	232,384,799
	18,386,482,899	10,857,439,489	3,244,926,342	7,055,108,815	85,135,822,464	82,737,932,889

Information about major customers

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

7. FINANCE INCOME

	2017 HK\$	2016 HK\$
Interest income on:		
advances to associates and joint ventures	31,158,927	104,446,273
advance to an investee company	797,481	816,300
bank deposits	387,233,999	240,878,953
Imputed interest income on non-current interest-free advances to associates and joint ventures	79,563,133	143,959,578
	498,753,540	490,101,104

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

8. FINANCE COSTS

	2017 HK\$	2016 HK\$
Interest and other finance costs on:		
bank loans	33,250,532	46,128,553
other loans	135,963,352	130,559,242
Imputed interest expense on non-current interest-free advances from associates	44,575,328	40,118,159
Imputed interest expense on non-current interest-free unsecured other loans	11,743,586	18,590,490
	<u>225,532,798</u>	<u>235,396,444</u>
Less: Amounts capitalised to properties under development	(17,936,109)	(22,443,215)
	<u>207,596,689</u>	<u>212,953,229</u>

9. SHARE OF RESULTS OF ASSOCIATES

	2017 HK\$	2016 HK\$
Share of results of associates comprises:		
Share of profits of associates	1,833,844,571	2,224,190,194
Share of taxation of associates	(287,700,970)	(339,614,293)
	<u>1,546,143,601</u>	<u>1,884,575,901</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\$614,033,643 (2016: HK\$405,183,839) recognised in the statement of profit or loss of the associates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

10. SHARE OF RESULTS OF JOINT VENTURES

	2017 HK\$	2016 HK\$
Share of results of joint ventures comprises:		
Share of profits of joint ventures	182,339,833	112,324,207
Share of taxation of joint ventures	(18,174,134)	(16,276,127)
	164,165,699	96,048,080

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\$93,384,583 (2016: HK\$77,862,381) recognised in the statement of profit or loss of the joint ventures.

11. PROFIT BEFORE TAXATION

	2017 HK\$	2016 HK\$
Profit before taxation has been arrived at after charging (crediting):		
Staff costs including Directors' remuneration (Note 12):		
Staff salaries and other benefits	1,532,225,970	1,522,625,110
Retirement benefit scheme contributions	61,841,809	78,342,247
Total staff costs	1,594,067,779	1,600,967,357
Release of prepaid lease payments (included in other operating expenses)	19,987,443	20,091,421
Auditor's remuneration		
– audit services		
– current year provision	5,689,848	5,771,217
– overprovision of previous years	(16,560)	(37,005)
– non-audit services	1,311,000	1,242,000
Cost of hotel inventories consumed (included in direct expenses)	104,018,586	109,131,456
Cost of properties sold	7,859,044,281	3,613,369,102
Amortisation and depreciation of property, plant and equipment and hotel properties (included in other operating expenses)	98,741,104	82,639,990
(Gain) loss on disposal of property, plant and equipment	(411,414)	804,696
Property, plant and equipment written off	3,830	–
Recognition of impairment loss on trade receivables	1,646,813	789,814
Gain on deregistration of an associate (included in other income and other gains or losses)	(117,360,800)	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

12. DIRECTORS' AND CHAIRMAN'S EMOLUMENTS

The emoluments paid or payable to each of the six (2016: six) Directors of the Company, which include the Chairman, were disclosed pursuant to section 383(1)-(4) of the Hong Kong Companies Ordinance and Hong Kong Companies (Disclosure of Information about Benefits of Directors) Regulation. Emoluments of the Directors of the Company in respect of their qualifying services including:

2017

	Mr. Robert Ng Chee Siong [^] <i>HK\$</i> <i>(Note ii)</i>	Mr. Daryl Ng Win Kong [^] <i>HK\$</i> <i>(Note iii)</i>	The Honourable Ronald Joseph Arculli [#] <i>HK\$</i> <i>(Notes iv and 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	260,000	540,000	540,000	520,000	2,010,000
Salaries and other benefits	1,226,887	899,460	-	-	-	-	2,126,347
Retirement benefit scheme contributions	18,000	18,000	-	-	-	-	36,000
Discretionary bonus <i>(Note i)</i>	-	716,360	-	-	-	-	716,360
Total emoluments	<u>1,334,887</u>	<u>1,693,820</u>	<u>260,000</u>	<u>540,000</u>	<u>540,000</u>	<u>520,000</u>	<u>4,888,707</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

12. DIRECTORS' AND CHAIRMAN'S EMOLUMENTS (Continued)

2016

	Mr. Robert Ng Chee Siong [^] HK\$ (Note ii)	Mr. Daryl Ng Win Kong [^] HK\$	The Honourable Ronald Joseph Arculli* HK\$ (Note iv)	Dr. Allan Zeman* HK\$	Mr. Adrian David Li Man-kiu* HK\$	Mr. Steven Ong Kay Eng* HK\$	Total HK\$
Fees	90,000	60,000	260,000	540,000	540,000	520,000	2,010,000
Salaries and other benefits	1,226,760	866,970	–	–	–	–	2,093,730
Retirement benefit scheme contributions	18,000	18,000	–	–	–	–	36,000
Discretionary bonus (Note i)	–	724,988	–	–	–	–	724,988
Total emoluments	1,334,760	1,669,958	260,000	540,000	540,000	520,000	4,864,718

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 of the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong.

Note iii: Mr. Daryl Ng Win Kong retired by rotation and was re-appointed as an Executive Director of the Company on 28th October, 2016.

Note iv: A consultancy fee of HK\$2,083,330 (2016: HK\$2,083,330), including HK\$1,666,664 (2016: 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 v: The Honourable Ronald Joseph Arculli retired by rotation and was re-appointed as a Non-Executive Director of the Company on 28th October, 2016.

Note vi: The Executive Directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The Non-Executive Director's and Independent Non-Executive Directors' emoluments shown above were for their services as Directors of the Company.

([^] Executive Directors)

([#] Non-Executive Director)

(* Independent Non-Executive Directors)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

13. EMPLOYEES' EMOLUMENTS

None (2016: none) of the five individuals with the highest emoluments in the Group is a Director of the Company whose emoluments are included in Note 12 above. The emoluments of five (2016: five) individuals disclosed pursuant to the Listing Rules are as follows:

	2017 HK\$	2016 <i>HK\$</i>
Salaries and other emoluments (including basic salaries, housing allowances and other allowances)	24,523,966	22,874,075
Retirement benefit scheme contributions	114,000	114,000
Discretionary bonus	6,883,865	5,650,245
	31,521,831	28,638,320

The emoluments were within the following bands:

	Number of individuals	
HK\$	2017	2016
5,000,001 – 5,500,000	1	1
5,500,001 – 6,000,000	–	2
6,000,001 – 6,500,000	3	2
7,500,001 – 8,000,000	1	–

For the years ended 30th June, 2017 and 2016, 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 or agreed to waive any emoluments for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

14. INCOME TAX EXPENSE

	2017 HK\$	2016 HK\$
The charge (credit) comprises:		
Taxation attributable to the Company and its subsidiaries		
Hong Kong Profits Tax		
Provision for the year calculated at 16.5% (2016: 16.5%)	792,493,128	543,194,118
Underprovision in previous years	86,042	22,316,109
	<u>792,579,170</u>	<u>565,510,227</u>
Taxation in other jurisdictions		
Provision for the year	381,742,429	62,528,154
Under (over) provision in previous years	1,274,296	(9,105,296)
Land Appreciation Tax	1,074,994,898	11,444,786
	<u>1,458,011,623</u>	<u>64,867,644</u>
	2,250,590,793	630,377,871
Deferred taxation (Note 35)	<u>260,279,032</u>	<u>(32,686,541)</u>
	<u>2,510,869,825</u>	<u>597,691,330</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, 2017

14. 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:

	2017 HK\$	2016 HK\$
Profit before taxation	10,626,742,373	7,755,938,634
Tax charge at Hong Kong Profits Tax rate of 16.5% (2016: 16.5%)	1,753,412,492	1,279,729,875
Tax effect of share of results of associates and joint ventures	(282,201,034)	(326,802,957)
Tax effect of expenses not deductible for tax purpose	67,227,237	52,366,818
Tax effect of income not taxable for tax purpose	(341,916,467)	(445,110,422)
Underprovision in previous years	1,360,338	13,210,813
Tax effect of tax losses not recognised	19,427,085	17,842,062
Tax effect of deductible temporary differences not recognised	30,013,979	60,779,242
Utilisation of tax losses previously not recognised	(16,497,444)	(67,179,392)
Utilisation of deductible temporary differences previously not recognised	(31,021,480)	(36,170,874)
Effect of different tax rates of subsidiaries operating in other jurisdictions	236,070,221	37,581,379
Land Appreciation Tax	1,074,994,898	11,444,786
Tax charge for the year	2,510,869,825	597,691,330

15. DIVIDENDS

	2017 HK\$	2016 HK\$
Dividends recognised as distribution during the year:		
Final dividend for the year ended 30th June, 2016: HK38 cents (2016: HK38 cents for the year ended 30th June, 2015) per share	648,224,116	633,432,855
Interim dividend for the year ended 30th June, 2017: HK13 cents (2016: HK13 cents for the year ended 30th June, 2016) per share	225,576,194	220,405,311
	873,800,310	853,838,166

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

15. DIVIDENDS (Continued)

During the year, scrip dividends were offered in respect of the 2016 final and 2017 interim dividends. These scrip alternatives were accepted by the certain shareholders, as follows:

	2017 Interim dividend <i>HK\$</i>	2016 Final dividend <i>HK\$</i>
Dividends:		
Cash	865,144	3,436,451
Scrip alternatives	224,711,050	644,787,665
	<u>225,576,194</u>	<u>648,224,116</u>

A final dividend of HK40 cents (2016: HK38 cents) per share for the year ended 30th June, 2017, totalling to HK\$698,063,069 based on 1,745,157,672 shares (2016: HK\$648,224,116 based on 1,705,852,938 shares), has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming Annual General Meeting. It is expected that the final dividend will be dispatched to shareholders on or about 6th December, 2017.

16. 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:

	2017 <i>HK\$</i>	2016 <i>HK\$</i>
Earnings for the purpose of basic earnings per share	<u>3,848,282,418</u>	<u>3,622,174,285</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,724,491,271</u>	<u>1,685,408,413</u>

No diluted earnings per share has been presented for the years ended 30th June, 2017 and 2016 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, 2017

16. 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\$2,869,275,929 (2016: HK\$2,732,913,420) 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:

	2017 HK\$	2016 HK\$
Earnings for the purpose of basic earnings per share	<u>3,848,282,418</u>	<u>3,622,174,285</u>
Change in fair value of investment properties	1,332,948,974	1,301,819,986
Effect of corresponding deferred taxation charges	(34,006,102)	(41,295,120)
Share of results of associates		
– Change in fair value of investment properties	716,942,713	404,853,839
– Effect of corresponding deferred taxation (charges) credit	(102,909,070)	330,000
Share of results of joint ventures		
– Change in fair value of investment properties	<u>93,384,583</u>	<u>77,862,381</u>
Amount attributable to non-controlling interests	<u>2,006,361,098</u>	<u>1,743,571,086</u>
	(1,027,354,609)	(854,310,221)
Net effect of changes in fair value of investment properties attributable to the Company's shareholders	<u>979,006,489</u>	<u>889,260,865</u>
Underlying profit attributable to the Company's shareholders	<u>2,869,275,929</u>	<u>2,732,913,420</u>
Underlying earnings per share	<u>1.66</u>	<u>1.62</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

17. INVESTMENT PROPERTIES

	Investment properties in Hong Kong HK\$	Investment properties under redevelopment in Hong Kong HK\$	Investment properties in the PRC HK\$	Investment properties in Singapore HK\$	Total HK\$
FAIR VALUE					
At 1st July, 2015	54,612,236,385	431,000,000	2,145,293,588	1,220,756,250	58,409,286,223
Exchange realignment	–	–	(167,548,926)	7,348,500	(160,200,426)
Additions	75,799,852	35,412,578	578,448	–	111,790,878
Transfer from properties under development	244,368,344	–	–	–	244,368,344
Transfer to hotel properties	(308,500,000)	–	–	–	(308,500,000)
Disposals	(342,797,580)	–	–	–	(342,797,580)
Adjustments to construction costs	(28,386)	–	(103,850)	–	(132,236)
Increase (decrease) in fair value	1,261,355,316	(19,412,578)	59,877,248	–	1,301,819,986
At 30th June, 2016	55,542,433,931	447,000,000	2,038,096,508	1,228,104,750	59,255,635,189
Exchange realignment	–	–	(30,740,494)	(20,022,000)	(50,762,494)
Additions	120,034,999	148,904,951	–	3,318,019	272,257,969
Transfer from properties under development	588,952,755	–	–	–	588,952,755
Transfer from investment properties under redevelopment upon completion	583,948,213	(583,948,213)	–	–	–
Disposals	(37,482,335)	–	–	–	(37,482,335)
Adjustments to construction costs	(1,821,805)	–	1,067,431	–	(754,374)
Increase (decrease) in fair value	1,310,030,020	(11,956,738)	38,193,711	(3,318,019)	1,332,948,974
At 30th June, 2017	58,106,095,778	–	2,046,617,156	1,208,082,750	61,360,795,684

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

17. 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, 2017 and 2016, 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, 2017 and 2016 have been arrived at on the basis of valuations carried out as at those dates by Knight Frank Petty Limited and Knight Frank 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 had 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 had 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, 2017

17. 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% (2016: 3% – 6%)
– Residential	2% – 4% (2016: 2% – 4%)
– Retail	3% – 6% (2016: 3% – 6%)
Outside Hong Kong	
– Office	5% – 8% (2016: 5% – 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. In addition, increase in fair value of investment properties is also attributable to the increase in market rental during the year.

Estimated costs to completion, developer's profit and risk margins required are estimated by valuers based on market conditions at 30th June, 2016 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, 2017

18. HOTEL PROPERTIES

	Leasehold land in Hong Kong HK\$	Hotel property in Hong Kong HK\$	Hotel properties in Singapore HK\$	Total HK\$
COST				
At 1st July, 2015	–	–	1,914,518,170	1,914,518,170
Exchange realignment	–	–	11,532,782	11,532,782
Additions	–	–	2,696,967	2,696,967
Transfer from investment properties	92,900,000	215,600,000	–	308,500,000
At 30th June, 2016	92,900,000	215,600,000	1,928,747,919	2,237,247,919
Exchange realignment	–	–	(31,444,707)	(31,444,707)
Additions	–	1,842,406	–	1,842,406
At 30th June, 2017	92,900,000	217,442,406	1,897,303,212	2,207,645,618
AMORTISATION AND DEPRECIATION				
At 1st July, 2015	–	–	218,776,335	218,776,335
Exchange realignment	–	–	1,397,183	1,397,183
Provided for the year	858,199	1,991,686	26,736,768	29,586,653
At 30th June, 2016	858,199	1,991,686	246,910,286	249,760,171
Exchange realignment	–	–	(4,244,023)	(4,244,023)
Provided for the year	2,574,596	6,026,594	26,598,397	35,199,587
At 30th June, 2017	3,432,795	8,018,280	269,264,660	280,715,735
CARRYING VALUES				
At 30th June, 2017	89,467,205	209,424,126	1,628,038,552	1,926,929,883
At 30th June, 2016	92,041,801	213,608,314	1,681,837,633	1,987,487,748

The leasehold land and hotel properties are amortised or depreciated on a straight-line basis over the relevant terms of the leases of 36 to 96 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

19. PROPERTY, PLANT AND EQUIPMENT

	Computer systems HK\$	Furniture, fixtures, equipment and hotel operating equipment HK\$	Leasehold improvements HK\$	Motor vehicles HK\$	Plant and machinery HK\$	Total HK\$
COST						
At 1st July, 2015	99,344,939	380,663,567	46,505,757	34,339,784	13,420,301	574,274,348
Exchange realignment	(244,042)	1,037,858	(143,139)	(317,849)	(186,848)	145,980
Additions	10,340,476	54,802,499	1,753,382	3,416,702	2,769,928	73,082,987
Write off	(4,570)	(521,677)	–	–	–	(526,247)
Disposals	(2,014,296)	(3,783,684)	(1,784,469)	(2,542,652)	(1,123,056)	(11,248,157)
At 30th June, 2016	107,422,507	432,198,563	46,331,531	34,895,985	14,880,325	635,728,911
Exchange realignment	(693,199)	(6,492,463)	(52,829)	(215,779)	(47,123)	(7,501,393)
Additions	11,594,415	96,785,687	4,334,920	4,703,921	2,166,701	119,585,644
Write off	(16,044)	(35,847)	–	–	(11,007)	(62,898)
Disposals	(497,152)	(6,842,205)	–	(2,854,327)	(1,779,264)	(11,972,948)
At 30th June, 2017	117,810,527	515,613,735	50,613,622	36,529,800	15,209,632	735,777,316
DEPRECIATION						
At 1st July, 2015	80,632,892	281,822,414	41,183,628	22,621,288	8,943,833	435,204,055
Exchange realignment	(180,783)	938,381	(96,516)	(176,466)	(2,056)	482,560
Provided for the year	8,729,612	36,530,321	2,014,927	4,077,687	1,700,790	53,053,337
Write off	(4,570)	(521,677)	–	–	–	(526,247)
Eliminated on disposals	(1,985,178)	(3,520,496)	(776,936)	(2,185,729)	(771,075)	(9,239,414)
At 30th June, 2016	87,191,973	315,248,943	42,325,103	24,336,780	9,871,492	478,974,291
Exchange realignment	(581,359)	(4,635,504)	(27,274)	(174,925)	(11,774)	(5,430,836)
Provided for the year	9,436,988	45,574,458	2,459,616	4,388,451	1,682,004	63,541,517
Write off	(19,404)	(28,998)	–	–	(10,666)	(59,068)
Eliminated on disposals	(487,584)	(6,736,170)	–	(2,834,463)	(1,711,692)	(11,769,909)
At 30th June, 2017	95,540,614	349,422,729	44,757,445	25,715,843	9,819,364	525,255,995
CARRYING VALUES						
At 30th June, 2017	22,269,913	166,191,006	5,856,177	10,813,957	5,390,268	210,521,321
At 30th June, 2016	20,230,534	116,949,620	4,006,428	10,559,205	5,008,833	156,754,620

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

19. 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 ¹ / ₃ %
Furniture, fixtures, equipment and hotel operating equipment	10% – 33 ¹ / ₃ %
Leasehold improvements	20%
Motor vehicles	20% – 25%
Plant and machinery	10% – 33 ¹ / ₃ %

Included in furniture, fixtures, equipment and hotel operating equipment, the carrying value of HK\$136,161,111 (2016: HK\$90,145,619) as at 30th June, 2017 represents furniture, fixtures and equipment relating to the hotel operations of the Group.

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

HK\$

GROSS AMOUNT

At 1st July, 2015, 30th June, 2016 and 30th June, 2017

739,233,918

Goodwill as at 30th June, 2017 and 2016 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 year ended 30th June, 2017, 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 six operating divisions as set out in Note 6. 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, 2017. The amounts of goodwill are allocated to respective operating divisions disclosed in Note 6.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

21. PREPAID LEASE PAYMENTS

	2017 HK\$	2016 HK\$
The Group's prepaid lease payments comprise:		
Leasehold land for hotel properties outside Hong Kong	1,146,237,098	1,185,385,819
Analysed for reporting purposes as:		
Current assets	19,823,175	20,151,711
Non-current assets	1,126,413,923	1,165,234,108
	1,146,237,098	1,185,385,819

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

	2017 HK\$	2016 HK\$
Interests in associates:		
Unlisted shares, at cost	3,527,866,321	3,646,424,152
Share of post-acquisition profits, net of dividends received	13,035,922,190	12,586,736,558
	16,563,788,511	16,233,160,710
Advances to associates	5,503,463,258	7,775,637,320
Less: Allowance	(1,370,690,341)	(1,403,030,488)
	4,132,772,917	6,372,606,832

Included in the cost of investment in associates is goodwill of HK\$142,498,716 (2016: 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, 2017, out of the Group's advances to associates net of allowance, HK\$751,685,200 (2016: HK\$1,735,951,345) bears interest at effective rate determined based on the cost-of-funds plus a margin per annum and the remaining balance of HK\$3,381,087,717 (2016: HK\$4,636,655,487) is interest-free. The effective interest rate for imputed interest income for the interest-free loan is determined based on the cost-of-funds of the borrower per annum. In the opinion of the Directors, the Group will not demand for repayment within the next twelve months from the end of the reporting period and the advances are therefore shown as non-current.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2017

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

As at 30th June, 2017, 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 further impairment loss was recognised by considering the improvement in financial condition of the respective associates.

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.

On 19th October, 2015, the Group entered into a disposal agreement with an independent third party (the "Purchaser") for the sale of a wholly-owned subsidiary of Sino Land and assignment of shareholder's loan for an aggregate cash consideration of HK\$3,500,000,000. The wholly-owned subsidiary holds 50% equity interest in an associate of the Group, which indirectly owns 100% interest in a project company which owns, develops and operates a property development project in Chongqing, the PRC. The accumulated payment in total of HK\$2,450,000,000 was paid by the Purchaser as at 30th June, 2017 (2016: HK\$1,050,000,000). The remaining consideration will be payable by the Purchaser by installments in subsequent period in accordance with the payment schedule set out in the disposal agreement.

During the year, 深圳中海信和地產開發有限公司 ("深圳中海信和"), an associate of the Group, completed the process of deregistration. As a result, the Group received a distribution from 深圳中海信和 of HK\$142,024,734 and recorded a gain of HK\$117,360,800 in other income and other gains or losses.

Particulars of the principal associates at 30th June, 2017 and 2016 are set out in Note 50. The associates are accounted for using the equity method in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

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

Summarised financial information of material associates

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

Pembroke Development Investments Limited

Pembroke Development Investments 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.

	2017 HK\$	2016 HK\$
Current assets	<u>1,427,469,431</u>	<u>2,569,714,061</u>
Current liabilities	<u>492,042,412</u>	<u>943,276,969</u>
	For the year ended 30th June,	
	2017 HK\$	2016 HK\$
Turnover	<u>1,649,252,629</u>	<u>11,793,200,761</u>
Profit and total comprehensive income for the year	<u>458,989,927</u>	<u>2,422,239,652</u>
Dividend received from the associate during the year	<u>460,000,000</u>	<u>280,000,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

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

Summarised financial information of material associates (Continued)

Pembroke Development Investments Limited (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Pembroke Development Investments Limited recognised in the consolidated financial statements:

	2017 HK\$	2016 HK\$
Net assets of Pembroke Development Investments Limited	935,427,019	1,626,437,092
Proportion of the Group's ownership interest in Pembroke Development Investments Limited	40%	40%
Carrying amount of the Group's interest in Pembroke Development Investments Limited	<u>374,170,808</u>	<u>650,574,837</u>

Wide Harvest Investment Limited

Wide Harvest Investment Limited is incorporated by the Group and other property developers and operates in Hong Kong. The associate is mainly engaged in property investment in Hong Kong.

	2017 HK\$	2016 HK\$
Current assets	<u>39,592,206</u>	<u>56,673,004</u>
Non-current assets	<u>9,501,894,865</u>	<u>9,241,774,628</u>
Current liabilities	<u>4,132,412,607</u>	<u>248,398,468</u>
Non-current liabilities	<u>55,851,790</u>	<u>4,258,953,674</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

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

Summarised financial information of material associates (Continued)

Wide Harvest Investment Limited (Continued)

	For the year ended 30th June,	
	2017 HK\$	2016 HK\$
Turnover	426,261,645	419,059,493
Profit and total comprehensive income for the year	562,127,184	563,536,750

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

	2017 HK\$	2016 HK\$
Net assets of Wide Harvest Investment Limited	5,353,222,674	4,791,095,490
Proportion of the Group's ownership interest in Wide Harvest Investment Limited	25%	25%
Carrying amount of the Group's interest in Wide Harvest Investment Limited	1,338,305,669	1,197,773,873

Aggregate information of associates that are not individually material

	2017 HK\$	2016 HK\$
The Group's share of profit and total comprehensive income for the year	1,222,015,834	774,795,853
Aggregate carrying amount of the Group's interests in these associates	14,851,312,034	14,384,812,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

23. INTERESTS IN JOINT VENTURES/ADVANCES TO JOINT VENTURES/AMOUNTS DUE FROM/TO JOINT VENTURES

	2017 HK\$	2016 HK\$
Interests in joint ventures:		
Unlisted shares	451,525,967	423,859,973
Share of post-acquisition profits, net of dividends received	<u>2,756,613,257</u>	<u>2,776,566,623</u>
	<u>3,208,139,224</u>	<u>3,200,426,596</u>
Advances to joint ventures	<u>3,009,904,156</u>	<u>966,095,260</u>

The advances to joint ventures of the Group are unsecured and have no fixed repayment terms. At 30th June, 2017, out of the Group's advances to joint ventures, HK\$629,647,225 (2016: HK\$597,102,205) bear interest at effective rate determined based on the cost-of-funds plus a margin per annum and the remaining balance of HK\$2,380,256,931 (2016: HK\$368,993,055) is interest-free. The effective interest rate for imputed interest income is determined based on the cost-of-fund of the borrowers per annum. In the opinion of the Directors, the Group will not demand for repayment within the next twelve months from the end of the reporting period and the advances are therefore shown as non-current.

The amounts due from/to joint ventures of the Group grouped under current assets/liabilities are unsecured, interest-free and are expected to be repaid within one year from the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

23. INTERESTS IN JOINT VENTURES/ADVANCES TO JOINT VENTURES/AMOUNTS DUE FROM/TO JOINT VENTURES (Continued)

The Directors are of the opinion that a complete list of all joint ventures will be of excessive length and therefore the following list contains only the particulars of joint ventures at 30th June, 2017 and 2016 which materially affected the results of the year or form a substantial portion of the net assets of the Group. The joint ventures are accounted for using the equity method in these consolidated financial statements.

Name of joint venture	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
				2017	2016	
				%	%	
Indirect:						
Empire Funds Limited	Hong Kong	Ordinary	HK\$2	50	50	Property trading
Enterprico Investment Limited	Hong Kong	Ordinary	HK\$100,000	52.5*	52.5*	Loan financing
Famous Empire Properties Limited	Hong Kong	Ordinary	HK\$10,000	50	50	Property trading and investment
Grand Ample Limited	Hong Kong	Ordinary	HK\$1	33.33	–	Property development
Grand Apex Limited	Hong Kong	Ordinary	HK\$10	60*	–	Property development and investment
Grand Site Development Limited	Hong Kong	Ordinary	HK\$2	50	50	Property development and investment
Lee Tung Avenue Management Company Limited	Hong Kong	Ordinary	HK\$2	50	50	Building management
Martin Heritage Management Pty Ltd	Australia	Ordinary	AUD100	50	50	Trustee
Parkland (Hong Kong) Limited	Hong Kong	Ordinary	HK\$10	60*	60*	Hotel development and operation
Precious Heritage Pte. Limited	British Virgin Islands	Ordinary	US\$2	50	50	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

23. INTERESTS IN JOINT VENTURES/ADVANCES TO JOINT VENTURES/AMOUNTS DUE FROM/TO JOINT VENTURES (Continued)

Name of joint venture	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
				2017 %	2016 %	
<i>Indirect: (Continued)</i>						
Rich Century Investment Limited	Hong Kong	Ordinary	HK\$1,000,000	50	50	Property investment
The Avenue Finance Company Limited	Hong Kong	Ordinary	HK\$2	50	50	Mortgage loan financing
Top Regent Holdings Limited	Hong Kong	Ordinary	HK\$90	33.33	–	Investment holding
Tower Beyond Limited	Hong Kong	Ordinary	HK\$2	50	–	Investment holding
Vanguard Insight Limited	Hong Kong	Ordinary	HK\$1	50	–	Investment holding
Wise Link Management Limited	Hong Kong	Ordinary	HK\$2	50	50	Building management
深圳前晉置業有限公司	PRC	Registered	RMB665,000,000	50	–	Property development and investment
* <i>Sino Land through its subsidiaries holds more than 50% interests in these joint ventures. These joint ventures are considered as subsidiary undertakings under the Hong Kong Companies Ordinance. However, under the respective contractual arrangements, the Group does not control these joint ventures as the decisions about relevant activities require the unanimous consent of the parties sharing the control.</i>						

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

23. INTERESTS IN JOINT VENTURES/ADVANCES TO JOINT VENTURES/AMOUNTS DUE FROM/TO JOINT VENTURES (Continued)

Summarised financial information of material joint ventures

Summarised financial information of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint ventures' 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.

	2017 HK\$	2016 <i>HK\$</i>
Current assets	35,501,208	37,990,715
Non-current assets	5,200,178,625	5,080,313,733
Current liabilities	112,738,631	118,435,536
Non-current liabilities	604,376,831	552,806,842

	For the year ended 30th June,	
	2017 HK\$	2016 <i>HK\$</i>
Turnover	269,360,822	264,261,035
Profit and total comprehensive income for the year	275,502,301	292,494,286
Dividend received from the joint venture during the year	102,000,000	120,500,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

23. INTERESTS IN JOINT VENTURES/ADVANCES TO JOINT VENTURES/AMOUNTS DUE FROM/TO JOINT VENTURES (Continued)

Summarised financial information of material joint ventures (Continued)

Rich Century Investment Limited (Continued)

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:

	2017 HK\$	2016 HK\$
Net assets of Rich Century Investment Limited	4,518,564,371	4,447,062,070
Proportion of the Group's ownership interest in Rich Century Investment Limited	50%	50%
Consolidation adjustment at Group level	<u>29,000</u>	<u>29,000</u>
Carrying amount of the Group's interest in Rich Century Investment Limited	<u>2,259,311,186</u>	<u>2,223,560,035</u>

Grand Site Development Limited

Grand Site Development Limited is incorporated by the Group and another property developer and operates in Hong Kong. The joint venture is mainly engaged in property development and investment in Hong Kong.

	2017 HK\$	2016 HK\$
Current assets	<u>734,636,759</u>	<u>1,783,351,275</u>
Non-current assets	<u>1,680,650,326</u>	<u>1,617,600,000</u>
Current liabilities	<u>1,070,224,406</u>	<u>2,043,708,282</u>
Non-current liabilities	<u>–</u>	<u>2,675,391</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

23. INTERESTS IN JOINT VENTURES/ADVANCES TO JOINT VENTURES/AMOUNTS DUE FROM/TO JOINT VENTURES (Continued)

Summarised financial information of material joint ventures (Continued)

Grand Site Development Limited (Continued)

	For the year ended 30th June,	
	2017 HK\$	2016 HK\$
Turnover	614,262,446	777,492,742
Loss and total comprehensive expense for the year	(9,504,923)	(30,732,058)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Grand Site Development Limited recognised in the consolidated financial statements:

	2017 HK\$	2016 HK\$
Net assets of Grand Site Development Limited	1,345,062,679	1,354,567,602
Proportion of the Group's ownership interest in Grand Site Development Limited	50%	50%
Carrying amount of the Group's interest in Grand Site Development Limited	672,531,340	677,283,801

Aggregate information of joint ventures that are not individually material

	2017 HK\$	2016 HK\$
The Group's share of profit (loss) and total comprehensive income (expense) for the year	31,167,010	(34,833,034)
Aggregate carrying amount of the Group's interests in these joint ventures	276,296,698	299,582,760

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

24. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2017 HK\$	2016 HK\$
Listed investments:		
Equity securities listed in		
Hong Kong	705,285,018	465,515,859
Singapore	214,515,264	224,332,947
	<u>919,800,282</u>	<u>689,848,806</u>
Unlisted securities:		
Equity securities	47,530,795	47,530,795
Club debentures	615,000	615,000
	<u>48,145,795</u>	<u>48,145,795</u>
Total	<u>967,946,077</u>	<u>737,994,601</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.

25. AMOUNTS DUE FROM/TO NON-CONTROLLING INTERESTS

The amounts due from/to non-controlling interests of the Group are unsecured, interest-free and repayable on demand.

26. ADVANCE TO AN INVESTEE COMPANY

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, 2017

27. LONG-TERM LOANS RECEIVABLE

	2017 HK\$	2016 HK\$
Total long-term variable-rate loans receivable	1,901,465,426	734,404,920
Less: Current portion shown under current assets	<u>(65,055,071)</u>	<u>(16,324,945)</u>
	<u>1,836,410,355</u>	<u>718,079,975</u>

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, 2017 is HK\$1,901,465,426 net of accumulated impairment loss of HK\$12,646,510 (2016: carrying amount of HK\$734,404,920 net of accumulated impairment loss of HK\$12,646,510).

Variable-rate loans receivable with the following maturity in accordance with the loan agreements:

	2017 HK\$	2016 HK\$
Within one year	65,055,071	16,324,945
In more than one year but not more than five years	256,133,283	68,949,039
In more than five years	<u>1,580,277,072</u>	<u>649,130,936</u>
	<u>1,901,465,426</u>	<u>734,404,920</u>

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/minus a margin per annum and are secured by mortgages over the properties acquired by the purchasers. The maturity dates of the balances are ranging from within 1 to 30 years (2016: ranging from within 1 to 25 years).

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

At 30th June, 2017 and 2016, 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, 2017

28. TRADING SECURITIES

Trading securities comprise:		
	2017 HK\$	2016 HK\$
Listed investments:		
Equity securities listed in Hong Kong	11,133,180	9,003,214
Equity securities listed elsewhere	<u>4,364,981</u>	<u>3,793,691</u>
Total	<u>15,498,161</u>	<u>12,796,905</u>

29. ACCOUNTS AND OTHER RECEIVABLES

At 30th June, 2017, included in accounts and other receivables of the Group are trade receivables (net of allowance for doubtful debts) of HK\$210,538,807 (2016: HK\$1,681,010,701). Trade receivables mainly comprise rental receivables and properties sales receivables. Rental receivables are billed and payable in advance by tenants. Properties sales receivables are to be settled by the purchasers based on the terms of sales and purchase agreements of property.

	2017 HK\$	2016 HK\$
Trade receivables	233,187,329	1,702,012,410
Less: Allowance for doubtful debts	<u>(22,648,522)</u>	<u>(21,001,709)</u>
	210,538,807	1,681,010,701
Other receivables	<u>1,157,185,407</u>	<u>1,006,564,310</u>
	<u>1,367,724,214</u>	<u>2,687,575,011</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, 2017

29. 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 properties sales receivables. The amounts overdue mainly represent rental receivables billed on a monthly basis and payable by the tenants in advance of the rental periods:

	2017 HK\$	2016 HK\$
Not yet due	78,482,291	1,537,371,655
Overdue:		
1 – 30 days	65,093,518	87,785,375
31 – 60 days	20,788,384	16,251,136
61 – 90 days	9,411,699	9,668,844
Over 90 days	36,762,915	29,933,691
	210,538,807	1,681,010,701

Movements in the allowance for doubtful debts

	2017 HK\$	2016 HK\$
Balance at the beginning of the year	21,001,709	20,211,895
Recognition of impairment loss on trade receivables	1,646,813	789,814
Balance at the end of the year	22,648,522	21,001,709

The allowance for doubtful debts made for trade receivables 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, 2017

29. ACCOUNTS AND OTHER RECEIVABLES (Continued)

Ageing of trade receivables which are past due but not impaired

	2017 HK\$	2016 HK\$
Overdue within 30 days	65,093,518	87,785,375
Overdue between 31 days to 60 days	20,788,384	16,251,136
Overdue between 61 days to 90 days	9,411,699	9,668,844
Overdue more than 90 days	36,762,915	29,933,691
	132,056,516	143,639,046

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\$36,762,915 (2016: HK\$29,933,691) 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, 2017 and 2016 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\$164,000,000 (2016: HK\$162,000,000), prepayments for operating expenses of approximately HK\$82,000,000 (2016: HK\$77,000,000), other payment in advance of approximately HK\$321,000,000 (2016: HK\$321,000,000) and interest receivables of approximately HK\$178,000,000 (2016: HK\$87,000,000).

30. RESTRICTED BANK DEPOSITS/TIME DEPOSITS/BANK BALANCES AND CASH

Included in restricted bank deposits amounted to HK\$1,925,825,433 (2016: HK\$545,085,956) 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 is 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 2.45% (2016: 0.001% to 2.40%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

31. ACCOUNTS AND OTHER PAYABLES

At 30th June, 2017, included in accounts and other payables of the Group are trade payables of HK\$151,891,774 (2016: HK\$206,305,733).

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

	2017 HK\$	2016 HK\$
0 – 30 days	99,848,755	108,365,035
31 – 60 days	17,098,036	59,589,950
61 – 90 days	3,705,431	1,559,204
Over 90 days	31,239,552	36,791,544
	<u>151,891,774</u>	<u>206,305,733</u>

Other payables mainly comprise construction cost payable of approximately HK\$988,000,000 (2016: HK\$982,000,000), rental and utilities deposits received of approximately HK\$790,000,000 (2016: HK\$917,000,000), other receipt in advance of approximately HK\$1,471,000,000 (2016: HK\$2,882,000,000) and rental receipt in advance of approximately HK\$174,000,000 (2016: HK\$145,000,000).

32. BANK AND OTHER BORROWINGS

	2017 HK\$	2016 HK\$
Long-term unsecured other borrowings		
Within one year	3,875,439,917	–
More than one year but not exceeding two years	–	3,867,383,975
	<u>3,875,439,917</u>	<u>3,867,383,975</u>
Less: Current portion shown under current liabilities	<u>(3,875,439,917)</u>	–
	–	<u>3,867,383,975</u>
Long-term unsecured bank borrowings		
More than two years but not exceeding five years	1,656,000,000	–
Long-term secured bank borrowings		
More than one year but not exceeding two years	390,229,161	–
More than two years but not exceeding five years	–	574,783,293
	<u>2,046,229,161</u>	<u>574,783,293</u>
Total bank and other borrowings – due after one year	<u>2,046,229,161</u>	<u>4,442,167,268</u>
Total bank and other borrowings	<u>5,921,669,078</u>	<u>4,442,167,268</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

32. BANK AND OTHER BORROWINGS (Continued)

All of the Group's bank borrowings carry contracted interest rates (which are also the effective interest rates) at Hong Kong Interbank Offer Rate ("HIBOR") or Singapore Interbank Offer Rate ("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. The notes are classified as current liabilities as at 30th June, 2017.

33. OTHER LOANS

	2017 HK\$	2016 HK\$
Unsecured other loans		
On demand or within one year	106,677,728	108,313,383
More than one year but not exceeding two years	<u>1,355,815,383</u>	<u>1,349,617,278</u>
	1,462,493,111	1,457,930,661
Less: Current portion shown under current liabilities	<u>(106,677,728)</u>	<u>(108,313,383)</u>
	1,355,815,383	<u>1,349,617,278</u>
Total other loans – due after one year	<u>1,355,815,383</u>	<u>1,349,617,278</u>
Total other loans	<u>1,462,493,111</u>	<u>1,457,930,661</u>

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\$1,355,815,383 (2016: HK\$1,349,617,278) 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, 2017

34. SHARE CAPITAL

	2017		2016	
	Number of ordinary shares	Share capital HK\$	Number of ordinary shares	Share capital HK\$
Ordinary shares issued and fully paid:				
At 1st July	1,705,852,938	9,719,312,922	1,666,928,566	8,869,463,206
Issue of shares in lieu of cash dividends	39,304,734	869,498,716	<u>38,924,372</u>	<u>849,849,716</u>
At 30th June – ordinary shares with no par value	1,745,157,672	10,588,811,638	<u>1,705,852,938</u>	<u>9,719,312,922</u>

On 8th December, 2016 and 13th April, 2017, the Company issued and allotted a total of 29,348,551 (2016: 28,496,903) ordinary shares and 9,956,183 (2016: 10,427,469) ordinary shares at an issue price of HK\$21.970 (2016: HK\$22.120) and HK\$22.570 (2016: HK\$21.050) per ordinary share, to the shareholders in lieu of cash for the 2016 final and 2017 interim dividends (2016: 2015 final and 2016 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, 2017

35. DEFERRED TAXATION

The major deferred taxation liabilities and assets recognised and movements thereon during the current and prior reporting periods are as follows:

	Accelerated tax depreciation <i>HK\$</i>	Revaluation of investment properties <i>HK\$</i>	Undistributed profits of subsidiaries and associates <i>HK\$</i>	Tax losses <i>HK\$</i>	Others <i>HK\$</i>	Total <i>HK\$</i>
At 1st July, 2015	696,639,223	1,230,351,772	108,274,935	(37,202,692)	46,596,197	2,044,659,435
Exchange realignment (Credited) charged to profit or loss for the year	– (3,617,972)	(67,881,049) 43,572,153	(3,479,015) (26,883,456)	– (18,181,560)	756,591 (27,575,706)	(70,603,473) (32,686,541)
At 30th June, 2016	693,021,251	1,206,042,876	77,912,464	(55,384,252)	19,777,082	1,941,369,421
Exchange realignment Charged (credited) to profit or loss for the year	– 104,948,401	(18,387,910) 31,424,277	(5,241,308) 130,001,534	– (620,086)	(2,152,371) (5,475,094)	(25,781,589) 260,279,032
At 30th June, 2017	797,969,652	1,219,079,243	202,672,690	(56,004,338)	12,149,617	2,175,866,864

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

At 30th June, 2017, the Group had unused tax losses of HK\$1,149,930,261 (2016: HK\$1,128,416,763) available for offset against future profits. A deferred taxation asset has been recognised in respect of HK\$339,420,231 (2016: HK\$335,662,131) of such losses. No deferred taxation asset has been recognised in respect of the remaining HK\$810,510,030 (2016: HK\$792,754,632) due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

At 30th June, 2017, the Group had deductible temporary differences of HK\$399,021,109 (2016: HK\$405,127,173). 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\$783,523,470 (2016: HK\$682,517,981). 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, 2017

36. ADVANCES FROM ASSOCIATES

The advances from associates of the Group are unsecured, interest-free 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. 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.

37. ADVANCES FROM NON-CONTROLLING INTERESTS

The advances from non-controlling interests of the Group amounted to HK\$9,283,591 (2016: HK\$16,576,710) are unsecured, bear interest ranging from 1% to 6.25% (2016: 1% to 6.25%) per annum and have no fixed repayment terms. The remaining balance of HK\$648,096,372 (2016: HK\$473,724,765) 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 interest-free advances from non-controlling interests of the Group had been initially reduced to its present value based on management's estimates of future cash payments with a corresponding adjustment of HK\$16,180,547 (2016: HK\$11,815,848) which was regarded as a deemed contribution from the non-controlling interests during the year ended 30th June, 2017. 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, 2017

38. JOINT OPERATIONS

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, 2017 and 2016, the aggregate amount of assets, liabilities, income and expenses recognised in the consolidated financial statements in relation to interests in joint operations attributable to the Group are as follows:

	2017 HK\$	2016 HK\$
Investment properties	10,953,596,871	10,783,105,550
Other non-current assets	673,864	985,102
Current assets	<u>7,174,278,092</u>	<u>6,857,669,757</u>
	<u>18,128,548,827</u>	<u>17,641,760,409</u>
Non-current liabilities	766,057,156	583,452,804
Current liabilities	<u>1,631,911,574</u>	<u>3,209,743,079</u>
	<u>2,397,968,730</u>	<u>3,793,195,883</u>
Income	<u>747,218,419</u>	<u>738,332,051</u>
Expenses	<u>189,035,638</u>	<u>113,365,064</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

39. 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	
		2017	2016	2017	2016	2017	2016
		%	%	HK\$	HK\$	HK\$	HK\$
Sino Land Company Limited	Hong Kong	47.89	48.62	3,573,702,623	3,465,480,902	61,469,261,112	59,374,190,746

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

	2017 HK\$	2016 HK\$
Current assets	60,946,539,943	58,287,413,047
Non-current assets	94,319,325,140	90,771,041,127
Current liabilities	20,050,896,042	17,649,712,727
Non-current liabilities	5,889,899,676	8,734,520,887
Equity attributable to the Company's shareholders	128,353,767,682	122,131,170,658
Non-controlling interests	971,301,683	543,049,902

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

39. NON-CONTROLLING INTERESTS (Continued)

Sino Land Company Limited (Continued)

	For the year ended 30th June,	
	2017 HK\$	2016 HK\$
Turnover	18,333,874,993	10,803,690,687
Profit and total comprehensive income attributable to the Company's shareholders	7,414,672,305	7,090,436,987
Profit and total comprehensive income attributable to the non-controlling interests	691,820,570	68,505,049
Profit and total comprehensive income for the year	8,106,492,875	7,158,942,036
Dividend paid to non-controlling interests	1,527,591,993	1,520,537,001

40. PLEDGE OF ASSETS

- (a) At 30th June, 2017, the aggregate facilities of bank loans granted to the Group amounting to approximately HK\$391,351,000 (2016: HK\$576,575,000) were secured by certain of the Group's assets amounting to a total carrying amount of HK\$1,734,211,954 (2016: HK\$1,793,851,313). At the end of the reporting period, all the facilities were utilised by the Group.

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

	2017 HK\$	2016 HK\$
Investment properties	212,690,625	216,215,625
Hotel properties	790,349,873	819,502,035
Prepaid lease payments	731,171,456	758,133,653
	1,734,211,954	1,793,851,313

- (b) At 30th June, 2017, shares in certain associates and joint ventures with aggregate investment costs amounting to HK\$42 (2016: HK\$36), advances to certain associates and joint ventures in aggregate carrying amount of approximately HK\$2,120,580,000 (2016: HK\$1,971,333,000) and certain assets of the associates and joint ventures were pledged to or assigned to secure loan facilities made available by banks to such associates and joint ventures. Loan facilities granted to certain associates were jointly guaranteed by Sino Land and the other shareholders of the associates. Details of the relevant guarantees granted are set out in Note 41.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

41. CONTINGENT LIABILITIES

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

	2017 HK\$	2016 HK\$
Guarantees given to banks in respect of:		
Banking facilities of an associate and a joint venture attributable to the Group		
– Utilised	1,263,390,500	907,521,893
– Unutilised	956,609,500	979,678,107
	<u>2,220,000,000</u>	<u>1,887,200,000</u>
Mortgage loans granted to property purchasers	<u>647,461,553</u>	<u>1,022,802,309</u>

At 30th June, 2017 and 2016, the Group issued corporate financial guarantees to banks in respect of banking facilities granted to an associate and a joint venture. At the end of both reporting periods, the Group did not recognise any liabilities in respect of such corporate financial guarantees as the Directors of the Company consider that the fair values of these financial guarantee contracts at their initial recognition and at the end of the reporting period are insignificant.

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 these 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, 2017

42. OPERATING LEASE ARRANGEMENTS

The Group as lessor

Property rental income earned during the year, net of outgoings of HK\$420,244,584 (2016: HK\$445,589,575), was HK\$2,700,930,627 (2016: HK\$2,570,497,105). 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:

	2017 HK\$	2016 HK\$
Within one year	2,260,909,907	2,236,056,185
In the second to fifth year inclusive	2,452,406,939	2,562,103,636
After five years	126,559,871	45,134,629
	<u>4,839,876,717</u>	<u>4,843,294,450</u>

The Group as lessee

Minimum lease payments paid under operating leases during the year was HK\$42,256,845 (2016: HK\$45,943,779).

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:

	2017 HK\$	2016 HK\$
Within one year	36,908,244	24,292,968
In the second to fifth year inclusive	18,009,308	2,377,206
	<u>54,917,552</u>	<u>26,670,174</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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2017

43. 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 Hong Kong 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.

44. PROPERTIES UNDER DEVELOPMENT

At the end of the reporting period, properties under development amounting to approximately HK\$19,229,128,000 (2016: HK\$16,104,863,000) were not expected to be realised within twelve months from the end of the reporting period.

45. 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/joint ventures/non-controlling interests 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, 2017

46. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2017 HK\$	2016 HK\$
Financial assets		
Trading securities (fair value through profit or loss)	15,498,161	12,796,905
Available-for-sale investments	967,946,077	737,994,601
Loans and receivables (including cash and cash equivalents)	<u>44,222,115,106</u>	<u>38,430,790,873</u>
Financial liabilities		
Amortised cost	<u>13,728,726,019</u>	<u>13,739,635,330</u>

Financial risk management objectives and policies

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

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

Market risk

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

Currency risk

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

46. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

The carrying amounts of the Group's foreign currency denominated monetary assets (excluding available-for-sale investments) and monetary liabilities at the end of the respective reporting periods are as follows:

	2017 HK\$	2016 HK\$
Assets		
Renminbi ("RMB")	4,275,774,613	3,373,184,123
United States Dollars ("USD")	1,388,735,480	861,050,277
Australian Dollars ("AUD")	1,023,339,076	678,230,172
New Zealand Dollars ("NZD")	26,248,480	24,885,194
	<hr/>	<hr/>
Liabilities		
RMB	491,980,817	527,689,032
	<hr/>	<hr/>

Foreign currency sensitivity analysis

The Group's foreign currency risk is mainly concentrated on the fluctuation of RMB, AUD and NZD (the "Foreign Currencies") 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 the Foreign Currencies 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 the Foreign Currencies strengthens against HK\$. For a weakening of the Foreign Currencies against HK\$, there would be an equal and opposite impact on the profit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

46. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Foreign currency sensitivity analysis (Continued)

	2017 HK\$	2016 HK\$
RMB	157,973,391	118,799,420
AUD	42,724,406	28,316,110
NZD	1,095,874	1,038,957

Certain available-for-sale investments are denominated in foreign currency of the group entities. For available-for-sale investments amounted to HK\$181,758,778 (2016: HK\$197,049,204) as at 30th June, 2017, 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\$9,087,939 (2016: HK\$9,852,460) in the Group's investment revaluation reserve.

Interest rate risk

Long-term loans receivable, other loans, advances to associates, advances to joint ventures, advance to an investee company, certain accounts and other payables 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.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR or 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 an investee company, certain accounts and other payables, 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\$1,052,023 (2016: increased/decreased by HK\$215,906).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

46. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Other price risk

The Group is exposed to equity price risk through its investments in equity securities. The management manages this exposure by maintaining a portfolio of investments with different risks and returns. The Group's equity price risk is primarily arising from listed 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.

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.

	2017 HK\$	2016 HK\$
Available-for-sale investments		
Increase (decrease) in investment revaluation reserve		
– as a result of increase in equity price	45,990,014	34,492,440
– as a result of decrease in equity price	<u>(45,990,014)</u>	<u>(34,492,440)</u>
Trading securities		
Increase (decrease) in profit for the year		
– as a result of increase in equity price	647,048	534,271
– as a result of decrease in equity price	<u>(647,048)</u>	<u>(534,271)</u>

Credit risk

At the end of the reporting period, other than these financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group arising from the amount of contingent liabilities in relation to financial guarantees provided by the Group is disclosed in Note 41. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2017

46. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

With respect to credit risk arising from advances to associates/joint ventures/an investee company and amounts due from associates/joint ventures/non-controlling interests, 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 does not expect to incur a significant loss for uncollected advances to associates/joint ventures/an investee company and amounts due from associates/joint ventures/non-controlling interests.

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

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

Liquidity risk

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

The following table details the 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 Group can be required to pay. The table includes both interest and principal cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

46. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	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\$
2017									
Accounts and other payables									
– non-interest bearing	N/A	1,171,307,661	47,331,499	587,959,573	956,763,711	181,351,436	–	2,944,713,880	2,944,713,880
– variable rate	5.00	14,330,723	–	–	–	–	–	14,330,723	14,330,723
Other liabilities									
– non-interest bearing	2.89	1,646,855,946	55,962,725	–	1,706,415,474	–	–	3,409,234,145	3,376,235,636
– fixed rate	3.21	24,820	49,639	223,378	9,283,591	–	–	9,581,428	9,283,591
Borrowings									
– non-interest bearing	N/A	–	–	–	1,355,815,383	–	–	1,355,815,383	1,355,815,383
– variable rate	1.15	1,954,313	3,908,626	124,371,004	412,807,832	1,692,519,845	–	2,235,561,620	2,152,906,890
– fixed rate	3.25	10,723,827	3,887,973,827	–	–	–	–	3,898,697,654	3,875,439,917
Financial guarantee contracts	N/A	647,461,553	–	–	–	2,220,000,000	–	2,867,461,553	–
		3,492,658,843	3,995,226,316	712,553,955	4,441,085,991	4,093,871,281	–	16,735,396,386	13,728,726,020
2016									
Accounts and other payables									
– non-interest bearing	N/A	651,394,444	1,789,797,419	281,474,283	1,251,509,377	202,586,684	6,150	4,176,768,357	4,176,768,357
– variable rate	5.00	15,500,681	–	–	–	–	–	15,500,681	15,500,681
Other liabilities									
– non-interest bearing	2.89	1,133,208,417	147,634,967	–	2,406,239,444	–	–	3,687,082,828	3,630,691,653
– fixed rate	3.92	54,200	108,400	487,802	16,576,710	–	–	17,227,112	16,576,710
Borrowings									
– non-interest bearing	N/A	–	–	–	1,349,617,278	–	–	1,349,617,278	1,349,617,278
– variable rate	1.33	639,571	1,279,141	114,175,712	7,674,847	581,443,989	–	705,213,260	683,096,676
– fixed rate	3.25	10,723,827	21,447,655	96,514,446	3,898,697,655	–	–	4,027,383,583	3,867,383,975
Financial guarantee contracts	N/A	1,022,802,309	–	–	445,600,000	1,441,600,000	–	2,910,002,309	–
		2,834,323,449	1,960,267,582	492,652,243	9,375,915,311	2,225,630,673	6,150	16,888,795,408	13,739,635,330

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

46. FINANCIAL INSTRUMENTS (Continued)

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.

	2017 HK\$	2016 HK\$
Available-for-sale investments	919,800,282	689,848,806
Trading securities:		
Equity securities listed in Hong Kong	11,133,180	9,003,213
Equity securities listed elsewhere	4,364,981	3,793,692
Total	935,298,443	702,645,711

Fair values of financial instruments

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

47. RELATED PARTY DISCLOSURES

The Group had the following transactions with related parties:

(a) Related companies

	2017 HK\$	2016 HK\$
Service fees received (Note i)	193,074,787	181,167,153
Rental paid (Notes i & iv)	41,888,216	46,195,168
Consultancy fee paid (Note ii)	2,083,330	2,083,330
Fair value gain on non-current interest-free unsecured other loans (Note iii)	11,797,519	11,743,586
Imputed interest expense on non-current interest-free unsecured other loans (Note iii)	11,743,586	18,590,490
	11,743,586	18,590,490

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\$1,462,493,111 (2016: HK\$1,457,930,661) were borrowed from related companies 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 42.

(b) Associates and joint ventures

	2017 HK\$	2016 HK\$
Service fees paid	34,722,091	28,787,518
Administrative fees received	47,777,318	46,578,594
Interest income received	31,158,927	104,446,273
Imputed interest income on non-current interest-free advances to associates and joint ventures	79,563,133	143,959,578
Imputed interest expense on non-current interest-free advances from associates	44,575,328	40,118,159
	44,575,328	40,118,159

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

47. 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. Those continuing connected transactions have complied with the requirements of Chapter 14A of the Listing Rules and their details are disclosed on pages 69 to 72 in the Directors' report.

Included in the advances to associates, amounts due to associates, advances from associates, amounts due from associates and advances to joint ventures, HK\$3,304,153,045 (2016: HK\$4,646,816,103), HK\$2,161,407 (2016: HK\$1,705,573), HK\$616,780,853 (2016: HK\$1,587,241,130), HK\$172,118,098 (2016: HK\$177,106,597) and HK\$487,767,023 (2016: HK\$445,695,092) 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 associates, joint ventures and non-controlling interests as well as interest-free unsecured other loans at the end of the reporting period are set out in the Group's consolidated statement of financial position and in Notes 22, 23, 25, 33, 36 and 37.

In addition, as set out in Notes 40 and 41, the Group has granted guarantees and pledged certain assets to banks for facilities granted to the associates and joint ventures.

Apart from the transactions disclosed above, there were no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or any time during the year.

Compensation of key management personnel

The remuneration of Directors during the year was as follows:

	2017	2016
	HK\$	HK\$
Short-term benefits	4,852,707	4,828,718
Retirement benefit scheme contributions	36,000	36,000
	4,888,707	4,864,718

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, 2017

48. STATEMENT OF FINANCIAL POSITION AND MOVEMENTS OF THE RETAINED PROFITS OF THE COMPANY

Statement of financial position of the Company

	2017 HK\$	2016 HK\$
Non-current assets		
Investments in subsidiaries (Note)	6,744,253,697	6,027,379,810
Advances to subsidiaries	9,664,885,617	8,803,866,393
	<u>16,409,139,314</u>	<u>14,831,246,203</u>
Current assets		
Accounts and other receivables	570,193	144,633
Time deposits, bank balances and cash	102,118,370	63,951,999
	<u>102,688,563</u>	<u>64,096,632</u>
Current liability		
Accounts and other payables	3,558,400	3,084,048
Net current assets	<u>99,130,163</u>	<u>61,012,584</u>
Total assets less current liabilities	<u>16,508,269,477</u>	<u>14,892,258,787</u>
Capital and reserves		
Share capital	10,588,811,638	9,719,312,922
Retained profits	5,919,259,718	5,172,738,895
Total equity	<u>16,508,071,356</u>	<u>14,892,051,817</u>
Non-current liability		
Advances from subsidiaries	198,121	206,970
	<u>16,508,269,477</u>	<u>14,892,258,787</u>

Note: 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.

Approved and authorised for issue by the Board of Directors on 24th August, 2017 and are signed on its behalf by:

Robert NG Chee Siong
Chairman

Daryl NG Win Kong
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

48. STATEMENT OF FINANCIAL POSITION AND MOVEMENTS OF THE RETAINED PROFITS OF THE COMPANY (Continued)

Movements of the retained profits of the Company	
	<i>HK\$</i>
At 1st July, 2015	<u>4,468,292,786</u>
Profit and total comprehensive income for the year	<u>1,558,284,275</u>
Final dividend – 2015	(633,432,855)
Interim dividend – 2016	<u>(220,405,311)</u>
At 30th June, 2016	<u>5,172,738,895</u>
Profit and total comprehensive income for the year	<u>1,620,321,133</u>
Final dividend – 2016	(648,224,116)
Interim dividend – 2017	<u>(225,576,194)</u>
At 30th June, 2017	<u>5,919,259,718</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

49. 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, 2017 and 2016 which materially affected the results or assets and liabilities of the Group.

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
				2017		2016 Total %		
				Directly %	Indirectly %		Total %	
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.	British Virgin Islands/ Hong Kong	Ordinary	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

49. 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
				2017		Total %	2016 Total %	
				Directly %	Indirectly %			
Asian View Development Limited	Hong Kong	Ordinary	HK\$1	–	100	100	100	Property development
Beauty Plaza Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property investment
Benefit Bright Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Best General Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Provision of financial services
Best Origin Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Best Result Environmental Services Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Cleaning services
Best Wisdom Development Limited	Hong Kong	Ordinary	HK\$1	–	100	100	100	Property development
Bestone Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property development
Bright Land Development Limited	Hong Kong	Ordinary	HK\$1	–	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

49. 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
				2017		Total %	2016 Total %	
				Directly %	Indirectly %			
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
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
Cheer View Holdings Limited	Hong Kong	Ordinary	HK\$1	–	100	100	100	Property development
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
Corinthia By The Sea Finance Company Limited	Hong Kong	Ordinary	HK\$1	–	60	60	60	Mortgage loan financing

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

49. 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
				2017		Total %	2016 Total %	
				Directly %	Indirectly %			
Corinthia By The Sea Property Management Limited	Hong Kong	Ordinary	HK\$1	–	60	60	60	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
Elite Land Development Limited	Hong Kong	Ordinary	HK\$1	–	100	100	100	Property development
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
Excel Wisdom Development Limited	Hong Kong	Ordinary	HK\$1	–	52.63	52.63	52.63	Property investment
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

49. 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
				2017		Total %	2016 Total %	
				Directly %	Indirectly %			
Famous Palace Properties Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property investment
Far Gain Limited	Hong Kong	Ordinary	HK\$10,000	–	100	100	100	Property investment
Forlink Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Fortune Glory Investments Limited	Hong Kong	Ordinary	HK\$1	–	100	100	100	Property investment
Free Champion Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Fu King Investment Limited	Hong Kong	Ordinary	HK\$1,000,000	–	100	100	100	Investment holding
Full Fair Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Fullerton Hotels & Resorts Pte. Ltd.	Singapore	Ordinary	S\$10,000	–	100	100	100	Management services
Fung Yuen Construction Company Limited	Hong Kong	Ordinary	HK\$1,000,000	–	100	100	100	Building construction
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

49. 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
				2017 Directly %	2017 Indirectly %	2017 Total %	2016 Total %	
Golden Leaf Investment Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property investment
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

49. 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
				2017 Directly %	2017 Indirectly %	2016 Total %	2016 Total %	
Harley Investments Limited	Hong Kong	Ordinary	HK\$1	–	52.63	52.63	52.63	Property investment
Harvest Sun Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Harvestrade Investment Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property trading and investment
HCP Hong Kong Fully Co Ltd	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Property investment
Hickson Limited	Hong Kong	Ordinary	HK\$20	–	100	100	100	Property investment
High Elite Finance Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Mortgage loan financing
High Elite Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Hong Kong Elite Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Jade Bird Development Limited	Hong Kong	Ordinary	HK\$100,000	–	100	100	100	Property trading and investment
Jade Line Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

49. 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
				2017		Total %	2016 Total %	
				Directly %	Indirectly %			
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 trading and investment
Jet Union Development Limited	Hong Kong	Ordinary	HK\$1	–	60	60	60	Property trading and investment
Joint Prospect Limited	Hong Kong	Ordinary	HK\$1	–	52.63	52.63	52.63	Property investment
Joint Rise Development Limited	Hong Kong	Ordinary	HK\$1	–	100	100	100	Property development
Joy Rise Limited	Hong Kong	Ordinary	HK\$1	–	100	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
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 trading and investment
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

49. 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
				2017		2016 Total %		
				Directly %	Indirectly %		Total %	
Land Success Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Lucky Fortress Inc.	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Share investment
Mailcoach Investment Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Share investment
Mayfair By The Sea I Finance Company Limited	Hong Kong	Ordinary	HK\$1	–	85	85	85	Financing
Mega Sino Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Investment holding
Morbest Profits Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Share investment
Multipurpose Investment Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property trading and investment
Nam Lung Properties Development Company Limited	Hong Kong	Ordinary	HK\$10,000,001	100	–	100	100	Investment holding
Nam Lung (Singapore) Pte. Ltd.	Singapore	Ordinary	S\$2	100	–	100	100	Share dealing
New Realm Enterprises Limited	British Virgin Islands	Ordinary	US\$1	–	100	100	100	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

49. 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
				2017		Total %	2016 Total %	
				Directly %	Indirectly %			
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 (Private) Limited	Singapore	Ordinary	S\$8,400,000	–	95	95	95	Property trading
Orchard Place (Pte.) Ltd.	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
Park Summit Commercial Management Company Limited	Hong Kong	Ordinary	HK\$1	–	100	100	100	Building management

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

49. 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
				2017		Total %	2016 Total %	
				Directly %	Indirectly %			
Peace Success Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading
Perfect Green Supplies Company Limited	Hong Kong	Ordinary	HK\$1	–	100	100	100	Cleaning services
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 and property investment
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

49. 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
				2017		Total %	2016 Total %	
				Directly %	Indirectly %			
Pui Chee Enterprises Limited	Hong Kong	Ordinary	HK\$1,000,000	100	–	100	100	Share investment
Rainbow City Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Ramage Investment Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Share investment
Rankchief Company Limited	Hong Kong	Ordinary	HK\$200	–	100	100	100	Property trading
Real Maker Development Limited	Hong Kong	Ordinary	HK\$200,000	–	90	90	90	Property investment
Regal Crown Development Limited	Hong Kong	Ordinary	HK\$1	–	100	100	100	Property development
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
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

49. 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
				2017 Directly %	2017 Indirectly %	2016 Total %	2016 Total %	
Ruddiman Trading Company Limited	Hong Kong	Ordinary	HK\$100,000	–	100	100	100	Investment holding
Saky Investment (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Property investment
Santander Investment Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Share investment
Serenity Park Building Management Limited	Hong Kong	Ordinary	HK\$10	–	100	100	100	Building management
Sharp Rise Company Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading
Shine Harvest International Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Sidak Investment Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property investment
Silver Palm Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Silver Target Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
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, 2017

49. 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
				2017		Total %	2016 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 Fortune Garden Inc.	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Share investment
Sino Land Company Limited (Listed in Hong Kong)	Hong Kong	Ordinary	HK\$40,590,631,436	23.32	28.79	52.11	51.38	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, trading and investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

49. 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
				2017		Total %	2016 Total %	
				Directly %	Indirectly %			
Sino Land Investment (Holdings) Ltd.	Cayman Islands/ Hong Kong	Ordinary	US\$6,000,000	–	100	100	100	Investment holding
Sino Security Services Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Security services
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	52.63	Property investment
Smart Champion (Hong Kong) Limited	Hong Kong	Ordinary	HK\$1	–	100	100	100	Property development
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
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

49. 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
				2017 Directly %	2017 Indirectly %	2016 Total %	2016 Total %	
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 trading and investment
Trans China Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Triple Reach International (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Property investment
Triumph One Limited	Hong Kong	Ordinary	HK\$10,000	–	100	100	100	Property trading and investment
Union 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

49. 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
				2017		Total %	2016 Total %	
				Directly %	Indirectly %			
Union Score Investments Limited	Hong Kong	Ordinary	HK\$10	–	90	90	90	Property development
Union Top Properties Limited	Hong Kong	Ordinary	HK\$1	–	52.63	52.63	52.63	Property investment
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
Victory Top Properties Limited	Hong Kong	Ordinary	HK\$1	–	52.63	52.63	52.63	Property investment
Vision Land Limited	Hong Kong	Ordinary	HK\$1	–	100	100	–	Property development
Vista Commercial Management Company Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property management
Weiland Development Company Limited	Hong Kong	Ordinary	HK\$33,140,000	–	100	100	100	Property investment
Well Growth International Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

49. 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
				2017		Total %	2016 Total %	
				Directly %	Indirectly %			
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	52.63	Property investment
Wise Mate Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

49. 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
				2017		Total %	2016 Total %	
				Directly %	Indirectly %			
World Ace Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
World Empire Investment (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Property investment
World Talent (Hong Kong) Limited	Hong Kong	Ordinary	HK\$1	–	100	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 and trading

Notes:

i. Wholly foreign owned enterprises established in the PRC.

ii. Other than guarantee notes issued by Sino (MTN) Limited as disclosed in Note 32, none of the subsidiaries had issued any debt securities at 30th June, 2017 and 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

50. 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, 2017 and 2016 which materially affected the results of the year or form a substantial portion of the net assets of the Group.

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
			2017 Total %	2016 Total %	
Ace Glory Limited	Hong Kong	Ordinary	25	25	Property trading and investment
Astoria Estate Management Company Limited	Hong Kong	Ordinary	50	50	Building management
Best Profit Limited	Hong Kong	Ordinary	50	50	Property investment
Beverhill Limited	Hong Kong	Ordinary	20	20	Property investment
Boatswain Enterprises Limited	Hong Kong	Ordinary	20	20	Property investment
Brisbane Trading Company Limited	Hong Kong	Ordinary and non-voting deferred	50	50	Property trading
Century Rise Limited	Hong Kong	Ordinary	50	50	Property trading and investment
Cheer City Properties Limited	Hong Kong	Ordinary	20	20	Property investment
C.H.K.C. Building Management Limited	Hong Kong	Ordinary	25	25	Building management
Cosmos Door Limited	Hong Kong	Ordinary	50	50	Property investment
Credit World Limited	Hong Kong	Ordinary	20	20	Property trading

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

50. 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
			2017 Total %	2016 Total %	
Direct Win Development Limited	Hong Kong	Ordinary	33.3	33.3	Property trading
Dramstar Company Limited	Hong Kong	Ordinary	22	22	Property trading
Eternal Honest Finance Company Limited	Hong Kong	Ordinary	50	50	Mortgage loan financing
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
Grace Sign Limited	Hong Kong	Ordinary	30	30	Property trading
Grand Palisades Finance Company Limited	Hong Kong	Ordinary	20	20	Mortgage loan financing
Great Maker Limited	Hong Kong	Ordinary	30	30	Property development
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
Lead Bright Finance Limited	Hong Kong	Ordinary	20	20	Mortgage loan financing
Lead Bright Limited	Hong Kong	Ordinary	20	20	Property trading

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

50. 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
			2017 Total %	2016 Total %	
Million Success Limited	Hong Kong	Ordinary	25	25	Property investment
More Treasure Company Limited	Hong Kong	Ordinary	25	25	Property investment
Murdoch Investments Inc.	British Virgin Islands/ 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 and investment
Pembroke Development Investments Limited	British Virgin Islands/ Hong Kong	Ordinary and non-voting deferred	40	40	Property trading
Providence Bay Finance Company Limited	Hong Kong	Ordinary	35	35	Mortgage loan financing
Providence Bay Property Management Company Limited	Hong Kong	Ordinary	35	35	Building management
Providence Peak Finance Company Limited	Hong Kong	Ordinary	25	25	Mortgage loan financing
Providence Peak Property Management Company Limited	Hong Kong	Ordinary	25	25	Building management
Pui Hay Enterprises Limited	Hong Kong	Ordinary	50	50	Property trading

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

50. 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
			2017 Total %	2016 Total %	
Sea Dragon Limited	Hong Kong	Ordinary	30	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
Teamer International Limited	Hong Kong	Ordinary	35	35	Property trading
The Coronation Estates Management Limited	Hong Kong	Ordinary	45	45	Building management
The Graces – Providence Bay Finance Company Limited	Hong Kong	Ordinary	50	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 investment
United Best Hong Kong Limited	Hong Kong	Ordinary	40	40	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2017

50. 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
			2017 Total %	2016 Total %	
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

Sino Land Company Limited (“Sino Land”) is a subsidiary of the Company. On a consolidated basis, the Company also 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, 2017 HK\$	At 30th June, 2016 HK\$
Sino Land’s share of total indebtedness of its affiliated companies		
– Bank loans	2,011,207,748	1,707,790,644
Advances from Sino Land and its subsidiaries	<u>9,762,555,908</u>	<u>9,081,238,087</u>
	<u>11,773,763,656</u>	<u>10,789,028,731</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 2017

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment and hotels							
HONG KONG							
1. No. 1 Chatham Path Mid-levels, Hong Kong	2072	52.11%	–	4,065	R	Completed	Existing
2. 38 Repulse Bay Road Hong Kong	2084	52.11%	16,176	6,319	R	Completed	Existing
3. 148 Electric Road North Point, Hong Kong	2047	52.11%	13,160	102,864	C	Completed	Existing
4. Central Plaza 18 Harbour Road, Wan Chai, Hong Kong	2047	5.21%	77,824	72,953	C	Completed	Existing
5. The Centrium 60 Wyndham Street, Central, Hong Kong	2047	36.48%	17,061	93,348	C	Completed	Existing
6. Conrad Hong Kong Pacific Place, 88 Queensway, Hong Kong	2047	15.63%	–	86,244	H	Completed	Existing
7. Harbour Centre Harbour Road & Fleming Road, Hong Kong	2128	9.12%	32,626	21,933	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June 2017

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment and hotels							
HONG KONG							
8. The Hennessy 256 Hennessy Road, Wan Chai, Hong Kong	2127	52.11%	4,791	37,447	C	Completed	Existing
9. Hollywood Centre 233 Hollywood Road, Hong Kong	2128	27.43%	6,706	27,583	C	Completed	Existing
10. Island Resort Mall 28 Siu Sai Wan Road, Chai Wan, Hong Kong	2047	23.45%	275,470	44,364 <u>31,423*</u> <u>75,787</u>	C P	Completed	Existing
				* 281 carparks			
11. The Johnston Suites Hong Kong 74-80 Johnston Road, Wan Chai, Hong Kong	2047	52.11%	5,353	24,143 <u>6,137</u> <u>30,280</u>	R C	Completed	Existing
12. Lee Tung Avenue 200 Queen's Road East, Wan Chai, Hong Kong	2060	Joint Venture	75,176	87,720 [†]	C	Completed	Existing
13. Marina House 68 Hing Man Street, Shau Kei Wan, Hong Kong	2047	52.11%	7,818	62,166	C	Completed	Existing
14. One Capital Place 18 Luard Road, Wan Chai, Hong Kong	2127	52.11%	5,315	38,271	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June 2017

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment and hotels							
HONG KONG							
15. Pacific Palisades 1 Braemar Hill Road, Hong Kong	2047	10.42%	165,550	48,748	R	Completed	Existing
16. Pacific Plaza 418 Des Voeux Road West, Hong Kong	2860	52.11%	9,450	85,699	C	Completed	Existing
17. The Staunton Suites 22 Staunton Street, Central, Hong Kong	2844	52.11%	4,482	14,819 4,789 <u>19,608</u>	R C	Completed	Existing
18. 25/F United Centre Queensway, Hong Kong	2128	26.05%	–	5,328	C	Completed	Existing
KOWLOON							
19. No. 1 Hung To Road Kwun Tong, Kowloon	2047	17.35%	60,970	92,409	I	Completed	Existing
20. The Astrid 180 Argyle Street, Kowloon	2047	52.11%	61,118	5,134	R	Completed	Existing
21. The Avery 12, 16 and 18 Hau Wong Road, Kowloon	2047	52.11%	3,967	5,448	C	Completed	Existing
22. Cameron Plaza 23 Cameron Road, Tsim Sha Tsui, Kowloon	2038	52.11%	5,413	34,158	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June 2017

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment and hotels							
KOWLOON							
23. The Camphora 51-52 Haiphong Road, Kowloon	2863	52.11%	1,800	9,402	R	Completed	Existing
24. China Hong Kong City 33 Canton Road, Tsim Sha Tsui, Kowloon	2135	13.03%	165,334	187,299	C	Completed	Existing
25. Coronation Circle 1 Yau Cheung Road, South West Kowloon, Kowloon	2057	23.45%	86,758	20,344	C	Completed	Existing
26. Corporation Square 8 Lam Lok Street, Kowloon Bay, Kowloon	2047	52.11%	21,745	81,244	I	Completed	Existing
27. Exchange Tower 33 Wang Chiu Road, Kowloon Bay, Kowloon	2055	52.11%	50,752	135,226	C	Completed	Existing
28. Fullerton Centre 19 Hung To Road, Kwun Tong, Kowloon	2047	52.11%	10,394	59,579	I	Completed	Existing
29. Futura Plaza 111-113 How Ming Street, Kwun Tong, Kowloon	2047	52.11%	18,783	117,453	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June 2017

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment and hotels							
KOWLOON							
30. Hong Kong Pacific Centre 28 Hankow Road, Tsim Sha Tsui, Kowloon	2039	52.11%	18,028	121,210	C	Completed	Existing
31. Kwun Tong Harbour Plaza 182 Wai Yip Street, Kwun Tong, Kowloon	2047	52.11%	31,018	68,122 <u>103,572*</u> <u>171,694</u>	C P	Completed	Existing
				* 247 carparks			
32. Kwun Tong Plaza 68 Hoi Yuen Road, Kwun Tong, Kowloon	2047	52.11%	25,995	100,412*	P	Completed	Existing
				* 191 carparks			
33. Maison Rosé 270 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon	2047	52.11%	4,490	3,581	C	Completed	Existing
34. Olympian City 1 11 Hoi Fai Road, MTR Olympic Station, Kowloon	2047	Joint Venture	712,614	139,931 [†]	C	Completed	Existing
35. Olympian City 2 18 Hoi Ting Road, MTR Olympic Station, Kowloon	2047	Joint Venture	708,577	511,287 [†]	C	Completed	Existing
36. Olympian City 3 1 Hoi Wang Road, South West Kowloon, Kowloon	2055	26.05%	146,131	30,965	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June 2017

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment and hotels							
KOWLOON							
37. The Olympian Hong Kong 18 Hoi Fai Road, Kowloon	2052	52.11%	112,484	22,803 <u>35,672</u>	H C	Completed	Existing
				<u>58,475</u>			
38. Omega Plaza 32 Dundas Street, Kowloon	2047	52.11%	5,385	42,091	C	Completed	Existing
39. One Madison 305 Castle Peak Road, Kowloon	2047	52.11%	7,200	6,670	C	Completed	Existing
40. One New York 468 Castle Peak Road, Kowloon	2047	52.11%	6,448	5,013	C	Completed	Existing
41. Park Ivy 8 Ivy Street, Kowloon	2061	Joint Venture	6,032	9,042 [†]	C	Completed	Existing
42. Park Summit Shopping Arcade, 88 Beech Street, Kowloon	2058	Joint Venture	25,058	37,588 [†]	C	Completed	Existing
43. Remington Centre 23 Hung To Road, Kwun Tong, Kowloon	2047	52.11%	10,370	59,459	I	Completed	Existing
44. Skyline Tower 39 Wang Kwong Road, Kowloon Bay, Kowloon	2047	26.05%	68,986	215,689	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June 2017

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment and hotels							
KOWLOON							
45. Sunshine Plaza Shopping Arcade, 17 Sung On Street, Hung Hom, Kowloon	2047	52.11%	26,598	30,686	C	Completed	Existing
46. Tsim Sha Tsui Centre Salisbury Road, Tsim Sha Tsui, Kowloon	2127	23.45%	42,835	120,534	C	Completed	Existing
47. Vista Shopping Arcade, 188 Fuk Wa Street, Sham Shui Po, Kowloon	2054	Joint Venture	14,895	22,335 [†]	C	Completed	Existing
48. Westley Square 48 Hoi Yuen Road, Kwun Tong, Kowloon	2047	52.11%	21,110	124,118	I/O	Completed	Existing
49. Yau Tong Industrial City 17 Ko Fai Road, Yau Tong, Kowloon	2047	46.90%	100,580	242,115	I	Completed	Existing
NEW TERRITORIES							
50. Avon Mall 15 Yat Ming Street, Fanling, New Territories	2047	52.11%	145,649	53,141	C	Completed	Existing
51. Citywalk 1 Yeung Uk Road, Tsuen Wan, New Territories	2052	Joint Venture	207,659	245,419 [†]	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June 2017

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment and hotels							
NEW TERRITORIES							
52. Citywalk 2 18 Yeung Uk Road, Tsuen Wan, New Territories	2054	Joint Venture	77,823	191,568 [†]	C	Completed	Existing
53. Corporation Park 11 On Lai Road, Shatin, New Territories	2047	15.63%	43,056	63,943	I	Completed	Existing
54. Corinthia By The Sea 23 Tong Yin Street, Tseung Kwan O, New Territories	2062	31.27%	139,016	21,734	C	Completed	Existing
55. Golden Plaza 28 Shui Che Kwun Street, Yuen Long, New Territories	2047	52.11%	21,420	16,768 <u>90,447*</u> <u>107,215</u>	C P	Completed	Existing
				* 228 carparks			
56. The Graces • Providence Bay Shopping Arcade, 9 Fo Chun Road, Tai Po, New Territories	2057	26.05%	107,941	5,623	C	Completed	Existing
57. Grand Regentville Shopping Mall, 9 Wo Mun Street, Fanling, New Territories	2049	52.11%	131,448	37,238 <u>77,274*</u> <u>114,512</u>	C P	Completed	Existing
				* 216 carparks			

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June 2017

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment and hotels							
NEW TERRITORIES							
58. Lake Silver Shopping Arcade, 599 Sai Sha Road, Ma On Shan, New Territories	2055	Joint Venture	367,601	43,056 [†]	C	Completed	Existing
59. Mansfield Industrial Centre 19 Hong Yip Street, Tung Tau, Yuen Long, New Territories	2047	52.11%	52,582	57,973	I	Completed	Existing
60. Mayfair By The Sea I 23 Fo Chun Road, Tai Po, New Territories	2059	44.29%	225,237	19,952	C	Completed	Existing
61. Mayfair Lane 21 Fo Chun Road, Tai Po, New Territories	2059	52.11%	225,237	23,474	C	Completed	Existing
62. Oceania Heights Shopping Mall, 2 Hoi Chu Road, Tuen Mun, New Territories	2052	52.11%	65,552	15,154	C	Completed	Existing
63. Paloma Bay 18 Peng Lei Road, Peng Chau, New Territories	2062	52.11%	49,127	19,200	R	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June 2017

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment and hotels							
NEW TERRITORIES							
64. Paloma Cove 8 Peng Chau Ho King Street, Peng Chau, New Territories	2062	52.11%	19,163	7,489	R	Completed	Existing
65. The Palazzo Shopping Arcade, 28 Lok King Street, Shatin, New Territories	2053	Joint Venture	287,258	21,528 [†]	C	Completed	Existing
66. Parklane Centre 25 Kin Wing Street, Tuen Mun, New Territories	2047	52.11%	26,522	44,287 <u>87,010*</u> <u>131,297</u>	I P	Completed	Existing
				* 60 carparks			
67. Ping Wui Centre 13-17 Ping Wui Street, Yuen Long, New Territories	2047	52.11%	20,376	10,631 <u>90,289*</u> <u>100,920</u>	C P	Completed	Existing
				* 234 carparks			
68. Riverwalk 6 Ngan Kwong Wan Road, Mui Wo, New Territories	2062	52.11%	24,327	16,883 <u>8,862</u> <u>25,745</u>	R C	Completed	Existing
69. Rosedale Gardens Shopping Arcade, 133 Castle Peak Road, Tuen Mun, New Territories	2047	52.11%	29,956	18,349	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June 2017

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment and hotels							
NEW TERRITORIES							
70. Shatin Galleria 18-24 Shan Mei Street, Fo Tan, Shatin, New Territories	2047	52.11%	38,234	140,069 <u>48,822*</u> <u>188,891</u>	C P	Completed	Existing
				* 140 carparks			
71. Springdale Mall 80 Ma Tin Road, Yuen Long, New Territories	2047	52.11%	45,273	20,671 <u>45,388*</u> <u>66,059</u>	C P	Completed	Existing
				* 136 carparks			
72. Sunley Centre 9 Wing Yin Street, Tsuen Wan, New Territories	2047	52.11%	17,362	88,883	I	Completed	Existing
73. Tuen Mun Town Plaza, Phase I 1 Tuen Shun Street & 1 Tuen Shing Street, Tuen Mun, New Territories	2047	52.11%	262,715	444,782 <u>81,986*</u> <u>526,768</u>	C P	Completed	Existing
				* 274 carparks			
74. The Waterside Shopping Mall, 15 On Chun Street, Ma On Shan, Shatin, New Territories	2047	26.05%	69,428	14,739	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June 2017

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment and hotels							
MAINLAND CHINA							
75. Dynasty Park, Zhangzhou 298 Tengfei Road, Xiangcheng District, Zhangzhou, Fujian Province	2045	52.11%	1,004,199	13,368	C	Completed	Existing
76. Greenfields Chuangye Road, Guangzhou Economic & Technology Development District, Guangzhou	2054	52.11%	53,131	7,780 <u>6,702*</u> <u>14,482</u>	C P	Completed	Existing
							* 27 carparks
77. Le Sommet 279 Jiahe Road, Xiamen	2041	52.11%	33,188	8,323	C	Completed	Existing
78. Park Place 130 Jiahe Road, Xiamen	2039	52.11%	44,118	5,570	C	Completed	Existing
79. Raffles City Shanghai Plot 105 A&B, 228 Xizang Road Central, Huangpu District, Shanghai	2044 2046	11.65%	163,624	156,925	C	Completed	Existing
80. Sino International Plaza 137 Wusi Road, Fuzhou	2059	52.11%	58,126	260,109	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June 2017

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties for investment and hotels							
OVERSEAS – SINGAPORE & AUSTRALIA							
81. Clifford Pier 80 Collyer Quay, Singapore	2067	52.11%	70,397	7,155	C	Completed	Existing
82. Customs House 70 Collyer Quay, Singapore	2067	52.11%	44,348	7,724	C	Completed	Existing
83. The Fullerton Hotel Singapore 1 Fullerton Square, Singapore	2096	52.11%	139,469	243,051	H	Completed	Existing
84. The Fullerton Bay Hotel 80 Collyer Quay, Singapore	2067	52.11%	38,965	41,212	H	Completed	Existing
85. The Fullerton Waterboat House 3 Fullerton Road, Singapore	2032	52.11%	16,921	11,330	C	Completed	Existing
86. One Fullerton 1 Fullerton Road, Singapore	2096	52.11%	92,646	41,913	C	Completed	Existing
87. The Westin Sydney 1 Martin Place, Sydney, Australia	Freehold 2096	26.05%	–	80,806 15,488 <u>96,294</u>	H C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June 2017

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
Completed properties for sale							
HONG KONG							
1. Far East Finance Centre 16 Harcourt Road, Hong Kong	2130	9.95%	34,595	5,143	C	Completed	Existing
KOWLOON							
2. Chevalier Commercial Centre Wang Hoi Road, Kowloon Bay, Kowloon	2047	17.35%	44,350	5,984	C	Completed	Existing
3. Hewlett Centre 54 Hoi Yuen Road, Kwun Tong, Kowloon	2047	52.11%	38,000	7,868	I	Completed	Existing
4. Kowloon Plaza 485 Castle Peak Road, Cheung Sha Wan, Kowloon	2047	52.11%	19,375	13,393	I	Completed	Existing
5. Metro Centre 32 Lam Hing Street, Kowloon Bay, Kowloon	2047	52.11%	27,125	9,586	I	Completed	Existing
6. Pan Asia Centre 137 Wai Yip Street, Kwun Tong, Kowloon	2047	52.11%	5,760	34,659	I	Completed	Existing
7. Westin Centre 26 Hung To Road, Kwun Tong, Kowloon	2047	26.05%	17,280	53,973	I	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June 2017

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
Completed properties for sale							
NEW TERRITORIES							
8. The Balmoral 1 Ma Shing Path, Tai Po, New Territories	2055	52.11%	63,603	7,909#	R	Completed	Existing
9. Botanica Bay 3 Cheung Fu Street, South Lantau Coast, New Territories	2057	52.11%	178,542	3,882#	R	Completed	Existing
10. Cambridge Plaza 188 San Wan Road, Sheung Shui, New Territories	2047	52.11%	–	90,857	I	Completed	Existing
11. Lincoln Centre 20 Yip Fung Street, Fanling, New Territories	2047	52.11%	21,163	31,862	I	Completed	Existing
12. Poly Centre 15 Yip Fung Street, Fanling, New Territories	2047	52.11%	18,191	5,435	I	Completed	Existing
13. Providence Bay 5 Fo Chun Road, Tai Po, New Territories	2057	18.24%	238,164	5,107#	R	Completed	Existing
14. Raleigh Centre 9 Yip Cheong Street, Fanling, New Territories	2047	52.11%	10,194	4,370	I	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June 2017

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
Completed properties for sale							
NEW TERRITORIES							
15. Sea Crest Terrace Mui Wo, Lantau Island, New Territories	2047	52.11%	7,976	417 <u>3,907</u> 4,324	R C	Completed	Existing
16. Technology Plaza 29-35 Sha Tsui Road, Tsuen Wan, New Territories	2047	52.11%	20,000	8,060	I	Completed	Existing
MAINLAND CHINA							
17. Chengdu International Community Xipu Zhen, Pi Xian, Jin Niu District, Chengdu, Sichuan	2074	10.42%	14,253,628	8,508	C	Completed	Existing
18. The Palazzo, Chengdu 9 The Second Yufeng Road, Chenghua District, East Chengdu	2078 2048	52.11%	2,673,385	38,625 <u>84</u> 38,709	R C	Completed	Existing
OVERSEAS – SINGAPORE							
19. Far East Shopping Centre 545 Orchard Road, Singapore	2870	95.00%	36,017	57,694	C	Completed	Existing
20. Orchard Plaza 150 Orchard Road, Singapore	2076	95.00%	44,455	32,886	C	Completed	Existing
21. 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 2017

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties under development							
HONG KONG							
1. Sik On Street, Wan Chai, Hong Kong Inland Lot No. 9049	2063	52.11%	2,239	5,834	R	Superstructure works in progress	March 2018
2. The Fullerton Hotel Ocean Park Hong Kong Tai Shue Wan, Hong Kong	2047	31.27%	133,474	136,537	H	Planning stage	January 2021
3. Yip Kan Street and Wong Chuk Hang Road, Wong Chuk Hang, Hong Kong Aberdeen Inland Lot No. 462	2066	31.27%	18,996	75,333	C	Site formation works in progress	July 2021
4. Peel Street / Graham Street Project (Site A) Central, Hong Kong Inland Lot No. 9064	2067	Joint Venture	9,607	84,260 [†]	R	Planning stage	February 2022
KOWLOON							
5. Junction of Cheung Yip Street, Sheung Yee Road and Wai Yip Street, Kowloon Bay, Kowloon New Kowloon Inland Lot No. 6313	2065	15.63%	40,849	76,631	C	Superstructure works in progress	August 2018

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June 2017

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties under development							
KOWLOON							
6. 1-3B Kowloon Road / 1-5 Kiu Yam Street, Sham Shui Po, Kowloon New Kowloon Inland Lot No. 6558	2067	Joint Venture	5,841	43,809 <u>8,762</u> <u>52,571[†]</u>	R C	Planning stage	July 2020
7. Kwun Tong Town Centre Development Areas 2 and 3, Kwun Tong, Kowloon New Kowloon Inland Lot No. 6514	2064	Joint Venture	234,160	1,495,981 [†]	R	Foundation works completed	September 2020
NEW TERRITORIES							
8. The Spectra 8 Kwong Yip Street, Yuen Long, New Territories Yuen Long Town Lot No. 513	2063	Joint Venture	106,564	523,938 [†]	R	Superstructure works in progress	August 2017
9. The Mediterranean 8 Tai Mong Tsai Road, Sai Kung, New Territories Lot No. 1949 in Demarcation District No. 221	2063	52.11%	166,089	129,822	R	Superstructure works in progress	August 2017
10. Park Mediterranean 9 Hong Tsuen Road, Sai Kung, New Territories Lot No. 1180 in Demarcation District No. 215	2063	52.11%	86,898	90,564	R	Superstructure works in progress	September 2017

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June 2017

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties under development							
NEW TERRITORIES							
11. Commune Modern 28 Wo Fung Street, Luen Wo Hui, Fanling, New Territories Fanling Sheung Shui Town Lot No. 255	2064	52.11%	30,440	70,815 17,893 <u>20,675</u> <u>109,383</u>	R C P	Superstructure works in progress	May 2018
12. Hong Kin Road, Tui Min Hoi, Sai Kung, New Territories Lot No. 1181 in Demarcation District No. 215	2065	52.11%	36,856	26,884	R	Site formation works in progress	July 2019
13. Wing Kei Road, Kwai Chung, New Territories Kwai Chung Town Lot No. 524	2067	52.11%	18,623	92,185	I	Planning stage	January 2020
14. Fo Yin Road, Pak Shek Kok, Tai Po, New Territories Tai Po Town Lot No. 228	2066	52.11%	114,594	214,967	R	Site formation works in progress	August 2020
15. Junction of Wang Yip Street West, and Hong Yip Street, Tung Tau Industrial Area, Yuen Long, New Territories Yuen Long Town Lot No. 532	2066	52.11%	99,524	259,307	C	Site formation works in progress	July 2021

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June 2017

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties under development							
NEW TERRITORIES							
16. West Rail Kam Sheung Road Station Package One Property Development Kam Ho Road and Tung Wui Road, New Territories Lot No. 1040 in Demarcation District No. 103	2067	Joint Venture	448,719	1,236,741 [†]	R	Planning stage	June 2023
MAINLAND CHINA							
17. Chengdu International Community Xipu Zhen, Pi Xian, Jin Niu District, Chengdu, Sichuan	2044	10.42%	14,253,628	20,488	C	Superstructure works in progress	June 2018
18. Land Parcel 04, Unit 7, Qianwan Area, Qianhai Shenzhen - Hong Kong Modern Service Industry Cooperation Zone, Shenzhen Land Parcel No. T102-0262	2057	26.05%	80,485	129,009	C	Planning stage	June 2020
19. The Palazzo, Chengdu 9 The Second Yufeng Road, Chenghua District, East Chengdu	2078 2048	52.11%	2,673,385	5,701,012 350,488 <u>79,598</u>	R C H	Foundation works in progress	April 2022
				<u>6,131,098</u>			

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June 2017

Description	Lease expiry	Group's interest	Approx. site area (sq.ft.)	Approx. floor area attributable to the Group (sq.ft.)	Type	Stage of completion	Estimated completion date
Properties under development							
MAINLAND CHINA							
20. Dynasty Park, Zhangzhou 298 Tengfei Road, Xiangcheng District, Zhangzhou, Fujian Province	2075	52.11%	962,939	1,864,131	R	Foundation works in progress	June 2022
	2045			<u>77,208</u>	C		
				<u>1,941,339</u>			

Note: C : Commercial
R : Residential
I : Industrial
I/O : Industrial/Office
H : Hotel
P : Multi-storey carpark
† : 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 ^(Note 1) _____
of _____
being the registered holder(s) of ^(Note 2) _____
ordinary shares of the above-named Company, **HEREBY APPOINT** the Chairman of the Meeting or ^(Note 3) _____

of _____
as my/our proxy to act for me/us at the Annual General Meeting (or at any adjournment thereof) of the Company to be held at The Pacific Rooms, 9th Floor, Towers Wing, The Royal Pacific Hotel & Towers, 33 Canton Road, Tsim Sha Tsui, Kowloon on Thursday, the 26th day of October, 2017 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) to vote for me/us and in my/our name(s) as indicated below or if no such indication is given, as my/our proxy thinks fit.

	For ^(Note 4)	Against ^(Note 4)
1. To receive, consider and adopt the audited Financial Statements and the Directors' and Independent Auditor's Reports for the year ended 30th June, 2017.		
2. To declare a final dividend of HK\$0.40 per ordinary share with an option for scrip dividend.		
3. (i) To re-elect 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, 2018.		
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 buy-back mandate (Ordinary Resolution on item 5(i) of the Notice of Annual General Meeting).		
(ii) To approve share issue mandate (Ordinary Resolution on item 5(ii) of the Notice of Annual General Meeting).		
(iii) To approve extension of share issue mandate (Ordinary Resolution on item 5(iii) of the Notice of Annual General Meeting).		

Dated _____ Signature ^(Note 5) _____

Notes:

1. Full name(s) and address(es) to be inserted in **BLOCK CAPITALS**.
2. Please insert the number of ordinary shares registered in your name(s). If no number is inserted, this form of proxy will be deemed to relate to all the ordinary shares of the Company registered in your name(s).
3. If any proxy other than the Chairman of the Meeting is preferred, strike out the words "the Chairman of the Meeting or" herein inserted and insert the name and address of the proxy desired in the space provided. **ANY ALTERATION MADE TO THIS FORM OF PROXY MUST BE INITIALLED BY THE PERSON WHO SIGNS IT.**
4. **IMPORTANT: IF YOU WISH TO VOTE FOR A RESOLUTION, TICK IN THE RELEVANT BOX MARKED "FOR". IF YOU WISH TO VOTE AGAINST A RESOLUTION, TICK IN THE RELEVANT BOX MARKED "AGAINST"**. Failure to complete the boxes will entitle your proxy to cast his/her vote at his/her discretion. Your proxy will also be entitled to vote at his/her 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 shareholder entitled to attend and vote at the Meeting may appoint one or more proxies to exercise all or any of his/her rights to attend and vote instead of him/her, provided that the proxy is appointed to represent respectively the number of shares held by the shareholder as specified in the relevant instrument of appointment. The proxy need not be a shareholder 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/she is the holder.

PERSONAL INFORMATION COLLECTION STATEMENT

"Personal Data" in this statement has the same meaning as "personal data" defined in the Personal Data (Privacy) Ordinance, Cap 486 ("PDPO"), which will include your and your appointed proxy's name and mailing address.

Your supply of Personal Data is on a voluntary basis for the purpose of processing your request for the appointment of a proxy (or proxies), your voting instructions for the Meeting of the Company and your other instructions (the "Purposes"). However, failure to supply your Personal Data may result in us or our third party service providers unable to process your request for the Purposes. We may transfer your Personal Data to our subsidiaries, Share Registrars, agent, contractor, third party service provider and/or other bodies who provides administrative, computer and other services to us for use in connection with the Purposes and to such parties who are authorised by law to request the information or are otherwise relevant for the Purposes and need to receive the information. Your Personal Data will be retained for such period as may be necessary to fulfil the Purposes and for our verification and record purposes.

You and your appointed proxy have the right to request access to and/or correction of the respective Personal Data in accordance with the provisions of the PDPO. Any such request for access to and/or correction of the Personal Data should be in writing and sent by mail to the Privacy Compliance Officer of Tricor Friendly Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong or by email at tst247-ecom@hk.tricorglobal.com.



